

**Regionalism and Foreign Policy: China-Vietnam Relations and
Institution-Building in the Greater Mekong Subregion**

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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

This study is concerned with the institution-building and capacity-building of the Greater Mekong Subregion (GMS) and its interactions with the foreign policies of member states, exemplified by the foreign policies of China and Vietnam.

The structure of the GMS includes not only central governments, but also subnational units (provincial governments) and non-state actors (NGOs, firms). The involvement of actors other than the central government is due to the transnationalisation of issues such as poverty and environmental degradation. This also put central government departments other than the foreign ministry on the foreign policy scene, such as the ministries of trade, environment or public security. As transnational problems cannot be solved within the domestic context only, domestic policy demands have come to inform foreign policy decisions, which relate directly to transnational subregional concerns, such as integrating the local economies of China's west and Vietnam's north into the subregion in order to tackle widespread poverty in these regions.

A result of this diversification and proliferation of actors in the GMS is a system of committee governance, which is not based on rules but on norms. Although still dominated by central governments, it is nevertheless stable as it has led to a regular exchange of information and enhanced transparency and predictability of policies and priorities of member states. This contradicts the premise of international regimes, namely that cooperation can only be stable if legally-binding rules are introduced.

However, for central governments – exemplified by China and Vietnam – GMS cooperation also has a global dimension. Central governments aim at using the institution of the GMS in order to attain foreign policy goals, which go beyond the specific transnational concerns of subregional cooperation. Here, Vietnam and China have devised foreign policies, which – due to the traditional antagonism – have resulted in opposed aims towards the GMS, leaving the institution little space for the development of an independent capacity, which could in turn structure the bilateral relations between China and Vietnam.

As a result, we can observe in the GMS in general and in the Chinese-Vietnamese border regions in particular a mix between the Westphalian and the post-Westphalian international system: although central governments are the dominant decision-making authorities and set the framework for actions of provincial governments and NGOs, subnational units and non-state actors are increasingly active in forming a transnational substructure in the GMS. In the Chinese-Vietnamese border regions this is manifested by, for instance, locally implemented central agreements (provincial governments), cross-border financed infrastructure projects (firms) and youth exchanges of provincial party committees. The fact, however, that central governments dominate the cooperation structure gives the GMS no independent institutional capacity with which it could soften the antagonism between China and Vietnam. As a result, the asymmetry between China and Vietnam remains essentially unaffected by the GMS, a situation, which thwarts hopes of Vietnam to make China's foreign policy less assertive through cooperation in the GMS.

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Abbreviations

ABM Treaty: Anti-Ballistic Missile Treaty

ACMECS: Ayeyawadi-Chao Phraya-Mekong Economic Cooperation Strategy

ADB: Asian Development Bank

AEM-MITI/METI Working Group on Economic Cooperation

AFTA: ASEAN Free Trade Area

AKP: Agence Kampuchea Presse

APEC: Asia-Pacific Economic Cooperation

ARF: ASEAN Regional Forum

ASEAN: Association of Southeast Asian Nations

ASEAN-MB: ASEAN-Mekong Basin Development Cooperation

ASEM: Asia Europe Meeting

BBC: British Broadcasting Corporation

BIMB-EAGA: Brunei Darussalam-Indonesia-Malaysia-Philippines-East ASEAN
Growth Area

CCP: Chinese Communist Party

CEO: Chief Executive Officer

COMECON: Council for Mutual Economic Assistance

CPI: Communist Party of India

CSCAP: Council for Security Cooperation in the Asia Pacific

CSCE: Conference on Security and Cooperation in Europe

CTBT: Comprehensive Nuclear-Test-Ban Treaty

DRV: Democratic Republic of Vietnam

EAC: East Asian Community

EAEC: East Asian Economic Caucus

EAEG: East Asian Economic Group

EC: European Community

ECAFE: United Nations Economic Commission for the Far East

EEZ: exclusive economic zone

EHP: early harvest programme

ESCAP (see UNESCAP)

EU: European Union

FCDI: Forum for Comprehensive Development in Indochina

FDI: Foreign Direct Investment

FTA: Free Trade Area

GATT: General Agreement of Tariffs and Trade

GMS: Greater Mekong Subregion

GMS-BF: GMS Business Forum

GT: Growth Triangle

IAEA: International Atomic Energy Agency

IMF: International Monetary Fund

IMS-GT: Indonesia-Malaysia-Singapore Growth Triangle

IMT-GT: Northern Triangle, Northern Growth Triangle or Northern ASEAN Growth Triangle (consisting of Indonesia, Malaysia, Thailand)

INF Treaty: Intermediate-Range Nuclear Forces Treaty

MRC: Mekong River Commission

NAFTA: North American Free Trade Agreement

NATO: North Atlantic Treaty Organisation

NEACD: Northeast Asia Cooperation Dialogue

NGO: non-governmental organisation

NPC: National People's Congress

NPT: Nuclear Non-Proliferation Treaty

NRC: National Research Coordinator

NT2: Nam Theun 2 Dam

PRC: People's Republic of China

QEC: Quadripartite Economic Cooperation

ROV: Republic of Vietnam

SAARC: South Asian Association for Regional Cooperation

SALT: Strategic Arms Limitation Treaty

SEANWFZ: Southeast Asia Nuclear-Weapon-Free Zone Treaty

SEATO: Southeast Asian Treaty Organisation

SEPA: State Environmental Protection Administration

SIJORI: Singapore-Johor-Riau Growth Triangle

SO: Senior Officials

SOM: Senior Officials' Meeting

SRV: Socialist Republic of Vietnam

START: Strategic Arms Reduction Treaty

SU: Soviet Union

TAC: Treaty of Amity and Cooperation

UN: United Nations

UNAIDS: Joint United Nations Programme on HIV/AIDS

UNDCP: United Nations Drug Control Programme

UNDP: United Nations Development Programme

UNEP: United Nations Environment Programme

UNESCAP: United Nations Economic and Social Commission for Asia and the Pacific

UNO: United Nations Organisation

UNU-WIDER: World Institute for Development Economics Research at the United Nations University

US: United States

USA: United States of America

USSR: Union of Soviet Socialist Republics

VCP: Vietnamese Communist Party

WB: World Bank

WMD: weapons of mass destruction

WTO: World Trade Organisation

Chapter 1 Introduction

Chapter One introduces the relevance of the topic and the aims of this study. Section One gives a brief account of the events, which led to the establishment of the Greater Mekong Subregion (GMS) and presents the main themes and arguments the study is concerned with. Section Two addresses the research methodology and relevant practical and ethical issues, which emerged during the research process. Lastly, Section Three explains the structure of the study, including a short summary of content and purpose of Chapters Two to Seven.

1.1. Topic and aims

Interest in the economic development of the Mekong river can be traced back to the year 1866, when a French-headed group left Saigon for a Mekong expedition to survey the river and use it as a trade route into south-western China in order to connect Indochina with China. The Mekong expedition lasted until 1868, its report was written by Louis de Carné, who was one of its members.¹ In the end, the expedition failed. The next attempt at Mekong cooperation was marked by the inauguration of the Mekong Committee in 1957. Member states were Thailand, Laos, Cambodia and South Vietnam.² The aim of the committee was to push the economic development of the region with the help of the United Nations and the United States in order to stabilise the often fragile non-communist governments against communist China. However, as a Cold War exercise in a region suffering intra-regional problems, which were exacerbated by outside Cold War interference, this meant that the Mekong Committee quickly became dysfunctional. In 1975, when Pol Pot seized power, Cambodia withdrew from the Committee. It did not fail

¹ The edition used for this study was published in 2000 (Carné, 2000). The original version was published in French in 1872 as *Voyage en Indo-Chine et dans l'Empire Chinois* (Paris: Dentu Ed.). The first English version was also published in 1872 titled *Travels in Indo-China and the Chinese Empire* (London: Chapman and Hall). A description of the expedition can be found in Osborne's book *River Road to China* (Osborne, 1976).

² Vietnamese locations are presented in the official Vietnamese way of writing, that is, divided into syllables with the exception of popular place names of Hanoi and Haiphong and Vietnam.

altogether, however, but continued to exist as an Interim Committee from 1978. In 1991, the year of the peace agreements to settle the Cambodia conflict, Cambodia re-joined.³ In 1995, the Interim Committee emerged as the Mekong River Commission (MRC). Three years earlier, in 1992, the Asian Development Bank (ADB) had initiated the Greater Mekong Subregion. The 2001 Agreement on Commercial Navigation on the Mekong between China, Laos, Myanmar and Thailand – the so-called ‘Golden Quadrangle’ or, formally, the Quadripartite Economic Cooperation (QEC) – was a further step to revive the old idea of connecting China with the Indochinese region by making the Mekong a commercial shipping route in order to transform the region into a cohesive economic area (Kristensen, 2001c).⁴

This study is concerned with an analysis of collaboration in the Mekong region, specifically within the Greater Mekong Subregion, which is a manifestation of the so-called ‘new regionalism’ in growth triangles (GTs) in Northeast and Southeast Asia.⁵ The study will explore inter-state cooperation and the role of subnational units (provincial and local governments) and transnational actors (NGOs, firms) in building and maintaining the subregion. It will consider the relationships between actors on the three levels, their influences within the structures of decision-making in the GMS, their policy pronouncements and roles in the GMS.

The GMS is the only cooperation endeavour in the Mekong basin that includes all riparian states of the Mekong. Regarding the creation of a ‘region’, Hettne argues

³ The agreements, three in total, were signed at the peace conference in Paris on 23 October 1991. See *Texts of the Agreements signed in Paris on 23 October 1991 by the States Participating in the Paris Conference on Cambodia* as published in *Südostasien aktuell* in January 1992. The three agreements have the official UN document number A/46/608-S/23177, individually they are numbered as 1/S/23177, 2/S/23177 und 3/S/23177. Following the peace agreements, on 9 November 1991, UNAMIC (United Nations Advance Mission in Cambodia) was sent to Cambodia, followed on 15 March 1992 by the peacekeepers of UNTAC (United Nations Transitional Authority in Cambodia) in order to supervise the re-conciliation process leading up to the national elections of 23-28 May 1993.

⁴ Kristensen’s statement was not without criticism. For more see Chapter Five, Section Two.

⁵ More on the new regionalism and growth triangles see the next chapter.

that 'nation-states typically conceive it as an arena where national interests could be promoted' (Hettne, 1999b: xxiii) before the respective area becomes 'an actor in its own terms' (Hettne, 1999b: xxiii). Thus, at least in their early stage, regional institutions are dependent on the national interest of their member states. This study will explore the historical background of cooperation in the GMS and discuss how far cooperation in the GMS has developed from the mere promotion of the national interest of individual states towards an institution as an independent actor able to influence relationships between its member states instead of only being influenced by them. It will scrutinise the nature of GMS cooperation and the character and capabilities of the institution of the GMS, exemplified by the bilateral relations between China and Vietnam. Here, the study will combine the analysis of subregionalism and institution-building in the GMS with an analysis of China-Vietnam relations by combining theoretical approaches to regional integration in the form of the regime approach with foreign policy analysis. Regimes are norm-guided institutions, which influence policies of their members. Studies on Mekong cooperation tend to focus on either foreign policy (for instance Liebman, 2005) or institution-building (for example Dore, 2003). In-depth analyses of a combination of both pillars of Mekong cooperation and their potential influences on each other are missing so far. This study sets out to fill this gap.

This study argues that the outcome of regional institutions depends on the foreign policies members of this institution try to realise by cooperating in the multilateral institution. This leads to the premise that with regard to regional institutions central government policies have two dimensions: one that is concerned with policies specific to the region, and one that is concerned with using the regional institution for globally-oriented foreign policies, thereby producing a strategic situation in which the lines between foreign and domestic policies become blurred. This situation reflects the 'new regionalism', which encompasses new concerns of foreign policy in the form of human or non-traditional security. This development adds new localised transnational dimensions to the foreign policies of central governments. Therefore, from central government perspectives, regional institutions have not only the function of tackling problems of traditional security (building confidence in order to acquire problem-solving capacities, which enable member states to settle problems without recourse to military force); but they also need to deal with human or non-traditional security (such as food security, environmental security, drug trafficking and the development of local economies through transnational integration processes for poverty reduction. The latter point is discussed in Chapter Six with relevance to the localities at both sides of the border between

China and Vietnam). In the case of the Mekong, the transnational issue of water cooperation as a source of GMS development (transport, energy and agriculture) enters the scene of multilateral cooperation with a potential of tensions between states as well as between states and non-governmental organisations (NGOs) about how to use the seemingly abundant water resources of the Mekong. The issue of environmental security vis-à-vis economic development is central here as well as the involvement of NGOs, and in particular environmental NGOs, in the formal decision-making processes of the GMS. The thesis will elaborate on the relations between NGOs and the central governments of Vietnam and China in Section Two of Chapter Five.

Conflicts between actors on one level and between actors of different levels are indicated here. Chapters Two and Four will examine these issues in more detail. It is the premise of this study that the GMS is an institution, which represents an international system in which nation states and their central governments in the fashion of the so-called Westphalian state system form the dominant decision-making bodies and are therefore able to set the parameters for the actions of subnational units and non-state actors. However, the GMS also shows signs of a post-Westphalian system in which the central government is not a unitary actor and subnational units as well as transnational non-state actors become increasingly able to challenge the sole authority of the nation state. The author will elaborate on these concepts in the following chapter, and we shall see in Chapters Five and Six how this applies to the GMS.

This study holds that China's and Vietnam's foreign policy strategies directly translate into foreign policies towards the Greater Mekong Subregion. Furthermore, the study argues that the traditional antagonism between China and Vietnam translates into opposed foreign policy strategies towards the GMS. Thus, the imperatives of China's and Vietnam's foreign policies affect the nature of the GMS. Consequently, they are able to showcase if and how the GMS might be able to structure the traditionally antagonistic relationship between the two countries. This then will enable us to generalise on and draw conclusions for the institutional capacity of the GMS. Therefore, Hettne's mentioning of a region moving from an area to promote the national interest towards a coherent region, which has an independent capacity to act, can be exemplified by an examination of China's and Vietnam's policies towards subregional cooperation in the GMS. It is important to emphasise at this point that although the GMS is only one of a multitude of cooperation schemes in the Mekong basin (for a list see Chapter Five), it is the only

one that includes both Vietnam and China. It therefore provides the only option for Vietnam to work with China in a multilateral forum in the subregion. Although wider regional cooperation involves both countries as well, the Association of Southeast Asian Nations (ASEAN), the ASEAN Free Trade Area (AFTA), the Asia-Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum (ARF) suffer from their inclusiveness: the political diversity of member states, their disparate levels of economic development and the difficulty to negotiate a consensus among all of the member states. The GMS thus holds a chance for Vietnam to deal with China not only in a multilateral forum, but also in one that is restricted as regards its membership. Hence, the bilateral relationship is discussed in the context of cooperation within the GMS.

The cooperation structure of the GMS will be analysed along the lines of the regime approach, a strand of the literature on regional cooperation, which started with the work of Ruggie (1975). The purpose of this is to judge the nature of Mekong cooperation, analyse its organisational structure, assess the relevance of non-state actors within this structure including the system of intra-GMS governance that emerges from it, and evaluate the implications of the institutional set up for the policies of the member states exemplified by the bilateral relations between China and Vietnam. The regime approach is of importance to the GMS because subregional cooperation in Southeast Asia often does not establish strong physical organisations (Dosch, 1997: 65). The present study argues that the concept of 'soft regionalism' of non-intervention and non-binding rules, created by ASEAN and transferred to APEC, has also been moved to the GMS. By doing so, Southeast Asian cooperation schemes embody the particular kind of cooperation that allows member countries to adapt economically at their own individual pace. While neither realist nor neoliberal institutional paradigms alone can explain GMS cooperation, the moulding of both theories to the regime approach offers a means of examining the validity of the concept for the GMS. The very usefulness of the regime approach for Mekong cooperation is its applicability to informal modes of cooperation. The recent character of Mekong cooperation can thus prove a testing ground for the existence or emergence of regimes and shed light on both the character of Mekong cooperation and the future of it.

Dealing with international regimes raises the question of their effectiveness, that is, to ask whether or not they have an impact on the policies of their members. In order to be effective, a regime must impact upon the conduct of its members towards the particular issue-area concerned, produce convergent expectations

towards a solution of the problem and, finally, make states enter into cooperation under the consideration that the other members will abide by the regulations that are being drawn up. The regime concept is especially important as it can 'reflect patterns of cooperation and discord over time' and consequently enables the researcher to study continuity and change within the international system over a specific period of time (Keohane, 1984: 63-64). As conflict remains a part of regional politics, the incentive to cooperate remains strong, because, according to Keohane, discord is essential for cooperation for without it there would only be harmony and hence and no need to become better off through cooperation (Keohane, 1984: 12). The regime approach thus helps us to understand cooperation and conflict throughout the course of time. Previous organisations or institutions to the current one(s) are therefore also of importance to the exploration of the GMS, because the ability to cooperate may depend on the availability of existing patterns of cooperation and confidence already created through prior cooperation efforts: '[r]egimes rarely emerge from chaos; on the contrary, they are built on one another. We should therefore think as much about the evolution of regimes as about their creation ex nihilo' (Keohane, 1984: 79).

Importantly, the evolution of international regimes over time turns the region they are situated in into a history book of cooperation in the area under scrutiny. As a result, progress and impediments of multilateral cooperation in the Mekong basin can be observed when looking at the history of the Mekong Committee of 1957 as the first multilateral institution in mainland Southeast Asia, its fate during the Cold War and its resurrection as the Mekong River Commission of 1995. A shortcoming of the regime approach is that it neglects history and the evolution of cooperation, but instead starts from the premise that states have an interest in cooperation. As a result, factors and foreign policies influencing cooperation both negatively and positively prior to the establishment of a regime are likely to be left out of the picture. The present study sets out to remedy this problem by combining an analysis of the institutional structure of the GMS along the lines of the regime approach with 1) the historical foundations of cooperation in the Mekong basin, including an analysis of the historical events, which time and again hampered Mekong cooperation during the Cold War and eventually pushed it forward after the conclusion of the East-West antagonism; and 2) China's and Vietnam's foreign policy designs and the ramifications for the cooperation structure of the GMS.

The GMS is a cooperation scheme whose members are the governments of Thailand, Laos, Cambodia, Vietnam, Myanmar and China's provinces of Yunnan and Guangxi (Guangxi was admitted to the GMS programme in summer 2005: see

ADB, August 2005: 2). As provincial scope of action rests upon central governmental decisions, the central government in Beijing is also involved in the deliberation processes. Thus, in order to be effective, the GMS must influence the conduct of the respective governments. It must change national policies. As the GMS is part of the foreign and security policy strategies of China and Vietnam, the study will analyse the strategic relevance of the GMS within the foreign policy conceptions of China and Vietnam. It will further consider whether the GMS impacts upon the foreign policy conduct of China and Vietnam towards each other when dealing with conflicting issues within the GMS framework, and whether they are willing 'to accept obligations that restrain one's own freedom of action in unknown future situations if others also accept responsibilities, since the effect of these reciprocal actions is to reduce uncertainty' (Keohane, 1984: 17).

China-Vietnam relations will hence be viewed in the context of regional cooperation. The GMS will be analysed at first independently and then as a function of Vietnam-China relations. There are therefore two steps: firstly, the historical examination of the conditions for cooperation, followed by an analysis of the GMS structure along the lines of the regime approach (Chapter Five); and secondly, the institution's strategic relevance, that is, how states make use of it to realise their foreign policy agendas, as exemplified by China-Vietnam relations (Chapter Six).

The study will address the following questions relating to these concerns:

- How do China and Vietnam perceive each other and how do these views shape the foreign policies of both countries towards the GMS?
- What roles have Vietnam and China allocated to the GMS?
- Is GMS cooperation a means to attain foreign policy goals, or is it an end in itself (such as integrating the economy into the subregion), or is it both a means and an end?
- Is the GMS able to affect the bilateral relations between China and Vietnam through its cooperation structure?
- Are the strategies of China and Vietnam towards the GMS complementary or contradictory?
- Are there dual Chinese and Vietnamese strategies in foreign policy and economic policy towards the GMS? Are there different strategies and different agendas of different actors on and between the national, local and transnational levels pertaining to cooperation in the GMS?

- Who are the actors on the three levels of cooperation and which central government departments are involved in GMS cooperation other than the foreign ministry, that is, who in the central administrations is involved in managing China's and Vietnam's foreign relations?
- What are the structures in which GMS cooperation takes place?

1.2. Methodology: methods, issues, ethics

In order to approach the circumscribed problems and answer the research questions, collection and analysis of data includes primary and secondary sources. In detail, sources encompass the following:

- examination of the relevant existing literature, i.e. official publications (including governmental statements, press releases, white books, conference material in particular of ADB-sponsored conferences), secondary literature, articles of region-wide and country-based newspapers, news agencies and news magazines;
- analysis of documentary material, including primary sources: white papers, treaties, transcripts of speeches, and the interviews conducted by the author. For international relations, documents can explain the reason for governmental actions and also the motivations for moves in foreign policy. When using documentary material, the origin of the document and the motivation of the producer – that is, the intention of the document – has to be taken into account;
- interviews: qualitative interviews were held with Vietnamese scholars and governmental advisors. Interviews were also conducted with Chinese, Burmese, Japanese and Western scholars and governmental advisors in order to enquire into Vietnamese and Chinese foreign policy and integration strategies towards the GMS and to explicate the functioning and cohesiveness of the GMS and its role in and for Southeast Asia. The knowledge gained from the interviews served to clarify the motivation for foreign policies, inconsistencies within Vietnam's foreign policy, dependencies on or orientation towards other countries as well as congruencies and incongruencies of strategies between Beijing's and Hanoi's foreign policies. The background and position of the person interviewed was taken into account during the interviews.

The interviews were transformed into a textual basis in three ways:

- 1) transcription of tape recordings, when the interviewee agreed that the interview could be tape recorded;
- 2) verbatim notes taken during the interview where agreed upon with the interviewee and when recordings were not wished by the interviewee or deemed not suitable by the interviewer;
- 3) memory protocols when note taking and recording were either not wished by the interviewee or deemed not suitable by the interviewer.

Regarding the interviews, their explorative character was employed in order to allow open ended questions and the use of non-standardised questionnaires. The advantage of qualitative over quantitative interviewing is that questionnaires can be adjusted to the respective person during the interview, paying tribute to the process character and interactiveness of the research process (Lamnek, 1995: 4, 24). The interviews followed a flexible *modus operandi* which allows the researcher to take into account new issues, take new directions during the research process, and change the definition of relevant data in the same way as he gains new insights and understandings of the researched object. In this respect, the researcher does not have to follow an 'established scientific protocol' that coerces him 'in advance of his studies to present a fixed and clearly structured problem, to know what kinds of data he is to collect, to have and hold to a prearranged set of techniques, and to shape his findings by previously established categories' (Blumer, 1969: 41).

The field of foreign affairs is especially dependent on the perspective of the person interviewed, as the interviewee's personal opinion concerning the respective issue stems largely from his national and professional background. Hence, flexibility in exploration means the inclusion of the advancement of knowledge during the research process for the overall research project. Openness is therefore a prerequisite for qualitative research so that the person interviewed is not restricted and is willing to give information. Although the interviews were semi-structured, they were based on only a few guiding questions (for particulars on them see below) in order to enable adjustment of the interview to the specific interview situation, which in most cases was of conversational character, and to further enable incorporation of new aspects by both the interviewer and the interviewee. Another advantage of semi-structured interviews is that questions allow for open-ended answers, and the interviewee is able to answer in his or her own words. Opposed to this, the structured interview (such as ticking boxes) is too inflexible and would not allow the incorporation of new issues and therefore a flexible reaction to changing interview

topics or interview situations. The unstructured interview was deemed too relaxed and not suited to the interviews, which had to deal with a particular set of topics. The flexibility resulting from the explorative nature of the qualitative interview thus means the adjustment of the tool to the research process and the individuality of the researched object (Lamnek, 1995: 22, 28). An important result of qualitative interviewing is therefore that it elicits more nuanced information than can be expected from quantitative or structured interviews. As the professional (such as governmental official or independent researcher), national (Chinese, Vietnamese or other) and educational (lived and educated in Vietnam, in China or other countries) background of the interviewee may influence the way foreign policy is perceived and analysed, the explorativeness of the qualitative, semi-structured interview was deemed the most suitable way to obtain the nuanced information necessary, and to understand the views expressed by the interviewees in relation to his or her personal background. These issues are also relevant in relation to validity and reliability of the information obtained during the interview.⁶

Guiding questions were used throughout the interview, which pertained to three blocks of questions: firstly, Vietnam's view of its strategic environment after the Cold War and the relevance of China, Japan, the USA, ASEAN and the European Union; secondly, the strategic relevance of the GMS for Vietnam and China (how the GMS is used for the goal attainment of Chinese and Vietnamese foreign policy makers); thirdly, the nature of GMS cooperation (its effectiveness and resilience). The same set of questions was used for several of the interviews to allow triangularisation of information through multiple interviews. According to the situation and the specific background of the interviewee, however, new aspects were added and other aspects replaced. In addition, there was no fixed order of questions in order to create a flexible and naturally flowing conversational environment. Anonymity was assured. The interviews appear in Chapters Five and Six. They are shown in relevant sections of each of the chapters in the form of topical summaries, after which their contents is further discussed. Since the small sample of interviewed key informants carries the danger of a personal bias on the side of the informants and hence a distortion of the results of the research, the information gathered from the interviews will be triangulated with relevant documentary material and secondary literature (Tinsley, 2005: 187-188).

⁶ For the aspect of validity and reliability see also the discussion below on the use of interpreters during interviews.

At the beginning of each interview, the interviewer introduced himself, the subject area he was working on, as well as the purpose of the interview, namely to inform the research of a doctoral dissertation. This was generally met by the curiosity of the interviewees, who without exception asked for the purpose of the interview and the field of work the interviewer was interested in. Then usually followed an introduction by the interviewees to their employing institution and their work. A mutual interest in the work of interviewer and interviewee – and, indeed, the explicitly stated delight of one Vietnamese researcher to engage in the ‘positive aspects of globalisation’, namely to discuss Chinese and Vietnamese foreign policy in a language non-native to both the interviewer and interviewee (English) between a Vietnamese person and a German person studying in the United Kingdom – greatly helped to transfer the formal introduction towards a more relaxed and naturally flowing conversation. As a result, before each interview started, informed consent of the interviewee was assured.

It is the belief of the author that this situation of ensuring a naturally flowing conversation also helped to mitigate the danger of perceiving a European person as intruding on the sensitive issue of national security, which is not very easily discussed and shared with outsiders. Here, it was also important for the interviewer to respect the authority of the interviewee, who in most cases was a senior scholar, and therefore to pay attention to the high regard for authority, which is traditionally paid in societies of China and Southeast Asia. The interviewer therefore also paid attention not to appear aggressive when asking questions, nor did the interviewer try to question the statements of the interviewee. Rather, to elicit more nuanced information, questions were posed in a different context or different form, sometimes at a later stage of the interview. With regard to authority, it is important to point out that relationships of authority within, for instance, a governmental administration, may prevent people on less senior levels from talking freely about sensitive issues, as they feel not to have the authority (or indeed do not have the authority) to talk about it without their superior’s explicit authorisation. This happened to the author once when informally meeting a junior governmental employee, who had agreed to meet the author, but when she showed up said that she had talked to her boss before and was now instructed not to talk about ‘certain issues.’ Again, the trust established at the outset of each interview, the interviewer’s respect for the authority of the interviewee, and, indeed, the above mentioned ‘positive aspects of globalisation’ associated with a European person taking an interest in Vietnam’s view of the world, helped to overcome this danger with the

exception of this case. In addition, what eased the danger of this issue, was that most of the interviewees were established senior scholars and heads of departments involved in advising governments on security issues. This is not to say that these issues are entirely irrelevant in European or American countries. However, the likelihood of these issues influencing the interview is generally lesser giving the different cultural backgrounds.

These issues relate to the question of positionality of the researcher in interviews in general, and in cross-cultural interviews in particular. This problem has also been acknowledged by researchers, who conducted interviews within their own ethnic community abroad. A Taiwanese researcher, for instance, interviewing members of the overseas Taiwanese community in the United States, reported a 'shifting nature of [... her] positionality' as she in her role as a young researcher with a feminist identity was often in conflict with traditional Chinese values represented by her interviewees, who did not accept her as part of 'their' group. This created a situation in which her insider status, she herself had perceived of due to an ethnic and linguistic homogeneity and her and her interviewees' residential status in a foreign country, was compromised by her 'modern' background. In addition, traditional Chinese values of seniority, face saving and the value of a good education generated 'multidimensional power relations that shaped the interview process.' As a result, the anticipated unproblematic establishment of trust and openness was difficult to achieve (Lee, 2000: 2-3).

The relaxed interview situations of my own interviews were only challenged once in the case of an interview conducted with a senior researcher and governmental advisor in Hanoi. For this interview, a questionnaire had to be submitted to the interviewee in advance. This apparently gave the interviewee sufficient time to prepare answers, which merely reflected the official governmental pronouncements of Vietnam's principles and practices of foreign policy. During the interview process, however, it was possible to elicit answers, which were more than just the reiteration of Vietnam's official policy towards China. Helpful here was the conversational character of the interview structure, which helped relaxing the initially formal atmosphere. Also especially necessary in this particular interview was knowledge about the political culture and the political system of Vietnam, the relations between provinces and the central government within the political system as well as decision-making issues particular to the political system of Vietnam, such as the principle of collective leadership, in order to interpret implicit answers to explicit questions. As Rubin and Rubin (1995) mentioned:

A cultural arena includes those who have similar understandings, expectations, and values; such people usually have had common experiences or a shared history. A cultural arena is not defined by a single belief or rule, or by a handful of phrases unique to the group, but by a whole set of understandings that is widely shared within a group or subgroup (Rubin and Rubin, 1995: 22).

This problem was in particular related to a question regarding different strategies of the provinces bordering China and the central government in Hanoi for border cooperation and integration with China within and outside the framework of the Greater Mekong Subregion, that is, disagreements between the provinces and the central government. The answer here was that there were no disagreements. It needs to be noted here, that it was indeed the case, but that disagreements were handled behind the scenes, with the government having the final decision-making authority. So, indeed, in the final analysis, there are no disagreements bursting out into the open in a system, in which a province has to follow central government directives. It is similarly important to have a thorough knowledge of the history of China-Vietnam relations and the concept inherent in the political systems of China and Vietnam governing the bilateral relations in the past (such as *tianzi*, *tianxia* and *hua*, for an explanation see Chapter Five), which to some extent are still of relevance today, even if they are stripped of their traditional philosophical background and attuned to contemporary demands of realpolitik. This was particularly evident during the fall out between Hanoi and Beijing during Beijing's 1979 'punishment expedition' against Hanoi, in the course of which rhetoric was employed that was strongly reminiscent of pre-colonial concepts of power and conquest. To understand contemporary policy and interpret official documents correctly, it is equally important to have a good knowledge of the colonial period in Vietnam and China, as the origin of the communist parties and of post-colonial foreign policies are partly rooted in the colonial experience. The rhetoric of China's national defence white papers, for instance, is full of denunciations of neo-colonial policies alluding to policies of the imperial countries in China between 1840 and 1945 (for these and similar issues see Chapters Five and Six).

The introductory phase of each interview as described above, which helped to establish trust between interviewee and interviewer, also included the offer by the interviewer and the requests by the interviewees to make their names and

institutional affiliations anonymous when using the interview material for research. This agreement helped talking about the interviewees personal opinions and as a result brought about material not found in official statements (except in large parts for the one case mentioned above). The guarantee of confidentiality and the need to create a natural conversational atmosphere also made it necessary in almost all cases to conduct the interview without tape recording it, and often without taking notes (see above).

Interviews were held at conferences, university departments, international organisations, governmental administrations and research institutes. The following table shows the interview schedule.

Table 1: Interview Schedule

Date	Location	Position of Interviewee	Institution	Length
25 Jul 2003	Bonn	Senior officer	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development)	1.5h
16 Dec 2003	Birmingham	Senior Researcher	Comparative Regional Integration Studies, United Nations University	1h
2 Mar 2004	New York	Senior member, Department of Political Science	Columbia University	1.5h
5 Mar 2004	New York	Chief analyst	United Nations	1h
12 Mar 2004	New York	Senior diplomat	United Nations	1h
20 May 2004	Hanoi	Senior member, Institute of Southeast Asian Studies	Yunnan Academy of Social Sciences	1h
20 May 2004	Hanoi	General Director, Institute of World Economy	Vietnam Academy of Social Sciences	1h
21 May 2004	Hanoi	Visiting Fellow, Institute of Security and International Studies	Chulalongkorn University	1h
4 Jun 2004	Hanoi	Head, Department for Politics and	Vietnam	1.5h

		International Affairs Studies, Institute of Southeast Asian Studies		
5 Jun 2004	Hanoi	Assistant Director General	Ministry of Foreign Affairs, Institute for International Relations	1h
5 Jun 2004	Hanoi	Director, Centre for Southeast Asian Studies	Institute for International Relations	1.5h
7 Jun 2004	Hanoi	Researcher	Hitotsubashi University	1h
9 Jun 2004	Hanoi	Junior Researcher	Ministry of Foreign Affairs	1h
10 Jun 2004	Hanoi	Director, Center for Chinese Studies	Academy of Social Sciences	2h
5 Jul 2004	Hanoi	Researcher	Ministry of Foreign Affairs, Institute for International Relations	1.5h
18 Jun 2005	Höchst/ Odenwald	Senior Research Associate	Stiftung Wissenschaft und Politik (German Institute for International and Security Affairs)	1h

As can be seen from the table, no interviews were conducted in China. This is due to practical constraints relating to time and financial matters. However, interviews were conducted and informal talks held with Chinese scholars at a GMS conference in Hanoi⁷ in addition to informal exchanges with Chinese researchers in the United Kingdom. To make up for it, Chinese language sources were used throughout the study, in particular relating to China's interests in the GMS.

⁷ Economic and Non-Traditional Security Cooperation in the Greater Mekong Sub-Region: Perspectives, Opportunities & Challenges, 19-21 May 2004.

The two interviews in Germany (Bonn, Höchst im Odenwald) were conducted in German, as this is the native tongue of both the interviewer and the interviewees. All other interviews were conducted in English, with the exception of one interview in Hanoi: during this interview, an interpreter was present in order to translate the questions, which were posed in English, into Vietnamese, and to translate the answer from Vietnamese to English (the interviewer is able to read Vietnamese but has no sufficient speaking ability to conduct an interview in the language). The interviewee was a senior researcher working on China-Vietnam relations. The interpreter was a junior Vietnamese researcher knowledgeable of the subject matter and fluent in English.

Using an interpreter to conduct interviews poses a number of challenges with regard to the originality and a potential distortedness of the data emerging from the interview during the interview process as well as in the process of putting orally gathered data into written form. This relates, firstly, to the knowledge, the interpreter has of the languages he or she translates. The interpreter must be fluent in both the source and the target language and should ideally be acquainted with the cultural context the languages stem from. In addition to language proficiency, the interpreter should also have a profound knowledge of the subject matter of the conversation in order to properly transfer concepts from one language into the other. In relation to the issues of subject matter and language, it should be noted that cultural misunderstandings can lead to incorrect and deficient translation (Fischer, 2001). This problem in turn relates to the issue discussed above regarding prior knowledge of the interviewer of the cultural context he or she is researching in, including the history and the nature of the political systems of the respective country. In relation to this, culturally bound concepts are sometimes difficult if not impossible to translate, carrying the danger of losing or even changing their original meaning on the way from the source language in the target language. This may result in misconceptions of the recipient of the translation. Having been a student not only of international relations but also of Chinese language, Chinese history and philosophy, a prominent example that comes to mind is the Chinese term *dao*, a central concept of both the religion and the philosophy of Daoism, which is usually translated as 'way', a translation which however does not encompass the religious-philosophical idea behind this concept, and simply suffers from the problem that the meaning of the concept cannot be accurately reflected in a single-word translation. In a similar manner, the concepts of *hua*, *tianzi* and *tianxia*, mentioned above, fall under the same category, as they are inherently connected with the political culture and philosophy of China. This may make it necessary to deviate from the sentence

structure of the source language in order to accurately translate the meaning of the words. In those cases, the interpreter performs not only a translation, which may or may not be verbatim, but he also takes the role of an intermediary between two cultures. In order to perform this function, the interpreter needs to overcome a potential cultural bias in order to correctly construe the questions asked and transfer it into the language of the interviewee and do the same process when transferring the answer into the language of the interviewer. At this point, the researcher has to be aware of a potential cultural bias, too, in order to accurately construe the meaning of the answer given. Although the concepts relate to the field of ethnography and anthropology, we are very close to the discussion of a dichotomy between emic research and etic research: the use of concepts and categories of the researcher's culture to describe another culture (etic research, position of an outsider) or the use of concepts and categories relevant to the culture under observation (emic research, position of an insider), and the problems for generalisation of the research findings that emerge from an emic perspective. When dealing with two or more cultures, or when the researcher of culture A researches culture B, it becomes important to transgress the emic-etic divide:

The solution is to have as much emic 'insider' information possible for all the cultures under investigation, but for the researchers to consciously consider how to transform that emic 'culturally sensitive' knowledge into etic 'culturally universal' constructs, models, and measures (Tinsley, 2005: 189).

Hence in order to understand a different culture, it is necessary for the researcher to 'complement' his outside position with knowledge of the culture he or she is dealing with.

A further problem to be considered is the professional background of the interpreter. In the field of foreign and security policy in closed regimes such as China and Vietnam, it is of high importance to have an independent interpreter, who is not connected to, or espouses the views of, governmental agencies. Interpreters representing the official views might choose to alter the words of the interviewee in the translation process, add own views, or leave out whole aspects of the interviewee's answers. Such an interpreter might perform the function of a governmental watch dog and inhibit the interviewee, prevent the interviewee from adding own views and thwart attempts by the interviewer to establish a naturally

flowing conversation situation. In the author's own case, it was important for me as interviewer to observe that the body language between interviewee and interpreter showed a great deal of acquaintance and familiarity between both persons, and they appeared to be very comfortable with each other (smiles, seemingly casual talking at the introductory stage of the interview) and the interview situation. It is therefore important, as Freed (1988) noticed, to consider the role of the interpreter, the parties present at the interview, the cultural dimension and the background of the interpreter.

The search for a middle-ground between etic and emic research described above is similarly important to the search for a middle-ground between positivism and interpretivism. This perceived dichotomy often leads to a dispute between positivist-deductive and interpretive-inductive epistemology, or even objectivist-positivist-deductive-quantitative versus constructivist-interpretive-inductive-qualitative research strategies. The dispute between both paradigms deals with the problem of neutrality and values-based research. The barrier may be broken down by acknowledging that positivism may acquire both deductive and inductive dimensions throughout the research process. This gives rise to a situation, which helps solving the problem of objectivity in positivist research and may include qualitative methodology, thereby recognising that the researcher is part of the research process and does not act within a value-free vacuum (see the above remarks on cross-cultural research and positionality). This insight relaxes the ontological position of objectivism as the basis of positivism, – which in its extreme form sees reality as a 'concrete structure', external and beyond the influence of social actors, which can be accurately observed and measured, and within which humans 'respond to events in predictable and determinate ways' – and accepts that 'human beings, far from merely responding to the social world, may actively contribute to its creation' (Morgan and Smircich, 1980: 493, 495 and 498). Positivism is deductive in that a priori hypotheses generated by a pre-formulated theory will be tested in the research in order to either confirm or disconfirm it. This is the approach generally pursued in this study in order to be able to empirically examine the structures, in which GMS cooperation takes place, along the lines of the regime approach. This is not to say, however, that inductive elements are completely excluded: in the course of research, the positivist approach may (unconsciously) acquire an additional inductive character, in that facts are gathered (through qualitative – not quantitative – interviewing, analysis of documentary material etc.) that accumulate knowledge independent of the pre-formulated theory (here: the regime approach); and this knowledge gained through observation in turn helps to refine and adjust the

theoretical framework. This is to say that '[i]n practice, the distinction is not altogether sharp. Induction does not take place without a theoretical understanding and deduction requires empirical experience. Therefore, the two alternatives may in some cases appear as different stages in a process' (Lidström, 1998: 99). Both approaches 'are highly concerned with existing empirical conditions. While inductive research takes this as its starting-point, empirical facts provide the final test for the deductive approach' (Lidström, 1998: 109). And Morgan and Smircich (1980) advocate a mix of approaches from within the spectrum of the 'subjective-objective continuum' dependent on and according to the phenomena under scrutiny, the research questions posed and the orientation of the researcher (pp. 498-499).

With respect to the present study, in order to supplement the positivist approach of theory testing, qualitative interviewing was used in order to examine how foreign policy makers relate to the processes of GMS cooperation, what directions foreign policy takes regarding regional cooperation, and what the strategic relevance of the GMS is in the overall foreign policy frameworks of Vietnam and China. Qualitative interviewing was employed, because, in foreign policy research, quantitative interviewing would not yield usable results, since, as described above, the view point of the respective expert depends a lot on his or her personal and professional background. Standardised questionnaires for all interviews to be conducted are technically possible, but the results are likely to distort the way in which security or threats to security are individually perceived. It is therefore indispensable to be not only personally present at the interview, but it is essential to observe how the interviewee reacts to questions (body language), how he or she formulates answers, and if the interviewee gives only implicit answers, which need to be interpreted by the interviewer through his or her knowledge of the culture he or she is dealing with. Another important aspect is the dimension of trust. As foreign policy, and in particular security policy, is not easily talked about in any given country, European and East Asian countries alike (although in secretive states such as China and Vietnam it is even more difficult to gain access to foreign policy experts and make them talk about security), the establishment of trust between interviewer and interviewee is of high importance and a precondition to establish an interview situation, in which the interviewee feels comfortable enough not only to talk about security, but also to voice his or her own opinions on the matter. This in turn makes a non-standardised questionnaire (here in the form of semi-structured questionnaires) an indispensable research tool. Personal contact and qualitative interviewing are therefore both essential in order to gain valid and reliable data on the sensitive issue of foreign and security policy.

1.3. The structure of the study

Chapter Two will give an overview of the history of cooperation in Northeast and Southeast Asia during and after the Cold War. In particular, it will deal with the first and second wave of regionalism in the region and discuss the concept of the 'new regionalism.' The chapter will then discuss the core concepts of this study, namely regionalism, regionalisation and subregionalism. In a further step, the chapter will proceed to discuss subregional cooperation in the Mekong basin by drawing upon the major strands in the literature on subregional cooperation.

Chapters Three and Four will introduce the regime approach and relate it to the analysis of the GMS. The concept of international regimes will be used in order to analyse the structure of the Greater Mekong Subregion and to explore the cooperation and institutionalisation processes of the GMS. The chapter will outline the origins of the regime concept, which were presented by the transnationalists of the 1970s, notably Keohane and Nye. The regime approach was developed out of dissatisfaction with the major explanatory paradigms of international relations, neorealism and neoliberal institutionalism. The regime approach is beneficial to the exploration of GMS cooperation, as it 1) is able to combine the major competing strands of the international relations theory debate and 2) defines several stages of cooperation and institution-building, which are useful in order to identify stages in more informal ways of cooperation, which are the dominant form of cooperation in Southeast Asia and are enshrined in the so-called 'ASEAN way.' Furthermore, there is no official founding document laying down the structure and tasks of the GMS. Instead, both elements of the institution of the GMS were developed step by step during specialist and ministerial meetings and finally concluded in ministerial conferences. The proceedings of the ministerial conferences will be used in order to examine the development of structure and tasks. This step-by-step development can best be elucidated using the regime approach.

Chapters Five and Six will examine the structures in which GMS cooperation takes place and will relate the history and current processes of cooperation in the GMS to the Cold War and post-Cold War history of region against the backdrop of the multiple ideological split between capitalist and socialist development paradigms as they became manifest in the split between China, the Union of Soviet Socialist Republics (USSR) and Vietnam. The chapters will discuss the failure of Mekong

basin cooperation during the Cold War and its resumption after the solution of the Cambodia conflict, which was itself a result of internal conflicts and outside Cold War interference, exacerbated by differing perception of the security environment by China and Vietnam. The chapters are designed to show the directions of Vietnam's and China's foreign policies and to put them in the context of historical and current processes of cooperation in the Mekong basin. By relating GMS cooperation to the foreign policies of China and Vietnam, the chapters furthermore explore the strategic relevance of the GMS in Northeast and Southeast Asia and for the policies of Vietnam and China. In this respect, China-Vietnam relations serve as a case study for the strategic relevance of the GMS. The chapters will devote sections to the discussion of conflict and cooperation in the Sino-Vietnamese border regions. The border situation is of relevance, as it is integrated in the GMS framework and has become an important area of economic development for both countries.

Finally, a conclusion will refer to the main points of analysis.

In order to avoid misunderstandings it is decisive to note that it is not the aim of this work to deliver an economic analysis, but that the study is placed within the realm of international relations. It takes economic cooperation into account where it appears as part of foreign and security policy. Thus, economic policy is seen as a foreign policy tool and will be used for foreign policy analysis.

A remark on bilingual newspapers and translations: for the Chinese daily *Renmin Ribao* (the English edition of which has the title *People's Daily*) and the newspaper *Zhongguo Ribao* (English edition *China Daily*), both the English and Chinese versions are used throughout the study. In both cases, because it concerns the same newspaper and hence the same source and political opinion, only one title is used, namely the Chinese title. For the same reasons, the same arrangement applies to the news agency *Xinhua* or *Xinhua She*, which has the English title *New China News Agency*. As a consequence, the Chinese titles of both the newspapers and the news agency are used for reference in the text and the bibliography at the end of this study. Whenever the English editions are used, this is indicated.

Unless otherwise indicated, translations of non-English (Chinese, Vietnamese and German) material are the author's translations.

The next chapter outlines the main events leading to subregional cooperation in Southeast Asia and explains the central concepts this study is concerned with.

Chapter 2

Explaining Subregional Cooperation: Events, Concepts and the Mekong Basin

This chapter examines the events in the global sphere and in Northeast and Southeast Asia, which led to subregional cooperation in the Mekong basin. Section One examines the major events during and after the Cold War. It analyses the changes in the global power structure, which was reflected in changes in the regional power structure and led to the emergence of the so-called 'new regionalism' in subregional cooperation in Northeast and Southeast Asia. Section Two then sets out to explain these concepts with relevance to subregional cooperation: the theoretical concepts of region, regionalism, regionalisation, new regionalism and subregionalism and the foreign policy implications of the new global and regional settings, including the issue of actors other than the central government, which are active in the field of foreign relations. Section Three explains these concept with relevance to the Mekong basin. Section Four closes the chapter with a short conclusion emphasising the major theme of this study: the mutual influences of subregionalism and foreign policy in the GMS and the role of the issue of human security.

2.1. Events: Cold and post-Cold War developments

The CSCE (Conference on Security and Cooperation in Europe) summit of NATO and Warsaw Pact in Paris from 17-21 November 1990 marked the official end of the East West divide in Europe. The conclusion of the *Treaty on Conventional Armed Forces in Europe* (CFE) of 19 November 1990 intended to create a military balance between the two 'groups of States Parties' (Art. II, 1. A), referring to NATO and the Warsaw Treaty Organisation. In the *Charter of Paris for a New Europe*, the heads of state or government finally concluded that the 'era of confrontation and division of Europe has ended' (p. 3). On 1 April 1991, the military structure of the Warsaw Treaty Organisation was dissolved. In December 1991, the Soviet Union ceased to exist. The end of the East West schism in favour of the Western world brought Fukuyama's 'end of history' thesis, which argued that liberal democracy marks the 'end point of mankind's ideological evolution' and the 'final form of human government' (Fukuyama, 1989: 4). Instead, however, new frontlines emerged: international terrorism in its fundamentalist Islamic fashion has been the

new issue of international relations since 11 September 2001 and the new fashion of the related academic discipline. Earlier, the Asian values debate shortly indicated an Asian versus Western conflict, but it soon disappeared into the Asian crisis of 1997. Although the number of interstate conflicts decreased, internal conflicts increased; and the nature of violent conflict changed from the prevalence of interstate conflicts fought between political elites of different states to deep-rooted conflicts fought within a state and potentially involving all social strata from the political elite to the individual community member. Deep-rooted conflicts combine identity factors, such as race, language and religion with distribution factors, namely a 'perceived imbalance' in the distribution of economic, social and political resources between the identity groups (Bloomfield and Reilly, 1998: 9). The rise of the danger of internal conflicts and the importance of non-state actors brought about a major paradigm shift in the concept of security, from national or home security to human security, thus from the survival of the state within the international system to the survival of the individual and the community within a given state. The issue was conceptually embraced by the United Nations in the 1994 *Human Development Report* (UNDP, 1994). The importance attached to human security acknowledges a link between issues such as poverty and political and societal stability (Wolf, 2004: 1). Where it concerns water, the picture looks gloomy. Wolf, drawing on his studies of conflicts over international waters – a concern which will be analysed later in this study – concludes that the history of international waters 'suggests that the simple fact that humans suffer and die in the absence of agreement apparently offers little in the way of incentive to cooperate – even less so the health of aquatic ecosystems' (Wolf, 2004: 9).

In Northeast and Southeast Asia, the Cold War split did not emerge as clear as in Europe. At least four groups emerged during the Cold War, with shifting 'membership': the Soviet-leaning, the Chinese-leaning, the US-leaning, and the non-aligned. Furthermore, the split went directly through the core of ASEAN regarding the China threat perception.

The result of the Cold War split of Northeast and Southeast Asia was an 'institutional deficit – the absence of institutionalized regional intergovernmental collaboration.'⁸ This can be explained with an idea of regionalism that was foreign

⁸ For a short history of Cold War Pacific security and economic arrangements, hence the reasons for the 'institutional deficit' see Ravenhill, 1998: 248-250.

to the region, firstly because it stemmed from European practice of an ever deeper economic integration that would eventually be joined by a political integration; and secondly because its rationale was concerned with balance of power strategies and not a promotion of regional awareness (Liu and Régnier, 2003: xiii). Therefore, this 'old regionalism' ultimately transferred a foreign concept to the region, which attempted to replicate the global bipolarity on a smaller scale.

In 1967, the Association of Southeast Asian Nations was founded, but did not work as a region-wide linkage. The first institution fulfilling this task was APEC in 1989, followed by a quick increase of proposals for intergovernmental cooperation across the whole Asia Pacific (Ravenhill, 1998: 247-248). ASEAN was founded as a body for regional cooperation to enhance the overall security environment (cooperation in economic, social, cultural, technical, scientific and administrative issues and to promote regional peace and stability without references to rules and obligations: ASEAN, 1967: articles 2-3). The Southeast Asian Treaty Organisation (SEATO), in existence from 1955 to 1977, was an attempt to build a Western-type regional security coalition of nation-states. SEATO was a true creation of the Cold War and already this purpose made it hardly more than a marriage of necessity. It never became viable and was eventually abandoned in 1977. ASEAN lacked a concrete vision and the negotiation processes were often jam-locked, particularly being influenced by differing perceptions of China as a security threat to Southeast Asia and also by the concept of soft regionalism of which non-interference in a member country's internal affairs forms an essential part.⁹ In particular, ASEAN's handling of regional conflicts – most notably the Cambodia conflict – was often criticised as being highly ineffective (for instance Möller, 1998). Raszelenberg argued that ASEAN is more occupied with the 'limitation of damage' rather than an active solving of the problems of regional cooperation¹⁰ (Raszelenberg, 2002: 18). ASEAN's ideal was to abstain from military conflicts and controversial issues. The goal of promoting regional peace and stability implied a view of security, which meant to safeguard independence, sovereignty, territorial integrity and national

⁹ For more on soft regionalism see Chapter Five.

¹⁰ 'Die ASEAN ist nach wie vor eine eher lockere, beizeiten äußerst ineffektive Vereinigung, die häufig kaum in der Lage ist, substantielle Probleme regionalen Zusammenwachsens zu lösen, sondern sich mit Schadensbegrenzung begnügen muss.'

identity (Haftendorn, 1995: 459). It did not imply military intervention in a crisis situation.

The division of Southeast Asia during the Cold War indicates that an area called Southeast Asia was not a natural condition, but rather an artificial construction. Thus, the evolution of an area with the name of 'Southeast Asia' needs clarification. The term 'Southeast Asia' (Südostasien) was first used in a geopolitical sense in 1923 by Karl Haushofer¹¹, an early theorist of geopolitics who wrote predominantly during the Weimar Republic and the Hitler regime. In the same year, the ethnologist and prehistorian Robert Heine-Geldern showed ethnic, cultural and linguistic commonalities of the peoples of this region. In a historical sense, the region had long been viewed as a transition zone between India and China rather than an independent area. In the English speaking world, the term Southeast Asia was first introduced in 1943 with the formation of the combined allied Southeast Asia Command under Lord Mountbatten. This designation served to identify areas, which were mostly under Japanese occupation and were planned to be recaptured from Japan: French Indochina, British Burma and Malaya plus Thailand for the mainland, the Philippines and the Dutch Indies for the insular areas. Thus, in the latter case, Southeast Asia emerged in the process of an accidental geographical partition through military necessities (Feldbauer, Husa and Korf, 2003; Ufen, 2004: 72 and note 1).

First attempts at regional cooperation happened after the conclusion of the colonial period:

- Track-one initiatives¹²: track-one diplomacy designates the 'official' diplomacy carried out between governments, governmental officials and

¹¹ Haushofer, Karl (1923), 'Südostasiens Wiederaufstieg zur Selbstbestimmung,' in *Geopolitik der Selbstbestimmung* (Leipzig: Bibliothek der Weltgeschichte Rösl u. C. München). The same contribution appeared later in 1923 in Haushofer, Karl und Josef März (eds.), *Zum Freiheitskampf in Südostasien* (Berlin: Kurt Vowinckel Verlag), pp. 19-162. For a discussion on Haushofer's life and work see the two-volume biography by Jacobsen (1979).

¹² The two track-one organisations not mentioned here because of their economic focus are the Asia Europe Meeting (ASEM) and APEC. APEC and ASEM are mentioned passim throughout the study.

diplomats. The organisations listed below are therefore organisations which were established by governments and for governments. Track-two organisations are often bedevilled by power rivalries among its member states and are often beset by a zero-sum understanding of power. This understanding makes cooperation difficult and has the ability to thwart ideas of collective security meant to soften the contentious nature of diplomacy. Collective security is applied to the military alliance of NATO, but found a universal application in the League of Nations and the UN, a form that has been difficult to sustain.

- In 1955, SEATO was founded but then failed in 1977. The Manila Pact of September 1954, which established the Southeast Asia Collective Defence Treaty, on which SEATO was based, was modelled on NATO and was signed by the USA, France, Great Britain, Australia, New Zealand, Pakistan, Thailand and the Philippines. SEATO was hampered by internal problems and lost significance after the Paris agreements of January 1973. In 1975, it was decided to abandon SEATO in June 1977 (Ufen, 2004: 72).
- The Five Power Defence Agreement between Australia, Malaysia, New Zealand, Singapore and the United Kingdom originated in the Anglo-Malayan Defence Agreement of 1957 (Singapore ceased to be a member upon its expulsion from the Federation of Malaysia in 1965). The aim was to provide Malaysia with a security guarantee against Indonesia, whose hostility against Malaysia culminated during the period of *konfrontasi* between 1963 and 1966 (Ravenhill, 1998: 248).
- In 1961, the Association of Southeast Asia (ASA) was founded. It consisted of the Philippines, Thailand and the Federation of Malaya. Owing to US support, Indonesia regarded ASA as imperialist continuation of SEATO. ASA failed due to the territorial conflicts between Malaya and the Philippines, but, as regards to its goals and organisational structure, it can be considered a predecessor of ASEAN (Ufen, 2004: 72).
- Maphilindo of Malaya, the Philippines and Indonesia, founded in 1963, failed due to Sukarno's policy of *konfrontasi*. Only with Suharto's 'New Order' of 1965/66 and his orientation towards the Western industrialised countries and Japan, was regional cooperation possible. ASEAN was founded in the wake of this shift in foreign policy (Ufen, 2004: 72-73).
- The ASEAN Regional Forum was founded as a dialogue network with the intention to diffuse tensions within the context of a regular dialogue mechanism.

It is based on an initiative of the 26th ASEAN Ministerial Meeting and Post Ministerial Conference in Singapore on 23-25 July 1993. The inaugural meeting was held in Bangkok on 25 July 1994. The primary – although not openly announced – goal was to involve China in regional consultation processes. The ARF's commitment to open regionalism was supposed to give it relevance beyond Southeast Asia and to engage China in dialogues with countries outside Northeast and Southeast Asia. The ARF is complemented by the track-two Council for Security Cooperation in the Asia Pacific (CSCAP) (see below). The members of the ARF are the following countries: Australia, Brunei Darussalam, Cambodia, Canada, China, the European Union, India, Indonesia, Japan, the Democratic People's Republic of Korea, the Republic of Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, the Philippines, the Russian Federation, Singapore, Thailand, East Timor, the United States and Vietnam.

- The Asian Cooperation Dialogue (ACD) was founded in 2002 in order to integrate existing regional cooperation schemes in Asia, such as ASEAN, the SAARC and the Gulf Cooperation Council.
- The Shangri-La Dialogue was founded in 2002 in the Shangri-La Hotel in Singapore. It is organised by the International Institute for Strategic Studies (IISS), takes place annually in Singapore and concerns itself with military security. Apart from the ARF, the Shangri-La Dialogue is the only multilateral defence institution in Northeast and Southeast Asia with a general regional concern.
- For specific discussions, the six-party talks between the United States, North and South Korea, Russia, Japan and China were set up to persuade North Korea to give up its alleged atomic weapons or the desire to build them. The six-party process started on 27 August 2003 but ran into problems during the third round of negotiations in June 2004, after which North Korea left the process. Contacts between the United States and North Korea were maintained through the so-called 'New York channel', North Korea's mission to the United Nations. In February 2005, North Korea claimed to possess nuclear weapons. In July 2005, North Korea announced that it would return to the group for the next round of negotiations on 25 July 2005.¹³

¹³ For more details on the six-party talks see the BBC's detailed timeline on the North Korea problem at <http://news.bbc.co.uk/2/hi/asia-pacific/2604437.stm>.

- Track-two initiatives: if track-one initiatives form the 'official' governmental diplomacy, track-two processes are the 'unofficial' non-governmental diplomacy. Track-two diplomacy usually involves academics and academic institutions, such as think tanks or interlocutors, or non-governmental organisations. Track-two and track-one actors often cooperate, a process which combines informal and formal channels of communication. Cooperation between track one and track two has been increasingly recognised as a means for the prevention and resolution of conflicts.¹⁴

- The Council for Security Cooperation in the Asia Pacific (CSCAP) was founded on 16 December 1993. Its roots date back to a roundtable discussion in Seoul on 1-3 November 1992, which brought together representatives from study centres in Australia, Canada, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand and the USA. The idea was to intensify and enhance track-two processes in the Asia Pacific and to establish links to the track-one forum ARF. The link between the ARF and CSCAP is through the chairman of the ARF (Peck, 1998: 181). Countries are represented by member committees.¹⁵ The CSCAP deals with five areas of security: comprehensive and cooperative security, confidence and security building measures, maritime cooperation, the North Pacific and transnational crime (web site: www.cscap.org).

- The Pacific Economic Cooperation Council (PECC) was founded in 1980. It has an economic focus and comprises participants from the three fields of business and industry, government and academic circles. Similar to the CSCAP, the PECC links up with track-one forums, in this case APEC, by observing APEC proceedings and providing analytical support¹⁶ (web site: www.pecc.org).

¹⁴ For a summary of the debate on track-one track-two diplomacy see Nan and Strimling (2004).

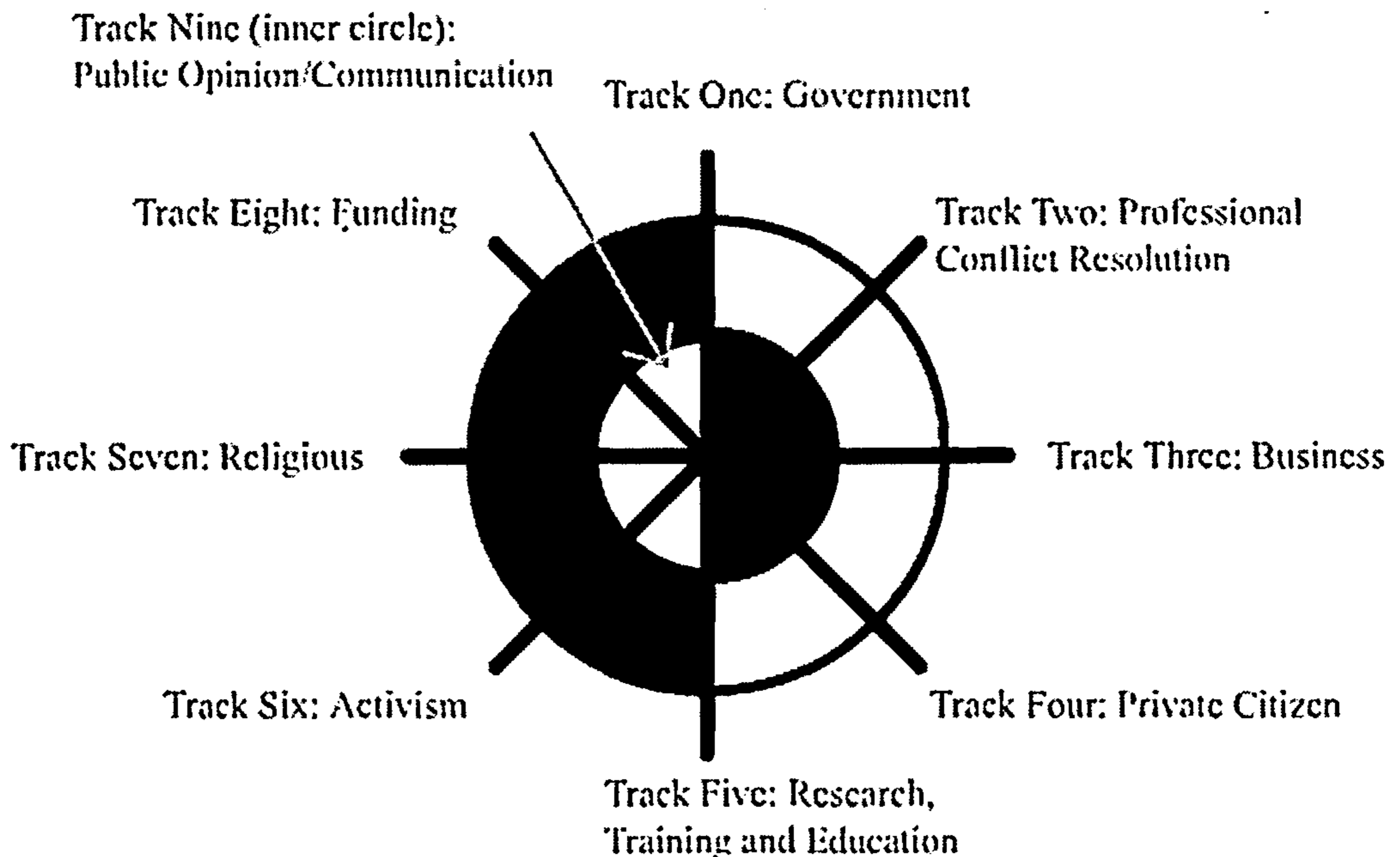
¹⁵ Member committees are from the following countries: Australia, Cambodia, Canada, the European Union, India, Indonesia, Japan, Malaysia, Mongolia, New Zealand, North Korea, Papua New Guinea, Vietnam, China, the Philippines, Russia, Singapore, South Korea, Thailand and the USA. The Pacific Islands Forum has observer status.

¹⁶ Member committees are from the following countries: Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Ecuador, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, the Philippines, Russia, Singapore, the Pacific Islands Forum, Taiwan, Thailand, the USA and Vietnam.

- The Northeast Asia Cooperation Dialogue (NEACD) was founded in 1993. It comprises foreign ministry officials, defence ministry officials, military officers and academics from China, Russia, North and South Korea, Japan and the United States. Regular meetings allow members to discuss sensitive security issues in an informal way. The NEACD is designed to keep lines of communication open and 'create an institutional mechanism for dialogue and communication in order to minimize tension and build cooperation in the Northeast Asia region.' As a security forum, the NEACD also discusses economic issues, which have security implications: energy, maritime trade and nuclear energy (web site: www.wiredforpeace.org).

There are more tracks, however. Louise Diamond and John W. McDonald, who founded the Institute for Multi-Track Diplomacy, define nine interwoven tracks involved in peace processes, in the form of a circular diagram:

Figure 1: The Nine Tracks of Multi-Track Diplomacy



Source: Louise Diamond and John W. McDonald, The Institute for Multi-Track Diplomacy (IMTD), <http://www.imtd.org>.

Associate members are France (Pacific Territories) and Mongolia. Institutional members are the Pacific Trade and Development Conference (PAFTAD) and the Pacific Basin Economic Council (PBEC).

In this diagram, tracks one and two encompass the organisations described above. For the GMS, the business community (track three) is important in helping to maintain the GMS processes and provide funding for projects in addition to money given by central governments and the ADB. The business community is organised in the GMS Business Forum (GMS-BF). The issue of funding is interwoven with track eight. Tracks four, five, six and eight encompass the work of NGOs, research institutions and international organisations, such as the United Nations Development Programme (UNDP). They are active in the fields of education, poverty alleviation, or environmental protection, trying to influence or use public opinion (track nine). These tracks add a 'human element' and a social dimension to otherwise abstract governmental or institutional negotiation processes (McDonald, 2003). In the context of peace-building, McDonald calls it '[s]ocial peace building', as opposed to '[p]olitical peace building' and '[e]conomic and institutional peace building', which are both functions of track-one diplomacy (McDonald, 2003).

One must ask the question of what caused the end of the 'institutional deficit' observed by Ravenhill? Generally speaking, when the Cold War status was at first alleviated during the 1980s and eventually lifted at the turn of the decade, governments embraced new opportunities for cooperation. Looking at the global sphere, the disappearance of the Cold War led to a full viability of the UN Security Council and as a consequence led to its interference in an increasing number of conflicts. The power structure of the Cold War had obstructed efficient work of the Security Council, with the permanent members' veto being used to realise often diametrically opposed interests. Being unable to work efficiently translated into the inability to handle conflicts waged as proxy wars across the globe by both superpowers. Many of these Cold War-influenced conflicts were now approached by the Security Council, the most significant conflict being the Cambodia conflict (Gabriel, 1993) within the Asian Pacific. As will be discussed in detail later, the Cambodia conflict formed an essential element in jam-locking plans for exploiting the opportunities of the Mekong basin, as the conflict involved all riparian states with the exception of Myanmar.

The result of the Security Council's enlarged and improved ability to act was the necessity for more effective tools at the UN's disposal to handle conflicts. On request of the Security Council, the then UN Secretary-General Boutros Boutros-Ghali elaborated the *Agenda for Peace* of June 1992 to set out refined strategies for

an effective and efficient post-Cold War conflict resolution (Weiss, 1993: 51; Boutros-Ghali, 1992).¹⁷

The increased opportunities for effective and efficient cooperation in the global sphere were echoed by similarly increased opportunities on regional and subregional levels. The internationalised Cambodia conflict is one of the best examples of a conflict being irresolvable during the Cold War, becoming solvable during the 1980s and being solved in 1992 in that it was 'de-internationalize[d]' (Findlay, 1995: 155).¹⁸ To de-internationalise the conflict meant to take away the influences on the inner-Cambodian actors exerted by Beijing, Moscow, Washington, Hanoi and Bangkok and their mutual alliances (from 1979 onwards: Beijing, Washington and Bangkok v. Moscow and Hanoi). The Cambodia conflict was a mixture of Cold War strategies and older pre-colonial conflicts using the Cold War as a tool for realising old goals in the Indochinese region. The de-internationalisation of the conflict re-opened the way for cooperation between the countries involved. An event of particular importance in this respect was Gorbachev's Vladivostok speech of 28 July 1986. The speech initiated the rapprochement with China by showing willingness firstly to reduce Soviet military presence along the common border with China and Mongolia, and secondly to pull out of Afghanistan. The speech therefore indicated Gorbachev's willingness to accede to Chinese demands to stop the military encirclement of China by abolishing all of the so-called 'three big obstacles' posed by Beijing as precondition for a rapprochement with Moscow. The third obstacle was Soviet support for the Vietnamese military presence in Cambodia. Since 1984, Beijing had stylised Moscow's support of Vietnam's Cambodia policy as the most significant of these problems (Opitz, 1991: 159). While the Cambodia conflict is the first conflict that was targeted under the refined strategies of Boutros-Ghali's *Agenda for Peace*, the forming of APEC in November 1989 is the first track-one project of a region-wide cooperation scheme in the Asia Pacific, drawing together old enemies under a

¹⁷ Full name of the Agenda: *An Agenda for Peace: Preventive diplomacy, peacemaking and peace-keeping. Report of the Secretary-General pursuant to the statement adopted by the Summit Meeting of the Security Council on 31 January 1992*, UN doc. A/47/277-S/24111. The Agenda came into effect on 17 June 1992.

¹⁸ See Findlay for more details on the settlement of the Cambodia conflict, its failures, successes and chances for the future from a mid-1990 perspective.

common cause of promoting multilateral trade and investment (APEC Secretariat, 2002: 2).

Apart from a boost in region-wide cooperation as manifested in APEC, followed later by increasing membership in ASEAN and the establishment of track-one and two institutions as mentioned above, new subregional cooperation schemes sprung up and existing schemes were revived. One of these is the Greater Mekong Subregion. Confronted with a broadened scope for policy actions after the superpower structure on proceedings in international politics was lifted, former patterns of trade and communications were remembered and formed a starting point for renewed collaboration and cross-border cooperation.

For Vietnam, the advent of the 'new regionalism' was a second chance in various respects: firstly, the Chinese-Soviet rapprochement, pressure on Vietnam to pull out of Cambodia, and the solution of the Cambodia conflict removed the Cold War structure from Southeast Asia. Secondly, Mekong cooperation was taken up again after the abortive attempts during the preceding decades. As a result, Vietnam was given the opportunity to break out of its isolation and re-join the international community. Indeed, since the inception of its reform programme of *doi moi* in 1986 and the start of the multi-directional foreign policy in 1988, Vietnam has turned to a 'socialist market economy' and a diversification of its foreign economic relations. This was designed in order to overcome the economic and diplomatic isolation, which had commenced with the occupation of Cambodia in 1978/79 and into which Hanoi had slipped even further after Gorbachev had started *perestroika* and *glasnost*. The policies have materialised not only in Vietnam's engagement in regional organisations (ASEAN, ARF), but also in a multitude of subregional cooperation schemes in the Mekong basin – most importantly the Greater Mekong Subregion.

For China, the breakdown of the bipolar world between 1989 and 1992 imposed the need on the Chinese leadership to adjust its view of the international security situation. The expected multipolarity did not take place as the United States took the position of the last and sole remaining superpower. Since then, China has viewed the international system as unipolar, while much of the Western literature in

international relations talks about a post-Cold War multipolarity.¹⁹ As a consequence, elements and orientation of Beijing's foreign policy changed. Southeast Asia as the neighbouring region and former scene of superpower contention was seen as crucial to China's domestic stability since the inception of the '4 modernisations' (*si ge xiandaihua*: 四个现代化) in December 1978. In Southeast Asia, a rising China is regarded as a security challenge to the region, its economic potential being both a threat and a chance as two sides of the same coin. However, China's focus on the domestic reform programme, plus the need of a peaceful neighbourhood were important factors in the transformation of the contentious regional environment to one of increased confidence-building measures and multilateral as well as bilateral dialogues.

As mentioned earlier, the establishment of the GMS was only possible with the end of the Cold War. Regionally, the changes in the global structure were reflected in the normalisation of China-Vietnam relations. In the wake of the end of the bipolarity and the normalisation of diplomatic and economic relations, a second wave of regionalism spread into Southeast Asia, manifesting itself in the re-emergence of cross-border cooperation and the so-called growth triangles in Northeast and Southeast Asia.²⁰ The GMS is one of them. It is also the only one that includes all of continental Southeast Asia with the exception of the continental part of Malaysia. China-Vietnam relations are hence a major factor for the viability of the GMS, and the GMS is also a mirror of a resumption of genuine trade relations in the subregion.

Under the GMS scheme, the participating countries cooperate, drawn together by the Mekong as a common resource, the contentious use of which has to be regulated in order to create political and economic stability and security. This puts cooperation over water resources of the agenda of states' foreign policies. China-Vietnam relations are of particular importance here as the traditional antagonism can form a disruptive element in the cooperation efforts with repercussions for regional

¹⁹ For instance, Rosenau (1990) analyses the international system as 'turbulent', and Hettne (1999a and b) argues that multipolarity as expressed in regionalisation processes is the result of the demise of the superpowers.

²⁰ For a discussion of the various denominations for growth triangles see Section Three in this chapter.

stability. Since subregional cooperation schemes can themselves be integrated in cooperation networks beyond the region, integration in subregional cooperation holds the opportunity of facilitating a country's economic development and linking it to the global economy. Consequently, both China and Vietnam have developed an interest in a politically and economically stable region for the purpose of pursuing each others respective domestic reform programmes.

2.2. Concepts: region, regionalism, regionalisation, new regionalism and subregionalism

The global situation after the Cold War, which ended the oversimplified idea of good (West) and bad (East), was characterised as 'new complexity'²¹ (Schmid, 1993: 118-120), as simultaneous processes of divergent developments²²: on the one hand internationalisation, transnationalisation, globalisation of economic, societal and cultural processes; on the other hand defensive discrimination, disintegration, fragmentation of political institutions and societal networks (Senghaas, 1993). Rosenau observes a state system that is decentralised and multi-centric, with roots in the years preceding the Second World War²³ (Rosenau, 1990: 10-11, 107-108). In this system, the policy of the state is influenced by non-state actors and subnational units. Its character is non-unitary. Rosenau's ideas bear similarity to the concept of 'complex interdependence', as developed by Keohane and Nye in the 1970s, which encompasses interstate, transgovernmental and transnational relations (Keohane and Nye, 1972, see Chapter Three).

²¹ 'neue Unübersichtlichkeit'

²² 'Gleichzeitigkeit von Ungleichzeitigkeiten'

²³ The British and French colonial empires broke apart, and the bipolar Cold War structure was replaced by the split in the communist camp and the emergence of the non-aligned movement. These structural changes towards a decentralisation of the state system were accompanied by changes in attitudes towards ideas of legitimacy and authority, which were expanded to include 'new norms and values appropriate to the bifurcated world of sovereignty-bound and sovereignty-free actors' (Rosenau, 1990: 107-108).

Rosenau (for the following see Rosenau, 1990: 127-135) acknowledges that the state²⁴ is not always retreating, but instead in some fields has increased its capacities: as agent in shaping the economy, and through technological innovations, which enable it to 'maintain order, mobilize consent, control opposition.' Thus it can shape 'the social and political lives of its members.' This, however, does not necessarily help to solve the issues at hand, such as eradicating poverty, pollution, unemployment, transnational crime such as drug trafficking, international migration and other forms of cross-border movements of goods and people. These issues not only have an international component, but are also influenced by internal divisions within a country through groups within or outside the state, which influence policy-making processes (Rosenau, 1990: 127-135). Similarly, Hettne (1999b: xxii-xxiii) argues that a state's national interest, as it translates in policies towards a particular region, is 'the result of internal debates in the respective states and communities, since the "country positions" are nothing but the predominant point of view existing at any particular point in time.' Rosenau also says that, despite increased capacities in some fields, the state has eventually less scope of action, less autonomy, less capacity to adapt to changes and less effectiveness as it is not a unitary actor: it has less scope, because due to the dual processes of decentralisation within a country and interdependence through globalisation, the realms of foreign and domestic policy are no longer properly distinguishable; it has less autonomy, because domestic issues have become internationalised and their resolution demands international cooperation: the transnationalisation of domestic issues increases the vulnerability of the state and can result in the attempt of the state to increase domestic controls in order to decrease this vulnerability [this bears resemblance to what Robertson called 'deglobalization [...] attempts to undo the compression of the world' (Robertson, 1992: 10), that is, for the purpose of this study, attempts to bring transnational processes under national control]; it has less capacity to adapt to change because it is dependent on favourable international circumstances and international cooperation; it is less effective because it is exposed to the demand of statist subgroups, which are characterised by 'enduring membership and specifiable authority relationships'²⁵,

²⁴ 'governments that speak for the whole collectively – for the economy, society, and polity as a single entity' (p. 134).

²⁵ For instance, national bureaucratic agencies and subnational local governments on the polity level; organisations dealing with problems of the poor, handicapped, children, refugees, minorities, political prisoners on the societal level; public-relations firms representing foreign businesses and governments and research institutes on the economic level.

and a demanding citizenry with enhanced abilities to participate in public affairs, partly through technological innovations. As the state loses its capacity to perform effectively and provide the necessary services, subgroups move to take over responsibilities. These varied influences on the state can pose dangers such as fragmentation and eventual paralysis. The result may be a crisis of and a challenge to the authority and legitimacy of a state (Rosenau, 1990: 127-135).

Rosenau's analysis is mirrored by Hocking, who explains that the involvement of localities in foreign affairs is due to the fact that central governments are not always able to serve the 'community interest from a single centre of power', and that subnational localities have convinced themselves that the interest of the local community needs to be served through enhanced involvement in the international system. The results are local efforts to attract FDI and promote exports, or centrally encouraged local export promotion programmes, devolution of greater authority to provinces to achieve foreign economic policy goals, and the involvement of local units in managing cross-border relations within the framework of a sensitive bilateral relationship between states (Hocking, 1993: 13 and 15). Blurred lines between the realms of foreign and domestic policy can be observed in manifestations of the new regionalism. Sasuga, examining microregionalism in East Asia by using cross-border production networks of the electronics industry, made clear that a characteristic of the new regionalism is a 'deterritorialization' of the nation-state [the counter movement of which might be Robertson's above-mentioned 'deglobalization'] through a formation of cross-border cooperation. These cross-border schemes give rise to cross-border governance mechanisms, which in turn give subnational administrations, such as provincial governments, an important role in managing foreign relations. They hence may pose a challenge to the authority of the central government (Sasuga, 2004: 14, 30, 34, 35-37):

the new regionalism in East Asia is a manifestation of the broader impact of economic globalization, and involves a deep-rooted restructuring at the regional and firm-levels as an expression of new international, regional and horizontal networks of governance within and between regions (Sasuga, 2004: 4).

Sasuga argues that the changing role of the subnational level through the expansion of cross-border relations in the wake of globalisation and new regionalisation processes involves a new relationship between the national and

subnational level, which in essence shifts authority (and perhaps autonomy) to the subnational level. The equation of nation-state and territory has been losing validity in a process of 'deterritorialization.' This in turn has resulted in a process of 'spatial restructuring' or 'reterritorialization', hence the rise of new forms of regions, such as growth triangles. Sasuga observes that 'in China the discretion of the subnational level has traditionally been strictly limited by the state.' Therefore, central-led processes of decentralisation and recentralisation 'are seen as the primary measures of Chinese regionalisation from above, and the subnational responses to this movement can be seen as an expression of subnational regionalisation from below' (Sasuga, 2004: 5-6 and 30). This view is confirmed by Cheung and Tang, who state that the provinces become drawn into foreign affairs 'not by encroaching upon the prerogatives of the central government in diplomacy or national defense, but rather by exploiting new opportunities and maximising their interests within the broad framework of the existing policies of the central government' (Cheung and Tang, 2001: 93).

In communist China, decentralisation processes started with Deng Xiaoping's programme of reform and opening (*gaige kaifang*), which was adopted in December 1978. The decentralisation of economic power away from the central government has increased the provinces' and localities' involvement in foreign affairs. This enabled the provinces to participate in the global economy and form international contacts (Cheung and Tang, 2001: 91). As decentralisation measures meet processes of globalisation, growth triangles may emerge. However, Scalapino's notion of 'natural economic territories' (Scalapino, 1991/92: 20-21) reminds us that the processes of decentralisation and globalisation may only reconnect areas which had experienced long traditions of trade and community-building before national and Cold War borders disconnected them.²⁶ In the GMS, cross-border cooperation is promoted by the ADB. With regard to the China-Vietnam border, the inclusion of Yunnan and Guangxi in the GMS is facilitated by ADB funds for the provinces' integration in mainland Southeast Asia through cross-border infrastructure links. Among them in particular is Vietnam's north-western province of Lao Cai with its rail link between Kunming and the sea port of Haiphong via Hanoi, and its major border crossing at Lao Cai-Hekou. It is thus a characteristic of the new regionalism that 'local governments have more responsibility for direct linkages with other regional actors, including firms' (Sasuga, 2004: 38). Cheung and Tang see three

²⁶ For more on this see Section Three in this chapter.

factors, which influence the involvement of China's provinces in foreign affairs: physical conditions, central government policies and provincial development strategies. Regarding the second point, while the provinces share revenues with Beijing and 'play key roles in supporting China's foreign policy', defence, foreign and foreign economic policy are determined by the government in Beijing (Cheung and Tang, 2001: 96-97).

This development involves what Hocking called a 'multilayered diplomacy' with intertwined goals of economic and foreign policy development (Hocking, 1993: 31). He argues that foreign policy has been 'localized' in the sense that central governments increasingly have to take into account the interests of subnational units and their involvement in cross-border relations as interdependence in world politics grows. This does not eclipse 'national foreign policies', but rather adds another element to the traditional centralised foreign policy making processes (Hocking, 1993: 8-9 and 26-29).

While national interests drive the agenda of regionalisation, the national interest becomes intertwined with transnational concerns. These manifest themselves in the processes of regionalisation and a shift of the system of nation-states 'from a Westphalian to a post-Westphalian logic' (Hettne, 1999b: xxiii-xxiv).²⁷ In this shift, the central government is losing the capacity of controlling and solving domestic problems as they gain an international component in the wake of rising interdependence, followed by increasing involvement of subnational units and non-state actors in solutions to internationalised problems. This is a dilemma, which for instance the Chinese Communist Party (CCP) finds itself involved in as China joins international organisations. As Saich argues:

By and large China is an Empire with a Westphalian concept of the nation-state trying to operate in an increasingly multilateral world. In fact, what China wants is an economic order that is international in terms of the benefits it brings but not necessarily global if that means decentring decision-making away from the nation-state (Saich, 2004: 308).

²⁷ For the Westphalian state system see Hettne, 1999b: xxxvi.

Apart from Europe, regional integration is largely limited to the economic sphere, while political integration is virtually absent (Gruppe von Lissabon, 1997: 160-161). Dosch (2003a), by reviewing the regionalism debate, explains that today Europe's integration experience is regarded as 'unique and does not present a global model of integration' (p. 31). Instead, attention has shifted to other regions and their integration experiences, and accordingly the research agenda has turned to problems such as interrelations between nation-building and integration or globalisation and regionalisation. Whereas the 'old regionalism' was associated with the European integration experience, the 'new regionalism' concept represents a turn to cooperation endeavours which differ from the European Union (pp. 31-32). Importantly, economic or political integration is no longer regarded as a necessary result of processes of regionalisation (p. 32, table 2.1). Instead, many groupings 'consciously avoid the institutional and bureaucratic structures of traditional organizations and of the regionalist model represented by the EC' (Fawcett and Hurrell, 1995: 3).

Björn Hettne and colleagues at the World Institute for Development Economics Research at the United Nations University (UNU-WIDER) in Helsinki defined 'new regionalism' as a multidimensional phenomenon instead of an economic phenomenon, which would reflect 'a trade promotion policy built on regional arrangements.' New regionalism partly pertains to what has already been mentioned above, namely to 'reverse the process of globalization in order to safeguard a degree of territorial control and diversity of cultures.' In this sense, the concept of the new regionalism cannot be applied to APEC and open regionalism, as they form a "stepping-stone" in a linear process' towards globalisation (Hettne, 1999a: 14 and 1999b: xx). New regionalism is distinguished from 'old regionalism' in that the processes of regionalisation cannot be explained anymore with 'classical integration theory' and went beyond free-trade arrangements and security alliances to incorporate the social, cultural and political dimensions of regionalism (Hettne, 1999b: xv-xvi). Hettne argues that regions 'are created and recreated in the process of global transformation.' He sees regions as 'territorially based subsystems of the international system' with 'different degrees of "regionness"', a term which he defines as 'the degree to which a particular region in various respects constitutes a coherent unit' – hence regionalisation 'is the process of increasing "regionness"'

(Hettne, 1999b: xv and 1999b: 9).²⁸ A recreation of regions can also recreate old regionness, for instance in areas, where the drawing of national and Cold War boundaries cut into formerly well-connected, linguistically and ethnically relatively homogeneous regions. In those regions, a latent regionness might have survived during the years of division and has turned out to be beneficial for a recreation of regions and their regionness. As ‘human interconnectedness’ rose quickly after the Second World War, reinforced by the developments in information technology, the world became seen as ‘compressed’ as the ‘subjective sense of geographical distance [...] dramatically changed’ (Hettne, 1999a: 3). Ohmae took this idea to the extreme by evoking the concept of a ‘borderless world’ (Ohmae, 1996: 80).²⁹ The development of a ‘compressed’ world also triggered comments about the ‘end of geography’, a term reminiscent of Fukuyama’s ‘end of history’ and equally meaningless as one observes the fluid patterns of construction and deconstruction of regions. According to Hettne, the participants of the UNU-WIDER project defined regionalism consensually as both the ‘general phenomenon as well as the ideology of regionalism; that is, the urge for a regionalist order, either in a particular geographical area, or as type of world order.’ While regionalism thus denotes a condition, regionalisation refers to the ‘process and [...] normally implies an activist element, a strategy of regionalization’, a process that manifests itself in increasing levels of regionness (Hettne, 1999b: xix). Globalism, to which regionalism responds³⁰, is defined as a ‘qualitative deepening of the internationalization and/or

²⁸ Hettne identifies five degrees of regionness: the region ‘as a geographical unit, delimited by more or less natural physical barriers and marked by ecological characteristics’; the region ‘as a social system, which implies translocal relations of varying nature between human groups’ with a power balance as security system; the region ‘as organized co-operation in any of the cultural, economic, political or military fields’; the region ‘as civil society, which takes shape when the organizational framework promotes social communication and convergence of values throughout the region’; the region ‘as acting subject with a distinct identity, actor capability, legitimacy, and structure of decision-making’ out of which could grow a ‘region-state’ (Hettne, 1999: 10-11).

²⁹ See also Section Three in this chapter.

³⁰ ‘Regionalization is [...] a more varied phenomenon than globalization, which implies a homogenization of the global space. As a response regionalization takes different forms both over time and between different cultural areas of the world. However it homogenizes regional space and reduces the sovereignty and changes the role of nation-states. The crucial issue in relating the two processes [...] is the development logic, which in the current regionalization process is captured and

transnationalization processes, thus strengthening the functional and weakening the territorial dimension of development.' Again, while globalism is the condition, globalisation refers to the process: 'growth of a world market, increasingly penetrating and dominating subordinate 'national' economies, which in the process lose some of their 'nationness.' The result can be loss of control of a central government over parts of the economy and a loss of cultural diversity (Hettne, 1999b: xix-xx).

Regionalisation takes place at various levels (Hettne, 1999a and b): firstly at the global level: the processes of the 'new regionalism' were made possible through hegemonic decline and are a manifestation of increased multipolarity after the end of the Cold War. The old regionalism during the Cold War simply 'reproduced' hegemonic Cold War patterns in the various regions; secondly at the level of interregional relations: the behaviour of one region has an impact on other regions. In that way, processes of regionalisation in Northeast and Southeast Asia can be understood as response to bloc building in other regions (EU and NAFTA); thirdly at the regional level: taking place here is a 'homogenization, the elimination of extremes, in terms of culture, security, economic policies and political systems.' The level of regionalisation can be seen in the level of regionness. At present, the regions 'constitute arenas for sometimes competing, sometimes converging national interests which increase their control over global forces'; fourthly at the subnational level due to processes of disintegration of states and the absence of the 'stabilizing controls' during the Cold War: 'ethnonational' movements have produced 'microstates'; and as the geopolitical environment changes, microregions have emerged and connected subnational regions to the world economy. While in Europe, 'microregions relate to the macroregional process (providing them with a stable transnational framework), in East Asia they operate in a global space' producing a globally oriented 'open microregionalism' versus a 'secluded microregionalism' (Hettne, 1999b: xix and xxii and 1999a: 9 and 14-16).

subsumed under a territorial as distinct from a functional interest. Regionalism implies a return of "the political" in one form or the other' (Hettne, 1999a: 7).

Table 2: New and Old Regionalism

Old Regionalism	New Regionalism
Specific objectives: security-oriented or economically-oriented; harmonisation of trade policies leading to deeper economic integration with political integration as possible future result (for instance as spill-over effect)	more comprehensive in that a region moves from heterogeneity to increased homogeneity regarding several dimensions, most importantly culture, security (security community), environment, economic policies (more openness towards the region and the global economy), political regimes (democracy as necessary but not sufficient condition) including problems such as accountability and legitimacy
Shaped by bipolar structure	shaped within multipolar world order. superpowers are downgraded to regional powers and are competing with emerging regional powers. superpower structure was a premature globalisation, therefore the decline of it is a deglobalisation
Created from above by the superpowers	spontaneous process from within the region and from below as the constituent states and other actors drive regionalisation
Economic integration, inward-oriented, protectionist	more open, hence compatible with an interdependent world economy
Concerned with relations between formally sovereign states	includes non-state actors at several levels of the global system

Source: Hettne, 1999b: xvii, xxi-xxii and 1999a: 7-8.

It should be noted, that both forms co-exist as '[r]elatively few organizations are formed. In some cases the existing regions just continue as before, in others they widen the scope of action from security to development and vice versa' (Hettne, 1999a: 8-9).

2.3. Explaining the ‘new regionalism’ in Southeast Asia: subregional cooperation within growth triangles³¹

2.3.1. Characteristics and rationales for growth triangles

The prominent manifestation of the second wave of regionalism in Southeast Asia, with which this study is concerned, is subregional cooperation, or growth triangles. As explained in Section Two above, the growth triangles demonstrated the new opportunities of cooperation after the Cold War. This strong push for collaboration within a subregion was, firstly, a natural response to resume trade in formerly closed border areas. In this sense, the emergence of subregional schemes was itself a ‘manifestation of the intensified intraregional investment flows and the accompanying trade flows in the Asia-Pacific region’ (Chia and Lee, 1993: 226). Secondly, subregional trade was employed by governments to pursue economic strategies, which generally aimed at:

- mitigating the problems of region-wide schemes such as ASEAN or APEC,
- guarding against a possible failure of the Uruguay Round³², and
- mitigating possible disadvantages arising from the strengthening of the trading blocs of EU and NAFTA (Fawcett and Hurrell, 1995: 1).

Young describes the feeling of countries in Northeast and Southeast Asia against the background of the launch of the EU’s internal market and the proposal to form NAFTA as having ‘been left out without a bloc of their own’, and that proposals in the region to form a regional trading bloc emerged as a result of this feeling: Mahatir Mohamad put forth his idea to form an East Asian Economic Group (EAEG) in 1990 after the breakdown of the Brussels ministerial meeting on the Uruguay Round; he later changed the EAEG to the East Asian Economic Caucus (EAEC), because the EAEG proposal was not very well received (Young, 1993).

³¹ This section is partially based on an article written together with Jörn Dosch and published in 2005 in the *European Journal of East Asian Studies* (Dosch and Hensengerth, 2005).

³² The Uruguay Round started in September 1986 in Punta del Este in Uruguay and ended in December 1993 in Geneva. The results were signed in April 1994 in Marrakech and came into force on 1 January 1995. At the closure of the Uruguay Round, GATT was replaced with the WTO. For detailed information on the Uruguay Round see for example May, 1994; Gerke, 1994; Whalley, 1993.

Most notably, the United States opposed the idea owing to its exclusiveness, which would have left the US with less influence in Northeast and Southeast Asia.³³ Sadly, Young ignores the processes of subregional cooperation in Southeast Asia and instead discusses the likelihood of the formation of an East Asian trading bloc similar to that of the EU. Admittedly, processes of subregional cooperation were still young; but the economic cooperation between Singapore, Johor and Riau (SIJORI) had already been implemented, a cooperation scheme that gave rise to the term of the 'growth triangle.'

The new subregional schemes in Northeast and Southeast Asia emerged due to difficulties in forming trading blocs in East Asia, namely:

- an insufficient volume of internal trade and a general export orientation of Asian economies towards the US and the EC/EU;
- differences in laws and regulations governing trade and investment, and diverse economic systems;
- disparate income levels;
- a lack of geographical proximity making communication and transport difficult;
- a lack of political commitment and policy coordination due to different political interests, historical backgrounds and social and economic systems (Min Tang and Myo Thant, 1995: 7-8).

By the end of the 1980s, the new subregional cooperation schemes were termed growth triangles, a term first used by the then Singaporean Deputy Prime Minister Goh Chok Tong to circumscribe SIJORI cooperation, a scheme expanded into IMS-GT in December 1994. SIJORI was officially proposed in December 1989 'as a new form of subregional economic cooperation in ASEAN through cooperation in investment rather than through trade' (Chia and Lee, 1993: 229).

In the following years, the term GT was applied to other existing subregional schemes within Northeast and Southeast Asia as well as to new ones. The literature

³³ For more remarks on the strategic nature of the EAEC see the Chapters Five and Six.

offers congruous analyses of what a GT characterises. The most basic definition possible is that of a 'transnational investment zone', (Low, 1996: 13; Min Tang and Myo Thant, 1995: 2) 'spread over well-defined, geographically proximate areas covering three or more countries where differences in factor endowments are exploited to promote external trade and investment' (Min Tang and Myo Thant, 1995: 2). GTs can be established quicker and at a lower cost, and the influx of FDI, low labour costs and the involvement of neighbouring regions make them 'more attractive and competitive than traditional regional blocs.' They can involve countries at different stages of economic development and with different social and economic systems. Benefits can be spread to other parts of the region and economic failure can be confined to adjacent areas, keeping political and economic risks at a low level (Hasan, 2000: 2-3; Krongkaew, 2000: 34-35). The most comprehensive, and at the same time best compressed (and one of the earliest) definition of what a growth triangle must involve in order to be successful, is given by Chia and Lee (1993: 232-235 and 236). They list

- economic complementarity (or a common resource such as a river which has to be exploited peacefully and effectively),
- geographical proximity,
- the policy framework, politically and economically [or in other words political commitment and policy coordination (Min Tang and Myo Thant, 1995: 9-14)],
- infrastructure development to support geographical proximity, and
- access to world markets.

Tongzon adds the presence of a catalyst, for example a multilateral institution or a lead state, in order to set the agenda for a GT and achieve quick success (Tongzon, 2002: 91). This notion will be of particular importance later in this study as the Asian Development Bank is generally seen and views itself as an intermediary in the negotiation processes within the GMS. According to the ADB Charter, the ADB has the following functions:

The purpose of the [Asian Development] Bank shall be to foster economic growth and co-operation in the region of Asia and the Far East (hereinafter referred to as the 'region') and to contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually. Wherever used in this Agreement, the terms 'region of Asia and the Far East' and

'region' shall comprise the territories of Asia and the Far East included in the Terms of Reference of the United Nations Economic Commission for Asia and the Far East (ADB, 1966: Chapter 1, Article 1).

The ADB's regional departments cover five subregions, for which the bank extends technical assistance grants and project loans. The five subregions are: the GMS, IMT-GT, BIMB-EAGA, the Central Asian Regional Economic Cooperation Unit (CARECU) and the South Asia Subregional Economic Cooperation (SASEC) initiative.³⁴ Chen and Ho also stress cultural affinity when it comes to cooperation between Chinese cultural regions as in the Southern China Growth Triangle, which covers parts of Greater China. But they qualify this factor as '[i]ts role is subsidiary to that of economic complementarity and favorable policies' and 'only moderately important as a motivation for investing' (Chen and Ho, 1995: 40).

Thus, we have a comprehensive set of characteristics which apply to the nature of a growth triangle. Of all these, different combinations of them can apply to different growth triangles according to the nature and the rationale of the latter; but all sets of aspects have in common the fact that economic and natural factor endowments need to be supported by favourable government policies in order to start and successfully develop an economic cooperation scheme. The nature of the political economy and the political framework of the individual country as well as the rationale behind the forming of a particular GT is responsible for whether private sector initiatives dominate public initiatives or vice versa.

The abundance of subregional cooperation schemes in Northeast and Southeast Asia led to a similar abundance of terms for the phenomenon of the growth triangle: especially for cooperation schemes with more than three members, some authors offer names such as the growth quadrangle and subsume them under the term geometric polygons (Low, 1996: 1). Weatherbee uses the term hexagon (Weatherbee, 1997). Also, growth triangles are referred to as subregional economic zones (Chia and Lee, 1993: *passim*), natural economic territories (Scalapino,

³⁴ For more information on the ADB's subregional activities in general see the ADB's web pages on subregional cooperation: <http://www.adb.org/Documents/RCSPs/default.asp?p=ctry> and <http://www.adb.org/Countries/sub-regional.asp>.

1991/92: 20-21), extended metropolis or extended metropolitan regions (MacLeod and McGee, 1996). Ohmae even sees the 'end of the nation state' and the rise of 'natural economic zones' in a borderless world (Ohmae, 1996: 80). For the purpose of the thesis, I will refer to all of these cooperation schemes as growth areas or growth triangles. For the cooperation scheme between Laos, Thailand, Myanmar and China, I will also use the customary term of the Golden Quadrangle.

One of the most important features of the 'new regionalism' in contrast to the old one modelled on the experience of the EU is that

the new debate does not consider regionalism as quasi identical with integration. Integration is regarded as one possible feature of regionalism but no longer the only one. In other words: while the old school had the tendency to deny the presence of regionalism in Southeast Asia because of the absence of integration, for the new school regionalism is a multidimensional phenomenon (Dosch, 2003a: 38).

Regionalism in that sense is, according to Hasnan Habib, 'the expression of regional consciousness that develops from a sense of identity among states situated in geographical proximity which motivates them to mutually cooperate in one or another mode to attain common goals, satisfy common needs, or to solve political, military, economic, and other practical problems' (Dosch, 2003a: 30 cited Habib, 1995: 305). Elements of regionalism are hence the emergence, existence, and advocacy of regional cooperation (ibid.).

At the Fourth ASEAN Summit in Singapore on 27-29 January 1992, two important decisions were made: firstly, AFTA was formed (ASEAN, 1992b); secondly, the GT approach was officially endorsed: '[ASEAN] Member States acknowledge that sub-regional arrangements among themselves, or between ASEAN Member States and non-ASEAN economies, could complement overall ASEAN economic cooperation' (ASEAN, 1992a). By this, the ASEAN principle of open regionalism and non-discrimination against outsiders was transferred to the GT concept. The GMS makes use of it in that China is one of its members. The following table gives an overview of the current growth areas in Northeast and Southeast Asia (leaving out the question of viability).

Table 3: Growth Areas in Northeast and Southeast Asia

Cooperation Scheme	Members	Cooperation Type
IMS-GT (Indonesia-Malaysia-Singapore Growth Triangle, formerly SIJORI or Singapore-Johor-Riau Growth Triangle)	Singapore; Johor, Melaka, Negri Sembilan, southern Pahang / Malaysia; Riau, Jambi, Bengkulu, South and West Sumatra, Lampung, West Kalimantan / Indonesia	Metropolitan spill over into the hinterland
IMT-GT (Northern Triangle, Northern Growth Triangle or Northern ASEAN Growth Triangle)	North Sumatra and Aceh / Indonesia; Kedah, Perlis, Penang and Perak / Malaysia; Satun, Narathiwat, Yala, Songkhla and Pattani / Thailand	Joint development of natural resources and infrastructure
Brunei Darussalam-Indonesia-Malaysia-Philippines-East ASEAN Growth Area (BIMP-EAGA)	Mindanao and Palawan / Philippines; Kalimantan, Sulawesi, Maluku, Irian Jaya / Indonesia; Sarawak, Sabah and Labuan / Malaysia; Brunei	Joint development of natural resources and infrastructure
GMS (Greater Mekong Economic Subregion)	Cambodia; Laos; Vietnam; Burma; Thailand; Yunnan, Guangxi / PRC	Joint development of natural resources and infrastructure
Golden Quadrangle or Quadripartite Economic Co-operation	Laos; Burma; Thailand; Yunnan / PRC	Joint development of natural resources and infrastructure
Southern China Growth Triangle or Greater South China Economic Zone	Hong Kong; Taiwan; southern PRC (parts of Guangdong and Fujian)	Metropolitan spill over into the hinterland
Tumen River Area Development Programme or Tumen River Economic Development Area (TREDA)	southern Primorskie Krai / Russia; South Korea; Rajin-Sonbong Free Economic Zone / North Korea; southern Jilin /	Joint development of natural resources and infrastructure

	PRC; plus the wider area extending from China's Yanbian Autonomous Prefecture into eastern Mongolia	
Yellow Sea Economic Zone or Yellow Sea Economic Co-operation	Coast of Bohai (Liaodong and Shandong peninsulas) / PRC; South Korea; western and northern parts of Kyushu and Yamaguchi / Japan	Common geopolitical interests and geographical proximity
Pan-Pearl River Delta (9+2 initiative)	core: Hong Kong, Macao, Guangdong / PRC; extension into Hainan, Guizhou, Jiangxi, Yunnan, Sichuan, Hunan, Fujian, Guangxi	Metropolitan spill over into the hinterland
Japan Sea Economic Zone	Japan, East Russia, Northeast China, South Korea, North Korea	Common geopolitical interests and geographical proximity

Source: adapted from the ADB (<http://www.adb.org/Countries/sub-regional.asp>); Low, 1996: 4; Min Tang and Myo Thant, 1995: 2-3; Chia and Lee, 1993: 227; Tongzon, 2002: 81-82; Evangelista, 2000: 61-89.

2.3.2. Evaluation of rationales and successes of growth triangles

There are two broad lines of analysis for subregional economic cooperation: an economic and a security-related. They are usually combined – as are the rationales for states to engage in subregional economic cooperation. This is especially apparent in the case of Singapore, which traditionally acts out of a perceived vulnerable position between Malaysia and Indonesia. Singapore pursues a foreign policy that ‘is rooted in a culture of siege and insecurity which dates back from the traumatic experience of an unanticipated separation from Malaysia in August 1965’ (Leifer, 2000: 4). The character of vulnerability generating from the separation is twofold:

- a perceived isolation as a state with an ethnic-Chinese majority surrounded by Malaysia and Indonesia with a ‘shared ethnic-Malay identity’ and the differences in economic performance as sources of mutual mistrust;

- a 'non-viability of an independent and primarily urban Singapore' without a 'natural hinterland', 'exemplified' in Singapore's dependence on Johor for drinking water and a 'lack of self-sufficiency in food supply';

On the whole a 'combination of limited scale and a potential domestic fragility, together with a confined geographic location, has served to generate worst-case thinking in foreign policy, even though that location has also been a source of Singapore's material good fortune' (Leifer, 2000: 2). As a result, 'considerable diplomatic resources and energy have been devoted to trying to set agendas in a multilateral context as a way of mitigating a vulnerability arising from geopolitical circumstances' (Leifer, 2000: 8). One such multilateral initiative is involvement in SIJORI (IMS-GT), which acts as a link for Singapore with Malaysia and Indonesia; and '[a]part from the economic advantage anticipated from such a formal trilateral economic arrangement, there was also the expectation that such an institutionalised economic interdependence would help to defuse recurrent political tensions with both neighbours' (Leifer, 2000: 140).

As for the GMS, Grundy-Warr, Peachey and Perry argue that GTs are facing the same obstacles as ASEAN: 'As is the broader pattern across Southeast Asia, there is little willingness to countenance the development of a functionally integrated cross-border economy that might compromise national sovereignty, incidentally questioning interpretations of the growth triangle projects as part of the trend toward a "borderless" world economy' (Grundy-Warr, Peachey and Perry, 1999: 306). Sakai speaks of the 'complexity' (which he separates from the category of 'frustrations' as manifested in slow progress of projects as well as 'policy and regulatory deficiencies') of GMS cooperation through the fact that several donor agencies are involved in funding the same projects. He exemplifies this complexity by using as an example the so-called Second International Mekong Bridge from Mukdahan to Savannakhet and road improvement measures, which are part of the East-West Corridor³⁵, and by showing the need of multilateral agreements that must be reached before projects can be carried out (Sakai, 2000: 17). This adds to the 'two plus' principle (ADB, 2002a: 3) of voluntary cooperation within GMS projects and the multifarious cooperation schemes found within the Mekong basin, which essentially

³⁵ The East-West Corridor is funded by Japan's Overseas Economic Cooperation Fund OECF, the Japan International Cooperation Agency JICA, the World Bank and the ADB.

make the GMS look more like many subregions instead of one. These phenomena are further explained in Chapter Five.

Concerning Mekong basin cooperation, it was noted as early as 1969 that cooperation among Mekong countries could essentially contribute to a permanent stabilisation of the region (Black, 1969). Proponents of the idea in the US government pushed the idea that multilateral economic cooperation sets the framework for political rapprochement and reduction of tensions. This analysis was put forward as an alternative policy against the backdrop of the contemporaneous Vietnam War to safeguard US interests in the era of domino theory without Washington's heavy military engagement and the subsequent idea of a 'Vietnamisation' of the Vietnam War: economic cooperation of countries in a politically fragile region does not only enhance the local security situation, but is also of major interest for global players who must avoid spill-over effects into their own regions and countries. Hence, Mekong cooperation must be assisted by those countries, which have the economic and technical means (for instance, for granting development aid) and share the political interest to turn an instable region into a stable one. At the time of Black's writing, the Committee for Coordination of Investigations of the Lower Mekong Basin (henceforth: Mekong Committee, also named Joint Commission on the Investigation and Survey of the Lower Mekong Basin (Nguyen Manh Cam, 2000: 22) – the predecessor of the 1995 Mekong River Commission), had already been founded in September 1957. Consisting of Laos, Cambodia, Thailand and South Vietnam, it had been pursuing a line of plumbing possibilities for joint cooperation in the Mekong's economic opportunities, and had raised donations from a wide range of individual countries, international organisations, private foundations and private enterprises (Black, 1969: 15-16). To push this line in the interest of the world's well-being, Black argued that it has to be 'creat[ed] a multilateral framework for a policy designed to engage the energies of the leaders and peoples [...] in building things – durable things like hydroelectric dams, irrigation systems, new highways, and railroads.' This cooperation and the idea of developing the Mekong, however, can, according to Black, only be successful and practicable if it 'serves a political purpose' (Black, 1969: 11 and 12).

Among Mekong states, China is seen as important for economic and security purposes. The argument is bifurcated and somewhat paradoxical: China's economic growth is regarded as a factor of strength for GMS development, and its participation enables the GMS project to build economic and political bridges between China and Southeast Asia (Sakai, 2000: 20), to engage China in multilateral

cooperative efforts and to allocate it a catalytic role in the GMS as it runs the most advanced economy and is already a dialogue partner of ASEAN. Also, it can link the economies of the GMS to Japan and South Korea (Chongkittavorn, 2000: 25-26) and it would therefore profit from enhanced cooperation within ASEAN+3. On the other side, China's economic force is seen as overwhelming and a threat to the slowly developing economies in the countries of the lower Mekong basin. As well, there is fear especially in Vietnam and Laos, of becoming increasingly dependent on their northern neighbour politically, diplomatically and economically.

Consequently, while the GMS's 'main objective is to jointly develop natural resources and infrastructure by exploiting geopolitical interest and geographical proximity' (Mya Than and George Abonyi, 2001: 128), the security goal is a political stabilisation through economic cooperation. Twenty-four years after Black offered his suggestions of an occupational therapy for the Mekong countries, Chia and Lee (1993) again identify Mekong basin cooperation as belonging to the now newly established category of growth triangles with the rationale of 'joint development of natural resources and infrastructure [...] in order to minimize disputes over ownership and utilization of a common resource such as a major river, and to exploit the economies of agglomeration' (Chia and Lee, 1993: 236); and in 2001, Mya Than and George Abonyi wrote that the 'main objective of the GMS is to jointly develop natural resources and infrastructure by exploiting geopolitical interest and geographical proximity for the development of the Mekong basin subregion' (Mya Than and George Abonyi, 2001: 128). Grundy-Warr, Peachey and Perry agree in that they subsume cooperation in the Mekong basin under the category of 'resource management growth triangles [...] where cooperation is primarily motivated by the need to coordinate the use of a shared resource, in this case the Mekong River' (Grundy-Warr, Peachey and Perry, 1999: 306). With this rationale, the element of conflict minimisation among the Mekong countries shifts into the analytical focus, making economic development a substantial part of security considerations.³⁶ In this sense, Mekong cooperation is primarily concerned with minimizing the potential conflicts over a common resource. It works as a confidence-building organ, and the economic field is a major source for security. The political element is in the foreground.

³⁶ Both articles – Chia and Lee as well as Grundy-Warr, Peachey and Perry – attempt a categorisation of growth areas in Northeast and Southeast Asia. A third is to be found in Dosch (2003b).

2.4. Conclusion

We can close this chapter by concluding that the new regionalism arose together with and encompasses new concerns of foreign policy, which are tied together in the following ways:

Human security has caught the attention of central governments, because unsolved social questions in the wake of economic reforms and the ideological vacuum after the introduction of the four modernisations in China and *doi moi* in Vietnam have resulted in growing unrest in both countries. Poverty reduction is high on the agenda of China and Vietnam. Aside from central government initiatives (such as regional campaigns relevant to Vietnam's central highlands or China's south-western landlocked provinces), foreign investment and regional economic integration is viewed in both countries as crucial to maintain economic growth and tackle poverty by keeping the economy growing at a steady rate. The development of Yunnan's and Guangxi's economies and of the economies of Quang Ninh, Lang Son, Lao Cai, Cao Bang, Ha Giang and Lai Chau on Vietnam's side of the border puts emphasis on the foreign economic relations of Beijing and Hanoi on developing these regions within the framework of subregional cooperation in the GMS and its donor structure. Furthermore, environmental degradation as part of the human security phenomenon has attracted increasing criticism from foreign and domestic activists and organisations in both China and Vietnam. In China in particular, growing protest against issues such as dam-building and resettlements of the local population has led to growing concerns on the side of the central government in Beijing regarding its policies of unrestrained economic growth. As a result, the fourth leadership generation with Hu Jintao and Wen Jiabao changed the tone of its economic policy. It is now eager to emphasise its concerns for those loosing out in the era of capitalist reform. A prominent phrase of Hu Jintao is *yi ren wei ben* (以人为本) – generally translated as putting people first, or people-centred policies. The phrase is also frequently used by Wen Jiabao. This policy implies a shift from GDP-centred to people-centred policies, which put the emphasis on a more equal, socially sustainable development. Whether this will result in actual policies or remain in the realm of rhetoric remains as of yet to be seen. Nevertheless, the new tone indicates the nervousness with which the government observes the frequent eruptions against the unsolved social questions and the increasingly loud demonstrations against the old paradigm of economic development and solutions to

the issues of water supply, energy production and agricultural irrigation through dam-building activities (for the environmental question see for instance McCormack, 2001; Economy, 2004). In November 2005, the issue of environmental security and its potential impact on societal stability and the problem solving capacity of the central government was particularly prominent due to the benzene leak into the Songhua river at Jilin, which flows into Russia's Amur, and which has led to severe water shortages in the riparian city of Harbin and to irritations in the bilateral relations with Russia: Beijing apologised to Moscow through a consultation between Foreign Minister Li Zhaoxing and Russia's Ambassador to China, Sergei Razov (BBC, 26 November 2005); and, on the subnational level, Viktor Ishayev, governor of the Khabarovsk region, said he would be seeking compensation from China for the money spent on emergency measures for the region and especially the city of Khabarovsk in order to remedy pollution of the Amur, such as using activated charcoal to treat the benzene as well as purifying water and drilling new wells in order to ensure supply of drinking water (BBC, 16+20 December 2005).

This shows that the issue of human security in general and environmental security in particular cannot be solved unilaterally, because its character is transnational. This is also true for issues such as drug trafficking and smuggling. The transnationalisation of problems has prompted Beijing and Hanoi to engage in multilateral cooperation frameworks in order to solve these problems, because they are either seen as problems in themselves or as problems, which have to be solved simply because they pose a challenge to the authority of the central government. Here, the issue of human security prompts central governments to adjust their foreign policies towards the solution of transnational non-traditional security issues, which may threaten the authority of the ruling elite.

This challenge to the authority of the central government is at the same time a challenge to the capacity of the central government to solve problems alone. This pertains not only to the need for multilateral cooperation, but also to the need to consult and work with actors outside the central government, which have become increasingly active in voicing policy propositions, which run counter to central government policies. These actors include non-state actors such as firms and NGOs, as well as subnational units. Among these, environmental NGOs are the most active to raise concerns about environmental degradation as a corollary of the rapid economic development in the subregion. Consequently, they have been pressing central governments to engage in solutions to these problems, the result of which will be discussed in this study. Subnational units especially in border regions have

been forging relations with neighbouring subnational units across the border for economic or cultural reasons, or in order to tackle cross-border crime centred in their administrative area. They have thus challenged the domain of the central government in foreign affairs. This, if subnational units and non-state actors turn out to be influential enough, involves a new distribution of authority between central and local governments. This study will examine the degree to which this is possible by using China and Vietnam as examples.

These issues highlight the blurred lines between the realms of foreign and domestic policy. The involvement of central governments in multilateral institutions tackling these problems can be seen in the context of addressing the deterritorialisation of the nation state. Therefore, the creation of a region, such as the GMS, may mirror deglobalisation attempts by central governments. At the same time, these efforts seem to produce subregions, which are being attached to the global economy. It may thus be said that by deglobalising processes to tackle subregional problems and to spur subregional economies, these subregions are being prepared for the challenges and pressures of globalisation by giving them an infrastructure backbone for an economic build-up with the aim to reattach them to the streams of global trade.

The institution of the GMS operates at this interface between foreign policy and domestic policy: it includes the creation of subregion-wide infrastructure, streamlined border-crossing formalities, the spanning of tourism networks and human resources development in order to spur and maintain economic development among the countries involved; and it tackles transnational crime such as drug and human trafficking and cross-border smuggling. Foreign policy adjusts to take into account local and transnational concerns, which central governments have come to regard as problems worth solving to increase their capacity and authority. The problem of environmental degradation seems to have been left out this process so far, although awareness in central governments to consider the issue may be rising. The development has resulted in the governments of GMS countries to tackle issues such as drug trafficking and smuggling together, but also to build a subregion-wide infrastructure for the development of their economies. In order to do this, central governments must find common interests in cooperation. Therefore, without central governmental interest in multilateral cooperation and the development of cooperative foreign policies, GMS cooperation would not be possible.

The issue of central governmental interest in multilateral cooperation is directly linked to the uses of multilateral cooperation for wider foreign policy concerns. Aside from being a cooperation endeavour designed for economic growth, the diminishing of transnational crime and the solving of the human security issues for its own sake and the sake of the authority of central governments, the GMS functions as a means to bridge the political and economic differences between China and Southeast Asia. Apart from its issue-specific local orientation, therefore, GMS cooperation has a global orientation as it is part of broader foreign policy strategies, which will be discussed using the cases of Vietnam and China. Vietnam's aim here is to bring China closer to Southeast Asia and, by tying it into multilateral cooperative networks, to make its moves predictable in a power struggle for influence in Northeast and Southeast Asia, which also involves the United States and Japan. Vietnam also endeavours to use GMS cooperation to increase its economic attractiveness for US, Japanese and EU investors, thereby enhancing its role and importance in the world economy vis-à-vis China. This role of the GMS in Vietnam's foreign policy seems to run counter to the role China has ascribed to the GMS, resulting in contradicting foreign policies of both countries. For a deeper understanding of these policies, their impact on Mekong cooperation, and the current processes of cooperation in the GMS, it is necessary to explain the evolution of these policies from isolation to cooperation within and after the multiple ideological schism in the Mekong basin between communist and capitalist development paradigms and within the communist countries between China, Vietnam and the USSR.

The proliferation of NGOs, the diversification of multi-track diplomacy and the increasing role of subnational units in the foreign relations of states also mean that regimes are more difficult to establish the more actors are involved, who try to exert influence on central governments with regard to the issues the emerging institution will be dealing with. In addition, such a multilateral institution is dependent on central governments' foreign policies of the countries involved. Thus, central governments determine how strong the institution is and how diversified the structures of the regime are. This relates the nature of the emerging institution directly to foreign policy strategies. Consequently, the institution, when established, tackles only those issues, which the central governments involved have agreed to deal with in a multilateral forum. If there is disagreement over the involvement of issues, then they are likely to be left out of the institution's future working plan. It is therefore that the list of issues dealt with in the GMS framework can be regarded as the (lowest) common denominator of all the GMS countries.

However, while the proliferation of actors may complicate the establishment of an international regime, the fact that political and economic integration is no longer a necessity on regionalisation agendas in times of the new regionalism may make the creation of an international regime easier in a region that unlike Europe has long been without strong cooperative and institutional structures, or, thinking of SEATO, has failed in the attempt to build structures along the lines of European integration concepts brought to the region by outside powers in times of Cold War contention. The involvement of subnational units and non-state actors with decidedly local agendas may foster regional awareness in times of the post-Cold War new regionalism; but this may only be possible through the establishment of institutions without a strong integrative structure and philosophy. This kind of institution can serve as platform for confidence-building and the establishment of trust. This seems beneficial for Vietnam and its endeavours to temper China's foreign policy, which is viewed with distrust and generally perceived as aggressive. The avoidance of closely knit organisational structures may well serve Hanoi's foreign policy designs by engaging with Beijing in the GMS and its numerous specialised working groups and annual ministerial and senior officials meetings. China, for its part, as will be discussed throughout the study, has designed its foreign policy to avoid alienation of sovereignty when it is not deemed necessary for the attainment of the national interest. Therefore, it seems to be content with loose structures, which address its domestic, regional and global policy concerns. It is therefore that the establishment of institutions and the structure in which cooperation takes place, in the case of this study the GMS, are dependent on the local and global orientations of the foreign policy strategies of their member countries.

We will now proceed to the exploration of the regime approach in order to relate the above discussion to the analysis of the structure within which GMS cooperation takes place.

Chapter 3

The Regime Approach

Eventually, any institution is likely to become obsolete. The question is under what conditions international institutions [...] facilitate significant amounts of cooperation for a period of time. Clearly, such institutions can change the incentives for countries affected by them, and can in turn affect the strategic choices governments make in their own self-interest (Axelrod and Keohane, 1985: 252).

The purpose of this chapter is to introduce the regime approach, which will guide the analysis of the institutional structure and the institutional capacity of the Greater Mekong Subregion. After an introduction to the regime concept and its definitions, the chapter will explain the dominant explanations for the existence of international regimes laid out by Robert Keohane and Stephen Krasner. The chapter closes with a conclusion reflecting on the combination of the explanations and the applicability of the concept to cooperation in the Greater Mekong Subregion.

3.1. Preliminary remarks

The purpose of employing the regime approach for GMS cooperation is to judge whether subregional economic cooperation has produced a better security environment and whether real subregions have emerged, that is, if regionalisation on the subregional level has really taken place. The regime approach helps to carry out this task in that it looks at the structure of a cooperation scheme and analyses the coherence of it.

While in the early 1990s the literature on international regimes turned from its initial concern of regime formation (Ruggie, 1975; Keohane, 1984), to the exploration of regime maintenance and effectiveness (Haas, 1989; Breitmeier and Wolf, 1995; Stokke, 2001), the present thesis will – due to the early stages in Mekong cooperation – remain at the examination of the possibilities of regime formation in the GMS and the effectiveness of these early cooperation efforts.

3.2. What are international regimes and how do they exist: definitions

When the Cold War started to subside, opportunities arose for resumption of old patterns of trade. In general, the increasing trade flows in the Mekong area since the vanishing of the Cold War meant return to post-Cold War patterns of trade. The re-opening of cross-border trade in the 1990s, in particular between Vietnam and China, provides a case in point: official trade at the Hekou-Lao Cai port of the Red River (Hong He/Song Hong) officially re-opened on 18 May 1993 after 14 years of blockade (Foreign Broadcast Information Service, 18 May 1993b: 14-15). Earlier that year, from 27 February to 10 May 1993, China, Laos, Thailand and Myanmar jointly surveyed the Mekong river starting from Simao in order to collect data for developing the river into a shipping route (Foreign Broadcast Information Service, 18 May 1993a: 15). Border trade between Myanmar and Yunnan had already been officially re-opened in 1988. As for China and Vietnam, Nguyen Than Duc emphasises that trade relations between both countries 'have proceeded dynamically along their shared border.' This is highlighted by the opening of railways, roads and seaports, the reduction of non-tariff and tariff barriers, and Vietnam's initiative to build the 'open economic zone' in localities close to the border (Nguyen Than Duc, 2005: 124).

As already shown, the disappearance of the Cold War gave rise to so-called growth triangles or subregions as part of the new regionalism. The GMS forms one of these areas that emerged throughout Northeast and Southeast Asia after the collapse of the Cold War structure. What does the formation of the GMS mean for cooperation in the subregion? Cooperation within GMS is clearly conceived long-term, given the importance countries attach to it, be it security or economics or both. How, then, is it organised? The chapter answers the questions of what regimes are, how they emerge and how they might affect state behaviour. The chapter then continues to discuss the mainstream approaches in the analysis of international regimes, exemplified by the developments of the regime as an analytical tool by Robert O. Keohane and Stephen D. Krasner. In the next chapter, the regime approach is linked to cooperation over water resources and explores the relevance of regimes for cooperation in the area of contested river waters. This is relevant to the GMS, as the subregion is formed by the Mekong as a common river and common water resource for the production of electricity, development of transport and production of food through agriculture and fisheries.

3.2.1. Origins of the regime concept

As Haufler explained, regime analysis is linked to the transnationalists of the 1970s (Keohane and Nye, 1972) and the development of the power-structural hegemonic stability theory (Kindleberger, 1973). In the latter, a hegemon is instrumental in the creation of the regime, and the maintenance of it is closely linked to the power of the hegemon. The state-centric view of regime analysis, which Haufler criticises, is derived from this traditional perspective. Analytically, '[h]egemonic regime theory melds the state-centric focus of neo-realism with a liberal's concern for co-operation and institutions' (Haufler, 1995: 94-95). The danger inherent in regimes created and maintained by a hegemon is that the regime declines when the power of the hegemon declines. The central reason for creating such a regime is the attempt of the hegemon 'to reduce costs of its leadership by institutionalizing the framework for negotiation in particular issue areas' (Haufler, 1995: 95). The classic case of a regime of this type is the General Agreement on Tariffs and Trade (GATT) (since 1996 the World Trade Organisation WTO), an economic regime to spread and maintain the system of economic liberalism, initiated and maintained through the hegemonic status of the United States in the capitalist world in the era of the Cold War. However, the consequences of hegemonic decline, the decline and eventual dissolution of regimes, did not take place. Instead, states continued to cooperate on the basis of the existent GATT regime and developed it into the WTO. In the words of Keohane, 'hegemony is less important for the continuation of cooperation, once begun, than for its creation' (Keohane, 1984: 12).

The inability of hegemonic stability theory to explain post- and non-hegemonic existence of regimes, led to the explanation of 'regimes qua regimes' (the most prominent proponent of this idea is Keohane (1984)). This explicated post-hegemonic regime maintenance with the idea that regimes 'gained value for their members over time' which prevented the regime from being abandoned (Haufler, 1995: 95). International regimes emerged as institutions of international governance in a Westphalian state system. In this system, regimes introduced the possibility of norm-guided behaviour and rule-based exchange of information and values to achieve a public good, hence a form of 'orderliness', in an anarchic state system, which lacked a global governing body for the establishment of hierarchies, as they can be found in national government administrations.

According to Zimmerling, the term 'regime' originated in international law and was taken over by political science (Zimmerling, 1996: 3). In international law,

a “regime” is a recognized set of rules devised by governments (or non-governmental actors) for regulating conflict-prone behaviour’ (Zimmerling, 1996: 3 cited Haas, 1980: 396-397). In political science, the idea of mutually agreed-upon regulations was kept, while the limitation of regimes as a term for binding agreements under international law was abandoned (Zimmerling: 1996: 3).

The term ‘regime’ found its way into political science in the mid-1970s and was first employed as an analytical concept by Ruggie in 1975. The term was soon challenged concerning its vagueness (one of the early most critical authors was Strange, 1983) and generality, such as Oran Young’s observation that ‘[w]e live in a world of international regimes’ (Young, 1980: 331). Critical attitudes by regime theorists towards their own concept turned the focus to this problem. Kratochwil, for instance, by addressing the problems of boundary and formality of norms, and the danger to ‘see regimes everywhere’, set out to deal with this question stating that ‘[w]ithout a proper boundary of the regime concept the impact of regimes on decision-making cannot be assessed’ (Kratochwil, 1995: 73).

The vagueness and differing conceptualisations of what a regime actually is that were in place after 1975, were merged into the so-called consensus definition, elaborated at two conferences³⁷ at the start of the 1980s in order to standardise the use of the ‘regime’ as an analytical tool. The consensus definition, developed by Krasner, reads as follows:

Regimes can be defined as implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behaviour defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are

³⁷ The conferences took place in Los Angeles in October 1980 and in Palm Springs in February 1981. The outcomes were published in a special issue of *International Organization* (Vol. 36, No. 2, Spring 1982) and re-printed in an edited volume (Krasner, 1983).

prevailing practices for making and implementing collective choice (Krasner, 1983: 2).³⁸

This definition has to date been the point of departure for regime analysts. However, even after the consensus, not always were all four elements regarded as necessary elements of a regime, with some scholars making a selection, some using all of them (Zimmerling, 1996: 5-6). Virginia Haufler and Harald Müller belong to those theorists, who argue that all of the four elements have to be in place for a regime to be identified. Müller argued that a security regime exists when all of the four elements are in place and when the regime exercises sufficient control over variables in the respective issue-area in order to ‘affect [...] parties’ behaviour by channelling or terminating unilateral self-help³⁹ with regard to the regulated variables’ (Müller, 1995: 361). Haufler, who challenges the state-centric view of regimes, argues that activities of private organisations (such as corporations and non-governmental organisations) can shape world politics as much as states can (Haufler, 1995: 94). She maintains that ‘[r]egimes include principles and norms, not just rules and decision-making procedures’ (Haufler, 1995: 102). Haufler’s primary aim is to show the relevance of non-state actors for regime creation and maintenance. By doing so, she distinguishes between a traditional view of the relationship between states and non-state agencies, in which the state either creates the regime on practices and norms previously created by the private sector, or first creates the regime and then uses private sector organisations to ‘implement some of its functions’ (Haufler, 1995: 94). This latter view is relevant for the creation and implementation (and, at a later stage, maintenance) of the Greater Mekong Subregion and will be discussed later in this study.

3.2.2. Uses and functions of international regimes

In 2002, the former UN Under-Secretary-General for Disarmament Affairs, Jayantha Dhanapala, argued that regimes come into existence where unrestrained competition bears undesirable costs for states, which multilateral action can largely avoid. Thus, a certain degree of independence is traded for membership in a regime

³⁸ To complement Krasner’s explanations of the four elements underlying institutionalised cooperation see Otto, 2000: 43-44.

³⁹ For the idea of the international system being a self-help system see Waltz, 1979.

(Dhanapala, 2002). By the same token, Keohane has argued that it can make sense for states to trade a portion of their sovereignty for future pay-offs (Keohane, 1984: 17). Making the case for regimes in the fields of disarmament and non-proliferation, Dhanapala shows that regimes can differ in their binding nature of rules (treaty-based versus not treaty-based, that is, legally-binding versus not legally-binding), membership and goals. It also becomes clear here that regimes deal with issue areas only: for instance, security regimes do not deal with the entire security domain (Müller, 1995: 361). There is therefore not a disarmament regime as such nor a non-proliferation regime as such. Müller, however, subsumed various treaties, agreements and practices under one regime instead of treating each treaty as basis for one particular regime. Thus, in the mid-1990s, he found four security regimes in existence, namely the strategic nuclear weapons regime (SALT I and II, the ABM Treaty, parts of the INF Treaty, the Outer Space Treaty and START), the European military order (various treaties and practices), the regime for the prevention of nuclear war (more than ten agreements), and the nuclear non-proliferation regime (the NPT, the London Suppliers' Guidelines, the IAEA Statute, the safeguards rules in INFCIRC/66, the Tlatelolco and Rarotonga Treaties) (Müller, 1995: 361-362). This is in accordance with his earlier findings that regimes should be regarded as a 'functional whole' – 'ein funktionales Ganzes' – that consists of a heterogeneous set of agreements, practices and institutions, which together create permanent cooperation (Müller, 1989: 282).

Non-proliferation regimes are also in place in the field of export control. Export control regimes are maintained by the Nuclear Suppliers Group, the Australia Group and the Missile Technology Control Regime. Non-proliferation regimes exist for specific weapons systems and include the *International Code of Conduct Against Ballistic Missile Proliferation* (ICOC), formally brought into effect in The Hague on 25 November 2002 (also called the *Hague International Code of Conduct Against Ballistic Missile Proliferation* (HCOC)). Disarmament regimes include the *Biological Weapons Convention* (BWC) or the *Chemical Weapons Convention* (CWC) (Dhanapala, 2002). Legally-binding regimes in the field of disarmament based on formal treaties endeavour the irreversibility of disarmament. They are also open to universal membership. Non-proliferation regimes are often not universal, and rules are determined by 'the few' in 'a clubby environment, typically in private meetings.' These "coalitions of the willing" on behalf of global norms' are often viewed with suspicion by countries of the developing South, and analysts tend to see them as weak due to their lack of means of verification and enforcement (Dhanapala, 2002).

Regimes are often confused for international organisations and must therefore be distinguished from them. Otto has argued that regimes are institutions

since they form stable patterns of behaviour on the basis of prescriptions and proscriptions. Yet, whereas regimes are the institutional framework of action guiding rules, formal organizations are corporate actors. Hence, organizations can engage in goal-oriented activities whereas regimes are not actors in international relations (Otto, 2000: 45-46).

International organisations are 'physical entities' with offices, personnel, equipment, budgets and so forth (Otto, 2000: 45 cited Young, 1986: 108). Regimes may be embedded in international organisations or can exist without such a one. For instance, the WTO is an international organisation while its rules and procedures establish the trade regime. NATO is an international organisation based on a security regime (the NATO treaty). Both 'can engage in goal-oriented activities, for example through their secretary-generals. However, they are only the "keeper" of regimes and cannot undertake sovereign action on their own account.' The Non-Proliferation Treaty (NPT <http://www.fas.org/nuke/control/npt/>) is an example of a regime existing without a formal organisation structure and without any actors. Regimes focus on a particular issue-area whereas international organisations handle a set of goals (Otto, 2000: 45-46).

However, the NPT relies on the International Atomic Energy Agency (IAEA) for carrying out safeguard activities. The NPT was adopted on 12 June 1968 and was opened for signature on 1 July 1968. It entered into force with the deposit of the US ratification on 5 March 1970. The NPT requires the five acknowledged nuclear-weapon states not to transfer nuclear weapons and nuclear explosive devices to 'any recipient whatsoever' and not 'to assist, encourage, or induce' non-nuclear weapon states to acquire them. Non-nuclear weapon states are required not to seek nuclear weapons (Articles I and II). The NPT explicitly excludes peaceful applications of nuclear material for research and energy production (Article IV). The Treaty is under strong criticism regarding its safeguarding component. Safeguarding is not part of the actual NPT, but is supposed to be enforced through an additional agreement between non-nuclear-weapon States Parties to the treaty and the IAEA (Article III). At the time of writing (March 2005), Iran in particular is under criticism of acquiring nuclear weapons through uranium enrichment (which in itself does not necessarily

indicate plans to build nuclear weapons). In addition, Iran is accused of breaching IAEA safeguards obligations.

Following Otto's distinctions between regimes and organisations, the ADB as a physical entity is an international organisation. The Mekong River Commission is a physical entity, too, but its organisation is based on the 1995 agreement, which not only established this physical entity, but also the regime, which the commission supervises.

Regimes, such as the Mekong River Commission, often use the advantages of organisations, which consist of:

- stable channels of communication, even in the absence of bilateral exchange;
- provision and flow of information;
- facilitation of decision-making procedures;
- use of international teams to observe compliance; internationalised observation increases confidence in the regime and enhances its stability;
- facilitation of supervision of compliance (Müller, 1993: 30, see also 37-39 for regime functions).

International regimes can also be incorporated into interstate agreements or treaties (Keohane and Nye, 1977 [1989]: 20). They may also evolve from formal international arrangements that were never implemented, as in the case of the GATT trade arrangement, which arose from the proposed International Trade Organisation after the Second World War (Keohane and Nye, 1977 [1989]: 20). In the case of the CWC, the treaty that established a regime also established an organisational structure to carry out, for instance, on-site inspections to ensure compliance (Dhanapala, 2002). In the case of the CTBT, a global monitoring system is in place. The treaty, however, has not yet entered into force, leaving the envisaged regime abandoned and goal attainment to rely on voluntary actions by individual states (Dhanapala, 2002). In the case of the *International Code of Conduct Against Ballistic Missile Proliferation*, it does not have an implementing organisation. It is informal, consisting only of a set of general principles and few commitments. It is, however, open to all states and is intended to supplement the *Missile Technology Control Regime* (MTCR) of 1987, an explicitly voluntary and informal arrangement, including common export control policies for a specific list of items. Since January

2003, its mandate includes the goal of preventing terrorists from acquiring missiles and missile technology. The MTCR does not affect national legislation.⁴⁰ The general problem of non-proliferation and disarmament regimes is that they 'are weak in the area of enforcement – since none confronts potential violators with mandatory, multilaterally-imposed consequences – unless material breaches are reported to the Security Council and acted upon' (Dhanapala, 2002).

Taking up the NPT, the field of non-proliferation regimes provides a case for the problems facing creation and effectiveness of regimes. The Conference on Disarmament, 'the single multilateral negotiation forum', has been stalled since 1998 (for an overview over the problems see the *United Nations Disarmament Yearbook 2003*: 2⁴¹). In the words of the United Nations Under-Secretary-General for Disarmament Affairs, Nobuyasu Abe,

[a]t the heart of the stalemate appears to be a fundamental lack of trust among States. Those without WMD [weapons of mass destruction] believe that those who have them have no real intention of relinquishing them. Meanwhile, those who have WMD are preoccupied with stopping the spread of such weapons to other States, or keeping them from 'falling into the hands of' terrorists. Hence where you stand on disarmament depends very much on where you sit (Abe, 2004: 1 and 8).

⁴⁰ Bureau of Nonproliferation, US Department of State, 2 August 2004, *Missile Technology Control Regime (MTCR)*, available online at <http://www.state.gov/t/np/rls/fs/27514.htm>; Bureau of Nonproliferation, US Department of State, 6 January 2004, *International Code of Conduct Against Ballistic Missile Proliferation*, available online at <http://www.state.gov/t/np/rls/fs/27799.htm>. The *Missile Technology Control Regime* can be found at <http://www.mtc.info/english/>. The text of the *International Code of Conduct Against Ballistic Missile Proliferation* of The Hague, including its previous drafts, is available at <http://projects.sipri.se/expcon/hcoc.htm>. More information on the code see Ministry of Foreign Affairs of The Netherlands, *Non-proliferation of Ballistic Missiles: Conference of the International Code of Conduct against Ballistic Missile Proliferation (ICOC) / The Hague, 25-26 November 2002*, at http://www.minbuza.nl/default.asp?CMS_ITEM=MBZ460166.

⁴¹ The *United Nations Disarmament Yearbook 2003* was published in August 2004.

However, while acknowledging the very difficulty of the task ahead, as a proponent of a realist but at the same time tirelessly optimistic organisation, he maintains that regional cooperation on WMD and conventional arms 'may well promote habits of working together that can spillover at the global level, as trust grows from experience' (Abe, 2004: 8).

Haufler, as indicated above, challenged the solely state centric view of the regime debate. Her more 'radical approach' is to 'reverse' the relationship between the private sector and states, in which the private sector either constructs the regime on its own or carries out functions equal to those of the state. Private corporation regimes exclude cartels and oligopolies as the latter two establish rules for and cooperate solely over issues such as price, supply and market share, but do not establish principles and norms. Furthermore, the realist assumption that 'states set the framework within which other actors must operate' has to be taken into consideration when looking into the possible impact of regimes that are either purely private or exist through interaction between the public and the private sphere (Haufler, 1995: 95-96, 102-103, 110). In general, it is the intention of neoliberals to challenge the realists' position that 'each state will be the autonomous judge of all its interests' (Kratochwil, 1995: 81). An example of a regime, in which the private sector has become influential through transnational policy coalitions, is the global human rights regime. Within it, organisations such as Amnesty International are able to pressure governments to change their human rights practices and treatment of political prisoners. Another example is the role of environmental movements in the creation of nature conservancy regimes (Haufler, 1995: 98-99, 103-105 and 107).

Here, we can establish a parallel between subregional cooperation and regime formation: central issues of regime formation, namely reduction of transaction costs, increase of information flow and decrease in uncertainty (Keohane, 1984) are equally important for the establishment of subregional cooperation. In both cases, long-term cooperation lowers transaction costs and produces transparency in that rational actors are supplied with necessary information that otherwise would not be available (Kratochwil, 1995: 80). International organisations can facilitate these agreements as non-partisan brokers. As will be shown, cooperation schemes in the Mekong valley are guided by or have been established by international organisations. While the roots of Mekong cooperation can be traced back to the 1950s, when hegemonic cooperation was induced by the United States, post-Cold War cooperation rests on mutual agreements by a number of countries. As for the GMS, reminding ourselves of Tongzon's remark about the necessity of a multilateral

institution or a lead country (Tongzon, 2002: 91), the ADB works as facilitator and is thus an important factor in subregional cooperation and institution-building.

Importantly, compliance is to be ensured not through supra-national arrangements, but through self-regulatory governance without government: 'states and other international actors recognize the existence of obligations and feel compelled, for whatever reason, to honour them by their behaviour' (Mayer, Rittberger and Zürn, 1995: 392-393). Regimes do not necessarily take the form of formal and legally binding treaties under international law, but can also exist in the form of non-treaty-based mutual agreements (Zimmerling, 1996: 9) – or what Dhanapala called 'regulatory regimes' as opposed to binding treaty-based regimes (Dhanapala, 2002) – in order to regulate issues that have a tendency to incite international conflicts. In the second case, norms are not legal norms but social norms, while social norms must be distinguished from customary behaviour in the way that simple regularity of behaviour does not necessarily reflect cooperative behaviour (Zimmerling, 1996: 9). The notion of Mayer, Rittberger and Zürn that regime members 'feel compelled, for whatever reason' to comply can be a result of either social or legal norms, depending on whether compliance is achieved through the sole belief of legitimacy in norms and rules or through binding rules. Missing a supranational organisation to which nation states convey their sovereignty and which is in charge of control, the regime approach studies 'international governance beyond anarchy short of supranational government in a given issue area' (Mayer, Rittberger and Zürn, 1995: 392-393).

3.2.3. The problem of empiricism

A question commonly posed is, do regimes matter (for instance, Haas, 1989)? A general answer to this is that regimes 'matter in areas where participants believe they would be better off with a co-operative solution to a shared problem. They have little impact in areas of fundamental conflict, where actors operate on short-term calculations of interest and power, and the gains to unilateral action outweigh co-operation' (Haufler, 1995: 109 cited Rittberger and Zürn, 1990). The general problem of empiricism for the identification of regimes was tackled at the start of the 1990, when a 'Regimes Summit' was held in November 1991 at Dartmouth College in order to further operationalise Krasner's consensus definition. There, a 'new consensus' was reached, after the first international gathering of researchers took place roughly a decade earlier, resulting, *inter alia*, in Krasner's consensus definition. The critical points discussed at the 'summit' were the inclusion of implicit rules in

the consensus definition and the idea of taking a component of behaviour into the regime concept. According to the 'new consensus', regimes, in order to be identified, have to meet the following new criteria: rules are explicit only – thus removing implicit rules from Krasner's consensus definition (although Kratochwil (1995: 88-90) maintains the use of formal and informal rules). They also need prescriptive status so that actors refer to them regularly in order to characterise their own and others' behaviour (Rittberger, 1995: 11-12 cited Young, 1991). The formal inclusion of behaviour in the regime concept through the 'new consensus' does not mean, however, that the behavioural component had been unknown to that date. In *Power and Interdependence* of 1977⁴², Keohane and Nye argued that regimes are 'networks of rules, norms, and procedures, that regularize behavior and control its effects' (Keohane and Nye, 1977 [1989]: 19). While the structure of the international system, defined as the distribution of power resources among states, affects the nature of the regime, the regime affects and may also govern political bargaining and decision-making within the system (Keohane and Nye, 1977 [1989]: 21).

With the behavioural component added to the regime concept, a crucial difference between regimes and formal international agreements is that agreements often exist on paper only, while regimes exist in order to enable states to cooperate and thus produce a change in their behaviour. A regime is thus not only a set of principles, norms, rules, and decision-making procedures, but it induces cooperation among states and influences their behaviour towards a conflicting issue through the existence of principles, norms, rules, and decision-making procedures (Zimmerling, 1996: 7-8 und Rittberger, 1995: 9). Norms, principles, rules and decision-making procedures here govern the behaviour of regime members (Haufler, 1995: 100).

Consequently, Wolf and Zürn distinguish regimes from 'promises or contracts', to which members do not live up. They argue that a regime does not only need to incorporate Krasner's four elements, but it also needs to be effective (Rittberger, 1995: 9 cited Wolf and Zürn, 1986). Hence, instead of distinguishing between strong and weak regimes, or between declaratory, action-guiding and implemented regimes (Ropers and Schlotter, 1989; Rittberger, 1995: 9 cited Ropers and Schlotter, 1990), norms and rules failing to impact upon the behaviour of actors

⁴² The quotations from *Power and Interdependence* follow the second edition of 1989. The text of the second edition is identical to that of the first edition of 1977, except for a newly attached 'Afterword,' pp. 245-267.

make it impossible to predict behaviour and produce convergent expectations among the actors concerned. Such a situation, therefore, fails to 'indicate the existence of an institution' and as a consequence the formation of a regime (Rittberger, 1995: 9).

Effectiveness of a regime refers to the 'extent that its members abide by its norms and rules' (i.e. 'regime strength') and to the 'extent that it achieves certain objectives and fulfils certain purposes' (Hasenclever, Mayer and Rittberger, 1997: 2; see also Hasenclever, Mayer and Rittberger, 1996). Consequently, regimes have a 'civilising' effect on their members' behaviour in that they reduce the probability of members to resort to potentially violent self-help strategies to solve conflicts, by 'insulating certain issue areas against a negative "spill-over" from tensions which have arisen between and among the same actors elsewhere' (Rittberger, 1995: 18-19). Robustness (or resilience) of a regime 'refers to the "staying power" of international institutions in the face of exogenous challenges and to the extent to which prior institutional choices constrain collective decisions and behaviour in later periods' (Hasenclever, Mayer and Rittberger, 1997: 2; see also Hasenclever, Mayer and Rittberger, 1996; also Rittberger, 1995: 18: robustness follows the assumption that 'conflicts, once they have become regulated, will stay regulated.'). These two dimensions of a regime are 'conceptually independent' but 'may be correlated empirically.' Therefore, in the face of regime change (which exhibits a regime lacking resilience), 'at least in principle [...] a regime may turn out brittle, even though it continues to exhibit a high degree of effectiveness: compliance with the new norms and rules may be just as high as it was with the previous ones' (Hasenclever, Mayer and Rittberger, 1997: 2-3). In accordance with this argument, Otto argues that regimes can generate behaviour among regime participants different to that in the anarchic self-help system (Otto, 2000: 43).

In the light of the discussion on effectiveness of regimes and behavioural changes of its members, the following categorisation of Levy, Young and Zürn seems problematic: according to the authors, a regime includes two dimensions, of which one is 'the degree of formality of the rules' and the other 'the degree to which the expectations of actors converge.' The combination of both dimensions results in four categories of international regimes:

- No regime: no formal agreements and no expectation that rules will be adhered to.
- Tacit regime: no formal rules, but expectation that the informal rules will be adhered to. The idea of informality bears similarities to the notion of social

norms as basis for informal rules (see above). If rules are informal, the framework is informal, too, meaning a non-treaty-based regime, within which compliance is not achieved by sanctions but by the sole belief in the legitimacy of rules and the underlying norms, which prevents regime members from cheating. The development of social norms in opposition to legal norms is of necessity here, in order to instil in regime members a sense of legitimacy of the norms – and based on them the rules – to which they are asked to abide. Müller opposed this idea and argued that regimes are long-term arrangements through which members seek stable constellations of behaviour, deviations from which should be punished by administering sanctions (Müller, 1993: 26).⁴³ Here, compliance works through the introduction of binding legal norms.

- Dead-letter regime: formal rules, but no expectation that they will be adhered to.
- Full-blown regime: formal rules and high expectation that they will be adhered to (Levy, Young and Zürn, 1995).

The tacit and the dead-letter regimes pose problems. It can be argued that the non-adherence to rules means that the regime ceases to exist, because it firstly stops to influence the behaviour of its members, and secondly does not impact upon world affairs anymore (whereas an international organisation, which is characterised by a physical existence (Otto, 2000), may continue to exist as a ‘dead-letter organisation’ – if we adapt Levy, Young and Zürn’s phraseology). Rules, according to Otto, ‘translate the rather vague principles and norms into concrete stipulations. [...] Rules must be formulated precisely and are binding upon all participants’ (Otto, 2000: 44 and 62, note 89). Rules also distinguish international organisations from international regimes, in that international organisations may continue to exist even if the rules are not adhered to (Otto, 2000: 46). The result of this reasoning is that

⁴³ ‘Regime sind Institutionen, d. h. dauerhafte Ordnungen für interpersonales Handeln und Kommunikation; sie bestehen aus einem Geflecht von Rollen, die durch Regelungen oder Konventionen zusammengehalten werden. Politiker, die im Rahmen von Regimen handeln, haben feste Erwartungen an das Verhalten ihrer Gegenüber. Diese Erwartungen beruhen auf der Existenz einer Ordnung, die zwischen den Regimemitgliedern vereinbart worden ist. Diese Ordnung enthält Klassen von Rechten und Ansprüchen und Klassen von Verhaltensvorschriften. Dadurch soll das erwünschte Verhalten der Teilnehmer auf Dauer gestellt, sollen Verstöße mit Sanktionen belegt werden.’

regimes cease to exist when members fail to abide by their rules. Keohane and Nye argued that 'when there are no agreed norms and procedures or when the exceptions to the rules are more important than the instances of adherence, there is a nonregime situation' (Keohane and Nye, 1977 [1989]: 20). In this case, the regime has no means to enforce compliance and as a consequence loses significance in respect to the issue area for which it was established. The regime that was established by an informal or formal arrangement dies, leaving behind the arrangement and the implementing organisation (if such one exists) as empty shells. This is in accordance with Rittberger's argument that 'inoperative' norms and rules – even if they are explicit – do 'not indicate the existence of an institution' (Rittberger, 1995: 9).

Müller (1993) defines principles, norms, rules and procedures as follows: principles are the preconditions for detailed rules of behaviour. They provide the framework for cooperation, and interpret reality in that they provide descriptions of the current state, of objectives and of means-ends-relations.⁴⁴ Only if principles can be agreed upon is a common denominator identified in order to shift a policy field from the self-help system into a structure of cooperation. Norms lay down general guidelines for behaviour in the form of rights and duties, which may be contained in customs, practices and conventions and are applicable to a multitude of policy fields, such as reciprocity.⁴⁵ Rules are precise guidelines for behaviour, the compliance of which is important for the existence and evolution of the regime. The progression from norms to rules shows the willingness of regime members to alienate

⁴⁴ 'Prinzipien interpretieren die Wirklichkeit, die es kooperativ zu bearbeiten gilt. Sie enthalten Zustandsbeschreibungen, Zielvorstellungen und Zweck-Mittel-Relationen, über die die Akteure übereinstimmen. [...] Sie enthalten außerdem Aussagen über den Sollzustand, der durch das fragliche Regime erreicht werden soll. Prinzipien sind die Voraussetzung jeglicher Institutionenbildung: zuallererst müssen sich die Parteien darüber klar werden, ob trotz der bestehenden Konfliktlage ein genügender Vorrat an gemeinsamen Wahrnehmungen/Überzeugungen und an Zielsetzungen vorhanden ist, um einen Politikbereich aus der Selbsthilfe auszugrenzen und der Kooperation zu überantworten' (pp. 39-40).

⁴⁵ 'Die Normen legen allgemeine Verhaltensrichtlinien für die Parteien fest, und zwar im Sinne von Rechten und Pflichten. [...] Die Regimekonstruktion kann bei dem Entwurf von Normen auf einen Vorrat von generalisierten Vorschriften zurückgreifen, die in Gewohnheiten, Praktiken und Konventionen enthalten und auf eine große Zahl von Politikfeldern anwendbar sind, zum Beispiel Reziprozität' (p. 40).

sovereignty and bear the costs of cooperation.⁴⁶ Procedures arrange decision-making processes: processes for a revision of the regime in the face of technological, demographic, societal and political changes⁴⁷, they arrange procedures of participation (who can be a member of the regime)⁴⁸, of sanctions to maintain stability and refrain from unilateralism⁴⁹, of conflict regulations⁵⁰, of routine processes (such as for the acceptance of new members, elections of chairmen, nominations of officials, decisions on the budget and investments)⁵¹, and procedures for consultation⁵² and verification (for example in proliferation control regimes)⁵³ in order to enable the flow of information (Müller, 1993: 39-42).⁵⁴

Testing the regime concept on APEC, Otto points out that an international regime in a given issue-area 'represents an institutional make-up where independent collective actors (states) abide by established rules because they collectively expect specific benefits, which they would not gain otherwise.' The structures of the regime consist of principles, norms, rules and procedures. The regime 'establishes a stable

⁴⁶ 'Da Regeln genaue Verhaltensvorschriften enthalten, wird an ihnen die Einhaltung oder Nichteinhaltung des Regimes deutlich. Diese Funktion, die für den Regimebestand, die Reputation der Teilnehmer, und somit für die Regimeevolution entscheidend wichtig ist, setzt eine klare Abgrenzung voraus. Gerade deshalb ist der Übergang von Prinzipien und Normen zur Festlegung von Regeln oft ein Stolperstein in der Regimeentstehung: an dieser Stelle müssen die Staaten Farbe bekennen, wie weit sie wirklich bereit sind, Souveränitätsverzicht einzugehen und die Kosten von Kooperation auf sich zu nehmen' (p. 41).

⁴⁷ 'Revisionsprozeduren' (p. 42)

⁴⁸ 'Teilnahmeprozeden' (p. 42)

⁴⁹ 'Sanktionsprozeduren' (p. 42)

⁵⁰ 'Konfliktregelungsprozeduren' (p. 42)

⁵¹ 'Routineprozeduren' (p. 42)

⁵² 'Konsultationsverfahren' (p. 42)

⁵³ 'Verifikationsverfahren' (p. 42)

⁵⁴ For these procedures see Table 6 in Chapter 5.

set of expectations', reduces transaction costs and produces information related to the issue-area: 'Only if these requirements are met can the regime effectively attain its goals: reduce uncertainty and produce reassurance among its participants' (Otto, 2000: 41). This is based on Keohane, who argues that international regimes establish patterns of legal liability (resembling quasi-agreements, conventions and contracts), reduce transaction costs and reduce uncertainty by providing enhanced access to information for regime members (Keohane, 1984: 88-93).

Otto concludes that the absence of rules in APEC nevertheless enables it to carry out regime-relevant functions. This makes APEC not a full-fledged regime, but a 'declaratory regime' (Otto, 2000: 62). Judging by the earlier reasoning in this chapter that a regime exists only when Krasner's four principles and the behavioural component are in effect, APEC cannot be regarded as a regime at all. Consequently, therefore, only those institutions should be regarded as a regime, in which all five components are firmly in place, instead of drawing up categories of regimes, which, as for instance in the cases of the tacit and the dead-letter regime, do not make an empirical difference to the consequences of regimes, and, therefore, to adapt Haas's words, do not matter.

However, I will also consider the question if rules as basis for regime efficiency can be replaced by a gradually emerging system of intra-regime governance, for instance through committees or working groups, which can produce stable patterns of cooperation similar to those in rule-based regimes. This could be especially important in a region, which lacks strong institutional structures and seems to emphasise norms over rules when overcoming reservations to bi- and multilateral cooperation. The issue will be examined in Chapter Five.

First, however, let us turn to the major explanatory paradigms for the emergence and maintenance of international regimes: Krasner's and Keohane's research programmes.

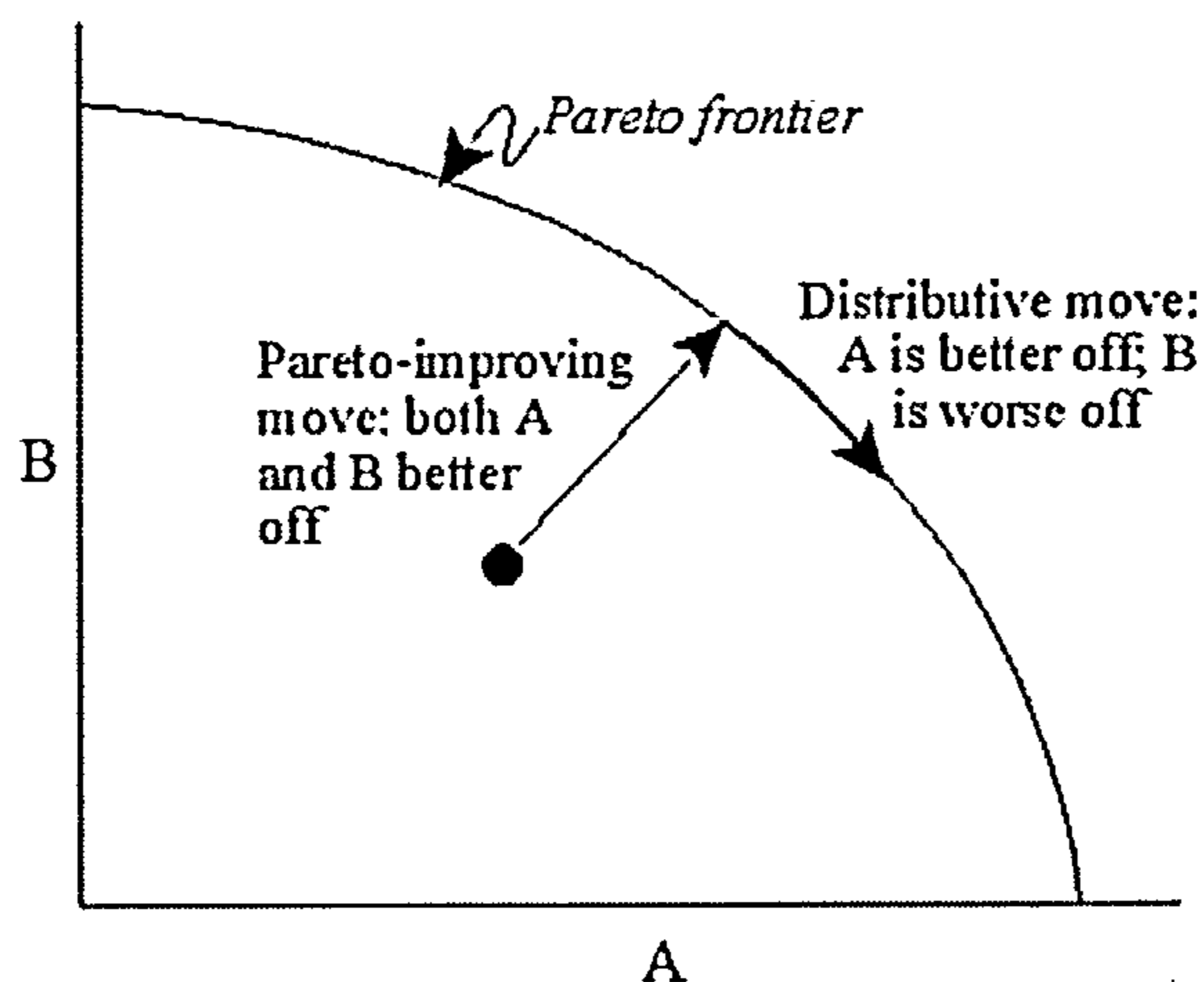
3.3. Krasner's power-oriented research programme and Keohane's contractualism

A clear distinction of hypotheses for regime formation was advanced by Hasenclever, Mayer and Rittberger (1997), who divided the regime approach into

three branches of theorising: power-based, interest-based, and knowledge-based hypotheses.⁵⁵ This section concentrates on the first two branches, which are the dominant research programmes for the analysis of international regimes: Keohane's contractualism or functionalism as part of neoliberal institutionalism (which Müller (1995) terms the neoliberal-utilitarian approach), which in turn constitutes an interest-based approach; and Krasner's power-oriented research programme as part of the realist school of thought.

A concept crucial to the regime concept shall be explained here before delving deeper into theory: the Pareto frontier.

Figure 2: The Pareto Frontier



Source: Prof. Torben Iversen, Department of Government, Harvard University, <http://www.people.fas.harvard.edu/~iversen/gov90aunotes.htm>.

Traditional laissez faire economics claims that economies, when left alone, produce a Pareto optimal situation. Neoliberal institutionalists, however, argue that when market failure occurs, states may see benefits from cooperation in order to avoid suboptimal outcomes which have occurred from competition in an anarchic international system. The Pareto frontier was used originally to explain political economic processes, in which – to put it simply – two economic agents (A and B) combine their resources in order to reach a maximum output which makes them both better off until they reach a point where none of them can be made better off without making the other worse off. This point is defined as the Pareto optimum, which lies

⁵⁵ Young and Osherenko (1995) employ a fourth category of contextual factors.

in the middle of the above depicted Pareto frontier. In the words of Keohane, 'given the interests of the actors, there might be no more cooperative solution that would make all of them better off' (Keohane, 1984: 65). At this point, the distribution of output along the Pareto frontier is the main problem between both agents, as both may agree on the means of how to reach the frontier and thus enter into cooperation, while they may disagree on how to distribute the output once the frontier is reached (for instance, when two political parties agree to form a coalition government but disagree on the allocation of ministries). The economic premises were carried over to international relations by Keohane. While neoliberals are concerned with cooperation in order to reach the frontier, realists believe that states are already operating on the frontier and that power determines where states end up on it. Distribution along the Pareto frontier may thus be a move away from the Pareto optimum, as one actor can increase its benefits and become better off while the other becomes worse off. A Pareto optimum on the frontier can therefore only be reached if benefits can be maximised for all the actors involved (for more details see below).

3.3.1. Krasner

Concisely defined, realism in contrast to neoliberal institutionalism

focuses on power and distribution rather than information and joint gains. The basic issue is where states will end up on the Pareto frontier, not how to reach the frontier in the first place. Gains for one actor mean losses for another. International regimes are created to promote the interests of particular actors. Regime creation and maintenance are a function of the distribution of power and interests among states (Krasner, 1995: 139-140).

As a result, power and distributional issues determine whether states will move up or down the frontier. To escape this anarchical situation, coordination in a certain issue area is necessary in order to reach a mutually desired goal and to provide stability. Regimes come into existence. As a consequence, power can be used to influence the character of emerging or existing regimes. Coordination deals with the problem of which point on the Pareto frontier will be chosen when states negotiate

the rules of a regime, that is, who gets what and which state prevails.⁵⁶ Power (military, technological etc.) is crucial here, since power in the sense of relative power capabilities (as opposed to absolute ones) determines the outcome of negotiations and hence determines which point on the Pareto frontier becomes manifest as rules and outcome of a regime. Any decision is Pareto optimal, meaning that it is impossible to make all actors better off at the same time. Instead, as one actor becomes better off, the other becomes worse off. Distributional conflicts of who gets what are the prominent feature of negotiations. The result depends on the preferences of the most powerful state. And states or leaders, 'being rational egoists, will respond to the incentives and constraints provided by the environment in ways calculated to increase the wealth, security, and power of their states' (Keohane, 1984: 66) in relation to others, that is, relative, not absolute gains, matter. Changes in power and relative bargaining power determine the outcome of disputes and can lead to new institutional arrangements. Regimes are thus 'necessary to resolve coordination problems and to establish stability. Without regimes, all parties would have been worse off.' Therefore, 'distribution of national power capabilities' determines the nature of institutional arrangements rather than market failure (Krasner, 1991: 337) (for more on this neoliberal institutionalist premise, see the next section on Keohane).

The implication of this is that neoliberals maintain that states as rational egoists consider their own well-being and are therefore 'defensive positionalists', concerned with their relative power position within the international state system. Neoliberals regard cheating and uncertainty about others' adherence to agreements as the 'main systemic constraint on cooperation', while realists focus more on 'the fear of states that partners will gain more from common action' (Grieco, 1990: 217).

Krasner (1991) argues that these underlying distributions of power capabilities can explain regime building more than cooperation to mitigate market failure: neoliberal institutionalists tend to

⁵⁶ However, the battle of sexes game, a coordination game, involves distributional conflicts, which have to be solved in order to reach the Pareto frontier. Distributive conflicts prevent the actors to move to the Pareto frontier. It is thus possible to assume that coordination may take place before a Pareto optimum is reached.

obscure issues of power because, given a Pareto suboptimal situation and a concern with absolute not just relative gains, it is possible to make at least one actor better off without making others worse off – an outcome that can be resolved through cleverness [i.e. commitment] rather than by resort to power, threat, and coercion (Krasner, 1991: 336).⁵⁷

Power can be used in three ways: (1) to decide who is taking part in the bargaining processes and who is left out, (2) to influence the outcome of bargaining processes, and (3) to change the payoff structure in one's favour (Krasner, 1991: 340). Power is therefore used in order to set up regimes with rules that work in the interests of the powerful state. Regimes are not used to overcome a Pareto suboptimal situation, since states are already operating on the Pareto frontier which in turn means that any outcome is Pareto optimal: no state can be made better off without making others worse off. In this respect, power can also be used to prevent the establishment of regimes (a current example is US resistance to the Kyoto protocol, which complicated the coming into force of the climate regime; and continued Chinese resistance to a binding code of conduct proposed by ASEAN to prevent military clashes over territorial claims to islands in the South China Sea).

3.3.2. Keohane

According to Keohane, regimes fulfil the following functions (Keohane, 1984: 89-92, 100-109, 244-245; see also Zürn, 1997: 49): 1) they provide mutual information not otherwise available and as a result reduce uncertainty; 2) thus, they stabilise mutual expectations with regard to future behaviour of other members of the regime; 3) they reduce transaction costs by linking issues and facilitating negotiations leading to mutual beneficial agreements; 4) they provide a frame of reference which guarantees that interactions repeat themselves frequently enough in order to generate a shadow of the future (iterated Prisoner's Dilemma). If a regime is created by governments and hence of transgovernmental nature, then, if effective, it 'may lead to "transgovernmental" networks of acquaintance and friendship', which may make confidential documents mutually available or create 'coalitions of like-minded officials' for a common purpose (Keohane, 1984: 101).

⁵⁷ This notion by Krasner, rather endorsing than condemning a liberalist view, points into the direction of the section below regarding a combination of mainstream approaches in the regime approach.

Keohane and Nye's book on *Power and Interdependence* (1977) challenged the realist paradigm of international relations, which had been dominant since the Second World War, the ascendancy of which led to the dissolution of the League of Nations in 1946 and discredited the liberal paradigm as an explanatory strength for international politics. The new concept, which Keohane and Nye developed throughout the 1970s was the observation of 'complex interdependence' in world politics and paved the way for liberal explanations for the emergence of regimes. The concept of complex interdependence refers back to an earlier study by the same authors on *Transnationalism and World Politics*, which systematically explored the ways in which non-state actors and governmental departments other than foreign offices involve themselves in international affairs (Keohane and Nye, 1972: ix-xxix). Keohane's most important contribution to international relations theory is probably his claim that power is not everything. While a hegemon might well be of use in the creation of a regime, the regime can then take on a life of its own and continue to exist because states find it worthwhile to keep (and develop) it.

Keohane and Nye's concern was to show that the realist assertion of a dichotomy between 'low politics' (economic and social affairs) and 'high politics' (military security) is oversimplified and that high politics does not necessarily dominate low politics in international relations. Hocking argued that 'high politics', the sphere of national foreign policy, is no longer dominated by issues relating to military security (Hocking, 1993: 13). Keohane and Nye further set out to challenge the realist premises that states are the predominant actors in world politics, that they act as coherent units, and that the anarchical system – which lacks a central governing institution – inevitably leads to conflict and the use of military power as most effective means for conflict resolution (Keohane and Nye, 1977 [1989]: 23-24).

Under complex interdependence, governments face the problem in their conduct of foreign affairs of how to engage in cooperation while retaining as much autonomy as possible. From the viewpoint of the international system, the problem is 'how to generate and maintain a mutually beneficial pattern of cooperation in the face of competing efforts by governments (and nongovernmental actors) to manipulate the system for their own benefit' (Keohane and Nye, 1977 [1989]: 249). This complicates regime formation.

Complex interdependence involves three main characteristics: firstly, 'multiple channels connect societies.' These channels are interstate, transgovernmental and transnational relations. Interstate relations comprise state-to-state relations referred to by realists, that is, relations channelled and controlled through the foreign offices. The concept of transgovernmental relations relaxes the realist notion of the state as a coherent unit and involves state relations through governmental departments other than the foreign offices. Transnational relations relax the realist assumption that states are the only actors in world affairs. Transnational relations include non-governmental actors in the form of individuals or organisations and may or may not include governments (Keohane and Nye, 1977 [1989]: 24-25). These insights paved the way for Hocking and his argument – mentioned in the previous chapter – that foreign policy has become 'localized' and evolved as a 'multilayered diplomacy', in which central governments have to take into account the interests of subnational and non-state actors (Hocking, 1993: 8-9, 26-29 and 31).

Secondly, complex interdependence is defined by an 'absence of hierarchy among issues' in interstate relations. Military security does not necessarily dominate the agenda of states. However, Keohane and Nye concede that

military power dominates economic power in the sense that economic means alone are likely to be ineffective against the serious use of military force ... yet exercising more dominant forms of power brings higher costs. Thus, relative to cost, there is no guarantee that military means will be more effective than economic ones to achieve a given purpose (Keohane and Nye, 1977 [1989]: 250 top of page and 251 bottom of page).

The line between domestic and foreign policy becomes blurred and many issues are considered by several departments – not only by the foreign policy ones – and create issue-specific coalitions within and across governments (Keohane and Nye, 1977 [1989]: 25). Thus, complex interdependence looks both at the structure (that is, in the neorealist sense, 'distribution of [power] capabilities among units'), and at systemic processes (patterns of interaction between units, 'allocative or bargaining behavior within a power structure'), which are affected by structure and domestic politics. Regimes can hence be seen as intermediating factors between the power structure of the international system and the political bargaining, which takes place within it (Keohane and Nye, 1977 [1989]: 20-21 and 260-261). Herein lies the

relevance of complex interdependence for international regimes in that '[r]elationships of interdependence often occur within, and may be affected by, networks of rules, norms and procedures that regularize behavior and control its effects.' The 'governing arrangements that affect relationships of interdependence' are referred to as international regimes (Keohane and Nye, 1977 [1989]: 19). Keohane and Nye in a sense therefore foresaw both regime consensuses of Kranser's four points and the behavioural component of effectiveness:

'From a theoretical standpoint, regimes can be viewed as intermediate factors, or "intervening variables," between fundamental characteristics of world politics such as the international distribution of power on the one hand and the behavior of states and nonstate actors such as multinational corporations on the other.' As structure impacts upon the nature of norms, rules and procedures, the regime in turn affects the political bargaining and decision-making within the international system (Keohane, 1984: 63-64; Keohane and Nye, 1977 [1989]: 21).

Thirdly, military force is not used where complex interdependence prevails, such as in regional blocs or alliances, but can be an important tool to deal with governments outside this region (Keohane and Nye, 1977 [1989]: 25).

Interdependence hence creates demand for international collaboration as cross-border interactions and collective action problems 'rise in parallel' (Zürn, 1997: 49). Complex interdependence describes a situation, in which competition and military power alone cannot solve problems arising in international relations. For instance, Third World debts are negotiated within international agreements (Keohane and Nye, 1985: 149-152). A recent example is the agreement of the Paris Club⁵⁸ with the post-Saddam Hussein Republic of Iraq on 21 November 2004 for a debt reduction of 80% in three phases on the request of the United States. Regimes are often used to pursue the self interest in an interdependent world, in particular on the side of the United States, which has established a number of regimes (GATT, International Monetary Fund (IMF), World Bank) in its own interest and regularly returns to them.

⁵⁸ The Paris Club, an informal group of creditor countries, is a means for debt relief through postponement or reduction of debt service obligations. It was convened for the first time in 1956 on request of Argentina in order to discuss its debt situation with all creditor countries at the same time.

Regimes, essentially, do not substitute national interests with common interests. They do not establish a central government similar to the domestic law-making hierarchy, and they are unable to impose their will on actors, although they form constraints on domestic and international behaviour. Regimes, in this sense, ‘facilitate the cooperative pursuit of governments’ objectives’ (Keohane and Nye, 1985: 149-152). Currently, after the failure to establish peace and stability in post-Saddam Hussein Iraq, the second Bush Administration of January 2005 can be seen to be returning to a modest multilateralism. Its standpoint on Iran’s nuclear programme of enriching uranium is hesitant, not explicitly excluding military force but not explicitly taking it into account either. In the Middle East, the ‘Road Map’ of the quartet of United Nations, United States, European Union and Russia is pursued with the United States taking the lead.

Keohane concedes that regimes are, in the realist fashion, shaped by their most powerful members, but asserts that they also can affect state interests as ‘[p]erceptions of self-interest depend both on actors’ expectations of the likely consequences that will follow from particular actions and on their fundamental values.’ Therefore, ‘the concept of international regimes is consistent with both the importance of differential power and with a sophisticated view of self-interest’ (Keohane, 1984: 63). For realists, actors are rational egoists, that is, they pursue their own welfare and “seek to maximize value across a set of consistently ordered objectives” (Keohane, 1984: 66).

The three main characteristics of complex interdependence mentioned above give rise to political processes, which translate the power resources into power defined as control over outcomes (Keohane and Nye, 1977 [1989]: 29-30). The table below shows the differences between political processes under ideal-type conditions of realism and under conditions of complex interdependence:

Table 4: Political Processes under Conditions of Realism and Complex Interdependence

	Realism	Complex interdependence
Goals of actors	Military security will be the dominant goal.	Goals of states will vary by issue area. Transgovernmental policies will make goals difficult to define. Transnational actors will pursue

Instruments of state policy	Military force will be most effective, although economic and other instruments will also be used.	their own goals. Power resources specific to issue areas will be most relevant. Manipulation of interdependence, international organizations, and transnational actors will be major instruments.
Agenda formation	Potential shifts in the balance of power and security threats will set the agenda in high politics and will strongly influence other agendas.	Agenda will be affected by changes in the distribution of power resources within issue areas; the status of international regimes; changes in the importance of transnational actors; linkages from other issues and politization as a result of rising sensitivity interdependence.
Linkages of issues	Linkages will reduce differences in outcomes among issue areas and reinforce international hierarchy.	Linkages by strong states will be more difficult to make since force will be ineffective. Linkages by weak states through international organizations will erode rather than reinforce hierarchy.
Roles of international organizations	Roles are minor, limited by state power and the importance of military force.	Organizations will set agendas, induce coalition-formation, and act as arenas for political action by weak states. Ability to choose the organizational forum for an issue and to mobilize votes will be an important political resource.

Source: Keohane and Nye, 1977 [1989]: 37, table 2.1.

Under anarchy, states tend to compete rather than cooperate, and to cheat and defect from cooperation rather than sustain cooperation. However, when a mutual goal is discovered, contractual arrangements can be a way to facilitate cooperation through a network of rules which may help states to decide for and maintain cooperation and which prevents defection by implementing facilities to monitor state behaviour and administer punishment for defection. States, however, must be clear

about other states' intentions to cooperate before they are willing to engage in cooperation themselves. By cooperating, states move to the Pareto frontier and everyone is simultaneously better off. Hence,

the basic challenge for states is to overcome market failure, the situation in which individual rational self-interested policies produce outcomes that leave each state worse off than it might otherwise have been. The challenge is to devise policies that make it possible to reach the Pareto frontier [...]; everyone becomes better off at the same time; absolute rather than relative gains matter (Krasner, 1995: 139).

Cooperation is possible, because 'world politics is not a homogeneous state of war: cooperation varies among issues and over time' (Axelrod and Keohane, 1985: 226); but cooperation emerges only where states regard their policies as being in actual or potential conflict over the realisation of what is in fact a common interest (for instance, the peaceful and sustainable exploitation of a common resource, such as a river). As a result, states start to adjust their behaviour to each other. Hence, 'intergovernmental cooperation takes place when the policies actually followed by one government are regarded by its partners as facilitating realization of their own objectives, as the result of a process of policy coordination' (Keohane, 1984: 51-52). Adjustment of behaviour can emerge if actors can be assured of cooperative behaviour of others and if monitoring facilities make it possible to detect and punish cheating. Then states may create and maintain regimes which facilitate further cooperation in the issue-area for which they were established, because they can provide 'rules of thumb'⁵⁹ as guidelines for actors under bounded rationality⁶⁰, as well as for bargaining among classically rational actors (Keohane, 1984: 83-84).

⁵⁹ '[R]egimes can be incorporated into actors' rules of thumb for responding to others' actions' (Axelrod and Keohane, 285: 237).

⁶⁰ Maintenance also incorporates the idea that creation of new regimes can be easier if confidence was established through the creation of old regimes: regimes 'are built on one another. We should therefore think as much about the evolution of regimes as about their creation ex nihilo. This intricate connection between the operation of old regimes and the creation of new ones means that a functional analysis of regimes [...] is crucial for understanding not only why regimes are created and maintained, but also how they evolve over time' (Keohane, 1984: 79).

Three factors can explain cooperation or its failure: mutuality of interests, shadow of the future, and the number of actors (Axelrod and Keohane, 1985: 227). Firstly, mutuality of interests refers to the potential gains and losses of cooperation (Axelrod and Keohane, 1985: 228-229). Keohane concedes that, as sovereignty remains a 'constitutive principle' of world politics⁶¹, international regimes will certainly be shaped by the interest of the powerful members. While power distribution and interest do shape behaviour, engaging in cooperation may be necessary for the pursuit of the self-interest.⁶²

Secondly, shadow of the future refers to the idea that concern about future payoffs influences state compliance, making 'repetitive cost-benefit analysis' (Müller, 1995: 363) a crucial issue. Shadow of the future is influenced by states' concern about 'long time horizons', 'regularity of stakes', 'reliability of information about the others' actions', and 'quick feedback about changes in the others' actions' (Axelrod and Keohane, 1985: 232).

Thirdly, the number of actors is important for the element of reciprocity to encourage and persuade states to cooperate in an anarchical world system, which by nature encourages defection and competition. The problem posed here is the 'sanctioning problem' within decentralised structures when cheating has occurred. There are three preconditions for reciprocity:

- defectors can be identified;
- retaliation can be focused on them. One means to prevent defection and to solve the sanctioning problem is 'privatization' or 'bilateralism', that is, to exclude others from collective benefits by narrowing the benefits to those who were willing to negotiate an issue – a means that may include unilateral action and focuses directly on the defectors (Keohane, 1984: 83-84 and Axelrod and Keohane, 1985: 236);

⁶¹ The idea that sovereignty remains the overall principle in a decentralised and hence non-hierarchical international system is taken from Ruggie, John Gerald (1983), 'Continuity and Transformation in the World Polity: Towards a Neorealist Synthesis,' in *World Politics*, Vol. 35, No. 2 (January), pp. 261-286.

⁶² 'To pursue self-interest does not require maximizing freedom of action' (Keohane, 1984: 259).

- incentives to punish defectors do exist.

The first problem refers to the ability to quickly obtain sufficient amounts of reliable information (especially in the security field where betrayal is more likely⁶³), and to effectively monitor actions for effective retaliation. Sanctioning problems 'tend to be more severe on military-security than on political-economy issues, due to the high costs of punishing defections, the difficulties of monitoring behaviour, and the stringent demands for information that are imposed when successful defection can dramatically shorten the shadow of the future' (Axelrod and Keohane, 1985: 236). The second problem refers to the ability to punish responsible defectors, because in a case of unfocussed retaliation the situation may escalate. The third problem refers to the danger of participation of many actors, some of whom do not cooperate, while at the same time the remaining actors do not have sufficient incentives to punish them (Axelrod and Keohane, 1985: 234-236). Hence, in the absence of a hegemon,

[o]utcomes must be determined by a relatively small number of actors that can monitor each others' compliance with rules and practices and that follow strategies making other governments' welfare dependent on their continued compliance with agreements and understandings. Thus intensive interaction among a few players helps to substitute for, or to supplement, the actions of a hegemon. As a hegemon's power erodes, [...] incentives to cooperate will depend not only on the hegemon's responses but on those of other sizeable states (Keohane, 1984: 78-79).

A combination of 'reliability of action' and 'provision of high-quality information' is fundamental for maintained cooperation efforts. 'Both the value of a reputation for reliability and the gains to be made from providing high-quality information to others challenge the traditional Realpolitik ideal of the autonomous, hierarchical state that keeps its options open and its decisionmaking processes closed' (Keohane, 1984: 259) in the conduct of foreign affairs.

⁶³ The idea stems from Lipson, Charles (1984), 'International Cooperation in Economic and Security Affairs,' in *World Politics*, Vol. 37, No. 1 (October), pp. 1-23.

3.4. Conclusion

Generally it can be said that while realism provides ‘a barrier against wishful thinking [...] it fails to take into account that states’ conceptions of their interests, and of how their objectives should be pursued, depend not merely on national interests and the distribution of world power, but on the quantity, quality, and distribution of information’ in order to reduce uncertainty. The mere existence of a common interest is not enough: institutions must create equal access to information and reduce uncertainty (Keohane, 1984: 12-13).

In response to the realist focus on power and distribution, that is, relative (zero-sum) gains, and neoliberalism’s focus on joint gains and information, that is, absolute gains, Keohane and Nye form a compromise: an exclusive interest in joint gains (as in the economic argument of comparative advantage and overall net benefits of undistorted free trade) obscures the problem of how joint gains are divided – who gets what. An increase in joint gains from a relationship is not free of distributional conflict – as is the case with oil-exporting governments and multinational companies, who have a common interest in high prices but are in conflict over shares and profits. Rising interdependence hence does not necessarily create a conflict-free world. At the same time, for instance, traditional realist balance of power situations need not be zero-sum, if participants agree to maintain the status quo and as a result ‘jointly gain’ by maintaining the balance of power situation (Keohane and Nye, 1977 [1989]: 10-11).

With the assumption of asymmetric interdependence, the concept of complex interdependence links realist concerns of power and liberal concerns of interdependence. For realism, military force is the most important power resource in world politics in order to ensure the survival of the state. Hence states try to maintain their relative position in the international system, even at high economic cost. Liberals take other groups into account, too, and focus on economic incentives for state interaction. Economic cooperation and interdependence prevents states from waging wars, thus reducing the role of force and the necessity to constantly review the relative power position within the international system. Referring to Karl Deutsch’s work on pluralistic security communities⁶⁴ and Ernst Haas’s research on

⁶⁴ ‘groups of states which developed reliable expectations of peaceful relations and thereby overcame the security dilemma that realists see as characterizing international politics’ (quote from Keohane and Nye). Deutsch, Karl W. et. al.

post-war Europe and the transformation of French-German hostility into cooperation⁶⁵, Keohane and Nye maintain that increased transactions and institution-building helped to change attitudes through 'learning and the redefinition of national interests' (Keohane and Nye, 1977 [1989]: 247-248).

In his review of the establishment of human rights regimes, Krasner acknowledges that neither realism nor liberal institutionalism alone can explain the 'creation and implementation of human rights regimes', but that also 'domestic divisions [...] can impact on the success of human rights regimes by creating transnational alliances' (Krasner, 1995: 167, also 141-142 for the emphasis on non-state actors). This goes together with knowledge-based approaches to the regime concept. One influential theorizing within knowledge-based approaches is the idea of epistemic communities and experts involved in regime formation (for instance Haas, 1989; Haftendorn, 2000). The influence of ideas of knowledge and learning as espoused by cognitivism and social constructivism were already indicated by Keohane and Nye in 1977, when they argued that apart from hegemonic stability, international institutions, domestic politics and learning by elites as well as shifts of relative power capabilities can also explain the nature of international regimes and changes within them (Keohane and Nye, 1977 [1989]: 257-258). In an earlier article, Krasner made a point for the compatibility of liberal institutionalism and realism, stating that '[i]t is illusory that this issue will be resolved on the basis of empirical studies. The literature now contains enough examples to suggest that both market failure and power-oriented research programs can present plausible analyses, often about the same issue' (Krasner, 1991: 364). Or, '[r]esolution of the debate between liberal and realist perspectives is not likely to depend on which approach best explains the body of empirical data; rather it will depend on whether market failure or distributional issues best describe the range of issues involving international politics' (Krasner, 1995: 140).

These theoretical layouts of regimes, their existence and maintenance will now be related to the practical purposes of regimes with relevance to the GMS. In particular, the next chapter will consider the application of regimes to water cooperation and traditional as well as human security considerations and discuss

(1957), *Political Community and the North Atlantic Area* (Princeton: Princeton University Press).

⁶⁵ Haas, Ernst (1958), *The Uniting of Europe* (Stanford: Stanford University Press).

how these could find application in the GMS, how foreign policies of central governments relate to them, how foreign policy influences the building of regional institutions, and what the role of subnational units and non-state actors in building and maintaining the regional institution is. Chapters Five and Six will then apply these considerations to the GMS.

Chapter 4

Water Cooperation, Security and International Regimes: An Analytical Framework for the GMS

Based on the principles of the regime approach, which were discussed in the previous chapter, and on the issues in Chapter Two, this chapter works out a framework for the analysis of cooperation in the GMS. In a first step, the applicability of the concept to water cooperation and security is discussed, because the waters of the Mekong form the basis for subregional cooperation in the Mekong basin. Water cooperation is therefore of relevance for the strategic setting in the subregion and also forms a significant element in the realm of human and environmental security, which involves actors with different aims on the state, substate and non-state levels. In a next step, these actors are discussed with particular emphasis of the state and non-state levels and the implications for the foreign policies of central governments. Lastly, the chapter revisits the research questions and the aims of this study, which were first discussed in Section One of Chapter One.

4.1. Water cooperation, security and international regimes

Coming to the practical purpose of regimes, they can be related to water cooperation as part of security policy. Economic cooperation centred on rivers includes the difficult task of water management. In 2000, Albrecht wrote that 'the emerging conflict about water resources culminates in regions which had already manifested a high incidence of war in the period after 1945' (Albrecht, 2000: 17). Wolf explicates that water conflicts occur at multiple scales, from individual irrigation to urban versus rural uses and international conflicts over the use of waterways, that is, conflict ranges from the subnational level to interstate violence (Wolf, 2004: 1 and 5). As a result, water conflicts, which are linked to the broader concept of human security, may have an impact on the political stability of a particular country. Water cooperation as part of security policy has been the target of regime theoreticians. As already mentioned, subregional cooperation in the Mekong region has been associated with bringing peace to a region through confidence-building (Black, 1969). And water cooperation, as well as the use of natural resources in general, has been recognised as being important for international relations in general and the regime concept in particular. The GMS – although it is

not a cooperation scheme with a mandate confined to the use of water resources (as is the Mekong River Commission) – focuses nevertheless on water as the central source of energy production, irrigation and transportation development. Water is hence a key ingredient of the region's economic development and thus a core problem of GMS cooperation, in particular between upper and lower Mekong states. As Berman pointed out, at stake are Vietnam's efforts to raise productivity levels in the Mekong delta in a sustainable way:

The fact that so many hopes for major development schemes are placed on the availability of water from the Lancang (Mekong) is both a cause for anxiety and a motivation to cooperate among the six GMS countries. Only China, controlling 50% of the river's headwaters, remains in a position to develop the river unilaterally (Berman, 1998: Chapter II.C.1.).

Construction of dams, hydro-electric power plants and clearing of rapids affect the quality and the amount of water flowing through the lower Mekong countries, affecting especially Vietnam as the last in the line of Mekong countries. Haftendorn makes clear that 'freshwater resources are prone to international conflict if they cross national boundaries' (Haftendorn, 2000: 51. The following paragraph see Haftendorn, 2000: 51-52 and 62-68). These conflicts are of different nature and fall into four categories: (1) 'conflict through use' (for example construction of dams for electrical and irrigation purposes); (2) 'conflict through pollution' affecting the water quality; (3) 'relative distribution conflict', if use of an abundant source is contested; (4) 'absolute distribution conflict', if there is not enough water to serve all the needs of the riparian countries. Haftendorn points out two ways to solve conflicts:

The first solution is to change a situation, in which no cooperative solution is possible, into a dilemma situation, in which a solution is possible. The situation without a possible solution is the so-called rambo situation. Rambo games represent situations, which have a single equilibrium outcome, which 'satisfies only one actor and leaves the other aggrieved', that is, 'an instant of unrequited cooperation is the only stable outcome of the game' (Hasenclever, Mayer and Rittberger, 1997: 51). Actors reach their preferred outcome by acting unilaterally. 'Self-interested "rambos"' do not cooperate until they can be persuaded of their long-term interest in cooperation either through threats (can be executed credibly only if the rambo has a dominant strategy to cooperate) or promises. They may also cooperate if they find

that cooperation is important for the survival of their community, or if linkages with other issues can be constructed (Zürn, 1997: 52; Hasenclever, Mayer and Rittberger, 1997: 51-52). A successful persuasion changes the situation structure, and a dilemma situation may occur, which makes cooperation possible (Haftendorn, 2000). Regimes can be beneficial in this in that they 'may help states to arrange the side-payments necessary to secure the cooperation', and their principles and norms 'may foster and institutionalize the issue-linkage on which cooperation depends' (Hasenclever, Mayer and Rittberger, 1997: 52).

Helpful for cooperation are the following situations:

- the level of interaction and the quality of the bilateral or multilateral relationships;
- arbitration, mediation, intervention;
- a change in the international or domestic framework (such as the dissolution of the East-West conflict);
- improvement of information exchange and confidence building (Haftendorn, 2000).

Haftendorn notes that '[a]ll running water conflicts are asymmetrical conflicts [...] whereby there is a state or states that control a river's source or upper flow, placing the lower riparian states at a disadvantage.' The upper states control the quality and quantity of the water flow. This could become a puzzle (or dilemma) situation 'in which the upper-lying state or states relinquish their position of power and come to a suitable agreement with the lower-lying riparian states [...] in return for specific rewards or political and material side payments.' This changes the 'default condition' where a lack of cooperation leaves all parties worse off. The precondition to change a rambo situation into a dilemma situation, in which it is the desire of all states to cooperate in order to solve an unsatisfying situation, is the linkage to other problems (global or regional) in the bilateral or multilateral relationship. Where there are, for instance, military, security or ethnic problems involved, the rambo situation could change into a dilemma situation, in which it is also the desire of the powerful state to come to a cooperative solution of the water conflict (Haftendorn, 2000: 51-52 and 62-68).

The second solution has already been alluded to, namely the establishment of international institutions, such as international regimes. General water agreements of

international (UNO) and regional (EU/EC) organisations, such as the 1992 *Convention on the Protection and Use of Transboundary Watercourses and International Lakes* (Helsinki Convention) and the 1997 United Nations *Convention on the Law of the Non-Navigational Uses of International Watercourses*, have been less successful, due to their 'high degree of generality and non-binding global norms.' Moreover,

[e]ach general regulation needs to be feasible or applicable to a number of differing conflict scenarios, as well as having to embody the general preferences of the participating states. The various conventions embody principles that act more as orientation markers. However, these are open to interpretation in the future and can serve as concrete guidelines.

Specific conventions, however, have been considerably more successful and 'many [...] have led to regime building, that is, by embodying norms, principles and procedural roles, they have provided the means to build trust among states and to encourage the development of friendly relations.' Water commissions 'have managed to keep problematic water issues on the agenda, to assist with and improve the transfer of information among members and to offer expert advice. In this manner they have eased the achievement of settlements.' Sometimes, water regimes are a side product of economic integration processes, including consideration about the 'shadow of the future.' Also, regimes can occur as modelled on other successful multilateral or bilateral settlements. On the whole, the role of international institutions 'has been most significant in the case of regional water regimes and as reactions to a specific conflict, whereby their integrative context motivated their continued existence. This in turn served to ease the settlement of new conflicts' (Haftendorf, 2000: 52 and 62-68).

According to Wolf, a large number of actors involved in water conflicts makes it more difficult to come to a solution (Wolf, 2004: 3). This is in accordance with the above mentioned idea that the finding of a cooperative solution depends on the number of actors involved. Wolf holds that water can be both an 'irritant' – it 'can make good relations bad and bad relations worse' – and a 'unifier' in basins with 'relatively strong institutions.' Wolf argues that even bitter enemies have created water agreements followed by 'resilient' institutions, and that one example of this is the Mekong Committee of 1957, which carried on to exchange data during the Vietnam War (Wolf, 2004: 7-8) and rose again from the remnants in 1995 in the

form of today's Mekong River Commission. We will explore the history of Mekong cooperation at a later stage, but there seems to be truth in Wolf's argument in that the Mekong Committee, although largely dysfunctional during the Vietnam War, was never fully abandoned. A central premise of Wolf is that changes in river basins have to be accompanied by institution-building. Unilateral measures, such as dam-building, can erupt into conflicts and threaten regional stability, if they are carried out without regional cooperation. As a result, for instance, 'relations have shown to be significantly more cooperative in basins with treaties and high dam density than in similarly developed basins without treaties.' A combination of institutional capacity and shared interests may thus prevent conflicts from erupting into violence (Wolf, 2004: 6-7 and 9).

Albrecht points out that the development and regulation of conflicts over river waters 'depend in particular on whether a "drainage area" – the catchment area of a large river with its tributaries – comes to rest neatly within national boundaries, as in the case of the great rivers of China, or whether this kind of drainage area takes in the territories of several states.' While conflicts in the first case are negotiated in the national context, in the second case of border-crossing or border-forming rivers risk of conflicts over distribution is high, but does not follow automatically:

Genuine constellations of political affairs come into play as an intervening variable. In countries with similar political structures and long-established political cultures (e.g. the countries bordering the Parana in South America like Brazil, Paraguay, Argentina, or the drainage areas of the Amazon and the Orinoco) conflicts about water manifest a low escalation potential. Furthermore, few conflicts with serious escalation potential can be identified in regions which subsist below the threshold of strategically organised intensive utilisation of water reserves (e.g. Indo-China and the Mekong; see Schiffler, 1999: 9). One has to conclude that, parallel to natural facts like the unequal distribution of water, it is essentially political factors which come into play in rendering distribution conflicts into contentious themes of international politics (Albrecht, 2000: 13).

As mentioned above, Haftendorn noticed that '[a]ll running water conflicts are asymmetrical conflicts' (Haftendorn, 2000: 52). This notion bears similarity to Keohane and Nye's observation of asymmetrical interdependencies. Regime

building takes place when coordination problems between states occur and the distribution of power is relatively symmetrical, since otherwise states do what they want (Krasner, 1991: 337). Similarly, Albrecht argued:

Because of the extremely asymmetrical distribution of power, a good many of the conflicts in the three continents of the developing world are considered to be unlikely to escalate into violence. The perfect historical example of this is the Colorado River, a massive fast-flowing river in the USA passing through magnificent canyons, the bed of which has long dried out in downstream Mexico because of extractions upstream in the USA. Mexico was never politically powerful enough to demand of the USA that the river be restored to the state in which it had flowed for thousands of years into the Gulf of Mexico. Weak states, like Bangladesh or others in Africa, or indeed smaller communities with few means of exerting political pressure, like Indian reservations in America, fall into this category with their opposition to river regulation and dam projects (Albrecht, 2000: 15-16).

Power in regional hydropolitics can – alongside the traditional means of military, politics and economics – refer to the riparian position of an upstream country and its control over water resources vis-à-vis a downstream country. However, projects that impact on a neighbouring country are usually implemented by regional powers defined in traditional terms regardless of their riparian position (Wolf, 2004: 9, note 4). We shall see later how this could apply to the GMS.

One of the most frequent solutions of national water problems has been multi-purpose dam-building to prevent floods by artificially regulating rivers (such as along the Huanghe), to provide irrigation for agriculture projects, or to produce energy (such as the Three Gorges Dam at the Changjiang⁶⁶). In the case of the Changjiang, the projects included massive resettlement programmes. In northern China, water scarcity poses problems for booming Beijing, and ‘keeping the capital

⁶⁶ On its way from the source, the Changjiang changes its name: it originates as Tongtianhe from the confluence of several rivers in Qinghai. It then continues as Jinshajiang along the Tibetan-Sichuanese border, flows into Yunnan, and upon leaving Yunnan at Shuifu, continues as Changjiang.

well supplied is a top political priority' (*The Economist*, 19 June 2004). Conflicts erupted in 2003 between Beijing and the neighbouring province of Hebei about a project on the Juma river, which was finished in late 2004, in order to divert water to Yanshan Petrochemical in Beijing but which in the process would take water from Hebei's need for agricultural irrigation (*The Economist*, 19 June 2004). The quarrels between Beijing and Hebei over water resources have reached such a level that they are even acknowledged by the *China Daily*, the English edition of the *Zhongguo Ribao* (*Zhongguo Ribao*, 26 February 2004). In November 2004, reports surfaced that more than 20,000 farmers had protested for three days against re-settlement programmes and insufficient compensation in connection with the Pubugou dam project near Hanyuan in the province of Sichuan (*Der Spiegel*, 2004).

Another dam is being planned at the so-called Tiger Leaping Gorge, where the Changjiang is called Jinshajiang and where it flows through Yunnan's north-western minority areas. The main purpose of the project is to produce hydroenergy. In addition, the government in Kunming plans to divert water from the new reservoir into the polluted Dianchi Lake, the source of Kunming's drinking water. Also, it is hoped that the new dams will stop the downstream sedimentation at the Three Gorges Dam, thus mitigating environmental damages through new ones (Strittmatter, 2004). The project meets domestic opposition from environmental activists fighting against the Huaneng group, the energy company behind the project, which is led by Li Xiaopeng, son of former Prime Minister and President of the parliament Li Peng (Strittmatter, 2004).⁶⁷

Among other ideas of how to solve problems of arid regions are diversion projects. One of them was Stalin's idea of re-directing the rivers of northern Siberia to the USSR's arid Asiatic zones, using atomic weapons in the process (Albrecht, 2000: 16). Fascinatingly, the re-direction idea is still alive in China, where the *nanshui-beidiao* project is under consideration. Also still alive in China is the idea of the use of atomic weapons. Both points are raised by McCormack. The planned dam on the Yarlung river, which originates in Tibet and becomes the Brahmaputra in India and the Jamuna in Bangladesh, could theoretically exceed the Three Gorges Dam in energy production and 'would [...] place China in a position to exercise influence over electricity markets in the subcontinent.' Reportedly, nuclear

⁶⁷ For an assessment of dams see McCormack, 2001: 20-23.

explosions to blast a tunnel through Mount Namcha Barwa are under consideration plus a diversion of water from the reservoir at the foot of the Himalayas back along the Tibetan plateau to the dry regions of Xinjiang and Gansu (McCormack, 2001: 18-19). As regards the water diversion of the *nanshui-beidiao* from the water-rich south to the water-scarce north, water from the Changjiang and other water-rich rivers of the south is supposed to be transported to the Huanghe region. Three routes are under consideration, bringing 40 billion cubic litres per year to the north, one of them leading across the 'ecological fragile' Qinghai-Tibet plateau (more see McCormack, 2001: 19-20). The issues will be further discussed in Chapter Six.

4.2. Actors in regimes: state, substate, non-state

We have seen in the discussion of Keohane's and Krasner's frameworks that power and interest growing out of the system of nation states and the political and power-distributional constellations within the system inform decisions of states, that is, central governments in a nation state, whether or not to engage in multilateral cooperation. In addition, as Section Four of Chapter Three showed, this decision can be influenced by epistemic communities and experts in domestic or transnational coalitions, which can induce learning by elites and a redefinition of the national interest. This adds a domestic and social dimension to the character of an international regime. This multidimensional character of an international regime can be related to the multi-track framework by Louise Diamond and John W. McDonald, introduced in Chapter Two. The rising importance of growth areas has produced blurred distinctions between the domains of domestic and foreign policy. This development has put a multitude of actors on the international stage. As central governments are not the sole actors, the interest and power of central governments are not the only determinants of whether to engage in multilateral cooperation. The organisation of growth areas shows the diversity of actors, best represented by the multi-track concept. With foreign policy increasingly localised and central governments' attempts to reterritorialise spaces, their decisions to involve themselves in multilateral cooperation is informed not only by their own interests, but also by the interests of subnational units and non-state actors, ranging from track-three to track-nine dimensions.

However, transnational concerns on the agenda of both state and non-state actors do not imply a policy consensus. Simply put, with relevance to international river basins, a central government might favour a dam on a cross-border river for

energy production, in order to ensure the country's energy security or develop landlocked provinces (such as China or Vietnam) in order to facilitate the country's integration into the subregion, thereby taking into account environmental damage. An NGO, however, might favour environmental protection over a type of economic development, which is harmful for the ecology of the respective area. Power here determines which way to go. It is not a power play between states, but a power play between state and non-state actors. Conflict over water may therefore occur between actors of one level, such as central governments of upstream and downstream countries, if the particular political constellation is prone to push distribution conflicts towards political conflicts (which should only be the case in basins with a symmetrical distribution of power: although conflicts in transboundary basins are asymmetrical, the overall distribution of power between countries in a basin determines whether this can lead to the outbreak of an actual conflict: Haftendorn, 2000; Krasner, 1991: 337; Albrecht, 2000: 13); but conflict over water may also occur between different layers of actors. Hence, Wolf's notion of water as both an 'irritant' and a 'unifier' (Wolf, 2004: 7-8) can apply to actors on one level, but can also unite or lead to conflict between actors on different levels. Alliances between several levels of actors might determine how the power play ends. For instance, NGOs often work with villagers, whose livelihoods depend on the river and whose opposition to dams are used by NGOs to develop public relations measures to make states (and firms, which build the dams) stop the endeavour. This cuts across several layers of the multi-track framework, introducing statist, institutionalist and social perspectives to the issue at hand.

This increases the number of actors involved in establishing the regime. With regard to the GMS, six countries are involved, their governments in the form of several of their governmental departments, subnational units, regional and extra-regional firms, NGOs, and international organisations with different interests and policies, which will be addressed in the study, together with the question of whether this situation increases or decreases the robustness and effectiveness of the GMS. In a regime, these actors, once involved, become important for its maintenance: they provide a financial, educational and personnel resource base in order to fulfil the functions of the regime in question. This leads to an actor-oriented approach of international regimes, which involves multi-track initiatives from track-one to track-nine dimensions, thereby creating coalitions of interest between the public and private, sovereignty-bound and not sovereignty-bound actors.

Cooperation in transboundary river basins such as the Mekong provides a good test case for the willingness of countries to cooperate and the robustness and effectiveness of an institution. Transboundary rivers touch both traditional and non-traditional security. Both security concepts affect the issues of sovereignty and territorial integrity. Often, river basins are regarded as closed basins, that is, the view of upstream countries to regard rivers as part of their territory without regard for the consequences of upstream development for downstream countries. Such a case is the Colorado river, which originates in the United States but is almost dried up when it enters Mexico. With a lack of water supply, the issue of human security comes into play and shows the transnational character of water-based cooperation. With regard to the Mekong, there has been a considerable development of the Mekong as a source of cooperation among riparian states in order to realise the economic development of a formerly conflict-ridden region, which encompasses the whole of mainland Southeast Asia. This needs favourable foreign policies, which are tuned to cooperation instead of conflict. Solution to issues such as the land and maritime boundaries between China and Vietnam, for instance, have only become possible through changes in the political landscape due to the end of the ideological competition. The change in the global political architecture was followed by moves to bring bilateral relations to a new quality, improve the exchange of information, the number of visits, move from working visits to high level exchanges of ministers and heads of states, and eventually to appoint specialised working groups in order to solve bilateral issues. In the same way, the multilateral exercise of regionalisation is dependent on the countries' foreign policy agendas. Foreign policy, therefore, will be viewed through the lens of transnational cooperation. As mainland Southeast Asia has become a significant policy factor in ASEAN, these countries may also work to improve relations between China and Southeast Asia. This factor will be explored throughout the study.

Given the relatively short period of peace in mainland Southeast Asia after deep and multiple ideological divisions until the settlement of the Cambodia conflict in 1991, the history of multilateral cooperation in the Mekong basin is still relatively young. Antagonisms, which partly reach back to pre-colonial times, are still in place. I shall also argue that rule-governed cooperation cannot be realised in a situation, in which not only distrust in mainland Southeast Asia remains, but in which the future distribution of power in Southeast and Northeast Asia between China, Japan, the United States and the role of ASEAN is still unclear. This issue links directly with the function of GMS cooperation as a foreign policy tool in the hands of central governments. GMS cooperation, as will be shown in this study, is not only designed

to tackle non-traditional subregional security issues, but is also a function of wider foreign policy concerns of both Vietnam and China. Broader foreign policy concerns convinced China and Vietnam to leave their previously isolated positions in East Asia and engage in Mekong basin cooperation. Mekong basin cooperation is therefore not only a means to deal with transnational problems of the subregion, but also to tackle foreign policy issues of global dimensions. As a result, there are two sides to Mekong cooperation: a local or regional, which deals with regional problems, and a global one, which sees GMS cooperation as a tool to attain globally-oriented foreign policy goals. This double character of GMS cooperation shows that the institution of the GMS is a governance organisation in a system characterised by Westphalian as well as post-Westphalian tendencies. Both sides of GMS cooperation will be discussed in this study by using China-Vietnam relations and their rationales for Mekong cooperation as examples.

As indicated at the end of Section Two in Chapter Three, in this strategic situation, rules, which govern actions, may be replaced by something that, like rules, provides stable patterns of cooperation. The question here is if a regime can be effective without the necessity of rules. In this regard, the proliferation of multi-track processes might provide stable patterns of cooperation and work as trust-building mechanism in a region, which is still beset by distrust and threat perceptions. Although the proliferation of transnational relations can also produce new conflicts, as will be shown in the case of the dams built on the Mekong and its tributaries, it nevertheless appears that the stability, which in the traditional regime concept is to be provided by rules, has in the East Asian context been provided by a norm-guided evolutionary process of cooperation, which employs only basic formalities. The proliferation of transnational relations seems to have worked in order to make more information available to interested parties and to add some transparency and predictability to previously closed states such as China and Vietnam. The study will explore the possibility of the emergence of a system of committee governance as stabilising substructure, which may foster stability and consensual decision-making processes within and between countries. Such a system in a multi-track framework may establish procedures along the lines of Müller's aforementioned suggestions (Müller, 1993: 39-42), which facilitate confidence-building, stability, transparency, stable channels of information, and predictability. As for the GMS, working groups share information, non-state actors represent private interests in developing the subregion, subnational units represent the interests of localities in maintaining and developing the GMS. As will be shown, this is in particular true for cooperation in the Chinese-Vietnamese border regions, which are part of the GMS process.

4.3. Conclusion: questions and aims

In conclusion it can be said that this study will explore these local-global dimensions of foreign relations within a multi-track framework of international regimes. The local and global dimensions will be viewed as interrelated spheres of foreign relations in a state system, which is still dominated by nation states, a situation, which is particularly relevant for the transnational relations of China and Vietnam. The GMS is therefore a state-sponsored undertaking, in which subnational units and non-state actors operate in a framework set by central government policies. The regime will be viewed as a system, in which a gradual and consultative approach of institutionalisation accounts for effectiveness and robustness. What this means for the stability and coherence in the case of the GMS and if and how this might be able to structure the bilateral relations between China and Vietnam on the local and global or on one level only is subject to the examination of this study.

Research questions derived from these issues are as follows:

- How did Vietnam's and China's foreign policies change after the Cold War so that Mekong cooperation became possible again? In order to address this question, the study will explore the twists and turns in Hanoi's and Beijing's foreign policies with relevance to Cold War and post-Cold War history of the Mekong basin and its institutions. This is important, because both the Cold War failure and the post-Cold War resumption of Mekong cooperation cannot be seen detached from the ideological division between 'East' and 'West', and between China, the Soviet Union and Vietnam.
- Did the change of the foreign policies of both countries result in compatible or contradictory foreign policies towards subregional cooperation? Do China's and Vietnam's foreign policies influence the structure and the agenda of the GMS?
- Do different actors on different levels have different aims, that is, are there differences between local non-state actors, subnational units and central governments in China and Vietnam and what are the differences between the local and global dimensions of Hanoi's and Beijing's foreign relations? Are there multiple dimensions of foreign policy through the involvement of several central government ministries in GMS cooperation?

- How does the double character of the GMS as Westphalian and post-Westphalian system influence the cooperation structure?
- To what extent have actors on the national, subnational and transnational level proliferated and to what extent are actors on different levels connected? How influential is the non-state sector in the GMS, for instance in the environmental field, given that central governments set the framework of cooperation?
- Has the gradual process of institutionalisation in the GMS based on regularity and frequency of cooperation produced effectiveness and robustness of the GMS?

Let us now move to the examination of how the foreign policies of China and Vietnam manifest themselves in policy approaches to the Greater Mekong Subregion. In a first step, in Chapter Five, Mekong cooperation will be viewed from a historical perspective until the end of the Cold War. The strategic relevance of the region will be discussed against the backdrop of a multiple ideological schism between East and West and within the so-called 'communist bloc.' Then, the study moves to analyse the nature of GMS cooperation and, in Chapter Six, explores the foreign policies of Vietnam and China towards the GMS and the consequences for the structure of cooperation within the GMS framework.

Chapter 5

Mekong Basin Cooperation: History and Current State of Development

Regionalisation is set in motion by states 'through a more or less spontaneous or unintended convergence in terms of political regime, economic policy or security, but often one can identify a triggering political event, which sets the process in motion. Naturally, this political event is related to the main players in the region, the policy-makers, or regional great powers. The rise of regional powers is the other side of decline of hegemony' (Hettne, 1999b: xxiii).

5.1. History of Mekong cooperation: from exclusion to inclusion via the China-Vietnam dichotomy

Section One of this chapter is devoted to a history of the Mekong basin through the lens of the ideological China-Vietnam antagonism. The history of the institution of the Mekong Committee, the predecessor of the Mekong River Commission, will be looked at first in Section 5.1.1. It will then be put into historical perspective in a larger section (5.1.2.) on the history of China-Vietnam relations as it has become manifest in the border area, which today is incorporated in the GMS framework. In particular, Section 5.1.2. will look at the situation of the Chinese-Vietnamese border during the ideological split between China, Vietnam and the Soviet Union, which influenced the strategic relations between China and the Indochinese states. Today, the Sino-Vietnamese border areas constitute busy, developing regions within the GMS framework. The history of Mekong basin cooperation, hence the possibility of the founding of the GMS, cannot be seen detached from the ideological division between Beijing and Hanoi. The first part of this chapter elaborates on these issues. The second part will then examine the development and current state of cooperation in the Greater Mekong Subregion since 1992. This includes an examination of the GMS structure along the lines of the concept of international regimes and of the issue of water cooperation, including a discussion of the relevance of non-state actors and subnational units in the cooperation structure. This chapter therefore will draw upon the concepts and ideas discussed in Chapters Two to Four.

5.1.1. Beginnings: the Mekong Committee

The history of Mekong cooperation ‘has hitherto been bedevilled by ideological differences, regional geopolitics and the absence of China in formal institutional arrangements’ (Grundy-Warr, Peachey and Perry, 1999: 306). The first formal cooperation in the area dates back to French colonial rule, when treaties between Thailand and France were concluded to regulate the navigational use of the Mekong in the second half of the 19th century and the first half of the 20th century (Mya Than and George Abonyi, 2001: 130). Then, the region became torn between independence and civil wars and the overarching Cold War structure. As a result, ‘it may thus be said that the non-navigational utilization of the transboundary water resources of the Mekong basin has been characterised throughout by a virtual absence of hard and fast rules derived from international law’ (Mya Than and George Abonyi, 2001: 130 cited Prachoon Chomchi, 1995).

The Mekong Committee, comprising Laos, Thailand, Cambodia and (South) Vietnam, was the first institutionalised cross-country cooperation in mainland Southeast Asia to emerge after the end of the Second World War. In 1951, the United Nations Economic Commission for the Far East (ECAFE, established in 1947, the predecessor of the UN’s Economic and Social Commission for Asia and the Pacific, ESCAP) began to explore opportunities for exploiting the resources of the lower Mekong basin, an area comprising Thailand, Laos, Cambodia and (South) Vietnam, for irrigation and energy production. In 1949, ECAFE had already created a subsidiary body, the Bureau for Flood Control (later the Bureau for Flood Control and Water Resources Development). In 1951, ECAFE requested the bureau to carry out a ‘study of technical problems of international rivers, defined as rivers passing through two or more countries or forming a common border’ (Schaaf and Fifield, 1963: 82-83). The resulting study of May 1952 – *Preliminary Report on Technical Problems Relating to Flood Control and Water Resources, Development of the Mekong: an International River* – triggered a series of events, which eventually led to the establishment of the Mekong Committee on 17 September 1957, formally set up by the *Statute of the Committee for Co-ordination of Investigations of the Lower Mekong Basin*.⁶⁸

⁶⁸ For a detailed description of the steps leading to the establishment of the Mekong Committee see Schaaf and Fifield, 1963: 82-99.

When French Indochina was dissolved in 1954, Vietnam split into two parts: the southern Republic of Vietnam (ROV) and the northern Democratic Republic of Vietnam (DRV). While the ROV government was supported by the US, the DRV was supported by China and the Soviet Union (SU).⁶⁹ After the Geneva agreements, the Mekong region became busy with national and cross-national projects. Writing in 1963, Schaaf and Fifield list a variety of projects and organisations outside the scope of the Mekong Committee, although some of them were associated with it: the UN and its Specialised Agencies extend technical assistance to all of the four countries; the UN Special Fund supports projects 'in some of them'; all four countries are 'included within the work of enquiry and recommendation' of ECAFE; France 'operates a mission for economic and technical assistance in Laos, Cambodia, and South Vietnam'; the US extends technical cooperation to all of the four countries; Australia, Canada, Japan, New Zealand, and the United Kingdom extend aid through the Colombo Plan; Belgium, China, Czechoslovakia, Denmark, Germany, Israel, Italy, the Netherlands, Poland and the USSR are involved in technical assistance 'in one or more of the riparian states'; the Philippines maintain the Operation Brotherhood in Laos; the Asia Foundation, the Ford Foundation, and Medico provide aid (Schaaf and Fifield, 1963: 73-74). The Mekong Project itself, however, 'although considerable funds have been pledged, and much work is now under way, [...] is only beginning' (Schaaf and Fifield, 1963: 74). By the late 1950s, the region became subject to a run for influence between China and the USSR. At the ECAFE meeting in Kuala Lumpur in March 1958, both the USSR and China made trade offers to ECAFE countries to gain greater cooperation from them and expand their respective influence in the non-aligned countries. Apart from trade offers, the USSR also offered aid for the Mekong development plan. Channelling aid for Mekong development through ECAFE would have meant, however, that US-backed South Vietnam would have been among the beneficiaries, which is one of the reasons why the Soviet offer was imprecise (*Far Eastern Economic Review*, 1958). As mentioned above, both Moscow and Beijing channelled aid to individual countries, which was possible outside the central ECAFE framework. These moves by China and the Soviet Union put mainland Southeast Asia not only at the interface of competition between capitalist and socialist countries, but the area became also a

⁶⁹ Vietnam ceased to have a foreign policy when it became part of French Indochina in four steps: France conquered Cochin China in 1862 and 1867, Annam and Tongkin after the Franco-Chinese war of 1884-1885. In 1887, the three parts plus Cambodia – which the French had turned into a protectorate in 1863 – were formed into the Indochinese Union. Laos was added in 1893.

target for competition between the Soviet Union and China the more differences between Moscow and Beijing grew.

The reason for the slow progress of the Mekong programme can safely be attributed to the instability of the region, a situation which continued after the Geneva Agreements. The Mekong Committee received an impetus from US President Lyndon B. Johnson's so-called 'peace initiative' of 7 April 1965 in an address at Johns Hopkins University – titled 'Peace Without Conquest.' In his speech, Johnson elaborated on the idea to turn the Lower Mekong Valley from a battlefield into a busy developing region with the help of development aid. Johnson stated that

[s]tability and peace do not come easily in such a land [Vietnam]. Neither independence nor human dignity will ever be won, though, by arms alone. It also requires the work of peace. The American people have helped generously in times past in these works. Now there must be a much more massive effort to improve the life of man in that conflict-torn corner of our world (Johnson, 1965).

Johnson's idea was to link up his programme with the ongoing work of the United Nations and to use the Mekong's waters for the provision of food, water and power. He also intended to introduce wide-spread medical care and schools (Johnson, 1965). The idea was to establish the region as a counterbalance to China and to use development as a tool of US foreign policy in that it should be an 'example of a constructive, peaceful alternative to a military strategy in support of U.S. foreign policy in Southeast Asia' (Huddle, 1972: III-IV). The same language is found in Black (1969), the former World Bank President, whom Johnson thought to head 'a special team of outstanding, patriotic, distinguished Americans' in order to implement the programme in cooperation with the United Nations (Johnson, 1965). In a complete misunderstanding of the fact that communism provided the backdrop for Vietnamese nationalism, Johnson at the same time stepped up the war in order to force Hanoi into a settlement and accept US-led development of the region.⁷⁰

⁷⁰ For the background and the Nixon Doctrine of a lower US profile in the region see Huddle, 1972: 2-4, 56-60.

5.1.2. China-Vietnam relations

The US strategy famously failed. What happened instead was a successful takeover of governments by the communist parties in Indochina. At the same time, the Sino-Vietnamese alliance broke apart and the region became enmeshed not only in the Cold War antagonism, but was additionally torn between the ideological split between the communist contenders Beijing and Moscow. With the Vietnam War at an end, the Sino-Vietnam alliance disintegrated against the backdrop of this multiple ideological division: between 1954 and 1975, the government in Hanoi had depended ideologically, financially and militarily on China. Hanoi however, while receiving Chinese support, pursued a foreign policy independent of China according to its strategic and security conceptions, which ran counter to China's own ideas about the political course of Indochina. This, in hindsight, facilitated the fall out between China and Vietnam in the mid-1970s. During the colonial period and the independence wars until 1973, the national question, which was braced in communist ideology, superseded geopolitics at the time when there was still an enemy of colonial times that had to be fought. The common vision of freedom and the aim to put an end to the colonial and neo-colonial era obliterated deeper traditional and geopolitical considerations for the time being. When non-state actors became state actors, however, these deeper and older policies surfaced again and produced corresponding alignments within the divided communist camp. These were reinforced by a spectacular rapprochement between Beijing and Washington from the early 1970s.

5.1.2.1. The years of alliance

After Vietnam was partitioned in the Geneva agreements of 1954, China served as a gateway to the wider world and a transit country for aid (weaponry, food, medicine, military and economic advisors) for the DRV: when China was the first country to recognise the DRV in January 1950, this 'open[ed] the way for liaison between Vietnam and the (former) USSR, other socialist countries and the world in general, thereby creating an immense, rich, and powerful rear area for Vietnam' (Luu Van Loi, 2002: 69-71). This made the Vietnamese revolutionaries dependent on China for supply and international contacts. Luu Van Loi freely admits this, as he admits that the relations between the Chinese and Vietnamese communists were never free of difficulties as regards foreign policies and strategic objectives. The resulting dilemma was that 'Vietnam had to maintain its independent and sovereign policy [and] at the same to preserve its traditional solidarity with the Soviet Union,

China, and other socialist countries' (Luu Van Loi, 2002: 71), while it attempted to build an Indochinese alliance and secure the country against all possible aggressors.

After its reunification in 1976, a move which was not welcomed in China, Vietnam came to rely increasingly on the Soviet Union while hostilities with China grew. In 1978, Vietnam and the USSR signed a friendship treaty, and Vietnam joined the Council for Mutual Economic Assistance (COMECON). In the same year, Vietnam invaded Cambodia, and in 1979 China sent a 'punishment expedition' across the border into Vietnam. Relations between China and Vietnam did not normalise until the end of the Cold War.

With relevance to the Sino-Vietnamese border regions, which became fully part of the GMS framework with the inclusion of Guangxi in GMS cooperation in 2005, the Sino-Vietnamese border became a hotbed of tension between China and Vietnam soon after the Vietnam War. Still, in 1973, China 'promised to continue its aid for the next five years' on the level of 1973, while the Soviet Union continued its aid, too: 'Although the solidarity of the 1950s no longer existed and in spite of its dissidence, the socialist camp was still a prop for our country, at least during the first five years of liberation of South Vietnam' (Luu Van Loi, 2002: 25). Between 1975 and mid-1978, 2000 violations were reported on both sides of the border (Ross, 1988: 202-203, 216). Before the mid-1970s, the border had served as a strategic area for revolutionaries on both sides. During the time of the radicalising anti-French resistance from the late 19th century, China's side of the border served as a base and refuge for Vietnamese activists, among them Ho Chi Minh. At the same time, Vietnam's borderlands served as a base for Chinese nationalists and their actions against the Qing government. For instance, Sun Yat-sen staged the attack on Zhen'nan Guan [at the Guangxi-Vietnam border, September 1907] and the abortive Hekou revolt [province of Yunnan, May 1908] (Chen, 1969: 14-16; Barlow, 2001) from Vietnam's side of the border. Sun's plan was to establish a base in Tongkin from which to fuel the existing unrest caused by rural distress in the notoriously unruly province of Guangxi by shipping arms from Tongkin into Guangxi in order to establish a base in Guangxi from where to conquer Canton: 'This plan was a shrewd one which had many precedents in earlier dynasties, and one which took advantage of the balance of forces in the south in an imaginative manner' (Barlow, 2001). In January 1908, Sun was expelled from Vietnam.

At the time of Chinese assistance to the Vietnamese communists, Vietnamese and Chinese communists famously became 'comrades and brothers.' This phrase was not heard again until China's former Vice Premier Wu Xueqian stated at the end of the 1980s that China and Vietnam were 'still brothers and comrades' (Klintworth, 1990: 6-7); and in November 2001, after more than a decade of rapprochement efforts, party Secretary-General Nong Duc Manh, on a visit to China described the bilateral relationship as one between 'comrades plus brothers.' Cooperation during the anti-colonial and anti-imperialist struggles turned the border areas of Guangxi into a region of intensive exchange between both communist parties. The Friendship Pass (Youyi Guan), which starts from Kafeng Village in Pingxiang County and then leads into Vietnam, was used as supply line in the 1950s and 1960s to support Vietnam's struggle against France and the US. The pass re-opened on 1 April 1992 and has since developed into a busy commercial traffic road and tourist attraction. The friendship railway connecting Vietnam and Guangxi was built in 1952. During the anti-Japanese war, the 5th Division of the Itagiki Army occupied the Kunlun pass, a natural barrier 60 kilometres east of Nanning. In December 1939, the 5th Army of the Guomindang was able to defend the pass. A memorial remembers this event, indicating its strategic relevance. During the Chinese Civil War of 1945-1949, the border to French Indochina was one of the last regions to be 'liberated' from forces of nationalist China: as Chassin wrote, with December 1949 'came the complete collapse of coordinated resistance against the Communists.' On 11 December 1949, Yunnan surrendered. On 14 December 1949, the Red Army reached the border at Mong Cai, 'sweeping before them 25,000 Nationalist troops who were disarmed and interned by the French authorities' (Chassin, 1965: 236-237). On 5 December 1949, Nanning surrendered.

When the Cold War started to subside and Vietnam and China started attempts at rapprochement in the late 1980s, the border, which once unified Chinese and Vietnamese communists in anti-imperialist resistance, again served a unifying purpose, this time as part of a cooperation endeavour: to develop cross-border relations in the Mekong basin and to establish the area as a zone busy with economic activity. With the inclusion of Guangxi in the GMS in 2005, the complete Vietnam-China border became part of the subregional development guided by the ADB. The inauguration of the GMS put the emphasis on the economic development of the border regions for the benefit of both countries and changed an area characterised by the activities of military forces, revolutionaries and secret societies into one characterised by peaceful economic activities.

During the various phases of revolution, the traditional antagonism between Vietnam and China seems to have remained. Duiker argues that 'Western imperialism created a sense of mutual affinity as a result of the shared humiliation that both countries had suffered at the hands of the West. It also created a common challenge and a new cause for collaboration against the mutual enemy' (Duiker, 1986: 8). Yet, as these revolutionary non-state actors became state actors and the cause was fulfilled, the new communist governments in Beijing and Hanoi displayed the same antagonism that had dominated the relations between China and Vietnam in the past. Deng Xiaoping's phrase of 1979, that he will 'teach Vietnam a lesson' bears similarity to the observations made by Vuving (2002) concerning the pre-colonial relationship, although it can be securely said that the comment was stripped of the old concepts of *tianxia* and *de* of a culturalist worldview (see below). Instead, it was designed to 'demonstrate the permanence of the geopolitical relationship between China and Vietnam', regardless of the military outcome (Leifer, 1991).

Historically, the Chinese-Vietnamese relationship seems more equal than is often depicted from a Chinese point of view. From 111 BC to 938 AD, Vietnam was a Chinese province ruled by a governor appointed by the Chinese government. During the autonomy period between 938 and 1874, according to Vuving, two divergent world views had to be combined under one administrative arrangement in order to please both the Vietnamese and the Chinese ruler and to accommodate their respective views on the order of the world: while China regarded itself as ruling *tianxia* (everything under heaven) based on Confucian values, 'Vietnam recognized Chinese suzerainty while at the same time maintained a bipolar world outlook' (for this paragraph see Vuving, 2002: 6-9). Vietnam's adoption of the Chinese principles of *tianzi* (son of heaven) and *tianxia* was combined with the idea of the world being naturally divided into a North and a South. Thus, the Vietnamese world had a geopolitical border line, north of which could be found the Chinese realm and south of which lay the Vietnamese sphere. Sino-Vietnamese relations were 'dually interpreted' by China and Vietnam, making accommodation of both world views a necessity. While China continued to regard Vietnam as a tributary state, Vietnam thought of itself as sovereign and on 'equal footing' with China and the two spheres separated by the border between North and South. For China's Confucian ideology, which at least partly served to justify realpolitik moves by wrapping them in official state ideology, the world was divided accordingly into a periphery and a centre, as seen from the position of the Chinese emperor. The world had a moral boundary, comprising the Chinese civilisation and the tributary nations. Outside were barbarians that could nevertheless be drawn into the sphere influenced by Chinese

morality through the application of *hua*, change. The emperor was at the apex of Chinese civilisation and thus embodied this morality. He ruled over *tianxia*, a term which cannot be defined geographically or ethnically. When a new Vietnamese ruler ascended the throne, he called himself emperor, establishing a rival *tianzi* to the Chinese emperor. The following action, however, was 'to try to receive investiture by the Chinese emperor, an investiture that accorded him the title "the King of the Pacified South".' Thus, the Vietnamese ruler remained a *tianzi* for his subjects, but became a vassal for the Chinese emperor and had to pay tribute every three years. Another ritual was the performance of a 'transformed kowtow', which did not follow the Chinese court prescriptions and was therefore seen as 'successful act of resistance' on the Vietnamese side, while at the same time the symbol of deference seemed to satisfy the Chinese emperor. Another sign of accommodating the two world views was the practice of war. For China, war had two institutionalised goals: 'to gain territories and to "teach lessons" about the order of the world', which meant that there was only one emperor who could rule the world. For Vietnam, war against the northern sphere was 'both an act of resistance and a demonstration of sovereignty.' Except for the 1406-1407 war, all conflicts during the autonomy period ended with Chinese withdrawal, thus restoring the Chinese world vis-à-vis the unruly vassal, but also the Vietnamese world through withdrawal from Vietnam's territory. The Vietnamese emperor remained the *tianzi* for his people and resumed payment of tributes to the Chinese emperor (Vuving, 2002: 6-9).

Vuving's note that from China's point of view war had two institutionalised goals, namely 'to gain territories and to "teach lessons" about the order of the world' (Vuving, 2002: 8) has some relevance here, especially because Deng's rhetoric is reminiscent of the second of these goals.

Nguyen Vu Tung generalises this point when he argues that in relations between socialist states the:

common communist identity was characterized by an 'informal ideology' with a preference for a hierarchical mode of relations among socialist states. This suggests how relations between Vietnam and China deteriorated in the 1970s when the former found out that socialist principles did not prevent the latter from acting like a 'big brother'. The same line of argument can be used to explain the break-up of Sino-

Soviet and Vietnam-Cambodia relations in the 1960s-1980s (Nguyen Vu Tung, 2002: 112-113).

This idea finds a follower in Zhai, who argues that the relationship between China and Vietnam was essentially guided by historical experience, and that socialist ideology worked only as a temporary bondage (Zhai, 2000: 211-215).

The main interests of post-colonial Vietnam's foreign policy were, firstly, the expansion of Vietnamese influence in Indochina and, secondly, the avoidance of the expansion of Chinese influence in Indochina. Both complementary interests were based on power interests and historical threat perception of China (Strassner, 1991: 123-124). A dominating role in Indochina was meant to shut off Chinese influence and thereby prevent a destabilisation of Vietnam from the west through a Chinese domination of Laos and Cambodia (Opitz, 1991: 155). As a reaction to the rapprochement between China and Japan and China the US in the 1970s, Vietnam approached the Soviet Union on 2 November 1978 (Strassner, 1991: 123). The conclusion of a friendship treaty between Moscow and Hanoi and Vietnam's earlier accession of the COMECON in July 1978 cemented Vietnam's attachment to the Soviet bloc in the areas of economy, foreign policy and military, and Vietnam became the closest ally of the USSR in Southeast Asia and in Moscow's conflict with Beijing (Strassner, 1991: 127-128 cited Kux, 1981: 79-81).

Plans for a confederation Laos-Cambodia-Vietnam seemed to come into reality in two steps: on 18 July 1977, Laos and Vietnam signed a friendship treaty, a border treaty and a loan and assistance agreement for Laos; and in December 1978, with Soviet consent or at least toleration, Vietnam's army entered Cambodia, dislodged the Pol Pot regime and installed a Vietnam-friendly government under Heng Samrin and Hun Sen. Additionally, as was done with Laos, a treaty of friendship, cooperation and mutual assistance was signed on 17 February 1978 (Engelbert, 1998: 311). A border treaty was signed between Vietnam and Cambodia on 30 December 1985.

For a short while in the mid-1970s, relations with ASEAN seemed to flourish. In January 1976, the 12th Conference of the DRV Foreign Service pronounced 'to strive for an independent, peaceful, neutral Southeast Asia having no troops and bases of imperialist powers, standing for solidarity and cooperation with nationalist

countries, primarily the non-aligned countries that actively oppose imperialism and colonialism' (Luu Van Loi, 2002: 28). This shows that Vietnam viewed with awkwardness China's rapprochement with the United States and indicated the later split and Vietnam's turn to the Soviet Union. Loi himself admits that the statement 'proved that we did not fully understand the situation of Southeast Asian countries and were still imbued with the two-camp ideology of the cold war period' (Luu Van Loi, 2002: 28). On 5 July 1976, however, after unification 'on the State plane' was achieved, the tone positively changed: Nguyen Duy Trinh, Foreign Minister of the new Socialist Republic of Vietnam (SRV), proposed a four-point policy⁷¹ towards Southeast Asia, which corresponded with ASEAN's Treaty of Amity and Cooperation (TAC) (=Bali Agreement) and proved to be the way for relations with Southeast Asian countries: foreign relations were established with the Philippines on 12 July 1976 and with Thailand on 6 August 1976. Relations with Indonesia were already established in 1964 and with Malaysia and Singapore after the Paris Agreement of 1973 (Luu Van Loi, 2002: 28-29). Hanoi even strived for normalisation of relations with the United States. Before this could be achieved, however, the overall situation in Southeast Asia worsened. Both sides explored possibilities of normalisation of relations in March 1977. In May and December 1977, negotiations to that end failed, while at the same time Washington said it would not oppose Hanoi's UN membership. From mid-1977, the Carter administration aimed at the establishment of strategic relations with China against the Soviet Union, and at the end of 1977, the US Senate passed a law against US aid to Vietnam (Luu Van Loi, 2002: 30).

From then on, Vietnam viewed ASEAN largely as an organisation used by the US for its Cold War aims. The proposal of 'genuine independence' of 1976 pointed

⁷¹ '1. Mutual respect for each other's independence, sovereignty, territorial integrity; non-aggression against each other; non-interference in each other's affairs; equality, mutual interest, and peaceful coexistence. 2. No permission to any country to use the territory of one country as base for direct or indirect aggression and intervention in another country or other countries in the region. 3. Establishment of good neighbourly relations, economic cooperation and cultural exchange on the basis of equality and mutual interest. Settlement of disputes among the countries of the region through negotiations in a spirit of equality, understanding, and mutual respect. 4. Development of cooperation among countries of the region for the purpose of building prosperous nations in accordance with the specific conditions of each country, in the interest of real independence, peace, and neutrality in Southeast Asia, thereby contributing to world peace' (Luu Van Loi, 2002: 29).

in this direction: for Vietnam, it meant a criticism of ASEAN's dependence on European ex-colonial powers and the US superpower, notably regarding the defence agreements of individual ASEAN states with Europe and the United States. ASEAN, however, received Hanoi's proposal as an attempt to 'launch [...] a "just struggle" against ASEAN' (Haacke, 2003: 66), presumably by enforcing communist insurgency movements in Southeast Asian countries, generously sponsored by China. Moreover, 'the perception by Hanoi of an ideological, and perhaps, military superiority, which led to a competition over state identities, and preferences over a hierarchical vision of a regional order favourable to Vietnam, had prevented Vietnam-ASEAN co-operation' (Nguyen Vu Tung, 2002: 113).

5.1.2.2. Breakdown of the alliance and border war

Johannes Kehnen, analysing historical propaganda between 1977 and 1980 regarding Vietnam's patriotic celebration of the military battle at the Nhu Nguyet river of 1077 and the doctrine of pre-emptive strikes accompanying it, concludes in 1980 that the causes of the Chinese-Vietnamese contradictions can only be explained in a historical-psychological mode. A rearrangement of the relationship can only be achieved if Vietnam abandons its attitude of fear and arrogance towards its northern neighbour and emancipates itself vis-à-vis China within a network of orderly relations with its Southeast Asian – and especially Indochinese – neighbours. On the other hand, China has to satisfactorily show that it abandons any varieties of vassal or satellite thinking towards Southeast Asia and especially Vietnam. At present, however, [at the time of writing in 1980] chances that current ways of thinking might change are minimal (Kehnen, 1980: 19).

The notion of Vietnam's arrogance is somewhat repeated in the idea that Vietnam had to abandon its attitude of 'superiority' against China: a decade after Kehnen, Klintworth noted in 1990 that

[f]rom the long historical viewpoint, China has seen the Europeans returned to Europe. Japan has been inoculated against visions of an empire on the Chinese mainland. And from Moscow and Washington, Beijing has extracted acceptance as a great Asian-Pacific Power with the right to its own exclusive buffer border zone. All that remained was for Vietnam to recognise the reality of China's power. This Hanoi is now doing, though only after a decade of bitter resistance. [...] Vietnam [...]

has decided on a policy of equidistance from the great powers and deference to the proximity of China's great power (Klintworth, 1990: 5-6).

On the occasion of China's invasion in 1979, Vietnam produced a white paper condemning the invasion. The invasion was received in parts of the communist field as imperialist aggression. In the words of the Communist Party of India (CPI), China had colluded with first the French, then with the American imperialists since the Geneva Agreements in 1954 and the Paris Agreements in 1973. By doing so, China had followed a 'big-nation expansionist and great-power hegemonistic strategy.' The CPI further noted that, after 1973, abandoned by China in their cause to liberate and re-unify Vietnam, the Vietnamese people had taken matters into their own hands and liberated South Vietnam by themselves. Thus, they thwarted China's hegemonistic ambitions towards Southeast Asia by producing an independent and strong Vietnam that would not allow China to dominate it or Indochina. The Chinese invasion, the CPI further noted, was reminiscent of the occupation of Indian territory in 1962. The war of 1979 was hence an attempt to restore Chinese domination in Vietnam. China's 'double policy of helping, but also hampering the Vietnamese revolution' by compromising in 1954 and 1973, had the consequence that '[e]ach time Vietnam won victory over imperialists, they [the Chinese government] dealt and compromised with the latter against the interests of Vietnam' (Communist Party of India, 1980: 9-18).

Parts of the Non-Aligned Movement responded in a similar way. A round table discussion hosted by the Krishna Menon Society in New Delhi in 1979, with ambassadors and leading personalities of the non-aligned scene such as Indira Gandhi and the then Vietnamese ambassador to India, Nguyen Van Sinh, condemned the invasion as 'a modern example of imperialism' (Kaul, 1979), an 'odious scheme to destroy and to undermine the cause of national reconstruction' (Nguyen Van Sinh, 1979: 18), which called back to mind the occupation of Indian territory since 1962. The invasion was judged as part of China's global hegemonic ambitions (Nguyen Van Sinh, 1979: 18).

Sino-Vietnamese relations were beset with difficulties from early on, when in 1956 China seized the eastern part of the Hoang Sa (Paracel) islands from the withdrawing French troops before it could be taken over by troops of the Saigon administration (Luu Van Loi, 2002: 72). Interestingly, although the DRV and ROV

were united in enmity, this dealt a blow to the relations between China and the DRV, as the Hoang Sa island group constituted a territorial question independent of the nature of the present government(s). Chinese support of the Pol Pot government in Cambodia (set up in 1975, toppled by Vietnam in 1979) and the border clashes between Cambodia and Vietnam accelerated the fall out between China and Vietnam. Simultaneously, China and the US moved to normalise relations in view of a potential alliance against the Soviet Union, a development which was regarded with suspicion in Vietnam. In May 1978, Jimmy Carter's national security advisor Brezinsky visited Beijing, and in December 1978 negotiations continued on the normalisation of relations. Vietnam responded to this simultaneous development in Beijing's relations to Phnom Penh and Washington with moving closer to the SU. Simultaneously, Vietnam tried to improve relations with ASEAN: in June 1978, State Minister Vo Dong Giang met ASEAN representatives in New York, Deputy Minister Phan Hien paid a visit to ASEAN countries, and in September 1978, Prime Minister Pham Van Dong made a tour through ASEAN countries. In response to the Vietnamese-Soviet treaty, China stepped up relations with Phnom Penh. From 5 November 1978, Deng Xiaoping toured ASEAN countries to win their support against an assertive Vietnam and the enlargement of Soviet influence. In the course of this, he received permission from Thailand for Chinese aircraft to use Thailand's airspace en route to Cambodia. From January 1979, Deng Xiaoping visited the US and won US approval of action against Vietnam (Luu Van Loi, 2002: 73-75).

The situation in mid-December 1978 was that the US would approve an attack, ASEAN would 'at least not protest', the SU 'would protest but would not let the Soviet Navy intervene', and Vietnam would fall into an economic crisis, aggravated by the exodus of 200,000 ethnic Chinese and the loss of Chinese aid and specialists. The border war with Cambodia in December 1978 made the situation worse and produced a sensation of Vietnam 'strangled by two prongs at both ends.' On 25 December, Vietnam attacked Cambodia and marched into Cambodian territory, along with the Cambodian United Front of National Salvation (UFNS) (Luu Van Loi, 2002: 76-78). The UFNS was composed of Cambodian exiles in Vietnam and chaired by Hun Sen, who has survived the unlikely task of remaining Cambodia's prime minister to the present day. Many of Pol Pot's troops withdrew to the Thai-Cambodian border regions, turning Thailand effectively into a front state, which as a result had to manage a growing refugee community. This aggravated the traditional power competition between Vietnam and Thailand, but helped the rapprochement between Bangkok and Beijing to the detriment of Vietnam.

To summarise events, the fall out between China and Vietnam in the mid-1970s started when concerns grew in Vietnam about Beijing growing closer to Washington after 1972 and failing to support Vietnamese unification. The development was accelerated in 1977, when Hanoi's relations with Beijing and with Phnom Penh swiftly worsened. Eventually, China seemed to have lost patience with Vietnam's assertiveness towards an Indochinese Federation and feared Soviet encirclement – while Hanoi in turn felt awkward by Cambodia's repeated skirmishes along the border with Vietnam and the simultaneous support of China for the Pol Pot regime (thus a Chinese encirclement of Vietnam, to which during the heightening of tensions Chinese military deployment at the northern border was added). Keeping in mind that it is a piece of propaganda, the statement that the 'Peking administration used the Pol Pot-Ieng Sary counterrevolutionary clique as a tool to wage war along our country's southern border' in order to carry out its design of 'evil, criminal ambitions of big-nation expansionism' nevertheless shows Vietnamese sensitivities towards the nature and alliances of the Cambodian government. The quote stems from a commentary of the Hanoi home service of 15 February 1979 as quoted by the *BBC Summary of World Broadcasts*, 17 February 1979c: FE/6045/A3/7. Having lost patience, Beijing decided on a punitive expedition to 'teach Vietnam a lesson.' The war was costly to China and did not result in Vietnam pulling out of Cambodia or cancelling its relations with the USSR; if a result can be measured in Vietnam, then it is that the war elevated the costs for Vietnam by having to direct financial funds towards the troops at the northern border, where China kept a force as well, forcing Vietnam to keep its forces alert to fend off continued Chinese provocations.

Vietnam's invasion of Cambodia sparked a wave of propaganda in the official media of both Vietnam and China. Deng's 'punishment expedition', which lasted from 17 February 1979 to 18 March 1979, was preceded by repeated warnings on both sides. On 16 February, *Xinhua* (English version) published a despatch by China's Foreign Ministry to Vietnam's embassy in Beijing, saying that between 8 and 12 February, 'Vietnamese armed personnel encroached upon Chinese border areas on nearly 30 occasions in Fangcheng, Ningming, Longzhou, Jingxi and Napo Counties of the Guangxi Zhuang Autonomous Region and Funing, Maguan, Malipo, and Hekou Counties of Yunnan Province, killing or wounding 34 Chinese personnel' through Vietnamese mines and gunfire.⁷² On 12 February, two trains

⁷² Named here are provinces, counties, districts, cities and towns only; villages and hamlets are not mentioned.

running from Hekou to Kaiyuan were put under gunfire 'at a point 2.5km away from Hekou', and train service had to be terminated (*BBC Summary of World Broadcasts*, 17 February 1979b: FE/6045/A3/4). On 16 February, *Renmin Ribao*, quoting *Xinhua*, reported that Vietnamese incursions into the counties of Napo, Jingxi, Daxin, Longzhou, Pingxing, Ningming and Fangcheng severely affected agricultural production by Vietnamese soldiers, who occupied farmland and killed and seized cattle, ultimately forcing commune members to abandon their land. Because of the military activities in the border regions, people were forced to leave their home and seek shelter in caves and thatched sheds (*Renmin Ribao*, 16 February 1979: 4). In exactly the same fashion, on 15 February 1979, the *Vietnamese News Agency* (English service) reported Chinese atrocities, accusing the Chinese authorities of committing acts of aggression, entering Vietnamese localities, killing army personnel and innocent villagers and hindering agricultural production by seizing and killing cattle and occupying farmland. Incidents were reported in the following districts: Cao Loc and Loc Binh in the province of Lang Son; Thong Nong and Bao Lac in the province of Cao Bang; Bat Xat and Muong Khuong in the province of Hoang Lien Son⁷³ and ambushes along the road from Lao Cai to Muong Khuong (*BBC Summary of World Broadcasts*, 17 February 1979a: FE/6045/A3/6).

When *Renmin Ribao* first reported on the war one day after its commencement, on 18 February 1979, it featured an article on the then Vice Premier Deng Xiaoping's visit to the US earlier in the same year in order to push friendly relations with Washington, and on the visit to Africa by Vice Premier Li Xiannian, who on that occasion 'strengthened the unified frontline for the international fight against hegemonism' (*Renmin Ribao*, English version, 18 February 1979a: 1). Only the following article talks about Vietnam, setting it against China-US and China-Africa relations and expressing the need 'to rise vigorously' against the encroachments of 'the Vietnamese reactionaries' and 'aggressors', after having driven the frontier guards 'beyond endurance' (*Renmin Ribao*, 18 February 1979b: 1).

While Beijing fired accusations of aggression, counter-revolution and reactionarism at Hanoi, Hanoi did the same, when, on 17 February 1979, the *Vietnamese News Agency* (English service) published a governmental statement

⁷³ In the early 1990s, the province of Hoang Lien Son split into the provinces of Lao Cai and Yan Bai. Today, Bat Xat and Muong Khuong are both in the province of Lao Cai.

made public earlier the same day during a press conference of the Foreign Ministry. The statement accused Beijing of having 'opposed the whole socialist system and the national liberation movement' by invading Vietnam, and having sacrificed peace and stability in Southeast Asia for the sake of big-power expansionism and hegemonism, forcing the country to fight back the armed aggression after continued Chinese provocations at the border and extended self-restraint on the side of Vietnam. The statement went further to say that Beijing's designs of hegemonism and aggression 'run counter to the interests of the Chinese people and seriously undermined the traditional friendship between the peoples of Vietnam and China' (*BBC Summary of World Broadcasts*, 19 February 1979d: FE/6046/A3/2). This was mirrored by *Xinhua* (English service) of 17 February 1979, accusing the 'Hanoi reactionaries' (Zhi, 1979: 5) in a 'statement authorized by the Chinese government' not to represent the Vietnamese people:

The Chinese and Vietnamese people, sympathizing with and supporting each other in their long revolutionary struggles, have forged a profound friendship. Today's grave armed conflict between China and Vietnam is wholly the making of Vietnamese authorities acting contrary to the will of the Chinese and Vietnamese peoples (*BBC Summary of World Broadcasts*, 19 February 1979a: FE/6046/A3/4).

Furthermore, not only having forced 'hundreds of thousands' of overseas Chinese to return home, the Vietnamese authorities caused up to ten million Vietnamese 'to wander about destitute abroad' (Zhi, 1979: 5), a reference to the Vietnamese refugees who have fled Vietnam since the unification took place without China's approval.

The localities that were reported to be attacked or affected by attacks on 17 February 1979 were:

- in Vietnam: province of Lai Chau: Phong Tho, Ma Li Pho, Cao Sin Chai and west of Highway 12; province of Quang Ninh: town of Mong Cai and district of Binh Lieu; province of Lang Son: Ban Chat in Dinh Lap district, Loc Binh district, Ba San in Cao Loc district, Dong Dang in Van Lang district and district of Trang Dinh; province of Hoang Lien Son: towns of Muong Khuong and Lao Cai and the district of Bat Xat; province of Cao Bang: Quang Hoa, Ha Quang, Trung Khanh and Tra Linh. Later in February, the actual district and some provincial capitals, such as Lang Son, Cao Bang,

Lao Cai, Cam Duong were seriously damaged (*BBC Summary of World Broadcasts*, 19 February 1979b: FE/6046/A3/1; *BBC Summary of World Broadcasts*, 19 February 1979d, FE/6046/A3/2; Luu Van Loi, 2002: 78-79);

- in China: the areas of Longzhou and Jingxi in the province of Guangxi, and Hekou and Jinping in the province of Yunnan (*Renmin Ribao*, 18 February 1979b: 1).
- Incidents were also reported in the Gulf of Tongkin, for instance, on 17 February 1979, by *Xinhua* (English service) between Chinese fishermen and Vietnamese naval forces (*BBC Summary of World Broadcasts*, 19 February 1979c: FE/6046/A3/8).

After the attacks had stopped, negotiations were agreed upon and started in Hanoi on 18 April 1979 on the deputy foreign minister level. A second round was held in Beijing on 8 June 1979 (Luu Van Loi, 2002: 81). The second round was deadlocked and a third round was cancelled due to the impossibility to find common ground. Many of the issues discussed back then are still the same issues which divide China and Vietnam today: Vietnam put forward a three-point proposal to end hostilities, demilitarise the border region, restore normal communications and transport, regulate territorial conflicts based on the land border and the demarcation of the Gulf of Tongkin agreed upon between France and China in 1887 and 1895. Against the Vietnamese proposal, China put an eight-point proposal: recognition of Hoang Sa (Paracels, Chinese: Xisha Qundao) and Truong Sa (Spratlys, Chinese: Nansha Qundao) as Chinese territory; withdrawal of Vietnamese troops from Truong Sa; return of members of the Chinese minority to Vietnam; no hegemonic ambitions in Indochina; repatriation of foreign troops; change of Vietnam's policy towards Laos and Cambodia and settlement of the Cambodia question; also Vietnam should not join military alliances or allow foreign countries to use its military bases and vice versa (Luu Van Loi, 2002: 81-82). According to Nguyen Manh Hung, after the border war, China did not withdraw completely, but retained stretches of land between 200 and 3000 metres deep within Vietnamese territory. These stretches were subject to controversy during the negotiations on the demarcation of the land border and the Gulf of Tongkin (Nguyen Manh Hung, 2002) after relations were normalised in November 1991.

5.1.2.3. The end of ideological competition and the end of isolation

The land and maritime borders continued to be an insecure place throughout the 1980s until Vietnam announced that it would withdraw its troops from Cambodia. The announcement came in 1985. The initial date for the withdrawal was 1990, later changed to 30 August 1989. A late border incident was reported on 31 December 1988 by Hongkong's *Zhongguo Tongxun She* in the areas of Ningming, Longzhou, Pingxiang, Fangcheng and Jingxi of Guangxi (*BBC Summary of World Broadcasts*, 4 January 1989: FE/0349/A3/4). Finally, on 6 January 1989, Vietnam's foreign minister announced Vietnam would completely withdraw its troops from Cambodia by September 1989. The 1985 announcement came in timely coordination with events in the USSR: Gorbachev assumed office in March 1985, and, as mentioned in Chapter Two, he held his speech in Vladivostok in July 1986, in which he initiated rapprochement with China. Behind Gorbachev's strategy was to seek rapprochement with China as part of a new peaceful foreign policy layout – in the wake of which the Cambodia conflict would have to be resolved – and to end the two-fold burden of Vietnam's occupation of Cambodia: firstly, the economic burden through rising costs of Vietnam's military presence in Cambodia; secondly, the political burden, which arose from the wide international rejection of Vietnam's presence in Cambodia (Opitz, 1991: 157-159; Liese, 1996: 70). Sino-Soviet consultations on Cambodia started in October 1986. In March and August 1988, further consultations were held. Deng Xiaoping's linking of a solution of the Cambodian problem to Gorbachev's request for a summit meeting, and Beijing's moving away from its demand of a complete withdrawal before a political solution was to be found, helped the negotiations (Opitz, 1991: 160). The summit eventually took place in May 1989, coinciding with the student-led demonstrations on Tiananmen square in Beijing between 15 April 1989 and 4 June 1989.

The changes in Soviet policy forced Vietnam into economic and foreign policy reforms, because the changes not only constituted fundamental changes in regional power relations, but also changes in the global Cold War structure. Economically, Vietnam lost Soviet spending on Vietnam's occupation in Cambodia. Strategically, it lost the anti-China coalition. Furthermore, the loss of Soviet supply for the domestic economy as well as the breakdown of the COMECON made it necessary to work on a new economic development programme of a diversification of financial and economic sources, and in the wake of this on a new foreign policy programme in order to sustain the economic policy, with the aim to find a multilateral framework for an independent development of the economy and foreign policy. Vietnam's return to the international community since the end of the 1980s signalled a 'turning

back of the clock to 1976-77 when Vietnam-Southeast Asia relations were at an all time high' (Thayer, 1999: 4).

Doi moi, renovation, was initiated on the 6th Party Congress in December 1986. In 1987, the politburo adopted Resolution No 2 to initiate a 'strategic readjustment in Vietnam's security policy': withdrawal from Cambodia and Laos and reduction of the standing army (Thayer, 1999: 2). To sustain *doi moi*, a multi-directional foreign policy was adopted in the politburo resolution No 13 of May 1988. This policy was changed on the 7th Party Congress in June 1991 to a policy of 'making friends with all countries.' The congress adopted a policy of diversifying and multilateralising foreign economic relations (*da phuong hoa va da dang hoa quan he kinh te doi ngoai*) with all countries and economic organisations. Initiated two years after *doi moi* had been put in place, the new foreign policy resulted in a rapid expansion of foreign economic relations. This development can be regarded as a result of the maintained diplomatic and economic offensive for economic and political engagement in the region and beyond since the late 1980s: with regard to China, these efforts meant that virtually 'constant travel by Vietnamese party, state, technical, trade, military, and friendship delegations to Beijing and southern China went on [...], and Chinese agencies organized return visits' (Sidel, 1998: 88).⁷⁴

The new foreign policy is certainly not easily practiced: in 1999, the visit of the then US Secretary of Defence William Cohen was twice cancelled (scheduled for January and for 30 September), whereas Madeleine Albright, then Secretary of State, was admitted to a visit on 6 September. On 25 July 1999, Hanoi and Washington reached an agreement in principle on trade exchange (Chanda, 1999: 24-25), which was formalised on 13 July 2000, a few months before the Clinton visit on 16-19 November 2000. Saich mentions that one reason for Vietnam to sign the trade agreement with the United States on 13 July 2000 was a concern over a trade agreement between the United States and China: Vietnam along with Indonesia and Thailand 'are more likely to run into competition with China through their own production of textiles, light manufacturing and basic consumer goods' (Saich, 2004: 319). Still in 1999, party Secretary-General Le Kha Phieu's March visit to China was one of the high-level visits exchanged between China and Vietnam that year. This shows 'fundamental policy dilemmas besetting Hanoi', shifting between

⁷⁴ For a list of bilateral visits see the table in the Appendix.

rapprochement with industrialised countries to improve national security including military ties and securing FDI for the economic reforms – and at the same time keeping China friendly and protecting one-party rule. Hence it seems that the symbolism of US state visits to Vietnam is not to outshine the symbolism of Vietnam-China state visits, in particular since Beijing's relations with Washington experienced a significant downturn after the NATO bombing of the Chinese embassy in Belgrade on 7 May 1999 and US support for Taiwan. Having watched the events in Kosovo, 'military analysts have warned against Kosovo-like U.S. intervention in southern Vietnam.' The shifting between China and the US is also a mirror of divergent views among the leadership between those in the military and security administration, who point to China as the last remaining socialist friend, and the Foreign Ministry and many academics, who argue that China could pose a significant threat regarding its military build-up. While conservatives in China and Vietnam worry about the menace of peaceful evolution, they are joined by the managers of the state-owned enterprises, who fear expanding marketisation and greater foreign competition (Chanda, 1999: 24-25). It was also their group along with political conservatives, who opposed the trade deal with the United States. Combined with Beijing's advice to delay the signature under the agreement (and with the China-leaning Le Kha Phieu) in power, Vietnam did not sign before Beijing had signed a similar trade agreement with Washington in November 1999 (Chanda, 2000: 32; Nguyen Manh Hung, 2002). Peaceful evolution is a phenomenon of multiple dimensions: it influences foreign policy making in that the socialist political system provides common bonds between China and Vietnam, but it also reflects the conflict between the opening of the economic sector and increasing foreign contacts to secure a stable economic development, and the aim to maintain one-party rule. The rule of the communist party, however, can only be maintained if it delivers a continued economic development to avoid growing social unrest, which eventually may threaten its rule (Gu, 2004: 11; Nguyen Manh Hung, 2002).

The conservative approach of the security branch as opposed to an often more practical outward-oriented foreign policy elite was already acknowledged in a report in April 1982 by the Congressional Research Service of the Library of Congress for the US Senate Committee on Foreign Relations regarding purges in the Vietnamese Communist Party during the split with China in the second half of the 1970s. The purges, designed to oust individuals critical of the pro-Soviet and anti-China policy of the leadership under Le Duan, pursued a new recruiting of younger members, often from the military. This resulted in a strengthened role of the military in the party, supposed to consolidate Le Duan's power and to support the effort to

consolidate Vietnam's control over Cambodia after 1979 and to promote the alliance with the Soviet Union:

the military bloc can be expected to support current policies and perhaps press for intensification of measures to achieve policy objectives. The military seems likely to advocate a close association with the Soviet Union because of its strong ties with the Soviet armed forces and its reliance on sophisticated Soviet arms. It undoubtedly would favor a permanent SRV military presence in Laos and Kampuchea and the maintenance of powerful conventional military forces.

Interestingly, a termination of Soviet aid was perceived as a means to change the direction of Vietnamese foreign policy (Congressional Research Service, Library of Congress, 1982: 7-9).

Consequently, Vietnam's post-Cold War China perception appears Janus-faced: the socialist political system provides a bond at a time of international and domestic communist decline ('comrades plus brothers') and the common concern to fend off the threat of 'peaceful evolution.' China is also a model for economic and political reform. China and Vietnam pursue close cooperation in both of these fields. Four conferences have been held jointly by the Vietnamese Communist Party (VCP) and the CCP in the field of ideological cooperation in Beijing (June 2000, June 2002 and 2004) and Hanoi (November 2000 and February 2004). The conferences dealt with the problems of how to combine socialism and market economy, and how to secure party rule in times of economic opening (Gu, 2004: 3). Furthermore, comparative studies of the Chinese and Vietnamese reform experiences have been published in recent years (Gu, 2004: 3). It is in this context that a rare positive statement in my interviews with senior Vietnamese scholars and governmental advisors in Hanoi in summer 2004 was made, namely that 'many countries think that the economic strength of China is a problem for smaller less developed countries, but that's not the case. They can benefit and follow in the wake of China.' Added to this, however, is a legacy of mistrust stemming from historical experience of Chinese domination, current hostilities and unresolved border disputes. The omni-directional foreign policy was designed to meet this challenge and to cope with China's highly flexible foreign policy (Will, 1999: 307).

Vietnam's manoeuvring in foreign policy between China and the US could also be seen in the debates over the future of Cam Ranh Bay, a military base constructed by the United States in 1965 and used by the USSR from the late 1970s for Moscow's projection of military influence in the South China Sea: the US, Russia, and China expressed interest in taking over the naval base and the adjoining air force base from Russia in 2004, either for military or commercial purposes. While Vietnam and the United States have discussed the possibility of handing the base over to Washington, Hanoi is anxious not to alienate China. At the same time, while conservative leaders 'want to avoid any entanglement with the United States', they want the US 'to be active in the region as a stabilizing power.' Simultaneously, 'reflecting the normalization between Beijing and Hanoi', a Chinese naval delegation visited Vietnam's Military Regions Five and Seven in November 2000: the 'particularly sensitive' Region Seven includes Cam Ranh Bay and the Spratly Islands (Chanda, 2000/2001: 21-23). On 1 July 2002, the Russian navy left the base, two years before the expiration of the lease, and the Russian defence minister affirmed that a Russian military presence in Southeast Asia and the Indian Ocean would be henceforth an unrealistic idea (Nguyen Manh Hung, 2002). Relations between Russia and Vietnam have seen an upturn since the presidency of Vladimir Putin (including expansion of trade relations – building of oil refineries etc. –, a military cooperation agreement of 2 July 2000, an agreement of September 2000 settling Vietnam's debts, and the elevation of relations to a 'strategic partnership' in February 2001, when Putin became the first high-ranking Russian leader to visit Vietnam). The inability of Russia to project military power to Southeast Asia and a low level of trade however make it unlikely that Russia can help Vietnam to balance China (Nguyen Manh Hung, 2002). Eventually, on 19 May 2004, Vietnam Airlines took over the base for commercial flights as a replacement for Nha Trang, which had become too small to serve the increasing demand for domestic flights and the bigger planes that are increasingly in use. Daily flights now connect Cam Ranh with Hanoi, Ho Chi Minh City and Da Nang (*Viet Nam News*, 20 May 2004b: 15).

Important symbols in the bilateral relations between Vietnam and the United States are annual visits by US navy ships to Vietnam. The first of these ships was the navy frigate USS Vandegrift sailing up the Saigon river from Vung Tau and docking at Saigon Port on 19-22 November 2003. The ship was greeted by a low-key delegation led by Assistant Foreign Minister Nguyen Duc Hung (Reuters, 14 November 2003a; Christina Toh-Pantin for Reuters, 19 and 20 November 2003). In July 2004, a second US naval ship arrived in Vietnam, and a third one, the USS Gary, arrived in Ho Chi Minh City on 29 March 2005 to mark the 10th anniversary of

diplomatic relations between Vietnam and the USA. The naval ship visits are expected to happen annually.

In June 2005, Vietnam's Prime Minister Phan Van Khai visited the United States. It was the first visit by a Vietnamese prime minister since the end of the Vietnam War. When asked what he expected from the United States, Khai mentioned help for the victims of Agent Orange as 5th item on a list, whereas a long-term cooperation with the United States, economic cooperation and military collaboration came first. During his six-day visit, he met US President George W. Bush and Defence Secretary Donald Rumsfeld on 21 June 2005. Apart from these high-level visits, Khai's agenda also contained an agreement with Bill Gates on computer technology and a visit to Harvard. The visit could turn the tide in Vietnam-US relations in Vietnam's favour, especially as regards Washington's search for strategic partners in the region in order to counter China's growing influence. On the economic side, trade rose from US\$ 451 million in 1995 – the year relations were normalised – to US\$ 6.4 billion in 2004. During the visit, Bush supported Vietnam's application for WTO membership. On the military side, while concerns about religious persecution and human rights continued to be raised in the US Congress, military cooperation was intensified under an agreement with Donald Rumsfeld. The agreement stipulates that Vietnamese officers 'will attend senior defence colleges [...] for training' along with plans for meetings of defence officials in order to cooperate on security. The plans seem to be targeted at China. In the light of a growing military budget in China, good relations with a "significant and capable" armed force on China's border could be useful' for US plans to deter China in the future (Perras, 2005: 4; *The Economist*, 25 June 2005: 60).

Difficulties, however, remain. Concerning international terrorism, the Iraq conflict (the war officially lasted from 20 March 2003-1 May 2003) and Agent Orange, Vietnam's prime minister, in an interview with *Der Spiegel*, referred to the importance of international organisations in handling the issues: 'We believe that the UN Charter and international law provide the suitable frame to settle disputes between sovereign nations. [...] We do not agree with those who use the war against international terrorism for their own advantage or as a pretext to interfere in the internal affairs of other states' (Ihlau and Kremb, 2002: 137-138). This position is identical to China's position. Differences lie in the fact that as opposed to Vietnam China could take advantage from the fight against Islamic terrorism by declaring crackdowns in the unruly Muslim province of Xinjiang as part of the 'war on terrorism', and that Vietnam looked to China to see how Beijing would react to a

situation, which the Vietnamese government has not been very knowledgeable about (Raszelenberg, 2002). In addition to the UN charter, the *2001 ASEAN Declaration on Joint Action to Counter Terrorism* of 5 November 2001 (ASEAN, 2001), the *ASEAN-United States of America Joint Declaration for Cooperation to Combat International Terrorism* of 1 August 2002 (ASEAN, 2002a), and the *Declaration on Terrorism by the 8th ASEAN Summit* (ASEAN, 2002b), adopted in Phnom Penh on 3 November 2002, provide the framework for working against international terrorism within which Vietnam acts. On the Agent Orange issue, a sensitive political issue on both sides, Khai said:

We do not use the word compensation here. But the US should feel a moral and humanitarian obligation to help Vietnam cope with the long-term effects of the war. The long-term effects of Agent Orange form an extraordinary burden for Vietnam for the next generations to come. However, in order not to put the relations between our countries at risk, we have brought this problem forward in a manner that can be accepted by both sides (Ihlau and Kremb, 2002: 138).

Thus, the downfall of communist ideology from the mid-1980s onwards forced Vietnam to leave alliance-building behind and to embark on an omni-directional foreign policy in order to 1) make up for the loss of capital and goods supplied by the Soviet camp and 2) escape the now virtually complete political and economic isolation. The 'driving force behind Vietnam's foreign policy [...] has been to open the economy and attract foreign direct investment (FDI), and the normalization of relations has been seen as a major ingredient for success' (Goodman, 1996: 594 cited Gates, 1995). The worldwide breakdown of socialism 'was a great disruption in the sources of capital, materials, and markets [...] forcing Vietnam to take more resolute and daring steps toward renovation in search of ways to join the regional and world economy' (Goodman, 1996: 594-595 cited Tuan Anh, 1994: 193). Economic growth, in turn, is seen as a way to provide Vietnam with national security, since Vietnam is regarded as living 'in a region surrounded by tigers and a dragon; the continued backwardness of the country is the biggest security threat to the nation' (Goodman, 1996: 596). In other words: a poor country is not a strong country (Hoang Anh Tuan, 1994). Or, as former Deputy Prime Minister Nguyen Manh Cam put it: 'Vietnam's external policy must be carried out "in close association with economic development and national and defense consolidation"' (Nguyen Manh Hung, 2002).

Accordingly, the new economic and foreign policies have materialised not only in Vietnam's engagement in regional organisations, but also in a multitude of subregional cooperation schemes in the Mekong basin. In the wake of the changes in the global and regional strategic settings, the Mekong Committee, which had been in a dormant state since it had turned into an Interim Committee, received new attention in the wake of Vietnam's foreign policy reorientation. Major steps taken on this way were the normalisation of diplomatic relations with China in 1991, the normalisation of diplomatic relations with the United States during the Clinton presidency in 1995, the joining of ASEAN in 1995, of AFTA in 1996 and the admission to APEC in 1997 – the earlier application received concerted ASEAN support (Womack, 1997: 80). The bilateral trade agreement with the United States, signed on 13 July 2000 and passed by the US Senate on 3 October 2001, marked 'an important step toward WTO accession' (International Monetary Fund, January 2002: 38). In 2003, the US emerged as Vietnam's biggest export market.

WTO membership in the view of Vietnam's leadership is the last in a series of steps towards world wide recognition. ASEAN and AFTA are viewed by Vietnamese scholars and politicians as stepping stones for a future Vietnamese success in global economic competition (Le Quoc-Phuong, 2003; Bussey, Vatikiotis, Chua and Cohen, 2003: 16). Haacke (2003: 69) argues similarly that ASEAN is a stepping stone towards APEC. And taking into account the connection between economic growth and national security, that could suggest that the GMS, too, is a stepping stone towards full national security. A document published by the government's National Centre for Scientific and Technological Information and Documentation in 1998 viewed admission to APEC as culmination of a series of integrative successes in that 'APEC will strengthen its [Vietnam's] economic position in the region and the world as well' (Vietnam Information for Science and Technology Advance, 1998).

The document conveys direct strategic importance to the GMS for the attainment of Vietnam's foreign policy goals by linking Vietnam's concern about the build up of the domestic economy and the maintenance of economic growth with the integration of the economy in regional economic cooperation schemes. The aim of this is to attract investment from a diversity of sources as opposed to the times of alliance-building, throughout which Vietnam relied on a particular group of countries depending on Hanoi's ideological orientation. This issue goes hand in hand

with the establishment of performance legitimacy in times of post-socialist policies, that is, the justification of the rule of the communist party rests on its ability to provide stable economic growth and ensure the attainment and maintenance of human security, of which the eradication of poverty as potentially destabilising societal force is one of the most serious challenges. By linking poverty reduction to economic growth, the problem becomes internationalised in the sense that its achievement depends to some extent on the steady flow of foreign investment. Therefore, Vietnam's economic integration in the region is an indispensable tool to attain both foreign and domestic policy goals, thereby transnationalising domestic policy and in the process linking it to foreign policy. The discussion will be deepened in the course of this and the following chapter.

The following table summarises the major events in the history of the Mekong basin.

Table 5: Geopolitics and Mekong Basin Development

Year	Geopolitics	Mekong Basin Development
1953	Independence of Laos and Cambodia	
1954	Fall of Dien Bien Phu, independence of Vietnam	
1956	Partition of Vietnam	
1957		Formation of the Mekong Committee (MC)
1964	Tongkin Incident	
1965	US commit ground troops in Vietnam. Johnson's speech at Johns Hopkins University	
1967	ASEAN established	
1970	End of Cambodia's neutrality	Indicative Basin Plan
1971		Nam Ngum Dam completed
1973	US withdrawal from Vietnam	

1975	Communist regimes take power in Cambodia, Laos and South Vietnam	Cambodia withdraws from the MC
1977		Laos, Thailand and Vietnam adopt new statute as basis for the Interim Mekong Committee
1978	Vietnam despatches troops to Cambodia	Interim Mekong Committee established with Laos, Thailand and Vietnam
1979	Khmer Rouge toppled, border war between Vietnam and China	
1986	Vietnam commences doi moi	
1987		Revised Indicative Basin Plan
1988	Thailand's 'battle field to market place' call. Change of regime in Myanmar. Border conflict between Vietnam and Thailand. Vietnam adopts multi-directional foreign policy	
1991	Paris Peace Accord on Cambodia	Cambodia joins Interim Mekong Committee
1992	UNTAC peacekeepers sent to Cambodia	ADB commences GMS initiative
1993	Elections in Cambodia, end of China's support for the Khmer Rouge	
1995	Vietnam joins ASEAN	Mekong River Commission (MRC) established
1996		Revised work plan for the MRC. First dialogue session held between the MRC and China and Myanmar
1997	Laos and Myanmar join ASEAN	

Source: The table structure is taken from Mya Than and George Abonyi, 2001: 131. Content from Mya Than and George Abonyi, 2001: 131-132 and own additions.

5.2. Institutional arrangements in the Mekong area

5.2.1. The Mekong River Commission

The Mekong Committee managed to survive the Cold War cataclysms and was 'revived' after the solution of the Cambodian conflict in October 1991. Although hostilities quickly came up through Thailand's plan to dam the river upstream, on 5 February 1993 a joint communiqué was signed between the four riparian states for continued cooperation over the Mekong and to establish a Mekong Working Group in order to draw up a framework agreement for future utilisation of the Mekong's waters. The resulting agreement, the *Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin*, was concluded in Thailand in April 1995 and inaugurated today's Mekong River Commission to replace the Interim Committee. A key role in promoting the cooperative endeavour has been played by the United Nations Development Programme.

The institutional build-up reflects the highly organised structure of the Mekong Committee. In terms of institutionalisation, the MRC of 1995 has not even retained a minimum of the diversified organisation. Also, in terms of scope, the MRC clearly does not reflect the large work programme of the Mekong Committee. As opposed to the former Mekong Committee and its successors, the MRC is not concerned with major economic development projects, but rather with environmental monitoring and a sustainable use of the Mekong's waters. This can be seen, for instance, in the notion of Mya Than and George Abonyi, that the Nam Ngum Dam in Laos 'is the only significant hydroelectric project of the MRC today' (Mya Than and George Abonyi, 2001: 132). Especially hydropower development meets considerable cautiousness on the side of the MRC as opposed to the actual member states, who in general see hydropower as a promising development strategy. The *MRC Hydropower Development Strategy* of 2001 takes a relatively wary approach to hydropower, distancing itself explicitly from the strong emphasis on hydropower of the predecessor institutions (Mekong River Commission, MRC Water Resources and Hydrology Programme, 2001: passim). Although from an organisational and historical point of view, the MRC is the successor of the Mekong Committee, the economic agenda of the Mekong Committee changed to one of environmental sensibility. It could thus be argued that regarding the agenda, the real successor of the Mekong Committee is not the MRC but the GMS.

As regards cooperation with China and Myanmar, the Mekong Secretariat acknowledged the need to coordinate downstream activities with upstream development. The secretariat 'initiated' contacts with Myanmar and China, 'initially to improve the exchange of technical data and information' (Mekong Secretariat, 1992: xi). A *Strategy Study on the Development of Upper Mekong Navigation (Basinwide)*, W.P. code: 1.1.09/92, MKG/R.91049 (to be found in Mekong Secretariat, 1992: 4) had already investigated the possibility of navigation on the Mekong from Jinghong to Luang Prabang in order to avoid bottlenecks for the growing economies of China, Vietnam and Laos. The same argument is brought up in the strategy study *Role of Southern Lao Transport Corridor in the Mekong Regional Cooperation (Basinwide)*, W.P. code: 1.1.14/93, MKG/R.92046 (to be found in Mekong Secretariat, 1992: 7).⁷⁵ At last, in 1995, an agreement was reached for a dialogue mechanism of Myanmar and China with the newly established MRC. The first dialogue session was held in July 1996 in Bangkok (Mya Than and George Abonyi, 2001: 132). On 26 August 2004, on the event of the 9th Dialogue Meeting held in Vientiane, the Mekong River Commission announced it would increase cooperation with China and Myanmar. Since the April 2002 technical cooperation agreement between the MRC and China, implemented in 2003, China has been sending 24-hourly water level and 12-hourly rainfall data to the MRC to help in forecasting floods. On China's side of the river, a result of the cooperation was the establishment of a Data Centre at the Provincial Bureau of Hydrology and Water Resources in Kunming, and the improvement of the two hydrological stations in Yunnan. In addition, Myanmar has signalled its willingness to share hydrological data from its own station on the Mekong (Mekong River Commission, 2004).

This development is an indicator of China's changed attitudes towards cooperation with Southeast Asian countries since the end of the Cold War. Part of this strategy of pursuing amicable relations with Southeast Asia, according to a Vietnamese governmental advisor interviewed by the author in June 2004, is done with the aim to build a buffer zone vis-à-vis Japan and the United States in order to develop its domestic economy and ensure domestic stability, and to win support for its Taiwan policy of reunification by either peaceful or forceful means. In the same interview, the interviewee remarked that if China wants development, it has to take into account other countries' interests. One result of that is that before the

⁷⁵ For the work programme and an explanation of the code see Appendix.

premiership of Wen Jiabao, Vietnam had to pay for meteorological data for the Red River, which flows from China to Vietnam. Now it doesn't have to pay anymore to get those data. So if China wants to succeed in its power struggle vis-à-vis the United States and to win the support of its neighbours for its domestic and foreign policy goals, Beijing has to cultivate relations with its neighbours. Importantly, also, since the end of the Cold War, the different opinions of the various Mekong countries have started to converge in the sense that there should be a plan for sustainable continuous development as opposed to the interruptions during the Cold War era. This is a clear statement for regime-building prospects, namely that expectations of actors willing to cooperate and to abide by cooperation once agreed, start to converge. We also clearly see in this statement the blurred lines between foreign and domestic policy, namely that demands of domestic development may inform foreign policy decisions. The interviewee's remark of how domestic and foreign goals are intertwined indicates the strategic dimension of cooperation in transboundary river basins (here: the Red River and the Mekong), of the subregional countries and subregional institutions for China's foreign policy. The study will later elaborate on this point in detail.

5.2.2. The Greater Mekong Subregion

Three years prior to the foundation of the MRC, all of the Mekong countries formed another subregional cooperation scheme: the economically oriented Greater Mekong Subregion. The GMS was established in October 1992 on the initiative of the ADB. The ADB has the central role in the GMS's negotiation processes. As mentioned earlier, Tongzon's remark of the importance of a catalyst, such as a multilateral institution (Tongzon, 2002: 91), now comes into reality. According to the ADB's charter, a crucial function is 'to utilize the resources at its disposal for financing development of the developing member countries in the region, giving priority to those regional, sub-regional as well as national projects and programmes which will contribute most effectively to the harmonious growth of the region as a whole' (ADB, 1966: article 2).

5.2.2.1. The nature of the GMS

The GMS is one of the so-called 'growth areas', which emerged in Northeast and Southeast Asia after the Cold War. The emergence of growth areas showed the opportunity of returning to pre-Cold War patterns of trade. In this sense, the rationale for subregional cooperation was to govern the natural increase in trade

between neighbouring countries after the Cold War. For the GMS, the ADB facilitates the 'natural process of integration within the subregion as countries rise above subsistence levels and begin to benefit from rapid growth and success in trade' (ADB, February 1993: 4-5). But willingness to move from a resumption of trade patterns to the formation of institutions also showed the necessity of some countries to find other sources of economic and political authority. In this sense, looking at Vietnam, the GMS is not only a new chance for Vietnam, but also an essential and even vital part of Vietnam's new economic, political and security outlook, after supply from the Soviet Union had collapsed and the East-West as well as the East-East schism had been overcome. Subregional cooperation in the GMS offers Vietnam the chance to even out political and economic differences with its immediate neighbour countries, especially China, and to make up for the loss of Soviet strategic and material support by integrating its economy into the subregion and becoming politically more reliable and economically more attractive.

As shown in Chapter Two, of the characteristics attributed to subregions, different sets of characteristics apply to different regions. Regarding the Greater Mekong Subregion, the six Mekong countries share borders and resources, and they are connected through the Mekong, hence they form a natural economic area (ADB, February 1993: 7). The result is that the 'main objective is to jointly develop natural resources and infrastructure by exploiting geopolitical interest and geographical proximity' (Mya Than and George Abonyi, 2001: 128). The ADB's 1993 report (ADB, 1993), which contains the proceedings of the first GMS ministerial conference, identifies common interests with reference to the Mekong, pertaining to agriculture, fishing, energy production, forestry and transportation. With the exception of Thailand, the countries are in a stage of economic liberalisation and are turning from inward-looking to outward-oriented trade policies. The subregion is resource-rich and has a competitive advantage in labour-intensive industries. It is thus complementary to the faster growing economies in Northeast and Southeast Asia. Intra-regional trade is developing fast, a good amount of which is, however, unofficial cross-border trade equalling or exceeding official trade. A poor state of infrastructure as well as the land-locked character of Laos and Yunnan form common interests to overcome this situation. Coordinated efforts to synchronise development efforts in the subregion could attract private investors to the subregion to finance the development endeavour. Cultural commonalities of ethnicity and language along shared borders (such as between parts of Thailand and Yunnan) can facilitate the growing together of the subregion (ADB, February 1993: 8-10). Interestingly, in the seven-page long account, the environment receives 6½ lines of

attention. The problem makes its first appearance well hidden at the end of a list of issues to be tackled in the GMS, saying that deforestation and drought have to be prevented in the development of forestry and hydropower sectors of the GMS programme (ADB, February 1993: 6-7); at least, the environmental problem is acknowledged as a transnational issue that 'cannot be resolved on a country-by-country basis' (p. 7). Environmental concerns then re-appear as simple afterthought to the development of the Mekong as key source of energy, forestry, fishing, agriculture and transportation development (ADB, February 1993: 8-9). Although the environment has received more attention in the course of events – adoption of a new environment policy by the ADB in November 2002, formation of a working group on the environment and launch of the *GMS Biodiversity Conservation Corridors Initiative* on 17 February 2005 (see the project and documents on the ADB web site at <http://www.adb.org/Projects/GMS-biodiversity/default.asp>) – pronouncements to tackle environmental degradation seem to be little more than a sop thrown to Western observers, the more so since the environmental problems associated with economic development are clear to policy-makers in the region, but are sidelined in favour of an unrestrained development of the economy (mining, hydropower etc.). This indicates the predominance of the national interests in the form of uninhibited economic development, thereby restricting cross-border cooperation and multi-level governance (most importantly cooperation of state agencies with affected river communities and NGOs active in these fields) to a minimum within a policy framework set and controlled by central governments. This is despite the expansion of the GMS to nine sectors of cooperation (see below), including non-traditional security issues of transnational nature, such as drug trafficking and spread of diseases (HIV/AIDS etc.) (Stanway, 2005; Dore, 2003).

As is characteristic for Southeast Asian cooperation designs, the GMS follows a simple structure. The annual high-level meeting functions as apex body. Various subregional coordinating committees, working groups and fora in the nine cooperation areas (for the areas see below) form the substructure. Funding bodies consist of international organisations such as the ADB, the World Bank as well as the private sector and other governmental and non-governmental sources. Among them are the Mekong Fund, the Mekong Development Bank, Thailand's Indochina Fund and the Mekong Development Research Network initiated by the International Development and Research Centre (IDRC). The ADB's main task is the coordination between governments and the private sector, and the running of the GMS Business Forum (GMS-BF), a body inaugurated to provide a platform for private business interests and investment opportunities in the subregion. GMS-BF

has published economic data and related laws and regulations for each of the member countries, providing access to relevant economic information. Among the organisations populating the GMS are relief organisations such as the United Nations Inter-Agency Project on Human Trafficking in the Greater Mekong Sub-region⁷⁶; UNAIDS, the United Nations Development Programme, the United Nations Economic and Social Commission for Asia and the Pacific, and the United Nations Office for Project Services (UNOPS) are working for a greater awareness of the spread of HIV/AIDS; educational organisations, such as the United Nations Educational, Scientific and Cultural Organisation (UNESCO), which pursues projects for distance education and in particular endeavours to establish a GMS Virtual University focussed on tourism, Mekong studies and information technology; economic institutions such as the first GMS Trade Fair from 4-7 March 2004 in Hanoi, organised by the GMS Business Forum and supported by the national chambers of commerce as well as UNESCAP (which is, incidentally, also involved in the Mekong River Commission – an organisation wary of economic power at the expense of natural resources). This diversity of concerns, with which the GMS is concerned, and the involvement of transnational organisations are expressions of the already discussed phenomenon of the new regionalism and the transnational issues, with which national governments have come to concern themselves in the process of a localisation of foreign policy as described by Hocking (1993).

5.2.2.2. Institutional set-up and the transnational dimension

Regarding the process of institution-building, the GMS countries have adopted a four-phased approach:

- Phase 1: Confidence-building (1991-1994): establish operational principles, sectors of cooperation, and broad institutional mechanisms, a roundtable conference to discuss results of phase 1 and to plan phase 2. The process started with initial consultations in November and December 1991 between the ADB and the six countries involved, followed by a two-phase Technical Assistance of the ADB (first phase June 1992-February 1993, second phase approved by the ADB's Board of Directors on 10 June 1993 for 13 months) covering bilateral consultations between ADB and governments, constitution of a Bank Study Team to prepare a framework report through bilateral consultations held July-September 1992 (first phase) and June-August 1993

⁷⁶ The Inter-Agency Project can be found at www.no-trafficking.org.

(second phase), a round table conference in October 1992 (first phase), August 1993 and April 1994 (second phase). These activities show well the primary task of the ADB within the GMS structure, namely to form consensus among member states and to prepare common ground for a development, which is conflict free or develops mechanisms to ensure a quick containment of conflicts should they emerge and break open.

- Phase 2: Framework of cooperation (1994-1996): establish eight priority sectors (expanded to nine at the 11th Ministerial Conference in Phnom Penh in 2002, see table below) plus their respecting working groups, and establish priority projects within the sectors of cooperation; establishment of a two-tier institutional arrangement in 1995 (see table below).
- Phase 3: Project preparation (1996-2000): feasibility studies and/or commencement of project implementation for high-priority projects; resource mobilisation from international donors and private investors; regular convening of Sectoral Forums and Ministerial Conferences; Asian crisis delays implementation efforts.
- Phase 4: Full implementation (since 2000): high-priority projects either conceptualised or in implementation stage; strategic framework for GMS cooperation; mechanisms for better coordination with other cooperation initiatives actively pursued.

The informal nature of GMS cooperation can be found across Southeast Asia. ASEAN's invention of a 'soft regionalism' with the rejection of legally-binding obligations and formal treaties by countries of historical, economic and cultural diversity and the emphasis on 'socializing influences' (Ravenhill, 1998: 260-266; Krongkaew, 2000: 38-41), have now also been transferred to the Mekong basin. Also, APEC's 'concerted unilateralism', modelled on ASEAN procedures, by which countries can take individual actions on a voluntary basis, is applied to the GMS with the 'two plus' principle: the 'two plus' principle enables member states to pursue initiatives without the consent of all of the six members (ADB, 2002a: 3). The principles of the ASEAN way concerning conflict settlement can be found in the Treaty of Amity and Cooperation (TAC) of 1976 and the amending protocol of 1987. The three decisive points of the treaty are the principles of (1) non-interference, (2) peaceful settlement of disputes through 'friendly negotiations' and in the case of failure through 'good offices, mediation, inquiry or conciliation' of the high council if the parties involved 'agree to their application', and (3) the refrainment of the threat or use of force (ASEAN, 1976: articles 2, 13-16; ASEAN,

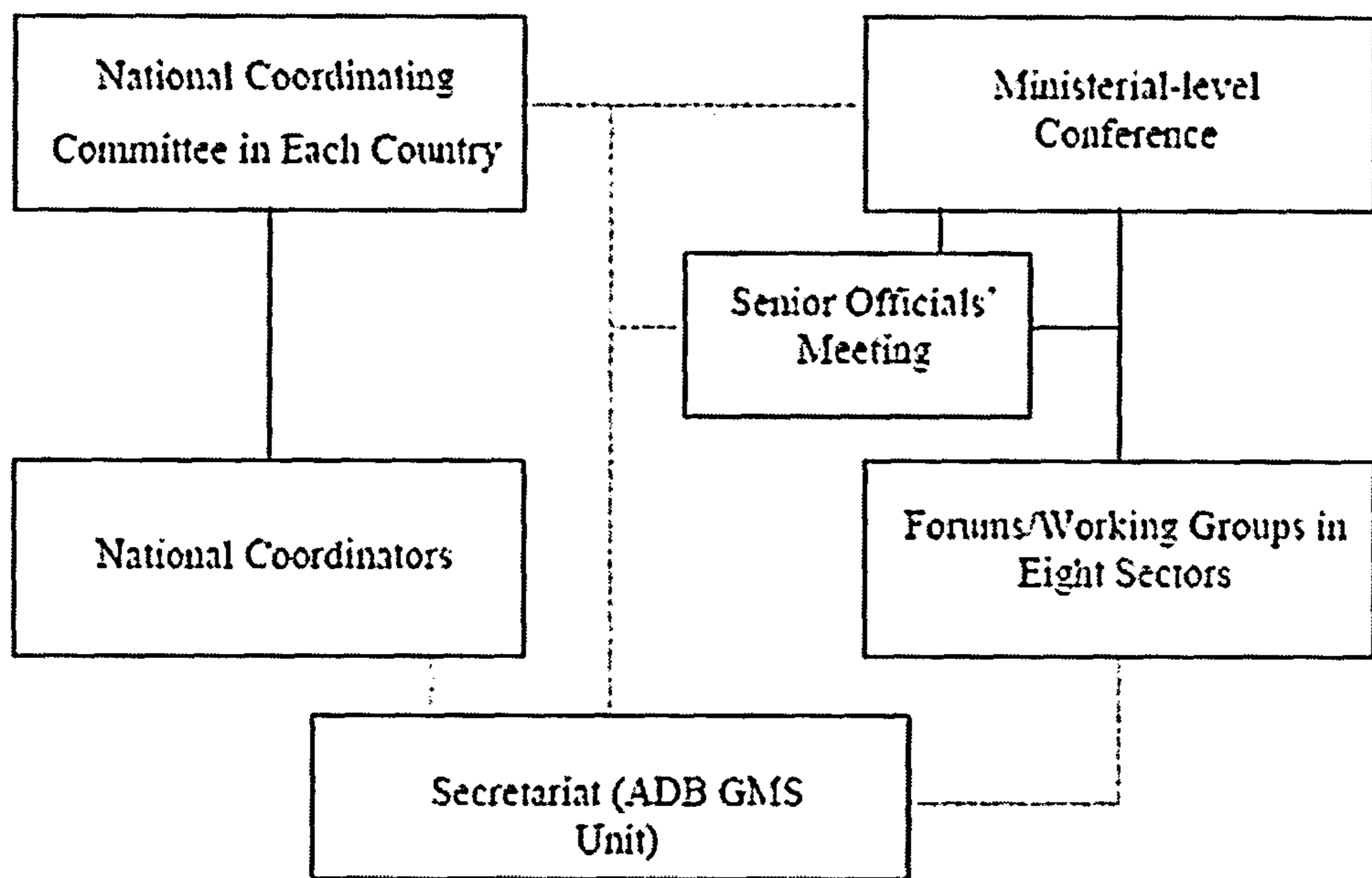
1987). The Kuching Consensus of 1990 transferred ASEAN's soft regionalism to APEC, since Kuching formed the condition posed by ASEAN members to become members of APEC.⁷⁷ According to Manuel Roxas of the Philippines,

[t]he beauty of the Asean process is that there is a structure allowing for differences while we move forward (Manuel A. Roxas II, former Trade and Industry Secretary of the Philippines⁷⁸, as quoted by *The Manila Times*, 7 October 2003).

⁷⁷ ASEAN posed six conditions: 'One is that ASEAN's identity and cohesion should not be eroded and all its cooperative efforts be preserved. Second, as APEC includes developing and developed countries, it should be based on the principle of equality, equity and mutual benefit. Third is that APEC should not be an inward looking trade bloc but serve to strengthen the multilateral economic and trading system instead. In this context, a fourth consideration is for APEC to be a forum for consultations and constructive discussions of economic issues through dialogues rather than through unilateral or bilateral measures. As a self reliant process, a fifth point envisaged by ASEAN for APEC is for it to enhance individual and collective capacity of participants and articulate them in multilateral forums. Finally, a gradual and pragmatic approach with regard to its eventual institutional structure and membership problems is recommended' (Tan Kong Yam, Toh Mun Heng and Linda Low, 1992: 324-235).

⁷⁸ Manuel A. Roxas II was the Philippines' Trade and Industry Secretary. After the elections of May 2004, he became senator-elect.

Figure 3: GMS Program Institutional Arrangements⁷⁹



Source: ADB

The beginnings of cooperation under the GMS programme focussed on basic infrastructure concerning transportation and energy to link the region and set up a resource base for further cooperation (for the following paragraph see Sakai, 2000: 15-16). Initial targets under this early programme were

- the 210 MW Theun Hinboun hydropower plant in Laos in order to export power to Thailand, already completed. Since 1988, Laos had been selling hydropower to Thailand from its Xeset hydro-electric dam (Handley, 1993d: 72);
- the Phnom Penh-Ho Chi Minh City Highway Project;
- the East West Corridor Project linking Northeast Thailand, the province of Savanakheth in Laos and central Vietnam.

These infrastructure projects, plus the planned telecommunications loops to connect subregional centres, serve as 'building-blocks' (an important one is the *GMS Cross-Border Transport Agreement* discussed below), but also 'for resolving policy, regulatory and other non-physical barriers to cross-border traffic', such as 'mutual recognition of vehicle registration, driver's license, coverage of third party liability insurance, visas for truck drivers and handling of transit goods' (Sakai, 2000: 15-16).

⁷⁹ The eight sectors mentioned are already expanded to nine.

The central document laying out the working priorities of the six members is the 10-year strategic framework concluded at the 10th Ministerial Conference on 29 November 2001 in Yangon. The framework is officially known as *Building on Success: A Strategic Framework for the Next Ten Years of the Greater Mekong Subregion Economic Cooperation Program*, published by the ADB in 2002 after the 1st GMS summit had taken place (ADB, 2002a). The Framework established ten so-called flagship projects, later expanded into eleven:

- North South Economic Corridor
- East West Corridor
- Southern Economic Corridor
- Telecommunications Backbone
- Regional Power Interconnection and Trading Arrangement
- Facilitating Cross-Border Trade and Investment
- Enhancing Private Sector Participation and Competitiveness
- Developing Human Resources and Skills Competencies
- Strategic Environment Framework
- Flood Control and Water Resources Management
- Tourism Development (11th flagship programme added at the 11th Ministerial Conference in Phnom Penh in 2002).

The eleven projects are overarched by five so-called ‘strategic thrusts’:

- infrastructure linkages
- cross-border trade and investment
- private sector participation and competitiveness
- human resources and skills competencies
- environmental protection and sustainable use of natural resources.

The following table shows the development of the work programme and the structures of cooperation of the GMS in detail. The GMS structure is explored along the lines of the regime approach.

Table 6: Institutionalisation Processes in the GMS 1991-2005⁸⁰

The table is based on the Ministerial Conferences. The conferences form the decision-making body. In 2002, a first GMS Summit was held in addition to the Ministerial Conference. The next summit was held in Kunming from 4-5 July 2005. Incorporated into the table are items referring to the overall GMS project. Not included are therefore decisions referring to the individual sectors. Empty fields indicate that either no decisions were taken or no new elements were added to prior items.

	Country consultations 1991-1992 and 1st Conference at ADB headquarters, Manila, 21-22 October 1992
Principles	<p>enhance regional economic cooperation through confidence-building and pragmatic approaches and informality of institutions;</p> <p>no desire to form a trade bloc but to facilitate the natural flow of goods and services without impinging on economic relations with other countries: regional cooperation arrangements are a way of adjusting to the growing integration of markets in the context of globalisation. While the process of adjustment has taken the form of formalised agreements (such as EU, NAFTA, APEC), the GMS does not attempt 'to lay a basis for any formal economic grouping. Rather, the purpose is to encourage greater economic cooperation and coordination within the framework of existing relationships among countries';</p> <p>cooperation shall work with consideration to differences in development and small-big country differences;</p> <p>strong role of the private sector and accordingly adjustments of the legal frameworks;</p> <p>FDI essential to help jump start development</p>
Norms	<p>six sectors of cooperation established through country consultation between ADB Bank Study Team and country governments: transportation infrastructure; telecommunications, energy development, environmental management, human resources development, trade and investment;</p> <p>informal identification of projects (the '1992 list');</p> <p>infrastructure as necessary but not sufficient condition; inclusion of</p>

⁸⁰ See the description of Müller's procedures in Chapter Three, Section Two.

	tariff and non-tariff issues (pricing policies, foreign exchange controls, procurement policies; role of state-owned enterprises; trading monopolies);
Rules	
Procedures	<p>the preliminary phase saw country consultations and meetings with agencies involved or potentially involved in Mekong cooperation, most importantly UNESCAP, UNDP, the Mekong Secretariat of the then still Interim Committee; coordination with involved agencies to be maintained;</p> <p>projects do not need to involve all six countries;</p> <p>decisions will be taken by the respective governments as and when they wish;</p> <p>create and coordinate national and subregional plans;</p> <p>establishment of country coordinating committees to liaise with the ADB;</p> <p>institutional set up to review others' proposals for mutual adaptation and incorporation</p> <p>national steering committees headed by a senior minister;</p> <p>hold a ministerial meeting at least once a year;</p>

	2nd Conference: ADB headquarters, Manila, 30-31 August 1993
Principles	<p>priority given to improvement and rehabilitation of existing facilities over construction of new ones;</p> <p>no need for participation of all six countries in a project. Priority given to those where there is already agreement among the countries concerned;</p> <p>design of projects should give priority to trade generation;</p> <p>transport projects to be implemented in stretches or sections to facilitate project implementation and provide immediate benefits;</p> <p>due to financial constraints, projects of subregional (v. national) character of a project and the financial resources available;</p>
Norms	establishment of preliminary priority projects for each of the six sectors based on the '1992 list' (telecommunication vanishes from

	<p>the list, instead, tourism is added)</p> <p>establishment of a list of impediments to work on</p>
Rules	
Procedures	<p>appointment of Inter-Ministerial Committees and a National Research Coordinator (NRC) in each country to assist in implementing phase 2 of the Study (names see Appendix C in the conference report (ADB, November 1993)). Responsibilities of the NRC: '(i) liaising with the government agencies concerned to obtain information and inputs for studies to be conducted under the TA [technical assistance], including arranging meetings between such agencies and local experts and/or internationally recruited consultants; (ii) making the necessary arrangements for the conduct of a national consultative workshop; (iii) helping to identify and/or making available the services of local experts who will serve as research associates for the studies on trade and investment, environment, human resource development and tourism; and (iv) providing office facilities and support staff for the local experts and the internally recruited consultants.'</p>

	<p>3rd Conference: Hanoi, 20-23 April 1994</p>
Principles	<p>moving from the conceptual to the implementation phase, transition from consultation and background studies to feasibility assessments and implementation;</p> <p>facilitate sustainable economic growth and improve the standard of living of the people in the subregion, projects should reflect a balance among economic growth, human resources development, poverty reduction and environmental protection;</p> <p>bilateral arrangements should be considered to be the building blocks of multilateral cooperation;</p> <p>recognise linkages among sectors such as those involving infrastructure, environment and human resource development;</p> <p>active cooperation of donors and private sectors due to resource constraints;</p> <p>regular meetings to sustain momentum;</p> <p>strengthening institutional cooperation among key institutions in</p>

	each country in each of the sectors of cooperation
Norms	senior officials propose a fixed list of priority projects (no telecommunications but tourism)
Rules	
Procedures	<p>first 2-part conference: ministerial meeting paralleled by senior officials' meeting concerned with the sectors of cooperation. Senior officials propose to ministers for approval</p> <p>proposition of sectoral working groups and forums for transport, power, trade, investment promotion, and tourism</p>

	4th Conference: Chiang Mai, 15-16 September 1994
Principles	<p>creation of a structure to provide continuity to consultation and consensus-building, to indicate seriousness of the undertaking to national, regional and international interests to help mobilise human and financial resources, to provide greater assurance to investors and donors of the continuity of policies and programmes, i.e. a more stable climate for investment, to facilitate successful implementation, to support identification and preparation of new projects; structure must: be consistent with principle of pragmatism and result-oriented; have minimal complexity; be consistent with other bi- and multilateral relationships of the six countries; be consistent with the requirements and conditions of each of the countries</p>
Norms	<p>institutionalisation of information/communication linkages: data base (basic data, key policies/legislative frameworks, inventory of projects, inventory of enterprises, inventory of key-governmental institutions, inventory of supporting organisations) and publications (project profiles, key developments)</p> <p>preliminary intermodal ranking of proposed transport projects including the criteria and approach to project prioritisation</p> <p>generating support of the international donor community for priority transport and energy projects: mechanisms on the national and international level to ensure broad support</p>
Rules	

Procedures	ministerial level for policy guidance, in particular to oversee activities of the energy and transportation forums and other areas of interest and to give direction regarding priorities and new initiatives, sector working groups for the operational level to facilitate and monitor implementation. Participants in the forums will have the delegated authority of the respective governments. ADB to draft a detailed paper for the 5th Conference.
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	5th Conference: ADB headquarters, Manila, 9-10 November 1995
Principles	attention shifts towards soft aspects of cooperation: non-physical barriers to the movement of goods, vehicles and people. Moving towards the regulatory framework
Norms	seven priority sectors: transport, energy, telecommunications, environment, human resources development, trade and investment, tourism. Endorsement for priority projects within these sectors Interests for private sector (ADB, June 1996: 8-9): 1) projects that could generate a revenue stream, 2) commercial investments and production/distribution activities, 3) commercial/business opportunities in agro-industry, tourism and related services (more details on financing can be found in the report)
Rules	
Procedures	In 1995, the two-level institutional arrangement was introduced, consisting of a policy level, that is, a ministerial conference, which coordinates the processes; and an operational level, at which sector-specific forums and working groups elaborate approaches towards implementation. The ADB is above both layers of cooperation, facilitating the integration processes through the provision of technical, administrative and logistical support. It also plays a coordinating role 'on behalf of GMS countries.'

	6th Conference: 28-30 August 1996, Kunming
Principles	
Norms	more effective involvement of the private sector to meet resource challenges: public-private-partnerships, non-traditional sources of funding, linking up with ASEAN

	<p>coordination of activities in the Mekong area as such to avoid duplicity and enhance complementarity;</p> <p>approval for a '2020 study' as long-term strategic framework to focus better on public and private investment and more effectively realise development goals</p>
Rules	
Procedures	<p>ADB to prioritise projects due to limits of funding;</p> <p>initiation of consultation processes through ADB with NGOs to meet funding and coordination needs</p>

	7th Conference: 7-11 April 1997, ADB headquarters, Manila
Principles	
Norms	
Rules	
Procedures	establishment of a GMS Business Forum (GMS-BF)

	8th Conference: 2 October 1998, ADB headquarters, Manila
Principles	<p>reaction to Asian crisis: produce a strategy and work programme that is responsive to changed economic and social realities in the region, strengthen regional activity and competitiveness</p>
Norms	<p>GMS Indicative Work Program (1998-2000): i) early implementation of priority projects to lay the foundation for resumed growth and integration; ii) elimination of policy and regulatory impediments to cross-border movements of goods and people; iii) integrated approach to regional cooperation initiatives through economic corridors linking improvements in infrastructure with policy improvements for facilitating trans-border production and trade, thus linking production, trade and infrastructure; iv) project-specific resource mobilisation through partnership with the private sector</p> <p>linking up with ASEM and APEC as financial sources, which could broaden the sources and involve the private sector more strongly</p> <p>more attention for trade and investment issues, as infrastructure</p>

	<p>projects have the basic aim to facilitate trade and investment flows: exchange of trade information, facilitation of customs procedures, facilitation of cross-border movements, thereby operationalising ASEAN agreements at the level of border transactions</p> <p>the GMS programme has been broadened to address social issues (in labour, health, education); cross-border issues (in environment and in the transport of goods and people); and in areas of common need (such as training)</p> <p>new areas of cooperation: drug eradication, agriculture. ADB to develop ideas for integration of both into the GMS framework</p> <p>economic corridor concept: five potential corridors, two of which could serve as pilot projects, as they are already existing as priority projects under the GMS programme (accelerating the need to address cross-sectoral work and related coordination between the countries concerned, linkage of social and environmental concerns to economic development): East-West Corridor and Phnom Penh-Ho Chi Minh City project</p> <p>separation of trade and investment make it 8 sectors of cooperation</p>
Rules	
Procedures	<p>promoting national and subregional programme linkages, implementation of a project monitoring and tracking system and information dissemination; all the eight sectors are involved with the specific working groups</p>

	9th Conference: 11-13 January 2000, ADB headquarters, Manila
Principles	
Norms	<p>update GMS Work Program for 2000-2002</p> <p>strategic thrusts: economic corridors, poverty reduction, environmental strategy, opening borders for free movement of goods and people</p>
Rules	
Procedures	<p>Cross-Border Transport Agreement between Laos, Thailand and Vietnam, to be implemented in all GMS by 2005; it can complement AFTA and ASEAN-China FTA</p>

	10th Conference: 27-29 November 2001, Yangon
Principles	
Norms	endorsement of a strategic framework for the next ten years (10-year strategic framework): ten flagship projects (North South Economic Corridor, East West Corridor, Southern Economic Corridor, Telecommunications Backbone, Regional Power Interconnection and Trading Arrangement, Facilitating Cross-Border Trade and Investment, Enhancing Private Sector Participation and Competitiveness, Developing Human Resources and Skills Competencies, Strategic Environment Framework, Flood Control and Water Resources Management) and five strategic thrusts (infrastructure linkages, cross-border trade and investment, private sector participation and competitiveness, human resources and skills competencies, environmental protection and sustainable use of natural resources)
Rules	
Procedures	<p>pilot-testing of single-stop customs inspection at selected border crossings along the East-West Corridor and the Bangkok-Phnom Penh Highway; to be expanded over the next years; aim: joint control by adjacent countries' customs authorities through shared facilities or mutual recognition of harmonised customs inspection procedures</p> <p>strengthen institutional arrangements: strengthening Senior Officials' Meeting, national secretariats and working groups/forums; establishment of a Mekong Regional Department in the ADB</p> <p>Cambodia's accession to the Cross-Border Agreement</p>

	11th Conference: 23-25 September 2002, Phnom Penh
Principles	
Norms	<p>development matrix: consultation process towards the matrix would include ASEAN, ASEAN+3 and development partners.</p> <p>Idea: expand participation in the GMS programme. A planning and information tool to generate direct investment</p>

	<p>Mekong Project Development Facility (MPDF) and business support center</p> <p>expansion of 8 sectors to 9: agriculture</p> <p>GMS Tourism Development as 11th flagship programme</p>
Rules	
Procedures	<p>meeting with development partners as part of the conference (ASEAN, UNESCAP, European Commission, Japan, MRC, UNDP, UNDCP, UNEP, WB), encouraged to join the working groups, in order to implement the flagship programmes</p>

	1st GMS Summit: 3 November 2002, Phnom Penh
Principles	
Norms	
Rules	
Procedures	<p>Framework Agreement for the Facilitation of Cross-Border Movement of Goods and People (the work to address border crossing problems was started in 1996). Intergovernmental Agreement on Regional Power Trade (IGA): creation of a high-level body (Regional Power Trade Coordinating Committee, RPTCC) to coordinate and implement regional power trade agreements, draft a Regional Power Trade Operating Agreement (PTOA) that will establish rules for power trade. Phnom Penh Plan for Development Management (Phnom Penh Plan, PPP) in order to train middle and senior level officials in strategic planning, management, implementation, evaluation and other skills central to development management and good governance. China's accession to the Cross-Border Agreement.</p>

	12th Conference: 17-19 September 2003, Dali
Principles	<p>Three Cs: enhanced connectivity, improved competitiveness, creation of a greater sense of community</p>
Norms	<p>preparation of action plans by the private sector to support activities in the nine sectors, greater role for GMS-BF in promoting private sector involvement</p>

	<p>a road map consisting of three building blocks: connectivity, competitiveness, community</p> <p>ASEAN-China FTA as means to achieve prosperity in GMS</p> <p>accelerate implementation of regulatory reform in the power and telecommunication sectors to pave the way for investments</p> <p>put in place of a Regional Power Trade Operating Agreement for guidelines for technical cooperation, cross-border transmission pricing, institutional framework and operational aspects in order to implement the summit's Intergovernmental Agreement on Power Trade to be worked on by the SOs</p> <p>Action Plan on trade and investment facilitation to be worked on by the SOs</p> <p>strengthen health monitoring and surveillance for disease control</p>
Rules	
Procedures	<p>first time that private sector was invited to the development partners meeting. Decision to convene a high-level public-private sector consultation in 2004</p> <p>strengthening SOMs: become a platform for exchanging views and coordinating national and regional policies, plans and programmes, forging joint approaches to common concerns, setting clear, strategic directions for each of the nine sectors. Meet at least twice a year. Also strengthen links between working groups and SOMs and enhance role of the national coordinating mechanisms</p> <p>Myanmar's accession to the Cross-Border Agreement</p>

	13th Conference: 14-16 December 2004, Vientiane
Principles	Three Cs plus a commitment to sustainable development (= '4 Cs')
Norms	strengthening of dialogue with development partners and the private sector. Establish greater collaboration and convergence among the development partners in the subregion (read: more coordination between the various programs in the GMS, including the ACMECS – see procedures). Focus on transboundary transmission of SARS, HIV/AIDS, Hepatitis B, Avian Flu, environmental sustainability, narrowing income gaps. Four

	priorities: mobilisation of financial resources from better-off member countries and the private sector from within and outside the subregion, improving the environment for private sector activities (freer flow of capital, goods and information), more inclusiveness (let the poor segments of society benefit from GMS cooperation in order to reduce poverty), strengthen links and synergies with other regional programmes.
Rules	
Procedures	adoption of a time-bound Action Plan for the nine sectors of cooperation in order to enhance the Three Cs. Signature of Stage 2 Annexes of the GMS Cross-Border Transport Agreement. Signature of a Memorandum of Understanding between Laos and Vietnam on the initial implementation of the GMS Cross-Border Transport Agreement at the Dansavanh-Lao Bao border crossing. Continue the initiated Public Private Sector Consultation Meetings (PPCM) and Mekong Development Forums (MDF). Strengthen cooperation and coordination between the GMS and the recently established Ayeyawadi-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS).

	2nd GMS Summit: 4-5 July 2005, Kunming
Principles	
Norms	
Rules	
Procedures	participants agreed to complete signing of all remaining annexes and protocols of the GMS Cross-Border Transport Agreement by the end of 2005 for the agreement to come into force in 2006. Third summit to be held in Laos in 2008.

Source: ADB, February 1993, November 1993, July 1994, December 1994, June 1996, March 1997, 1998, 2000, 2001, 2002b, 2002c, 2003, 2004, 2005.

We see from this table that practice followed principle, with no rules established at all. Instead, a practice-oriented approach arises, which seems to depend more on principles and norms than on rules. From the traditional viewpoint of the regime concept, therefore, the GMS would not qualify as a regime. However, it would be unjust to deny the GMS any progress at all. This is especially the case,

when we recall the bitterly fought three Indochina wars in combination with the deep ideological division between communist and non-communist camps and within the communist camp during the Cold War. To paraphrase Krasner, the GMS was 'created to promote the interests' of its members, and power determines the outcome of the negotiations leading to the regime (Krasner, 1995: 139-149). Once created, a regime provides stability in (formerly) contentious areas. At the same time, the decision to enter into cooperation is a result of the self-interest of the future regime members (Keohane, 1984: 63 and 66). The GMS certainly promotes the agenda of the actors involved, and the decisiveness of power can be seen, for instance, in the problems of dam-building between China and Vietnam and Vietnam and Cambodia (for the issue of dam-building see later in this study). Judging from results instead of the application of abstract analytical categories, we see the steady constitution of an increasingly diversified structure of negotiation and confidence-building platforms, cutting across several layers of state and non-state – hence sovereignty-bound and not sovereignty-bound – actors. This recalls the argument of Chapter Four, Sections Two and Three that a regime will be viewed as a system, in which a gradual and consultative approach of institutionalisation accounts for effectiveness and robustness, thereby relaxing the notion that only hard rules can foster effectiveness and robustness of multilateral institutions. Aided by ADB envoys throughout the four phases described above (the phases of confidence-building, structuring the framework of cooperation, project preparation, and full implementation), interests and cooperation expectations converged. A gradual process was unfolded, which regularised and enhanced the frequency of specialised sector meetings and general ministerial meetings, leading to stable patterns of cooperation, which are not rule-based, but are based on general principles, norms and procedural guidelines. Through this, an effective cooperation mechanism was established, from which emerged a system of committee governance, which facilitated important inter-governmental agreements such as the *Cross-Border Transport Agreement*. The expert working groups of the nine working sectors of the GMS programme, which include, among others, representatives of national ministries, form an integral part of GMS governance, deliberation and mutual learning processes. The involvement of national ministries allows consensus decision-making during the annual ministerial meetings. The working groups ensure coordination of national policies in a cooperative structure, which does not involve supra-national decision-making bodies. The frequency and regularity of exchanges in the working groups also provide a regular exchange of information and a certain transparency and predictability of policies and priorities of member states. The involvement of national governments in the expert committees and the membership of often more than one ministry in a particular working group facilitate implementation of the non-

binding agreements, which characterise GMS cooperation. This lends weight to Sakai's statement that due to its structure, the GMS is able to unfold stronger problem-solving capacities and economic dynamism than ASEAN:

- a project-oriented approach in the GMS brings about 'immediate tangible results rather than setting up rules or agreements';
- 'when rules or agreements are needed, the starting point is again a project', showing an immediate result and usage for a new rule;
- due to the splitting of projects among various sets of member countries, consensus of all six GMS countries is not needed. Implementation of projects 'can be initiated by two or more interested countries', while 'the overall strategy and prioritisation of projects are discussed by the six countries in ministerial and sectoral forums' (Sakai, 2000: 19).

Indeed, a down-to-earth project-oriented approach sounds promising. Voluntary membership however hampers projects which have to be endorsed by the majority of member countries in order to unfold their economic value for the whole of the GMS. This holds true, for instance, for the navigability of the Mekong, an undertaking long pushed by China, but which Laos, for instance, endorsed only after a long delay. This fact also lays bare the very difficulty to accommodate the six countries concerned, their strategies and interests. Moreover, it shows the distrust of the smaller countries concerning the political and economic power of China and the fear of sliding into an irreversible political and economic dependence. The navigability of the Mekong carries another problem, namely that of the destruction of the river's ecology and the devastation of the livelihoods of local downstream communities, who depend on the river for irrigation and fishing, by blasting reefs in order to allow heavier ships to use the Mekong in order to increase trade and commerce between the Mekong countries. So far, around twenty reefs have been blasted, among them those on the borders of Laos and Myanmar and Laos and Thailand (Son, 2005). For more on these issues see later in this study.

Positive signs are that pragmatic thinking is continuously superimposing old patterns of behaviour and deep mutual distrust. Mya Than and George Abonyi, too, argue that 'economic development has become a priority, replacing ideology' (Mya Than and George Abonyi, 2001: 159). The Bagan Declaration (for more see AKP News, 11 November 2003, and the list below) and the announcement of Cambodia and Thailand to further open their border only a few months after the sudden outbreak and the toilsome containment of mutual hostilities in 2003, show that the

informal cooperation is the only way at this point to ensure successful long-term cooperation. Importantly, during the conflict between Thailand and Cambodia, China acted as mediator behind the scenes (Huxley, 2005). Even though pragmatism cannot yet fully replace foe images in foreign and security policy, the countries in the region make efforts to overcome political differences. Not least, with China and Vietnam, two influential countries view regional security as a prerequisite for national security and thus domestic stability. Therefore, diplomatic action has largely replaced fighting. Economic development and political stability – not however political cohesion, but more and more economic cohesion – may be achieved in the not too distant future.

Steps forward in the endeavour of regionalisation – as mentioned in Chapter Two, regionalisation in times of the new regionalism does not necessarily include integration as ultimate goal – can be seen when noting that cooperation within the GMS has made information mutually available through the annual meetings of ministers and senior officials and the regular sessions of the numerous sector working groups. The GMS Development Matrix is accessible via the ADB website and hence available to the public. The Development Matrix provides regularly updated data on major projects and activities which are grouped under the eleven flagship programmes. And for the Chinese-Vietnamese border regions, as will be shown later, multilingual web pages inform the interested parties about legal developments and investment opportunities. The transgovernmental nature of the GMS and the gradual processes of informal confidence-building have created relationships, which resemble Keohane's 'networks of acquaintance and friendship' (Keohane, 1984: 101). Bearing in mind that in 1991 with the conclusion of the Cambodia conflict, countries in the Mekong basin emerged from decades and centuries of conflict and mistrust, the inauguration of the GMS project in 1992 was a sensitive endeavour. It is against this background that on the occasion of the second GMS Summit in Kunming on 4-5 July 2005, Jean Pierre Verbiest, director of the Thailand mission of the ADB, said that at the first meeting of GMS officials in 1992, "even at coffee breaks it was difficult to get the officials to talk to each other" (Son, 2005). Consequently, in this regard the ASEAN way, which rules out rules, is a success, resulting in stable patterns of cooperation supported by favourable governmental policies and aided by the mediating activities of the Asian Development Bank in the GMS. These processes and cooperation patterns reduce transaction costs and reduce uncertainty by providing enhanced access to information for regime members (Keohane, 1984: 88-93).

As the institutionalisation table shows, the sectors of cooperation were successively expanded from six to nine:

- transportation infrastructure
- telecommunications
- energy development
- environmental management
- human resources development
- trade facilitation
- investment
- tourism
- agriculture

The work programme indicates a considerable development of the transnational character of non-traditional security by GMS member countries and a diversified view of what foreign relations need to deal with: a mixture of high and low politics, which transcends the borderline between domestic and foreign policy. The first two tables below show details of the persons in charge for the GMS as a whole in the six member countries. The third table lists the organisations and persons involved in the environmental sector. With regard to the first two tables on the principle actors in the GMS, the high ranks of the respective persons show the significance that is attributed to the GMS by member countries. It also has to be noted that despite Yunnan's and Guangxi's participation in the GMS, all persons in charge in China are central government members, while in the ministerial meetings, participants comprise representatives from all relevant central government ministries and also include members of the provincial governments.

It has to be noted that the actors shown in the tables are only the official actors involved in the formal GMS structures approved by the annual ministerial meetings. However, other actors and other factors drive the GMS agenda, too, such as trading networks or national and local mentalities. Discussion of these processes would go beyond the scope and the concern of the present study. Here, further research of future studies into these substructures is necessary in order to complement the

picture with economic, societal and cultural or identity processes in the GMS, which take place outside the official structures.

Table 7: Principle Actors in the GMS I

(as of 8 April 2005). Where more than one person is named, the first is the principle coordinator

	National Coordinator	Chairperson Interministerial Committee
Yunnan, Guangxi/China	Ju Kuilin Deputy Director General International Department Ministry of Finance	Li Yong Vice Minister Ministry of Finance
Vietnam	Hoang Viet Khang Deputy Director General GMS National Coordinator Ministry of Planning and Investment Nguyen Thi Thu Hien GMS National Secretariat	Vo Hong Phuc Minister of Planning and Investment
Laos	Somchith Inthamith Director-General Department of Economic Affairs Ministry of Foreign Affairs Heuan Chanphana Director Vathouniyom DOUNGMALA Senior Official	Somphong Mongkhonvilay Minister to Prime Minister Office President of the Lao National Mekong River Commission Chairman of Lao National Mekong Committee

Cambodia	<p>Sok Chenda Sophea Secretary-General National Coordinator and Head of the GMS Secretariat Council for the Development of Cambodia (CDC)</p> <p>Kakda Chav Consultant</p>	<p>Khy Taing Lim Senior Minister Royal Government of Cambodia Minister of GMS</p>
Thailand	<p>Arkhom Term pittayapaisith Deputy Secretary-General Office of the National Economic & Social Development Board (NESDB)</p> <p>Chompunuch Ramanvongse Policy & Plan Analyst</p>	<p>Wissanu Krea-ngam Deputy Prime Minister Office of the Prime Minister</p>
Myanmar	<p>Daw Myo Nwe Director General Foreign Economic Relations Department Ministry of National Planning and Economic Development</p>	<p>U Soe Tha Minister Ministry of National Planning and Economic Development</p>

Source: ADB, Ministry of Finance (China)

Table 8: Principle Actors in the GMS II

(the table shows the names and positions of the participants of the 13th Ministerial Conference, held in Vientiane from 14-16 December 2004)

	Ministerial-level Conference
Yunnan,	Liao Xiaojun

Guangxi/China	Vice Minister Ministry of Finance
Vietnam	Tran Dinh Khien Vice Minister of Planning and Investment
Laos	Somphong Mongkhonvilay Minister to Prime Minister Office President of the Lao National Mekong River Commission Chairman of Lao the National Mekong Committee
Cambodia	Khy Taing Lim Senior Minister Royal Government of Cambodia Minister of GMS
Thailand	Wissanu Krea-ngam Deputy Prime Minister Office of the Prime Minister
Myanmar	U Soe Tha Minister Ministry of National Planning and Economic Development

Source: ADB

Table 9: State and Non-State Members of the Subregional Working Group on Environment

Subregional Working Group on Environment, 11th Meeting, 15-16 March 2005, Siem Reap, Cambodia	
National participants	
Yunnan, Guangxi/China	Mr. Dingding Tang Deputy Director General Department of International Cooperation State Environmental Protection Administration (SEPA)

	<p>Ms. Li Fang Deputy Director, Department of International Cooperation, SEPA</p> <p>Mr. Gaolai Luo Deputy Director General, Foreign Economic Cooperation Office, SEPA</p>
Vietnam	<p>Dr. Nguyen Van Tai Deputy Director General, Department of Environment, Ministry of Natural Resources and Environment</p> <p>Mr. Tran Ngoc Lan Official, Ministry of Planning and Investment (MPI)</p>
Laos	<p>Mrs. Keobang Keola Deputy Director General of Cabinet, Science Technology & Environment Agency (STEA), Prime Minister Office</p> <p>Mr. Bovonethat Douangchak Senior Official, Department of Economic Affairs, Ministry of Foreign Affairs</p>
Cambodia	<p>H.E. Dr. Mok Mareth Senior Minister and Minister of the Environment</p> <p>H.E. Tan Vutha Secretary of State, Ministry of Environment</p> <p>Mr. Chuon Chanrithy Director, Department of Natural Resources Assessment and Environmental Data Management, Ministry of Environment</p> <p>Dr. Lonh Heal Director-General in charge of Technical Affairs, Ministry of Environment</p>

	<p>Mr. Sy Ramony Chief of National Park and Wildlife Office, Office of the Protected Areas, Ministry of Environment</p>
Thailand	<p>Mr. Pongpisit Viseshakul Director of Natural Resource, Environment, Science and Technology Office, National Economic & Social Development Board (NESDB)</p> <p>Ms. Udomlak Sritusnee Forest Geneticist, Department of National Parks Wildlife and Plants</p> <p>Ms. Suchitra Changtragoon Specialist, Ministry of Natural Resources and Environment</p> <p>Ms. Wantane Petchampai Environmental Specialist, Ministry of Natural Resources and Environment</p> <p>Mr. Montri Nathananan Second Secretary, Department of International Economic Affairs, Ministry of Foreign Affairs</p> <p>Ms. Sasithorn Plaichaiyapoom Policy and Planning Analyst, Spatial Development Office, National Economic and Social Development Board</p>
Myanmar	<p>Daw Htwe Nyo Nyo Deputy Director, National Commission for Environmental Affairs (NCEA), Ministry of Foreign Affairs Complex</p> <p>Daw Khin Than Win Assistant Director, Foreign Economic Relations Department, Ministry of National Planning and Economic Development</p>

Bilateral and Multilateral Agencies

Danish International Development Agency (DANIDA)

Mr. Mogens Laumand Christensen

Minister counsellor of the Danish Embassy-Development Cooperation Section,
Danish Embassy in Phnom Penh

IUCN-The World Conservation

Mr. Prom Nga, Project Manager

Mr. Mao Kosai, Liaison Officer

IUCN Office in Cambodia

Mekong River Commission (MRC)

Mr. Hans Guttman

Environment Programme Coordinator of Environment Division

SEI-A

Mr. Vikrom Mathur

Research Fellow, SEI-A Centre at Bangkok

Swedish International Development Agency (SIDA)

Mr. Christer Holtsberg

Director of Swedish Environmental Secretariat for Asia, SIDA Regional Office

United Nations Environment Programme (UNEP)

Mr. Surendra Shrestha, Director

Dr. Yuwaree In-Na, Sr. Program Officer

Mr. Tin Aung Moe, Program Specialist

Regional Resource Centre for Asia and the Pacific

United Nations Industrial Development Organization (UNIDO)

Mr. Nguyen Khac Tiep

UNIDO Regional Office in Bangkok for Cambodia, Lao PDR, Malaysia, Myanmar and Thailand

Mr. Nguon Narin, National Project Coordinator

UNIDO Phnom Penh Office

U.S. Agency for International Development (USAID)

Mr. Winston Bowman

US-AEP Regional Coordinator, USAID Regional Development Mission/Asia

World Wildlife Fund (WWF)

Mr. Eric Coull

Representative, WWF Indochina Programme Office in Viet Nam

Ms. Angie Woo, GMS Initiative Coordinator

GMS Initiative in Thailand

ADB Consultants

Source: ADB

The tables show a diversity of actors cutting across the various dimensions of the multi-track framework introduced in Chapter Two. The sectors of cooperation involve several government agencies and in some countries involve several ministries, showing the non-unitary character of central governments, their cooperation with local actors (both local firms and local governments), and the involvement of transnational NGOs and bilateral and multilateral organisations in the deliberating processes.⁸¹ This calls to mind Keohane and Nye's remark when elaborating on 'complex interdependence', namely that foreign relations involve several government agencies and not only foreign offices (Keohane and Nye, 1977 [1989]: 24-25). Foreign policy even in relatively unitary states such as China has become more complex and involves more actors than the Ministry of Foreign Affairs. This development diversifies actors on the central government level in that specialised ministries become involved in issues related to their expertise. In the case of environmental cooperation, the SEPA represents China's environmental

⁸¹ For detailed information see the individual GMS sector pages on the ADB web site at <http://www.adb.org/GMS/updates.asp>.

policy, but Vietnam is present with two ministries, the Ministry of Natural Resources and Environment and the Ministry of Planning and Investment (MPI). This shows that the environment issue is a transnational problem, which has more than one dimension: in the case of the Mekong river as an international river basin central to the economic development of the GMS, the needs for environmental protection and the protection of the livelihood of river-side communities are in contention with the need for economic development. This then involves several ministries concerned with environment and trade, with opposing agendas and aims and often differing views if not outright conflict about their respective responsibilities. As a result, the multi-dimensional phenomenon of transnationalism, pertaining to Mekong development, produces contending sets and views of actors not only on the central government level, but also between central government actors and environmental NGOs. Looking at the Subregional Electric Power Forum, for instance, we find an even more diversified set of local and central actors, and with regard to China a set of central ministries in Beijing and energy producers in Guangxi and Yunnan. This constellation highlights not only the cooperation between central and local state units within one country but also the strategic relevance the central government in Beijing attaches to its influence on the development of the subregional energy market.

The multi-track processes, which reach from traditional diplomacy to activism, state and non-state actors, and intra-governmental cooperation within a central government, hence provide a dense network of cooperative platforms. The levels of actors involve heads of state and government (state level), government ministries (state level), provinces, cities, counties (subnational level), experts (state and epistemic community level), NGOs as well as firms organised in the GMS-BF (non-state sector). Also, as will be discussed later, trade fairs in cities on both sides of the China-Vietnam border were established on a regular basis. This involves the business community of the private and state sectors. However, the problem seems to be that the state and non-state levels are not sufficiently connected, which is especially true for the environment sector, in which NGOs oppose the high-flying plans of governments to pursue economic policies with negative outcomes for the environment. It thus seems that environmental NGOs had only limited success so far to influence decisions and attitudes in central governments or subnational units. This shows that the GMS is an essentially state-guided endeavour, in which the scope of action for non-state actors is set by what central governments perceive to be in their interest. The influence of environmental NGOs on the shape of governmental interests has to date not been very successful. The issue is particularly prominent

with regard to dam-building in the GMS countries (details will be discussed later). However, the fact that in January 2005 China decided to halt 30 power projects, because they failed to carry out environmental assessments, may spark hopes that China's environmental ministry, the State Environmental Protection Administration (SEPA) gains importance within the Chinese administration and in conflicts with the more powerful trade and economy related ministries. Among the dams temporarily stopped were the Xiluodu dam at the Jinshajiang in Yunnan and a dam at the Nu (or Salween), which runs parallel to the Mekong in Yunnan and together with the Jinshajiang forms the UN world heritage site of the Three Parallel Rivers (BBC, 19 January 2005 and 2 February 2005a+b). This could be a positive signal that increasing popular opposition to a free wheeling economic development might lead to greater concern of the central government with regard to human security considerations. The principle of *yi ren wei ben*, people-centred policies, mentioned in Chapter Two, and the fresh water crisis in Harbin due to the sealing off of the city in November/December 2005 as result of the benzene leak into the Songhua river at Jilin, might lead the government to consider the human security element more carefully than it used to do, especially since Beijing is increasingly conscious about the escalating protests against its economic policy.

5.2.2.3. Aims and problems of the GMS

Regarding the overall aim of the institution of the GMS, it is seen as a reaction to the globalisation processes, thereby adjusting the region to the demands of globalisation and at the same time being part of the global phenomenon of regionalisation in the face of globalisation. This is in accordance with the nature of the new regionalism. The GMS is also supposed to foster peace, stability and cooperation within the wider region. According to Nguyen Manh Cam, Vietnam's Foreign Minister from 1991-2000 and Deputy Prime Minister in charge of foreign affairs from 1997-2002, the ASEAN membership of Vietnam, Laos, Cambodia, Myanmar and Thailand is the basis for a potential future success of the Greater Mekong Subregion (Nguyen Manh Cam, 2000: 22-24). He, however, does not say how this can be possible. Often it seems that assumptions such as these remain phrases. ASEAN seems to react but not to shape the integration processes in the growth areas: the Basic Framework of ASEAN-Mekong Basin Development Cooperation (ASEAN-MB) was not founded until 1996, seven years after the establishment of SIJORI, four years after the GMS and one year after the MRC. ASEAN-MB 'complements cooperation initiatives currently undertaken by the Mekong River Commission, donor countries and other multilateral agencies' and 'mobilises the participation of the private sector' (ASEAN, 1996a). Mechanisms of

cooperation are ministerial meetings, Joint Ministerial Meetings with the ASEAN foreign and economic ministers, and specialised ministerial meetings; a Steering Committee consisting of senior officials and a representative of the ASEAN Secretariat. The meetings are convened prior to the ASEAN Summits or ASEAN Informal Summits (ASEAN, 1996a and b).

ASEAN-MB was established 'based on a Malaysian idea' (Chongkittavorn, 2000: 27). At the inauguration meeting, a special working group was set up, chaired by Malaysia, which initiated the trans-ASEAN (or trans-Asia) railway project, in order to explore the possibility of a rail link between Singapore and Kunming (ASEAN, 1996b), linking ASEAN and non-ASEAN countries. The trans-Asia railway project was proposed by Malaysia's Prime Minister Mahatir Mohamad in December 1995 at the Fifth ASEAN Summit in Bangkok from 14-15 December 1995. The aim was to 'transcend the boundaries of the Mekong region' and connect Singapore at the southern tip of the Malay peninsula with Kunming through Malaysia, Thailand and the Indochinese states (Yang, 2003: 118). The summit also saw the admission of Vietnam to ASEAN as seventh member and the granting of observer status to Laos and Cambodia. It therefore prepared the inclusion of the formerly war-torn continental – and hence the Mekong – region into the association (ASEAN, 1995). In March 1996, at the First ASEM Meeting, held in Bangkok from 1-2 March 1996, Mahatir proposed cooperation with Europe in developing the Mekong basin and to establish the trans-Asia railway as an international railway network, which would ultimately connect mainland Southeast Asian railways with Chinese railway networks and link them up with Europe through the Asia-Europe Continental Bridge in order to facilitate trade, investment and the movement of people (Yang, 2003: 118). At the First ASEM Meeting it was announced that Malaysia would coordinate studies for a trans-Asia railway network – 'commencing initially with the railway project of the Mekong Basin Development' – and a possible integration with the trans-European railway network (ASEM, 1996). The latest meeting on the project – the 26th ASEAN Railway General Manager's Conference – was held in Phnom Penh on 2 November 2004 in order to attract 15 Million USD in funding from foreign donors for a 48-kilometre track from Sisophon to Poipet in the province of Banteay Meanchey, which would connect Cambodia's rail system and economy to Thailand, Malaysia and Singapore. The planned rail track is a missing link in the ASEAN railway project. Also discussed was another missing link which needs to attract 500 Million USD in funding for a 305-kilometre stretch from Phnom Penh to the province of Loc Minh in Vietnam. The link would

allow goods and travellers to go by train from Cambodia through Vietnam and into Kunming in China's province of Yunnan (AKP News, 20 October 2004).

A major road project resembling in scope the trans-ASEAN railway is the ASEAN highway, the creation of which is coordinated by ASEAN senior transport officials and involves upgrading of national routes up until 2020 (ASEAN, 1999). Myanmar, which faces difficulties integrating into the subregion due to unsettled difficulties with its minorities, who live in the border areas, reported in 2004 that work on two sections of the ASEAN highway in Myanmar had started: one section in the southern Mon state, the Mwlamyine-Mudon-Thabyuzayat section, will be upgraded by South Korea under an ASEAN+3 aid programme. The second section of Thaton-Pya An-Kawkareik-Myawaddi in the south-eastern Kayin state will be implemented with Thai cooperation (*Viet Nam News*, 19 June 2004: 7). To date, the government of Myanmar is unable to participate in the GMS on a larger basis as the conflicts between the government and minority forces cause disruptions to integration efforts in the border areas (interview with a Burmese researcher in Hanoi in May 2004). Burma's minority problem represents a left-over of historical patterns of sovereignties and loyalties, which were replaced by modern post-colonial nation states with clear cut boundaries; but the new post-colonial national governments have not always managed to expand their control 'over all of their supposedly "sovereign" spaces', that is, to expand the control of a majority population over the now minority populations, which in addition often have 'kin and kith networks' across the newly established borders (Grundy-Warr, 2002: 220-221). The difficulty of the government in Yangon is exemplary for the problematic cross-border integration in the GMS, which, as remarked earlier, is a region in which cooperation predates national and Cold War boundaries. National borders are a contentious issue, and the precise lines of borders are still a matter of controversy in bilateral relations between GMS countries (interview with a Burmese researcher in Hanoi in May 2004). Already in 1997, Forney remarked that the 'Burmese junta's recent offensive against the Karen minority could straighten out a huge question mark along the Thai border, but the inherent volatility in the region means political solutions must precede economic ones. Until then, private capital will shy away from the region' (Forney, 1997: 57).

One of the infrastructural 'building-blocks' mentioned earlier in this chapter is the *GMS Cross-Border Transport Agreement*, a central road project, which exemplifies the ASEANisation of the Mekong basin. The physical backbone of any integration effort in the Mekong region lies in advanced transportation networks and

transport regulations. Transportation in the Mekong area by road becomes difficult as soon as one wishes to cross the Mekong by means other than ferry. As of October 2004, the following bridges (limited to international bridges or bridges as part of the GMS programme) had either been already built or were under construction (Auswärtiges Amt, October 2004: 12-13):

- In April 1994, the Friendship Bridge between Nongkhai (Laos) and Vientiane (Laos) was opened. The bridge was the first international Mekong Bridge.
- The so-called Second International Mekong Bridge links Mukdahan (Thailand) with Xeno, province of Savannakhet, in Laos. It is part of the East-West-Corridor. The Japan Bank of International Cooperation (JBIC) extended a loan of USD 72.9m for the construction. Construction started in 2003 and is planned to be finished by the beginning of 2007. Including the new Savannakhet airport, the bridge is supposed to open Thailand's northeast via Khon Kaen.
- A bridge over the Thanlwin in Myanmar financed by the government of Myanmar is part of the East-West-Corridor. Construction was planned to be finished in December 2004.
- A bridge over the Mae Sai 4 km east of the existing bridge was built in order to enhance the link between Chiang Rai in Thailand and Myanmar and extend the transport network between Thailand and its neighbours. The bridge was finished in April 2004. Thailand and Myanmar have agreed to build yet another bridge over the Mae Sai. Thailand wants to support construction.
- The Thai Transport Ministry plans to extend aid to Laos to build a bridge over the Hueng river, in order to facilitate trade and tourism in the province of Loni (Laos). The bridge will link the village of Tha Li in Loei (Thailand) with Kantao in Sayaburi (Laos). Construction was started at the beginning of 2004 and was planned to be finished in August 2004.
- The Operation Plan of the ADB of 2004-2006 plans a bridge at Chieng Khong in Laos as part of the East-West Economic Corridor. The exact place for the bridge is not yet determined. Of the USD 30m, USD 10m will be financed by the ADB. Thailand and China are interested in the project. Thailand plans to cover 50 percent of the costs.

The slow proliferation of international bridges shows the hesitation with which GMS countries remove obstacles to cross-border transport. A considerable milestone in this regard is the *GMS Cross-Border Transport Agreement*. Its purpose is

to streamline regulations and reduce nonphysical barriers in the GMS. It incorporates the principles of bilateral or multilateral action, and flexibility in recognition of differences in procedures in each of the GMS countries (www.adb.org/GMS/agreement.asp).

The agreement is formally known as *The Agreement between and among the Governments of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam for Facilitation of Cross-Border Transport of Goods and People*.⁸² It originated as an agreement between Laos, Thailand and Vietnam, signed in Vientiane on 26 November 1999. The agreement then saw the accession of Cambodia (29 November 2001), China (3 November 2002) and Myanmar (19 September 2003). The GMS members are thus all members of the agreement. The 17 annexes and 3 protocols to the agreement were to be negotiated in three stages until December 2004, the date of the 13th GMS Ministerial Meeting.

Specifically, the agreement's provisions deal with the issues of border crossing formalities, cross-border transport of goods and people, requirements for the admittance of road vehicles for cross-border traffic, exchange of commercial traffic rights, and infrastructure (Parts II-VII). Regarding an institutional framework, member states 'will each establish a permanent National Transport Facilitation Committee chaired by a Minister or vice Minister or its equivalent.' The respective committees' representatives will form a Joint Committee, which in turn 'will monitor and assess the functioning of the Agreement. It will serve as a platform for discussion, a forum for amicable settlement of disputes, and it may address advice to the Contracting Parties and formulate proposals for amendment of the Agreement' (Part VIII, Art. 28 and 29).

⁸² For a map of the agreement see Appendix.

The provisions of the agreement indicate the ASEANisation of the GMS by settling disputes ‘amicably’ and introducing ‘flexibility’ in carrying out the agreement. Non-binding commitments and voluntary participation in GMS projects, according to political will and/or sufficient national capabilities mark a subregion of different integrational speed. It appears that this form of cooperation, which leaves countries space and time for development and political decisions, is the only way for GMS countries to cooperate given the history of the area shown in Section One of this chapter. The committee governance mentioned above helps creating trust and consensus about the working programme, and it accommodates diverging views of development in a pragmatic fashion of cooperation in which form follows principle. We shall see in the next chapter how China and Vietnam cooperate in the GMS despite diverging foreign policy interests, guided by a system of consultation, which resembles the committee governance in the GMS. It should be noted, however, that the ASEAN way was stirred in 2003, when Thailand and Singapore moved to use EU-style peer pressure to speed up integration: the two governments ‘skirted traditional consensus-driven decision-making by forging bilateral trade agreements and launching bold unilateral measures that they hope will pull the rest of Asean along in their wake’ in order to stem growing competition from China and India. The idea is to ‘[i]mplement their own trade liberalization measures that don’t need approval by all 10 members of Asean, then invite everyone else to sign on’ before AFTA can take effect in 2020. The ‘two plus x’ model has already taken shape in the field of air cargo, with the Philippines, Cambodia and Brunei having expressed interest in joining Singapore and Thailand. Furthermore, Singapore reached a landmark deal with the US in 2003. Thailand has just concluded a free-trade agreement with India and is in the process of negotiating similar agreements with China and the United States to make up for slow tariff-cutting within ASEAN (Vatikiotis and McBeth, 2003: 16).⁸³

Apart from voluntary implementation of projects, the GMS is subdivided by rivalling cooperation schemes, a situation which mirrors ASEAN’s subregionalisation. The essential nature of them is their small-scale character: they have, apart from ASEAN-MB, fewer members than the GMS. They consist of:

- the ASEAN-led ASEAN-Mekong Basin Development Cooperation (ASEAN-MB);

⁸³ For more on the Thai-US negotiations see *Agence France-Press*, 14 October 2003 and *US-ASEAN Business Council*, 23 March 2004.

- the ESCAP-oriented Mekong River Commission (MRC) of Vietnam, Laos, Cambodia and Thailand;
- the Japanese-initiated Forum for Comprehensive Development in Indochina (FCDI);
- the Quadripartite Economic Cooperation (QEC) or Golden Quadrangle of China, Myanmar, Thailand and Laos; the QEC ran into trouble when Thailand announced in April 2003, that it would suspend participation from the project, which involves blasting of rapids, after the Thai military had warned that a faster flowing Mekong might alter the border between Laos and Thailand (Wain, 26 August 2004a); and in 2004, the Chinese side indicated that it would not continue with plans of clearing the Mekong between Chiang Saen and Luang Prabang due to heavy criticism and increasing hostilities of Thai villagers and increasing concerns voiced diplomatically in Cambodia and Vietnam about the impacts of changes to the Mekong (ibid.);
- the Japan-ASEAN-led AEM-MITI/METI Working Group on Economic Cooperation in Cambodia, Laos and Myanmar;
- the Ayeyawadi-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) of Cambodia, Laos, Thailand and Myanmar, first announced on 29 April 2003 by Thailand's Premier Thaksin Shinawatra and formally established in Bagan, Myanmar (Bagan Declaration) on 12 November 2003 (Vietnam joined the group on 10 May 2004);
- the Emerald Triangle Cooperation Framework on Tourism (Thailand, Laos, Cambodia), established in Pakse, Laos, on 2 August 2003; the founding document is the *Pakse Declaration on Tourism Cooperation in the Emerald Triangle*).

Table 10: Institutional Arrangements in the Mekong Basin

GMS	ASEAN-MB	MRC	FCDI	QEC	AEM-METI	ACMECS	Emerald Triangle
Vietnam	Vietnam	Vietnam	Vietnam			Vietnam	
Cambodia	Cambodia	Cambodia	Cambodia		Cambodia	Cambodia	Cambodia
Laos	Laos	Laos	Laos	Laos	Laos	Laos	Laos
Thailand	Thailand	Thailand		Thailand		Thailand	Thailand

Myanmar	Myanmar			Myanmar	Myanmar	Myanmar	
China	China			China			

The division of ASEAN into growth triangles is thus repeated in the division of the GMS into further subregions. Medhi Krongkaew used the plural to describe the GMS as ‘growth areas’ (Krongkaew, 2000: 49), displaying the difficult nature of cooperation in the Greater Mekong Subregion. However, a positive development in this regard is that the splitting of the GMS in small regions could spark hopes in that the subregion will be built from below which could improve economic and political cohesion. As of now, however, the name ‘subregion’ is misleading in that it pretends to be economically and politically a single entity, which in fact does not exist. The GMS is split into a range of small projects which scrape home under the name of GMS under the roof of the ADB. Furthermore, subregional initiatives link Mekong countries to South Asia through natural phenomena such as a common coastline or a river, a development which calls to mind Scalapino’s ‘natural economic territories’ (Scalapino, 1991/92: 20-21) and Ohmae’s rather extreme and unrealistic statement (given the countries’ economic, political and cultural differences) of a ‘borderless world’ (Ohmae, 1996: 80): the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, Thailand; established in Bangkok on 6 June 1997); and the Mekong-Ganga Cooperation (Thailand, Myanmar, Cambodia, Laos, Vietnam, India; established in Vientiane on 10 November 2000). Another cooperation is the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), but of the Mekong countries only Thailand is involved.

The result is that the GMS is split into smaller entities in two ways: firstly, GMS projects – due to their flexibility in implementation – have varying participants; and, secondly, after the GMS was established in 1992, independent organisations have joined the Mekong area with overlapping membership. Coordination among these organisations is virtually impossible (interview with a Burmese researcher in Hanoi in May 2004). These independent organisations have different donors and different lead countries or organisations. Therefore, they embody different interests and goals, and hence carry the danger of a clash of interests (Weatherbee, 1997), such as the QEC and the MRC (Kristensen, 2001c). As Mya Than and George Abonyi emphasised, more coordination is necessary (Mya Than and George Abonyi, 2001: 133) in order to ‘minimize duplication [of funding] and maximize investment’ (Weatherbee 1997: 172). External actors hence contribute

not only positively, but also negatively to the development of the Mekong basin in general and the Greater Mekong Subregion in particular. Lack of coordination occurs despite mutual observer status. The GMS, MRC, ASEAN-MB, FCDI and AEM-MITI already track and watch each other to explore possibilities for programmatic and other cooperation. As a result, the decision was made to 'broaden participation in deliberations through observer status': at the 6th GMS Ministerial Meeting in August 1996, the non-riparian ASEAN states attended, as did observers from the Japanese government, the AEM-MITI Working Group, and the Mekong River Commission, that is, 'all of the parties directly involved in Mekong River Basin development' (Weatherbee 1997: 172). The arrangement remained the case during the following GMS Ministerial Meetings. This development shows that the GMS has to go a long way before it can be regarded as a coherent economic group. This gives rise to a situation, in which Vietnam will not be able to tie China's foreign policy in a multilateral forum. Although with regard to China's regional orientation, Beijing seeks long-term cooperation in the subregion, and the work programme of the GMS provides a list of items on which China is willing to cooperate; yet Beijing does not seem willing to alienate sovereignty on these issues. The globally-oriented foreign policy, however, seeks to keep a free hand and views regional cooperation bodies as vehicle to achieve broader foreign policy goals, among which the repelling of US influence is high on China's agenda. In this way, loosely knit cooperative bodies serve China's regional and global aims. The issue will be discussed in detail in the next chapter.

Coming back to coordination between the various cooperation projects in the subregion, it seems that the effort to grant mutual observer status was not enough: in the light of the QEC's 2001 Agreement on Commercial Navigation on the Lancang-Mekong River, and the resulting diverging interests between the environmentally more sensitive Mekong River Commission and the economically oriented QEC, Joern Kristensen, the then chief executive of the Mekong River Commission, put forward the following request:

With many new developments in the Greater Mekong Sub-region on the drawing table, in the pipeline or already under way, and with a Mekong region knit closer by its growing economic links with China, the time is ripe for all parties involved – the Asian Development Bank, United Nations Economic and Social Commission for Asia and the Pacific, Mekong River Commission, World Bank, United Nations Development Programme, a large group of bilateral donor agencies and civil society

groups – to sit down with the six countries sharing the river, in recognition of existing conventions and agreements, and discuss due process for Mekong-related natural resource planning. The challenge, as always, is to find ways to manage the development so that the benefits are shared equally and harm to the environment is minimized. The Association of Southeast Asian Nations could lend its weight to support such a process (Kristensen, 2001b).

The QEC's agreement was seen as a direct challenge to the MRC's 1995 inaugural *Agreement on Cooperation for the Sustainable Development of the Mekong River Basin*, 'which has the status of an international treaty' (Kristensen, 2001c), and was described as 'a perfect example of the real demands on the resources of the Mekong, the drive for development in the Mekong Region and the pressures that cooperation and development bring' (Kristensen, 2001a). The purpose of the QEC agreement is to open a major shipping route from Simao in the province of Yunnan via Luang Prabang in Laos and into the Northeast of Thailand (see also Do Van Bach, 2000: 151-152). This indicates Lao interest in subregional Mekong cooperation, namely to become a transshipment place for transportation between its four neighbours China, Thailand, Cambodia and Vietnam, and to boost its hydropower earnings by forging close relationships with its neighbouring countries. Here, again, domestic policy demands inform the conduct of foreign affairs.

5.3. Conclusion

The historical events examined in Section One of this chapter can be seen as preconditions to the situation analysed in Section Two. The development of an interest in cooperation on the side of China's and Vietnam's governments, Vietnam's acknowledgement of China's powerful economic and political position, and both countries' interests in stable relations with Southeast Asian countries (although for partially different purposes: see Chapter Six) all made Mekong cooperation possible.

Helped by the ADB as independent mediator, the Mekong, most of the time until the early 1990s a division line, to some extent mirrored the development in the Sino-Vietnamese border areas in that it became increasingly regarded as potential means of cooperation in order to realise national interests as countries returned from

ideology to pragmatism and central governments, subnational units and individuals picked up pre-colonial and pre-Cold War trade routes. Realisation of the national interest and the awareness of the transnationality of issues of non-traditional security as part of the national interest helped to forward the idea of multilateral cooperation, blurred the lines between the domains of foreign and domestic policy and mixed high and low politics in times of the 'new regionalism' in the form of 'growth areas' in Northeast and Southeast Asia. Issues of non-traditional security often materialised as issues involving several central ministries as well as border localities (such as in cases of smuggling or transboundary rivers). Subnational units and central governments saw their interests at stake over the same issues, while non-state actors involved themselves in searching for solutions to transnational issues (NGOs, UN agencies) or to advance local business agendas (firms), thereby forming a system of multi-track processes. In this system, decision-making and institution-building may become more complex as more actors become involved, which form links across the three layers of state, substate and non-state and which represent diverse interests (see for instance in Chapter 6.1.2. the World Bank consultations in the planning phase of the Nam Theun 2 Dam). Yet, for the GMS, states are the dominant decision-making authorities, with NGOs, UN agencies, firms and subnational units acting within the constraints of a framework set by central governments. This is especially true for the still relatively unitary states of China and Vietnam.

Despite the convergence of expectations of cooperation among the six member countries, it remains difficult to coordinate the policies of the six countries involved. The GMS work programme represents the lowest common denominator of the six riparian states. This is also a reason why other cooperation projects with fewer members have joined the GMS in the Mekong region. They seem to give evidence to the idea that cooperation becomes more difficult the more actors are involved.

Having emerged from the devastations of the Cold War, the structural design that was developed for the GMS followed ASEAN patterns of a 'soft regionalism.' Since the new regionalism did not anymore automatically put integration in a supra-national state on the agenda of states, cooperation in the GMS started in a rather relaxed atmosphere with no clear deadlines and no legally binding rules. This way cooperation also gave birth to the 'two plus' principle of the GMS, under which two members can pursue activities within the GMS framework, which do not need the participation or consent of all of the six GMS members. Regularised meetings of an array of specialised and general meetings established trust between former adversaries and led to stable patterns of cooperation in a system of committee

governance, which is based on general principles, norms and procedural guidelines. More transparency followed in the wake through extensive information exchanges in the working groups and ministerial meetings.

While cooperating in a loose structure, the GMS is turned into a region, which is being prepared for globalisation with the introduction and expansion of substructures such as infrastructure, human resources development and streamlined border crossing regulations. By doing so, in accordance with the phenomenon of the new regionalism, the GMS is developed as a region in a process of regionalisation, which at the same time prepares it for globalisation. China and Vietnam, as well as the other four GMS countries, use it for various purposes, among them partially diverging globally-oriented foreign policy purposes, but also for the development of their national or local economies, for the alleviation of poverty, the eradication of cross-border crime and other non-traditional and human security issues, which challenge the authority and problem-solving capacity of national governments. Domestic policy thus informs the interest of central governments in multilateral cooperation.

Chapter Six will now explore this pattern in relation to Vietnam's and China's foreign affairs and the relevance for cooperation in the Greater Mekong Subregion.

Chapter 6

The GMS and Foreign Policy: The China-Vietnam Dimension

This chapter is devoted to the exploration and examination of Vietnam's and China's foreign policies as they become manifest in cooperation in the Greater Mekong Subregion. The local and global dimensions of these foreign policies will be analysed, hence the potential dual character of the foreign policies mentioned in the research questions at the end of Section One of Chapter One, and the effects this has on GMS cooperation. Water cooperation will be of relevance again, especially in the sections on Vietnam and the issues this constitutes for Vietnam's relations with China.

In a first step, Vietnam's general foreign policy layout will be discussed and then related to Vietnam's foreign policy designs in the Greater Mekong Subregion and the goals Vietnam's foreign policy aims to attain with particular relevance to China. In a next step, the same method will be applied to China: first, Beijing's general foreign policy will be discussed, followed by an analysis of Beijing's strategies towards GMS cooperation.

The last section of this chapter examines cooperation in the Sino-Vietnamese border regions, which are part of the GMS framework. The section accordingly focuses on the role and actions of subnational units, namely the border provinces north and south of the Chinese-Vietnamese border.

6.1. Vietnam and the GMS

6.1.1. General remarks: the relevance of Southeast Asia for Vietnam's post-Cold War foreign policy

Vietnam's re-orientation in foreign policy and the interest in joining Southeast Asian cooperation schemes not only reflected Vietnam's need to escape the virtually complete diplomatic and economic isolation after Gorbachev's reforms, but also represented 'a Vietnamese quest to find a niche for itself other than being an appendage of China's or being the odd man out between China and ASEAN' (Klintworth, 1990: 11). Hanoi's accession to ASEAN in July 1995, after having

signed the Treaty of Amity and Cooperation and having acquired observer status in July 1992, is generally seen as a major achievement of Vietnam as regards accomplished national security and enhanced political weight.

Vietnamese governmental advisors and foreign policy analysts, the author interviewed in Hanoi in summer 2004, explained the global changes as follows: prior to the mid-1970s, when China and Vietnam were 'lips and teeth', China supported Vietnam's struggle for independence. Then, it was critically noted, Vietnam amended the constitution in which China was explicitly called a threat and short-term enemy, while the US was the long-term enemy. In 1988, in response to Soviet policy changes and domestic economic difficulties, Vietnam changed its foreign policy and the sentence in the constitution referring to China and the US was erased.

This change in foreign policy brought about a new security perception, which marked a change from a Vietnam which viewed itself as part of the socialist bloc, to *doi moi* as new guideline according to which foreign policy was adjusted. In addition, the security concept changed from traditional security to the achievement of comprehensive security, which adds the transnational dimension of human security to the security agenda of states. Vietnam set out to achieve good relations with all countries, and in particular the major powers (Japan, China, the United States and the EU), in order to diversify its foreign relations and investment and back up the reforms of *doi moi*. In these considerations of diversifying investment sources and balancing the influence on China in Vietnam, China is seen as a neighbour and a great power, a fact which 'Vietnam sometimes forgets.' China's power is something that has to be acknowledged, its influence and rise is inevitable. Although it was explicitly said during the interviews with senior Vietnamese foreign policy analysts in Hanoi in summer 2004 that there is no common interest in the foreign policy objectives between Vietnam and China, both countries nevertheless have to cooperate to ensure a peaceful environment. To achieve this, there must be a balance of influence in the region between the EU, India, Russia, the US and China. With Vietnam being 'a ball in the game between the great powers', the balance of power is very important for Vietnam in order to ensure the attainment of Vietnam's domestic reform and foreign policy goals.

The relationship between Vietnam and China is of a mixed character, they are partners as well as competitors. Regarding economics, Vietnam – as most of ASEAN – sees China's growth as both a challenge and an opportunity.

The opportunities are threefold:

- 1) ASEAN countries can take advantage of the Chinese market, such as selling agricultural goods to China at a high price;
- 2) China's growth is the opportunity to renovate Vietnam's economic management and technology in the face of Chinese competition;
- 3) in terms of security, a poor China is much more dangerous than a prosperous China. A wealthy China can ensure the security in the region better than a poor China, because economic integration restrains China and makes it consider the cost of leading a war in the region. Apart from the challenges, China's expanding economy can provide benefits, and an economic expansion reduces China's ambitions to expand its influence through military means.

However, this constructive or even positive view of China's role in the bilateral relations between China and Vietnam was only rarely mentioned in the interviews with foreign policy analysts in Hanoi in summer 2004. In most of the interviews, attitudes regarding security policy were explicitly negative: the view emerged that China 'cannot go east' because it would interfere with Japanese and Korean interests and US military protection of both countries. It 'cannot go north' because there is Russia. So it 'goes south' with the aim to get Taiwan back, potentially through economic domination of mainland Chinese investment in Taiwan, and then after this problem is solved to exert pressure on Vietnam for a solution of the Paracel problem and further contending claims in the South China Sea. Frustration in Vietnam about Beijing's conduct of foreign affairs seems to sit deep. In this picture, China's embrace of the TAC appears as a largely cosmetic alteration of Beijing's assertive foreign policy behaviour and foreign policy goals. This frustration is voiced in the statement that 'deep in our hearts, we do not want to deal with China. Regardless of all official pronouncements, China is a threat and it is not clear where it is heading to. But we cannot but acknowledge China's presence.'

The result of the challenge posed by Vietnam's Janus-faced view of China is a balancing act in particular between China and the United States. The carefully elaborated foreign policy was temporarily upset under Secretary-General Le Kha

Phieu⁸⁴ in favour of an explicit pro-China policy. Fundamentally, Phieu acted outside the constraints of the collective leadership principle and was sharply attacked for pursuing a policy that emphasised relations with socialist and neighbouring states but neglected the US and ASEAN (Abuza, 2002: 139-141). Nevertheless, the China-tilt of Phieu shows a fundamental issue, namely that China is Vietnam's ally in fending off the threat of peaceful evolution and a model in sustaining one-party rule while further liberalising the economy in order to maintain political stability, and, hence, one-party rule. In 2000, while heading a VCP delegation to China for the occasion of one of the conferences mentioned above on combining ideology, one-party rule and economic reform, Phieu went so far as to pronounce that 'if China succeeds in its reform, then we'll succeed. [...] If China fails, we'll fail' (Chanda, 2000: 32).

Despite the eagerness, with which the foreign policy administration in Hanoi tries to improve relations with the United States, there is considerable uneasiness about US policy on the side of Vietnam: it was repeatedly voiced during the interviews that the United States is reluctant to see closer East Asian cooperation arise – something Vietnam itself wishes to see to make China's foreign policy predictable: US influence on Thailand, Singapore and the Philippines could shrink in a close East Asian cooperation scheme. Hence, the US is reluctant to see a closer integrated Southeast Asia emerging. This holds also true for China, which exerts influence through bilateral relations in Myanmar, and Japan, which has formidable relations with Thailand and Singapore. In the view of the interviewees, the efforts with which Japan and the US sign bilateral free-trade agreements with individual ASEAN countries mean that cooperation within ASEAN is not only made more difficult, but that Washington and Tokyo have no desire of letting Northeast and Southeast Asia become a more integrated institution, which might eventually fall under the influence of an emerging China. This view was mirrored in a paper published in 2004 in Vietnam's main Southeast Asian studies journal *Nghiên cứu Đông Nam Á* (Southeast Asian Studies). In the paper, Hoang Khac Nam expressed the opinion that it would be unacceptable for the US to let Southeast Asian countries come under the influence of an assertive China while the influence of the US is in decline, especially against the prospect that a regional cooperation under ASEAN+3 could further reduce the role of the United States in East Asia (Hoang Khac Nam,

⁸⁴ Le Kha Phieu was elected at the 4th Plenum of the 8th Central Committee, 26 December 1997, and voted out of office at the 9th Party Congress in April 2001.

2004: 79). Furthermore, Hoang Khac Nam points out that security in East Asia cannot be achieved by regional bodies alone but relies on participation from outside the region: all security mechanisms, be it the ASEAN Post-Ministerial Conferences, the Southeast Asia Nuclear Weapons Free Zone (SEANWFZ) Treaty, the CSCAP, the Japan-US security treaty, the Northeast Asia Cooperation Dialogue, the Quadripartite Party Meetings (US, China, North Korea and South Korea), the party meetings of the US, Japan and North Korea, or the ARF include powers from outside the region (Hoang Khac Nam, 2004: 79). Nam's notion that the ARF does not wield real power but is 'simply a consultative platform' (Hoang Khac Nam, 2004: 78) expresses disappointment and conveys Vietnam's wish to turn Southeast Asia into a closer integrated region. In the light of post-Cold War antagonisms China-US and China-Japan, and the unresolved issues of Taiwan, North Korea and the South China Sea – all of them having the potential of leading to violent conflict –, attempts to increase ASEAN's influence in the creation of security have failed altogether (Hoang Khac Nam, 2004: 78). In the same vein, Nguyen Manh Hung criticised ASEAN as being 'unable to address key regional security issues as evidenced by the failure of the Asian Regional Forum to adopt a code of conduct in the South China Sea in July 2001' (Nguyen Manh Hung, 2002).⁸⁵

The US role was also an important issue in the discussions on the East Asian Economic Caucus, an idea floated at the beginning of the 1990s by Malaysia but opposed by the US for its exclusiveness, which would have left Washington out. After the failure of EAEC, the new concept of an East Asian Community (EAC) emerged from the ASEAN summit of November 2004 in Vientiane. The EAC (the first summit is to be hosted by Malaysia in 2005) has the goal of forming a cohesive East Asian economic and security region (*The Economist*, 11 December 2004: 62). China, Japan, South Korea and Pakistan have signed ASEAN's TAC, and free-trade deals with ASEAN are in the making in all three of the countries. Similar difficulties have arisen for the envisaged ASEAN Security Community (ASC), which is planned along with the ASEAN Socio-Cultural Community (ASCC) and the ASEAN Economic Community (AEC). The three pillars of a future closer integrated region by 2020 were agreed at the Bali summit in October 2003. Indonesia already fears that the EAC might overshadow ASEAN. Moreover, the competition between China and Japan is a serious obstacle to the attainment of an East Asian bloc (*The*

⁸⁵ For a critique of the *Declaration on the Conduct of Parties in the South China Sea* (ASEAN, 2002c), signed on the 8th ASEAN Summit in Phnom Penh in November 2002, see Wain, 2002: 26.

Economist, 11 December 2004: 62). The exclusion of the US would rob Washington of influence in the region, as it is included in many of the current discussion platforms, such as APEC and the ARF. Taking into account China's military and economic ascendancy, the EAC 'will give China an unrivalled chance to shine' (*The Economist*, 11 December 2004: 62), thereby skipping the balance of power between Japan, China, the US and possibly India, and thus a balance, which Vietnam hopes will detain Chinese influence.

According to Klintworth's 1990 analysis, Vietnam's security had already been assured since the late 1980s: in the course of Vietnam's invasion of Cambodia, Vietnam 'isolated the Khmer Rouge internationally and [...] crippled them militarily at least insofar as Vietnam's border security is concerned.' Regarding its second border problem in the north, Vietnam 'has demonstrated a substantial defence capability on the Sino/Vietnamese border and shown that it is prepared to bear a disproportionate cost to protect its independence. Begrudged though it may be, China respects Vietnam's military power.' Importantly, Beijing started a moderated Indochina policy in early 1989, but was halted by the Tiananmen incident. The changes were a result of Chinese policy advisors recommending a 'less vindictive Chinese policy towards Hanoi.' Former Vice Premier Wu Xueqian stated that China and Vietnam are 'still brothers and comrades', a hint that China also wanted to restore relations. This aim was visible in China giving up support for the Khmer Rouge (Klintworth, 1990: 6-7), albeit only after the US had stopped supporting them and China remained the only country doing so. Having achieved its national security early on, Vietnam, from the late 1980s onwards, was thus able to concentrate on domestic reform (Klintworth, 1990: 6). A crucial factor, however, was Soviet support between the late 1970s and 1980s, showing that Vietnam essentially relied on alliance building to ensure its national security.

6.1.2. Vietnam in the GMS

Having left alliance building behind, Vietnam needed the support of regional organisations in the post-Cold War world. This is expressed in the desire that Southeast Asian cooperation schemes become more integrated towards the style of the European Union (personal interviews with Vietnamese researchers and governmental advisors in Hanoi in summer 2004). The particular problem here is that only with China's participation are cooperation projects in the Mekong area a worthwhile undertaking. For instance, the Mekong River Commission needs China's cooperation if not actual membership as China controls the Mekong's source; and

the GMS has the Mekong river as unifying element and central source for energy production, irrigation and transportation development. Berman, as mentioned earlier in this study, pointed out:

The fact that so many hopes for major development schemes are placed on the availability of water from the Lancang (Mekong) is both a cause for anxiety and a motivation to cooperate among the six GMS countries. Only China, controlling 50% of the river's headwaters, remains in a position to develop the river unilaterally (Berman, 1998: Chapter II.C.1.).

These constellations of power and interest convey direct importance on the GMS and point out a similar dilemma for the Mekong states, which has already beset ASEAN countries: China is viewed as both an opportunity and a threat.

Vietnam, having joined ASEAN, employs a strategy that focuses on extending the dialogue with China while trying to strengthen the mutual economic ties⁸⁶; being economically attractive to other countries as well, such as Russia and Japan, increases Hanoi's international stand and economic strength and, as a consequence, could provide it with the ability to assert itself politically vis-à-vis its big neighbour (Will, 1999: 305-306). GMS cooperation is an important stepping stone to serve this purpose. As mentioned earlier, the GMS is the only subregional cooperation scheme in the Mekong basin that includes all Mekong riparian states and unites them in a common purpose; and at the same time, the GMS is the only subregional cooperation endeavour, which includes both China and Vietnam. Steps towards economic cooperation were taken quickly in the wake of Vietnam's above mentioned announcement of 6 January 1989 to withdraw from Cambodia by September 1989: the border was re-opened in February 1989, air traffic was resumed in 1992, clearing of the 120 minefields started in 1993 and direct mail service between Lang Son and Guangxi was established in 1999.⁸⁷

⁸⁶ For statistical data on economic relations see Nguyen Duy Quy, 2000: p. 14. The data used by Nguyen Duy Quy was published by Nguyen The Tang, Director of the Center for Researches on China.

⁸⁷ For more details see the table on Sino-Vietnamese visits in the Appendix.

China's economic and political power position and its – from Vietnam's point of view – problematic strategy of 1) building strong ties with Southeast Asia and 2) using Southeast Asia as a large market for exports from Yunnan and Guangxi (for more see section 4) produces an element of dependence for Vietnam on China. The differences over the East Sea (South China Sea), especially the use of Truong Sa (Spratly) and Hoang Sa (Paracel) islands and export competition in the international market, especially after China's accession to WTO, all pose problems. As a result, the ultimate goal of Hanoi's foreign policy is to remain independent of China in economic and political affairs by 'expanding its economic potential' and developing good relations with the US, Japan and the EU (Nguyen Than Duc, 2002: 4-5), and – recently – India. This is the application of the foreign policy of diversifying and multilateralising foreign economic relations of 1991, a consequence of *doi moi*. In discussion with scholars in Vietnam, the importance of the presence of the great non-Asian powers in Northeast and Southeast Asia in order to create a balance of power situation was repeatedly emphasised. Apart from the usual countries and regions – the EU, US and Japan – the government takes particular notice of the rise of India. In summer 2004, the Foreign Ministry's ASEAN department was preparing a workshop on India-ASEAN relations. This also shows the importance Hanoi attaches to a multilateral expansion of ASEAN's foreign relations. It additionally shows that the government views itself as an actor within ASEAN and the significance the government attaches to Vietnam's position in the grouping. So far, however, the strategy has been of limited successfulness. This is apparent in the fact that there is a deep frustration in Vietnam about Beijing's conduct of foreign affairs, expressed in the repeated – and already mentioned – statement that 'deep in our hearts, we do not want to deal with China. Regardless of all official pronouncements, China is a threat and it is not clear where it is heading to. But we cannot but acknowledge China's presence.' Specific to the GMS is the situation that Vietnam's position as last in the line of Mekong countries produces dependence on cooperation with upstream countries and especially with China, the most beneficial of which would be a cohesive region with legally binding provisions.

The Greater Mekong Subregion is of importance to Vietnam in the following aspects (the bullet points are personal interviews with senior academics and foreign policy advisors in Hanoi in summer 2004):

- maritime borders: Gulf of Tongkin, South China Sea. Solutions to these conflicts will take time as they involve the alienation of territorial sovereignty. Vietnam recently sent a tourist group to the Spratlys, which

according to the interviewees did not violate territorial sovereignty of China or other countries. Rather on the contrary: one interviewee plainly stated that 'it is only normal.' The South China Sea is not only a Vietnam-China issue but involves the whole region. It therefore needs a multilateral approach. The South China Sea issue is the 'most complicated' issue in Vietnam-China and ASEAN-China relations. 'Only if there are good relations in the GMS will there be good relations in the South China Sea.' The contending claims for gas and oil fields are furthermore not merely of territorial nature, but involve the issue of energy security and the ability to maintain economic growth;

- China is setting up alliance circles within ASEAN to buffer against the United States, which means that both the region and individual countries are important for China. Therefore, it is in the strategic interest of China to cultivate relations with regional countries, which at the same time carries the danger of Chinese domination of the countries in the buffer zone;
- secure water resources;
- use of water resources: dam-building and irrigation: China's dam-building activities are of concern in Vietnam as regards the ecology of the agricultural intensive Mekong delta. There is, however, no bilateral framework for these problems between Vietnam and China, but (only) an 'emerging multilateral framework' within the GMS. However, there are no clear norms and institutions for problem-solving within the GMS. There is no institutionalisation, but only an 'upgrade of cooperation', which makes it difficult for Vietnam to exert pressure on China's policies towards the subregion through the structure of the GMS (for the dam issue see later in this chapter);
- transnational crime (human and drug trafficking, smuggling): the government has to control border trade. The amount of illegal or at least informal trade is higher than the legal trade. There is, however, 'no effective way to stop illegal trade.' Measures to be taken are related to an improvement of border control, for instance the introduction of border crossing formalities such as visas, vehicle registration, and one-stop controls;
- Vietnam's investment in China is very low, which results in a growing trade imbalance. Vietnam's focus since the end of the Cold War is its economic development, since lagging behind economically is the greatest threat to Vietnam's security. To develop economically, Vietnam needs to a stable and peaceful environment. The northern part of the country, which borders China, can acquire security only through the settlement of territorial disputes

with China (land border and demarcation of the Gulf of Tongkin) and the boost of economic ties between both countries, which is not only important for peaceful relations with China, but also for Vietnam's integration in the world and its attractiveness for international investors;

- border trade: low-price Chinese products enter Vietnam, which endangers the local economy and skips the trade balance further in China's favour;
- 'push Vietnam's relations with Thailand and China' and 'enhance intra-ASEAN relations through GMS cooperation.' Since the end of the Cold War, the region has experienced increasing regionalisation and bilateral as well as multilateral activities. The GMS can help improving these trends in the region by enhancing the relations between China and Vietnam and eliminate bilateral threats to comprehensive security. However, the national interests between China and Vietnam differ, leading to differences in foreign policy. Therefore, 'good-will is important to advance cooperation.' As a common denominator, Vietnam and China share a border and a culture, and both countries need peace and stability, which makes war undesirable but not impossible. Based on this, a modus vivendi between China and Vietnam can be established in order to advance relations bilaterally and within the GMS. The challenges ahead are that the GMS includes China, but China is not an ASEAN country, a situation in which China has managed not to tie itself into binding commitments towards Southeast Asian countries. Therefore, 'the biggest question for Vietnam is how to deal with China?' It is a powerful country that controls the Mekong's source, and combined with its economic and political power is able to develop the river unilaterally without consideration for the concerns of downstream countries. The 'GMS should promote cooperation between ASEAN and China in a spill-over process.' The overlapping membership is a chance to narrow the gap between ASEAN countries. Development within the GMS is the central cooperation endeavour for the enhancement of relations in ASEAN;
- floods affect the ecology and agriculture of the Mekong delta: floods become worse each year, especially affecting Vietnam's Mekong delta and Cambodia's Tonle Sap. A particular problem in this regard is the Lancang Cascade in Yunnan (see below). 'Cambodia, Laos and southern Vietnam are agriculturally very intensive', and 'out of ordinary flooding has severe impacts on the agricultural output.' 'Trade and environmental protection have to be harmonised.' Therefore, in order to raise awareness for these problems, Vietnam 'would like to encourage scholarship in the scientific community of how to better harmonize people and the environment', since

there is already the awareness that national interest and sole profit-seeking behaviour is not beneficial for developing the Mekong and that cooperation is necessary. The general problem here is that 'upstream countries put the emphasis more on trade, while downstream countries put the emphasis not only on trade but also on environmental protection.' Cooperation on both issues should prevail in the future, not only the 'pushing of the national interest by the powerful upstream countries' in a situation, in which Vietnam is the last in the line of Mekong countries.

The above list indicates that Vietnam attaches relevance to the GMS in issues that go beyond the direct scope of the subregion. Indeed, the interviews on GMS issues always revealed problems, which extend beyond the subregion and mostly involve China directly or indirectly. This highlights the strategic importance of the GMS in the foreign policy framework of Vietnam in general and Hanoi's relations with Beijing in particular. The GMS therefore has both regional and global implications for the leadership in Hanoi (the subnational units of the border localities will be discussed later in this chapter). In particular, during the interviews, hopes were voiced that GMS cooperation aside from its direct subregional tasks could also indirectly influence the following issues:

- solve the South China Sea problem through a 'spill-over process' and in 'a multilateral approach';
- 'enhance Vietnam's low investment in China': by enhancing investment in China, Vietnam is directly competing with Thailand for shares in the Chinese market. At the same time, Thailand and Vietnam are 'in competition' for a leading position within the GMS. Therefore, cross-border infrastructure development is of high importance, which puts the development of the border localities high on the agenda of both Vietnam and Thailand (for details on this see Section Three in this chapter);
- border trade: low-price products entering Vietnam from China (see above);
- competition for FDI: by using mainland Southeast Asia as a gateway to the wider ASEAN region, China has an interest in using Thailand, Laos and Vietnam as transshipment centres to export its products of the landlocked south-western provinces. Here, again, Vietnam is in competition with Thailand (and Laos) for Chinese FDI. However, Vietnam does not only seek Chinese FDI, but also FDI from the major economic powers Japan, the United States and the European Union in order to diversify its sources of economic growth and not be dependent on China. We see here, however, that

China is an ‘unavoidable player’, calling to mind the above quote that China is simply there and Vietnam cannot but acknowledge China’s presence: Consequently, Vietnam tries to diversify its political and economic support as far as possible;

- soften potential threats of China’s military build-up by binding China into the subregion through a proliferation of transnational linkages;
- ASEAN: ASEAN is a loose grouping, the current formula for implementing decisions is ‘10-x.’ ASEAN cannot act as a coherent grouping, because the economic, cultural and strategic differences between all of the members are too strong. As a result, ‘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 good relations with Myanmar, the US has good relations with Thailand, Singapore and the Philippines, Japan has good 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.’

For enhancement of Vietnam’s low investment in China, Vietnam’s concerns regarding the trade balance in China’s favour and a resulting Chinese domination of Vietnam’s economy are acknowledged by Chinese scholar Gu Xiaosong. He argued that, at the national level, China and Vietnam ‘have emphasized the normalization of political ties rather than economic exchange’ (Gu, 2003: 2). Indeed, the majority of joint statements, pronouncements and announcements as well as official press coverage by the Chinese and Vietnamese media concern the improvement of political party-to-party and state-to-state relations with particular emphasis on the land and maritime borders; official press coverage of the economic side of the bilateral relations is relatively recent and has increased parallel to the decrease of the conflict over the maritime and land borders.⁸⁸ Still, however, focus on the economic side of bilateral relations is mostly confined to the sub-national level of border trade between Yunnan and Guangxi on the one side and Cao Bang, Lang Son, Quang Ninh, Ha Giang, Lao Cai and Lai Chau on the other side.

⁸⁸ For details see the table on high-level visits between 1990 and 2005 between China and Vietnam in the Appendix.

The feeling of the trade balance in China's favour is aggravated at a time when Chinese business people increasingly invest abroad, but also at a time of a prevalence of Japanese products in the region, for example Indonesia, which China's products pose competition to. In addition, the opening up of Cambodia after Vietnam's withdrawal opened a new market for China while Vietnam and Laos lost one (personal interview with a Japanese researcher in Hanoi in June 2004).

A prime concern of Vietnam specific to the GMS is Chinese dam-building at the upper flow of the Mekong, which has the Chinese name of Lancangjiang. A major concern related to this problem is salinisation of the Mekong delta. This point is raised by Nguyen Than Duc: the benefits of the Mekong delta for rice production, navigation, irrigation, fishing, hydro-electric power and tourism, give Vietnam an almost natural interest in the well-being of the Mekong. The ecological issues concerning Vietnam are deforestation, erosion, salt intrusion due to declining water inflows, pollution and a loss of biodiversity. Floods are increasingly affecting agricultural development. To tackle the issues, Vietnam needs the cooperation of the upper Mekong countries. The reduction of water resources due to dams, power plants and irrigation of the upper Mekong countries, is becoming increasingly difficult and is a major problem in Vietnam's relations to China and raises the issue of future water conflicts. While GMS cooperation in other fields is promising, cooperation regarding water resources remains difficult, in particular as economic competition grows. Enhanced cross-border cooperation, the development of the East-West Corridor and the Forum for the Comprehensive Development of Indochina are designed to tackle the problems. Also, it is hoped that subregional cooperation will diminish the differences in economic development among ASEAN member states. With ASEAN facing financial constraints, resources from donors other than ASEAN have to be mobilised. It is hoped that subregional cooperation will fulfil this task and will even out economic differences (Nguyen Than Duc, 2002: 1-2 and 2005: 119-120. For the environmental issues and arising conflicts see also Osborne, 2000).

The environmental problems mentioned by Duc can be found roughly ten years earlier in the *Mekong Work Programme 1993* of the Interim Committee. The envisaged study *Siltation and Channel Maintenance at the Mekong Entries (Viet Nam)*, W.P. code: 3.6.16/86 (former 3.7.03/86), MKG/R.86044/Rev.3 (to be found in Mekong Secretariat, 1992: 123) addressed exactly Vietnam's concern about the Mekong delta and was explicitly related to the 'Mekong delta master plan', namely

soil erosion, basin-wide sedimentation and flash floods hazards, water pollution and salinisation of the delta.

Table 11: Chinese Goals and Others' Worries

Project/Date of Implementation	Chinese Perspective	Perspective of Downstream Countries
Dam at Manwan/ 1986 (completed 1993)	successful provision of hydro-electric power for the area around Kunming	reduced water flows during dry season in Laos
Dam at Dachaoshan/ 1996 (operational since 2001)		
Dam at Xiaowan/ construction between 1999-2012	reservoir (active storage capacity of 990 million cubic metres and a waterhead of 248 metres), will dam back the river for 169 km	<ol style="list-style-type: none"> 1. will increase water flow in dry season 2. diverting water to Thailand's northeast for irrigation and agricultural development
Dam upstream from Jinghong/ construction between 2006-2013		
	<p>overall purpose of dams:</p> <ol style="list-style-type: none"> 1. 'clean' hydropower for Yunnan and neighbouring provinces, also for sale to Laos, Thailand, Myanmar and Burma, with the result that 2. deforestation for fuel 	<ol style="list-style-type: none"> 1. reduced fish catches (also through overfishing and dam projects in the Lower Mekong countries Thailand and Cambodia) 2. reduced wet season flow and increased dry season flow 3. evening out of flows has impact on water levels of Cambodia's Tonle Sap as breeding ground for

Project/Date of Implementation	Chinese Perspective	Perspective of Downstream Countries
	<p>is reduced, and</p> <p>3. emission of carbon and sulphur dioxide is reduced, too, thus positively affecting global warming</p> <p>4. evening out of water flow through cascade of eight dams between high and low levels according to seasons, i. e. increased dry season flow and reducing peak flow during flood season</p> <p>5. greening of China</p> <p>6. minimizing of sediment</p> <p>7. facilitation of navigation</p> <p>8. inundation of less agricultural or bio-diverse forest only with the result that</p> <p>9. only a small population has to be resettled, result:</p> <p>10. protection of Southeast Asian forests;</p> <p>11. irrigation water provided for the dry Northeast of Thailand</p> <p>12. salinity in the Mekong delta held at</p>	<p>fish as less water comes in from the Mekong during wet season – 60 per cent of the lake’s flood level is thanks to the Mekong (plus droughts and deforestation of areas around the lake subject to flooding: fish-breeding cycle took place in the flooded forests; decline of woodland and increase in the amount of settlement in marginal agricultural areas around the lake will increase unwanted sedimentation, thus changing the lake’s depth)</p> <p>4. impact on subsistence agriculture for communities relying on horticultural planting at the Mekong banks as the waters subside at the end of the wet season</p> <p>5. sediment discharge is a benefit to Lower Mekong countries</p>

Project/Date of Implementation	Chinese Perspective	Perspective of Downstream Countries
	bay through increased dry-season flow	
irrigation		<ol style="list-style-type: none"> 1. reduced fish catches, connected with 2. decline in water flows
clearing the river for better shipping (rocks, sandbars, rapids)/ under way in Yunnan since 2001	ship more and heavier load to increase export ability; increase the maximum of ship weight from 120 tonnes to 150, 300 and eventually 500 tonnes	<ol style="list-style-type: none"> 1. increased river flow and with it erosion 2. pollution 3. decline in fish catches 4. negative effect on tourism through alteration of natural sites (e. g. river gorges) in Laos
		<p>Vietnam's Mekong delta:</p> <p>produces 40 per cent of Vietnam's agricultural output and exports over a million and a half tonnes of rice annually</p> <ol style="list-style-type: none"> 1. deforestation during Second Indochina War in the Plain of Reeds to deny its being used by the communist forces => acid soils that wash out during the wet season into the delta with impacts on agriculture and fishing 2. increasing salinity with an expanding population and increasing irrigation; salination is now stretching sixty kilometres upstream from the coastline; salination is also rising as the tidal effects reach further up the delta 3. substantial unemployment and

Project/Date of Implementation	Chinese Perspective	Perspective of Downstream Countries
		<p>growing incidence of poverty</p> <p>4. fertiliser run-off, increased irrigation and increasing salination affect fish catch</p> <p>overall result:</p> <p>silt is no longer adding to the extension of the delta's coastline, which is suggestive of serious changes to the river's ecology</p>

Source: Osborne, 2000: 223-237; McCormack, 2001; Wain, 26 August 2004a and c.

McCormack shows that in breaking away from the idea that engineering can solve the problem of water supply, energy production and agricultural irrigation, industrialised countries have been moving away from water resource management towards sustainability and accommodation, a process that was primarily set in motion with the 1992 Rio summit. Bruce Babbitt, Secretary of the Interior under the Clinton administration, summarised the new thinking:

Occasionally, [...] rivers overflow their banks and abandon old channels to create a new course, a process known to hydrologists as *avulsion*. Our national water resource policy is now undergoing an avulsive change, breaking from the past and heading into new channels. Traditional national water policy was characterized by large water diversion projects, typically with a massive dam as the centerpiece. [...] We are now finding new and better ways to meet water needs without destroying fish runs, flooding prime agricultural lands, displacing local communities and drying up and polluting downstream wetlands. Our new water policy takes account of these ecological costs and seeks to wean policymakers from an addiction to dam building (McCormack, 2001: 5-6 cited Babbitt, 2000: 10-11).

As shown above, Joern Kristensen, former CEO of the Mekong River Commission, represented an environmentalist view of the MRC, which the institution itself has been rather reluctant to follow. One problem is its institutional

weakness: according to a governmental official, Joern Kristensen stepped down from his post as CEO when he fell out with the member states due to his opposition of the successful and efficient secretariat moving from Phnom Penh to Vientiane (personal interview with a European senior official in Bonn in July 2003). Joern Kristensen left his post at the end of September 2003. The secretariat officially re-opened in Vientiane on 1 July 2004. Olivier Cogels was appointed new CEO on 9 August 2004. The incident shows the institutional weakness of the MRC, which is dependent on the policies of the member states but cannot exert influence on members out of its institutional structure. Furthermore, during a conversation with a researcher at a water conference in Paris in December 2005, the issue was raised that with the new CEO in place, the belief has returned to the commission that technological solutions can provide the solution to whatever problem mankind is facing. It was this faith in technology that dominated the programme of the Mekong Committee of 1957.

The province of Yunnan is said to have a potential of producing more than 90,000 MW of electricity. A cascade of dams on the Mekong, the Lancang Cascade, is directly affecting the parts of the Mekong flowing into downstream countries. The cascade, when finished, will encompass eight dams, using a 700-metre drop in the 750-km stretch in the middle and lower Lancang (McCormack, 2001: 15-18). The cascade is part of China's 'West-East Power Transmission' project, within which Yunnan already supplies the booming province of Guangdong with electricity (Stanway, 2005).

Table 12: The Lancang Cascade⁸⁹

	Gongguo-qiao	Xiao-wan	Man-wan	Dachao-shan	Nuozha-du	Jing-hong	Ganla-ba	Meng-song
Elevation	1,319	1,240	994	899	812	602	533	519
Reservoir volume	5.10	151.32	10.60	8.84	223.68	12.33	n.a.	n.a.
Installed	710	4,200	1,500	1,350	5,500	1,500	150	600

⁸⁹ The table including the notes are taken from McCormack, 2001: 16.

power								
Annual output	40.60	188.90	78.05	67.00	237.77	80.59	7.80	33.80
Wall	130 ⁹⁰	292	126	110	254 ¹⁰³	118	n.a.	n.a.
Status	design	2002- 2012	1986- 1996	1996- 2003	pre f.s.	2006- 2013	design	design

Notes: The dams listed (left to right) run from north to south. 1. Elevation is level of the dam's reservoir in meters above sea level. 2. Volume is reservoir holding capacity in hundred million cubic meters. 3. Installed power is installed power capacity in megawatts. 4. Annual output is annual electrical power output in hundred million kilowatt hours. 5. Wall is the height in meters of the main dam wall. 6. Status indicators are: already built; under construction (with years); feasibility stage (f.s.); pre-feasibility stage (pre f.s.); or design stage. Table source: Hayao Adachi's website: <http://www.adachi.net/hayao/Lancang102.jpg> (the site is not available anymore). See also David Plinston and He Daming, 'Water Resources and Hydropower in the Lancang River Basin,' ADB TA 3139, Landcare Research New Zealand, May 2000, 241-42 (figures differ slightly from those given by Hayao Adachi).

McCormack points out that firstly the 'environmental consequences of the Cascade for the Lancang cannot be accurately predicted'; and, secondly, difficulties between China and downstream countries lie here, since 'China shows no interest in membership in the MRC, and little interest in consulting with its neighbors about its plans.' Furthermore, 'although China decided in 1999 to go ahead with the construction of Xiaowan, the decision was not even mentioned during the World Commission on Dams meetings in Hanoi in February 2000' (McCormack, 2001: 17-18). When asked during a conference, if the irrigation and dam building issues are discussed at all between China and Vietnam, a leading Vietnamese scholar in Hanoi, tilting his head towards his Chinese colleague, said: 'The answer is always diplomatic' (personal interview with a Vietnamese senior academic in Hanoi in May 2004). This shows that usage of the Mekong's waters by upstream countries has not yet been moderated. The GMS is of importance here as a subregional scheme that Vietnam hopes will firstly help to solve problems associated with Mekong cooperation directly, the most important of which is the regulation of the use of the Mekong's waters as China sits at the source and Vietnam at the delta; and, secondly,

⁹⁰ Heights for Gongguoqiao and Nuozhadu stem from Liu, 1996: 5 (figures in Liu for reservoir volume, installed power and wall heights differ occasionally and slightly from those in the above table).

in a spill-over fashion regulate overall China-Vietnam relations, especially with regard to the South China Sea.

Table 11 shows that Thailand in particular expects benefits from China's Lancang Cascade in order to spur development in the Northeast. The construction of dams is hence not entirely rejected in the lower Mekong countries. As Osborne emphasises, Cambodia has revived the idea of the Prek Thnot Dam on the Prek Thnot river, a contentious undertaking that dates back as far as 1969 but was interrupted by war. In 2003, Japan's Maeda Corporation, the company which started construction in 1969, announced to have completed the dam (Maeda Corporation, 2003: 2; Mekong Watch). At the same time, Cambodia opposes a Thai project, the Kok-Ing-Nan Water Diversion Project, a plan to dam these three rivers which are tributaries of the Mekong in order to divert water to the Chao Phraya river that passes Bangkok (Osborne, 2000: 240-246). Construction of the diversion project started in 2000 and is supposed to run for eight years in order to solve the problem of dry season water shortages (Kajandar, 2000: 25-26). Thailand has already had a negative experience with an earlier project, the Pak Mun Dam on the Mun river (a tributary of the Mekong), funded by the World Bank to generate electricity, which resulted in sharp declines in dry season flow and fish catches below and above the dam of up to 70 per cent and 'the impossibility of using the Mun River for water transport below the dam for much of the year' (Osborne, 2000: 240-246). Also, the Pak Mun Dam is generating only less than a third of its prognosticated capacity (Ghosh, 2005). Accordingly, Thailand announced in 1995 that it would not build additional dams for generating electricity. Since the 1970s, however, it has been receiving hydropower from Laos, a country which sees its future in selling hydropower as a way of earning foreign exchange and to develop alternative energy sources to coal for cheap electricity. In the face of difficult economic circumstances, '[a]gainst all discussion of alternatives, the point has to be made that from the Lao government's perspective there is little reason to consider other possibilities unless these can produce foreign exchange.' In the case of the construction of the Theun Hinboun Dam, which was completed at the end of 1998, environmental groups put the ADB under fire for not having acknowledged environmental concerns which now become manifest in the rapid decline of fish catch and loss of agricultural land, forcing the bank to re-assess its highly positive conclusion on the dam's environmental impacts (Osborne, 2000: 240-246). In addition, the government of Laos has been pressing China to continue its investment in hydropower stations throughout the Greater Mekong Subregion (Stanway, 2005).

Given the conflicts between Vietnam and China over the Lancang Cascade and Vietnam's concerns over its Mekong delta, one would assume that Vietnam has serious environmental worries when it comes to the construction of dams. A general opposition to dams, however, does not seem to be the case. A conflicting issue between Cambodia and Vietnam is the Yali hydro-electric power station on the Sesan flowing from Vietnam to Cambodia. The station has been operational since 1991 and has caused fluctuations in the river's flow, significantly affecting Cambodia's downstream ecosystems. Floods damaged crops, periods of low flow have threatened fish stock, and an uneven flow increased turbidity and made the water less suitable for drinking. The Mekong River Commission has created a bilateral panel to discuss such issues (Economist Intelligence Unit, April 2003: 15; Son, 2005). However, in the current state of development, the MRC does not seem to wield any power independent of governmental interests. The disputes with Cambodia notwithstanding, Vietnam started construction of a second dam on the Sesan, the Sesan 3 Dam, 18 kilometres from the Yali Dam, causing considerable anger among Cambodian villagers (Mekong Watch) and within the Cambodian government. The reason for this is that Vietnam failed to abide by MRC regulations, which stipulate that downstream countries have to be consulted before going ahead with the construction of dams (Wain, 26 August 2004b). Regarding the Yali station and the Lancang dams, so far, 'no regional or bilateral mechanism has been able to clarify or discuss the issue openly between China and the other countries.' Furthermore, the dam issue was not discussed during the second GMS summit in Kunming in July 2005, but was the topic of two meetings held parallel to the summit by local communities and NGOs in Chiang Rai and Ubon Ratchathani (Son, 2005; see also Liebman, 2005).

Ironically, Vietnam, one of the harshest critiques of the Lancang Cascade, is receiving hydropower from Yunnan along with Thailand, which has also been complaining to China about negative impacts on the ecology of its rivers and the livelihood of downstream communities, but buys energy generated by stations on the Lancang; Thailand is also one of the investors in the Jinghong station (Stanway, 2005). Stanway also said that in the first five months of 2005, China exported 87.2 mln kWh to the GMS. The power transmission capacity increased after the second power grid connecting Vietnam with Yunnan became operational in June 2005. At the end of the 11th Five Year Plan (2006-2010), Yunnan is supposed to be able 'to dedicate 3 mln kW of capacity to Thailand alone' (Stanway, 2005). Although Chinese researchers and politicians recognise the potential effects on downstream ecologies and the lives of local communities, who depend on the river water for

irrigation and fishing, environmental concerns are being sidelined in favour of rapid industrialisation of China's south-western regions (Stanway, 2005).

Vietnam is also reported to be helping Laos with the construction of three new dams (*The Economist*, 9 April 2005: 51). Furthermore, the World Bank has returned to finance dam projects after some time of abstention. In Laos, the Bank has agreed to co-finance with the ADB and private investors the Nam Theun 2 (NT2) hydro-electric project through loans to the government in Vientiane. Construction is due to start in June 2005. The dam is expected to earn the government 150 million USD per year by selling much of the anticipated energy to Thailand. While the Bank argues it has learned its lessons from the Pak Mun Dam and has promised to provide money for resettlement, restocking of the affected rivers with fish and creation of a wildlife reserve nine times bigger than the area flooded by the dam – Vientiane has promised in addition to use parts of the revenue for health, education, and rural development – the project has sparked angry protests of environmental activists and Thai fishermen, who had been affected by the Pak Mun Dam, in front of the World Bank's offices in Bangkok. Ahead of the loan agreements of 31 March 2005 (World Bank) and 4 April 2005 (ADB), the World Bank conducted local consultations with affected communities from May-August 2004 and held a series of international workshops in September 2004 (World Bank, 2005; Ghosh, 2005; *The Economist*, 9 April 2005: 51).⁹¹ Indeed, the disclosure of an immense amount of information on the project and the extensiveness of discussions seem unprecedented in the World Bank's endeavours to build dams, and at least seem to show a new seriousness to take into account warnings about social unrest caused by community break-ups, loss of income and food and environmental degradation. It is yet to be seen, however, whether the NT2 yields better results than its predecessors and can live up to the environmental and social standards the bank has promised to stick to. In a fatalistic manner, a German senior member of a foreign policy think tank, interviewed in Höchst, Germany, in 2005, remarked that attitudes to Chinese dams by downstream countries change once the downstream country becomes an upstream country. Consequently, as long as the environmental degradation produced dams and the potentially disruptive nature of a destruction of a river's ecology and the livelihood

⁹¹ For detailed information see the following web sites, which contain extensive information on the NT2 project: www.worldbank.org/lao, www.worldbank.org/laont2, www.namtheun2.com and <http://www.adb.org/Projects/Namtheun2/default.asp>.

of river-based communities is not taken seriously, the pattern of upstream dam-building and downstream opposition is unlikely to change.

Regarding the importance Vietnam attaches to a balance of power, external actors have an important role for Vietnam's economic development and diversification of sources for economic supply in order to prevent dependence on one country or a group of countries. Le Van Sang identifies three groups of external actors in the GMS: 1) international organisations to support financially, supervise and coordinate the processes in the GMS and ensure their sustainability: United Nations, World Bank, IMF and ADB; 2) big powers for investment and to ensure a balance of power in the subregion and beyond as the GMS is part of the wider regional economy: China, Japan, the US and the EU; 3) transnational companies and non-governmental organisations (Le Van Sang, 2004: 143-145). According to Nguyen Than Duc, Vietnam pursues three foreign policy purposes in subregional cooperation: to 'diversify foreign relations in a new global environment; improve relations with former adversaries (especially Vietnam-China relations); [and] demonstrate trustworthiness in international relations in order to reach long-term goals such as WTO membership' (Nguyen Than Duc, 2005: 123). International cooperation, and especially subregional cooperation, is seen as a vehicle to realise the goals, as political and economic relations with China started a process of normalisation in the early 1990s. Actions of China and Vietnam are hoped to be coordinated in subregional forums, the more so since China is already a dialogue partner of ASEAN and a member of the ARF. The resulting hope of Vietnam is to further develop ties with China in Vietnam's favour, while there is also fear, at the same time, of becoming increasingly dependent on China the more markets are opened and the more China can succeed in realising its aims: these aims concern firstly the use of the Mekong's upstream waters, and secondly the opening of new markets in Southeast Asia, which might expand China's economic potential to the detriment of Vietnam (see also Do Van Bach, 2000: 151-152).

The idea of taming China by engaging it might not be working. Although military conflicts are not an option, the two summits in Phnom Penh in November 2002 – the 8th ASEAN summit and the 1st GMS summit – show that China is seeking to keep a free hand. The series of agreements signed at the ASEAN summit included a *Declaration on the Conduct of Parties in the South China Sea* (ASEAN,

2002c).⁹² Although this represents a milestone in the relations between China and ASEAN, Wain observed that this declaration represents a ‘classic political deal designed to end an embarrassing stand-off’ (Wain, 2002: 26), since China did not accede to ASEAN wishes and could avoid the conclusion of a proper multilateral Code of Conduct for the South China Sea. While Beijing had not ‘modified its view that China has sovereignty over almost the entire area, a view that isn’t open to negotiation’, China and ASEAN merely agreed ‘to abide by international law, avoid the threat or use of force and refrain from action that might “complicate or escalate disputes and affect peace and stability”.’ In addition, confidence-building measures are planned, as well as cooperation in research and search and rescue missions. Contrary to what ASEAN wished, the declaration does not contain any geographical names, not the Paracels as sought by Vietnam (claimed by Vietnam but controlled by China), the Spratlys as sought by Malaysia (Malaysia indeed proposed to name the Spratlys only), nor a ban on the erection of structures on islands in the sea, as sought by Manila (Manila is in conflict with China over Mischief Reef, on which China built military structures). With Manila, a compromise was found, namely to insert the vague formulation of ‘prohibition against “inhabiting [...] presently uninhabited” locations.’ While China still accepts a general Code of Conduct as the ultimate goal to replace the newly concluded political declaration, Beijing built ‘its own loophole’ for such a code, ‘requiring consensus to work toward such a code, which presumably will let Beijing avoid that commitment if it so desires.’ According to a senior ASEAN official, ‘Asean and China went out of their way to compromise on the agreement in an effort to promote closer relations that are visibly obstacle-free – so aid, trade and investment can flow more freely’ (Wain, 2002: 26; for the agreement see ASEAN, 2002c). ASEAN’s soft regionalism has won.

Soft regionalism, however, has two sides: the gradual approach, as seen for the GMS, has produced stable cooperation patterns and common ground for a work programme that deals with both economic development and transnational crime. As for ASEAN, China has repeatedly voiced the opinion that conflicts in the South China Sea should be settled peacefully – even though, as explained earlier, these statements are met with suspicion in Vietnam. This is because Beijing’s globally

⁹² The other agreements are a framework agreement to establish a China-ASEAN Free Trade Area by 2010, a declaration on non-traditional security issues such as terrorism, cyber crime and people-smuggling, an agricultural pact with the ASEAN secretariat and a China-announced new aid programme for Cambodia while writing off Cambodia’s debts.

oriented foreign policy looks at the region as a tool for conducting foreign relations with the aim to repel US influence and seek regional support for reunification with Taiwan. Soft regionalism has been unable to find answers to what constitutes a problem from Vietnam's point of view. It seems therefore helpful to see the achievements and shortcomings of the ASEAN way in the light of countries local and global policy designs.

In a discussion with a Chinese scholar, however, the view emerged that for the first time China has abandoned its strict stance on bilateral discussion and has dealt with ASEAN as a region in tackling the problem (personal interview with a Chinese researcher in Hanoi in May 2004). Yet, whether this can be regarded as a major strategic shift or not, remains to be seen. Consequently, suspicion remains. The Philippines initially refrained from the 'early harvest programme' (EHP) with China. And while the ASEAN-China FTA, signed in 2002, was pushed forward at the ASEAN summit of November 2004 in Vientiane, Indonesia's newly elected President Susilo Bambang Yudhoyono, and Malaysia's Prime Minister, Abdullah Ahmad Badawi, emphasised the challenge of China and India and the need to deepen integration within ASEAN to prepare for free trade with powerful neighbours (Blume, 2004). Those misgivings, however, will not prevent the free trade area, as China currently attracts the double amount of FDI as the whole of ASEAN and could soon replace the United States as ASEAN's most important trading partner. Thus, the ASEAN-China FTA could be more of an 'enforced embrace' of China by ASEAN (Blume, 2004), a marriage of economic necessity instead of love.

More necessity than love also applies to the GMS. In border cooperation, Vietnam is hesitant to allow closer integration, fearing the dominance of China. Vietnam's government is opposing moves for special economic zones and thus closer integration with China's border provinces. A Japanese scholar, who was involved in a broad research project on economic cooperation in the Chinese-Vietnamese border areas, specifies two reasons for Hanoi's cautiousness:

- 1) The economic reason is that Chinese products are cheaper than Vietnamese products. The provincial authorities therefore would like to buy Chinese products. Vietnam has not yet found a way to make its products cheaper. Moreover, the trade balance is in favour of China, and a special economic zone with China would reinforce the imbalance. Apart from that, the economic strength of the province of Guangxi equals that of the whole of Vietnam, which is also due to the size of Guangxi, and political power follows economic power. In addition, the Chinese

provinces gained substantial control from the central government in Beijing as opposed to Vietnam's provinces.⁹³

2) The political reason is that Hanoi is aware of history, that is, the 1979 war and a thousand years of battling China, and thus attempts to control the attitude of the provincial authorities. History makes Hanoi cautious when it comes to loosening control over the border provinces.

6.2. China and the GMS

6.2.1. General remarks: the relevance of Southeast Asia for China's post-Cold War foreign policy

Chinese policy towards Southeast Asia along with Beijing's interpretation of US action in the Asian Pacific region has experienced a change with the end of the Cold War. As Michael Yahuda summed up,

for the first forty years of its existence, the PRC treated its security problems within the region as a function of its relations with the two superpowers. The predominance of the two superpowers in the Chinese perspective necessarily gave China's regional concerns a global orientation. [...] It is only since the end of the Cold War that China's leaders have developed policies which recognize that the future security and prosperity of their country requires the cultivation of close relations with the Asia-Pacific as a whole (Yahuda, 1996: 186; see also Saich, 2004: 318).

While turning the changes within the international system to good use, China became able to shift the focus towards the economic dimensions of its foreign policy by developing an 'omni-directional' strategy 'with a strong regional bias towards the Asia-Pacific' (Yahuda, 1993: 704).⁹⁴ Interestingly, as shown, Vietnam also has developed an omni-directional foreign policy, which, however, seems to compete

⁹³ For more on China's provinces see below.

⁹⁴ For a short account on Beijing's Cold War strategy see Godwin, 1998: 172-173.

with China's omni-directional strategy as the goals of each of them are incompatible. Yahuda also mentions that the focus on domestic issues was made possible through the removal of the direct strategic threat posed by Soviet troops surrounding China and the end of the strategic triangle, in which China balanced the United States and the Soviet Union and functioned as a 'quasi-strategic partner' of the United States. At the same time, the quick success of the United States-led troops in the Gulf War demonstrated Washington's political leadership and superior military power; thus, from Beijing's point of view, the Cold War ended with the USA as the 'sole superpower' (Godwin, 1998: 173). In addition, taking into account the sanctions imposed on China as a response to the Tiananmen incident, Beijing perceived its relationship with Washington as being transformed from Cold War cooperation to post-Cold War contention. Furthermore, arms sales to Taiwan in autumn 1992 were seen 'as a signal of Washington's intent to use its new status in the world to seek "hegemony" through "power politics"' (Godwin, 1998: 173; Saich, 2004: 305).

In interviews in February and March 2004, conducted in New York with researchers and senior members of international organisations, it was pointed out that China's moderated approach towards Southeast Asia marks a considerable change from the former Chinese position. China has gained a better understanding of Southeast Asian countries, and, moreover, trade ties are very deep. The changes towards an accommodating foreign policy towards Southeast Asia, which are kept under the new leadership of Wen Jiabao and Hu Jintao, have already begun under Jiang Zemin and in fact go back to the collapse of the Soviet Union and the end of the Cold War. Hence, the changes are due to alterations in the structure of the international system, and not due to changes in the leadership. Specifically, the interviewees mentioned the following particularities:

- 11 September 2001: China has been cooperating in the war on terror, which means that it does not openly object to the increased US presence in Southeast Asia and Central Asia;
- Beijing accepted the war on terror, but continues to limit US unilateralism through the Security Council, international law etc. (as could be seen in the case of the Iraq war), and it continues to diminish military tensions anywhere apart from Taiwan;
- foreign trade and investment are growing too fast [so China is in fact too much integrated in the regional and global economy to be able to afford a war];

- China has an energy policy now: it is no longer energy-independent, but imports a lot of gas and oil, through which China has a stake in the stability in Southeast Asia: for instance, it invests in oil exploitations in Indonesia, and it has a stake in Middle East oil.

A Vietnamese governmental advisor, interviewed in Hanoi in June 2004, cited his conversation with Chinese scholars saying that before the attacks of 11 September 2001, Washington's approach to deal with China was by competition. Since the attacks this has changed as terrorism was found as a common interest between Beijing and Washington. However, terrorism is only a short-term problem, on which a common strategic perspective between the US and China cannot grow. The problem thus is how to develop relations past the issue of terrorism. The US used terror to implement itself in Southeast Asia. In this way, using the North Korea problem, the US has good reason to keep a military presence in the region and at the same time keep a check on China. This strategic knot has helped to create an impasse over the North Korea issue. The situation is aggravated by the fact that after the Cold War, Northeast Asia and Southeast Asia have taken different paths of development: while in Northeast Asia, the Cold War structure is still relatively intact (the Japan-US alliance, the problems of North Korea and Taiwan), in Southeast Asia, the Cold War structure has dissolved. Countries once engaged in the security alliance of SEATO have established an economically-oriented ASEAN. While in Southeast Asia cultural differences and terrorism prevail as problems, on the whole, Southeast Asia is much more stable and more peaceful than Northeast Asia.

Looking at the strategy towards ASEAN, China has acknowledged the necessity of good neighbourly relations and is eager to produce a politically peaceful environment which facilitates not only economic growth at home, but also regional and subregional economic integration, through which Beijing can increase regional trade links and Chinese exports to the region. This in turn helps China's businesses grow. A buzzing economic environment 'provides China with much needed leverage to increase its influence in world affairs' (You and Jia, 1998: 128). In addition, the strategy of approaching ASEAN nations is part of a larger strategy to counterbalance the United States for a multipolar world. For the Chinese leadership, multipolarity means 'that the US should not dominate the post-Cold War world; it means that all major powers should have a say on international issues; and more importantly, it means that China should be given a proper major power status in the world system'

(You and Jia, 1998: 127).⁹⁵ The strategy derived from this view means '[t]o put things right in the backyard in order to consolidate [... China's] footing, and to play multipolarity in order to balance the major powers.' This indicates both a regional and global orientation of Chinese foreign policy (You and Jia, 1998: 127⁹⁶).

The white papers on National Defense mirror a policy, which mixes domestic and foreign policy concerns. The white papers offer good insights into the world view of the Chinese elite and the changes in the perception of the strategic environment, within which the government in Beijing acts. It would be therefore too easy to simply dismiss them as pure rhetoric. A peaceful environment is needed in order to carry out the economic reforms without disturbances. Therefore, the settlement of the Chinese border disputes and the solving of the problems in the South China Sea are of the utmost importance to pacify the immediate neighbourhood and to establish good relations with its neighbours including the ASEAN nations. In terms of actual security policy, the white paper says, China is 'determined to safeguard its state sovereignty', 'national unity', 'territorial integrity' and '[national] security' (China's National Defense in 2000, Foreword). Economic development, maintenance of a peaceful environment and the defence of territorial rights are the goals of the Chinese leadership with regard to foreign relations. Zheng Yongnian put it in this form:

A collective consensus among major leaders has been formed; that is, a prerequisite for China to promote its national interest internationally is continuous economic growth and modernization. [...] Whatever changes have occurred to the international system, China does not need to change its domestic priority. [...] [W]ithout continuous economic growth, China's national interests cannot be served internationally (Zheng, 1999: 122-123).

⁹⁵ For more on the genesis of the Chinese concept of multipolarity see for example Zheng, 1999: 125.

⁹⁶ You and Jia quoted Liu Shan, President of the Foreign Affairs College of the Ministry of Foreign Affairs in Beijing (Waijiao Xueyuan Yuanzhang).

The wording used in the white paper of 2000 displays the impact of history. The vocabulary reflects a still ongoing obsession with the humiliating period of colonialism: words such as 'neo-interventionism', 'neo-gunboat diplomacy', and 'neo-economic colonialism' clearly indicate this phenomenon (*China's National Defense in 2000*, Chapter One) and show China's wariness vis-à-vis the US military presence in Southeast and Northeast Asia and Washington's defence relations with Japan and Taiwan.

Interestingly, much of the neo-colonial rhetoric was dropped in the white paper of 2002. Instead, the threat of international terrorism since 11 September 2001 is emphasised, and the word 'transnational' with regard to non-traditional security problems such as transnational crime, environmental degradation and drug trafficking is explicitly mentioned (*China's National Defense in 2002*, Chapter One). Importantly, cooperation in the Mekong valley is explicitly mentioned, too, implying a connection between the resolution of non-traditional, transnational security issues, which have an impact on the capacity and authority of the central government and impact upon its performance legitimacy, and cooperation in the Mekong basin. This development underlines the blurred lines between foreign and domestic policies.

Regarding Taiwan, Beijing adheres to the use of force under the circumstances of Taiwan declaring independence, foreign intervention in Taiwan's internal affairs, Taiwan's acquisition of nuclear weapons and internal unrest in Taiwan. In addition, 'indefinite delays' of the Taiwan question could justify the use of force:

These statements, and the PRC's ambitious military modernization program, may reflect an increasing willingness to consider the use of force to achieve unification or, at a minimum, to demonstrate an upgraded military capability in hopes of deterring Taiwan from moving further towards independence. [...] We estimate that Beijing's objectives in any Taiwan-related crisis would be (1) to compel Taiwan authorities to enter into negotiations on Beijing's terms and (2) to undertake military operations as required with enough speed to preclude third-party intervention (Report to Congress, 2003: 43).⁹⁷

⁹⁷ For more details on the US view of China's military build-up compare the 2000 *Foreign Affairs* article by Condoleezza Rice (Rice, 2000) and her views on

Although economic development is the focus of the leadership's policies, military upgrading is regarded as necessary to protect the domestic development programme and to ensure the attainment of the foreign policy goals. This view is in accordance with the already cited opinion of a senior Vietnamese scholar, with whom the author conducted an interview in Hanoi in summer 2004, namely that the strategy of presenting itself in a peaceful manner to Southeast Asian countries also means to build support for reunification with Taiwan under peaceful auspices or military means, if no peaceful reunification is possible. The military modernisation in this respect is designed to project power fast and efficiently.

Consequently, despite Beijing's reiteration of the peaceful nature of China's rise, in an interview conducted in Hanoi in June 2004, a senior Vietnamese scholar, when asked about the implications of China's plans to build a blue water navy, raised the issue that China's pronouncements of a 'peaceful rise' is a surface level reaction to the development of the China threat concept by US scholars, which was also adopted by Southeast Asian countries. China's new security concept designed to present itself as peaceful and beneficial to Southeast Asian countries to push back the influence of the United States is meant 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 1 country 2 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.

China voiced during her speech given at Sophia University in Tokyo on 19 March 2005 (Rice, 2005). See also the testimony of Porter J. Goss before the United States Senate Committee on Armed Services on 17 March 2005 (Goss, 2005).

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 a strategy of 'one arrow, two objectives' (to kill two birds with one stone): the navy is first used for Taiwan, and after that for the South China Sea.

In the interviews, it was further stated that 'an often heard strategy of 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' (= 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 'block 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 recently visited African countries, Russia and other countries in order to diversify oil resources', especially against the background of the US having destabilised Iraq.

While China has denounced the use of military force with the sole exception of Taiwan, there is a conviction in scholarly circles in Vietnam that after China has dealt with Taiwan militarily, it might move to solve the disputes in the South China Sea through military action, too (personal interviews with senior Vietnamese foreign policy analysts). Although China has been pursuing a non-confrontational approach to ASEAN,

this does not mean that China gives up its hardline attitude on some issues. In a way, hawkish reactions to external pressures are mixed with expedient and flexible considerations. The bottom-line of the strategy is to maintain a low profile diplomacy in order to create a larger space for manoeuvring. In other words, it is a clever design of buying space with time (You and Jia, 1998: 152).

Or, as the former Foreign Minister Qian Qichen put it: 'We should let things evolve' (Hurtzig and Sandschneider, 2000: 227 cited *Beijing Review*, 9-15 August 1993).

The evolution could be what Vatikiotis and Murphy called the 'Birth of a Trading Empire' of China by extending and consolidating its economic influence in Southeast Asia – 'armed with a vibrant economy and a new stealth weapon of concessionary trade' – while 'the United States and Europe are distracted by the Middle East' (Vatikiotis and Murphy, 2003: 26).

In courting Southeast Asian states, 'Beijing has deliberately avoided the sort of sweeping statements about cheap labour and unbeatable economies of scale it uses when urging foreign investors to come to China' (Vatikiotis and Murphy, 2003: 27). According to G. P. Deshpande from the School of International Studies at Jawaharlal Nehru University in New Delhi, China's foreign policy is 'still conducted on a bilateral basis' while economic policy is increasingly multilateral and 'essentially regional' (Vatikiotis and Murphy, 2003: 28). China only slowly warms to the idea of solving bilateral foreign policy issues (such as those with Japan) through multilateral mechanisms (Lu, 2005).

As mentioned, China has offered an 'early harvest programme' under the China-ASEAN FTA agreement of trade liberalisation over a three-year period starting from 1 January 2004 until January 2006, before the China-ASEAN FTA comes into effect by 2010 for the six founding members of ASEAN and by 2015 for Cambodia, Laos, Myanmar and Vietnam. The early harvest programme is a measure of tariff harmonisation before the actual FTA can take effect. Interestingly, in India, the agreement is also regarded as a measure of building economic confidence and as strengthening economic interdependence between India and ASEAN, giving India a greater access to Southeast Asia during the process. The early harvest programme between ASEAN and India will come into effect in January 2005. India has already signed a separate early harvest scheme with Thailand, before an FTA between the two countries will come into effect in 2010 (*The Economic Times*, 7 and 20 September 2004). The Philippines were initially cautious to take part in this and only recently agreed to participate from 1 January 2005 onwards after an agreement with China that includes only 50 per cent of the total agricultural tariff lines, meaning a total of 208 items out of the total 417 tariff lines under Chapters 1-8 of the Tariff and

Customs Code (*The Manila Bulletin*, 13 September 2004). Thailand was especially eager to join the EHP under the Thailand-China FTA agreement. The Thai-Chinese EHP started on 1 October 2003. Also, Thailand, together with Singapore, moved to introduce a 'two plus x' model in order to implement small-scale trade liberalisation before AFTA can take effect in 2020. In November 2002, former Prime Minister Zhu Rongji 'floated the idea of a free-trade zone' with South Korea and Japan. China's increased willingness to cooperate with Northeast and Southeast Asian countries comes at a time 'when the U.S. and Europe are increasingly distracted by concerns about security and war in the Middle East. Forecasts Indonesian minister Dorodjatun Kuntjoro-Jakti: "If the situation in the Middle East is not stabilized, you will see closer ties in East Asia and the major beneficiary will be China"' (Vatikiotis and Murphy, 2003: 28). Japan's ambitions in the region pose a major obstacle to China's ambitions in the region. Both countries are mutually suspicious of each other but have both 'embraced the pan-Asian forum defined by the Asean-plus-three grouping whose leaders now meet annually', indicating the need to accommodate each other (Mitchell and Vatikiotis, 2000: 22).

Underlying the Chinese-Southeast Asian rapprochement is a 'new security concept' of China designed to challenge the US position in the region, 'which typically sees political and economic reform as a prerequisite for amicable relations' (Mitchell and Vatikiotis, 2000: 22). On the occasion of an official visit to Jakarta from 22-25 July 2000, then Vice President Hu Jintao condemned 'Cold War mentality', 'hegemonism' and 'power politics.' He argued for closer regional economic cooperation (in this context, the GMS has strategic relevance) and declared that the Five Principles of Peaceful Coexistence, the Ten Principles of the Bandung Conference and the United Nations Charter 'formed the foundation for international norms in state-to-state relations.' The new security concept reads as follows:

A new security concept that embraces the principles of equality, dialogue, trust and cooperation, and a new security order should be established to ensure genuine mutual respect, mutual cooperation, consensus through consultation and peaceful settlement of disputes, rather than bullying, confrontation and imposition of one's own will upon others. Only in that way can countries coexist in amity and secure their development (*Renmin Ribao*, English edition, 24 July 2000; Thayer, 2000).

The policy has proved to be successful, for instance in China's relations with Cambodia: China took a soft stance towards the handling of the Khmer Rouge and Hun Sen's coup in 1997, and it provides military training. 'While China has long inferred as much, Hu's speech marked the first time that the message was framed as a formal policy.' While the case of Cambodia is easy to handle for China, there seems to be a rift in Vientiane, dividing pro-Beijing and pro-Hanoi leaders. Beijing particularly endeavours to counterbalance Vietnam's influence on the government in Vientiane. However, during Vietnam's Prime Minister Phan Van Khai's visit to Beijing at the end of September 2000, recognising a common interest with regard to the socialist political system of Laos, Beijing and Hanoi agreed to work together to solve the problem of a division in Vientiane so as to prevent that Laos might 'fall prey to a brewing pro-democracy movement':

Shortly before the trip, according to the centre for Strategic and International Studies in Washington, Vietnamese Public Security Minister Le Minh Huong criticized 'American imperialism and its lackeys [...] who have not given up their evil intention of sabotaging the peaceful life of our people.' Such language may be no surprise coming from a communist official. But similar things are being said in formerly pro-American places like Indonesia and Thailand, where no less than three new political parties have adopted a nationalist platform ahead of the January elections (Mitchell and Vatikiotis, 2000: 22).

At the same time, ASEAN governments forge security relations with Australia, Japan and India, and welcome the balancing role of the United States in Southeast Asia, while there is also a 'growing appreciation [...] that US influence is declining as China's grows.' The 'détente' between Washington and China during the 'war on terrorism' has enabled ASEAN states to enjoy good relations with Washington and Beijing without having to choose between both sides, unless a possible confrontation over Taiwan might force ASEAN to take sides or stay neutral, in the wake of which the balance of power between China and the US might tilt in China's favour and possibly alienate Southeast Asian states should China use its military to settle conflicts (Huxley, 2005; Roy, 2005).

6.2.2. China in the GMS

China's 'strong regional bias towards the Asia-Pacific' (Yahuda, 1993: 704) has put the Mekong region high on the agenda of Chinese foreign and economic policy makers. The GMS officially acquired strategic importance in the relations between China and ASEAN at the Second Informal ASEAN Summit in Kuala Lumpur from 14-16 December 1997, during which ASEAN's heads of state/government met separately with Japan's Prime Minister Ryutaro Hashimoto, South Korea's Prime Minister Koh Kun, and China's President Jiang Zemin in order to strengthen cooperation in the 21st century. In the Joint Statement of 16 December between China and ASEAN, both sides not only acknowledged the UN Charter, ASEAN's TAC, the Five Principles of Peaceful Coexistence and international law as guidelines for mutual relations, but also 'reaffirmed their common interest in developing the Mekong Basin and pledged to strengthen their support for the riparian countries by promoting activities in the areas of trade, tourism and transport' (*Joint Statement of the Meeting of Heads of State/Government of the Member States of ASEAN and the President of the People's Republic of China, 16 December 1997: paragraphs 2 and 6*).

On the occasion of the Fourth ASEAN Informal Summit from 22-25 November 2000 in Singapore, China's Prime Minister Zhu Rongji made extensive reference to Mekong basin cooperation. Zhu said that China was ready to increase its input for development along the river. In particular, he mentioned the Quadripartite Economic Cooperation of April 2000 between China, Laos, Myanmar and Thailand on commercial navigation on the Mekong and pledged to help financing the development of the stretches in Laos and Myanmar to open the Mekong for navigation. The second major project he mentioned was the Kunming-Bangkok Road to link up China and ASEAN in general and generate closer links with mainland Southeast Asia in particular. In order to finish construction early, Zhu declared China's eagerness to finance the Lao stretch of the road in cooperation with Laos, Thailand and the ADB. The third project that Zhu made reference to was the trans-Asia railway, which, when finished, could link up to the Asia-Europe (or Eurasian) Continental Bridge (*Renmin Ribao, 26 November 2000a*). The development of the bridge, a rail link dubbed the 'new silk road', was launched in 1992. It starts in China's coastal city of Lianyungang, runs through northern China and Central Asia into Europe and ends in Rotterdam. Due to the difficulties of border-crossing formalities and taxation, air links have been suggested in order to complement the rail link. UNDP, ASEM and the Shanghai Cooperation Organisation are involved in the planning (Fu, 2004).

Transportation links with neighbouring countries have featured prominently on Yunnan's development agenda. Already in 1996, Liu mentioned air links: the already opened link from Kunming to Yangon, plus links to be established from Kunming to Bangkok, Kunming to Hanoi, Kunming to Vientiane, and Kunming to Singapore (Liu, 1996: 5). From 8 May to 7 June 1990, China and Laos surveyed the river in order to open the 701-kilometre stretch of the Mekong between Jinghong and Luang Prabang for navigation. From 14 October to 18 November 1990, both countries carried out flood seasonal transport of goods on the 1181-kilometre stretch between Jinghong and Vientiane (Liu, 1996: 5). From 27 February to 10 May 1993, China, Laos, Thailand and Myanmar – the later QEC countries – surveyed the Mekong starting from Simao in order to collect data for dry season flow and discuss the possibilities of cooperation (Foreign Broadcast Information Service, 18 May 1993: 15; Liu, 1996: 5).

China's interests in the Mekong region can roughly be divided into two realms of importance: the domestic and the foreign policy one. The GMS agenda provides a fine blueprint for the willingness of China to cooperate and for the areas in which China is willing to do so. As with the issues concerning Vietnam (smuggling, dam-building), many of these fields have transnational character and defy governmental control. The nine sectors of GMS cooperation show the fields of work in which China is willing to cooperate (and possibly give away sovereignty, although none of these issues have reached a stage of institutionalisation where that would be necessary). This is not for altruistic purposes but for the sake of gaining control over the border areas where drug and human trafficking bloom as well as smuggling of manufactured goods – lost revenue for the government – and the spread of HIV/AIDS is a rising concern. In the GMS, China is able to participate in creating a subregional cooperation framework and determine its nature. Not only do these transnational issues need China's cooperation, but China shows the willingness to cooperate. By cooperating in the GMS, the central government also responds to a trend under the 'new regionalism' of a localisation of foreign policy and a deterritorialisation of the nation state – as discussed in Chapter Two – in order to try to regain control over areas that increasingly defy central control. But the GMS agenda not only covers the issues over which China is willing to cooperate within multilateral networks in the subregion; it also shows where that willingness comes to an end. None of these issues imply the alienation of sovereignty. Where subregional issues need a certain alienation of sovereignty and its submission to an institution or organisation, China's cooperation largely fails. This is the case of the Mekong River

Commission. The commission is exemplary and at the same time unique to Southeast Asia in that it is an international institution with an organisational framework based on an international treaty. Admittedly, the commission is torn between firstly the knowledge that without China's cooperation the institution cannot work effectively to enhance sustainable development of the Mekong; and secondly, it fears that China might attempt and succeed to dominate its agenda should Beijing – or Yunnan – decide to join (more see later in this section). However, interviews with Chinese senior scholars and advisors have shown that China itself is cautious about joining the MRC as it entails the submission of sovereignty to a multinational institution over the development of the Mekong (interview with a senior Chinese scholar in Hanoi in May 2004). China's unilateral measures along the upper flow of the Mekong might come under serious scrutiny should it decide to join. The standard line of argument is that China has to carefully analyse, how its sovereignty will be affected through membership in the Mekong River Commission.

More detailed, the domestic interest consists in the development of China's western landlocked provinces and the promotion of border trade with the adjoining countries Myanmar, Laos, and Vietnam as well as with Thailand through Laos (for example Suo, 1997: 9). Although Suo does not mention Vietnam, the country has acquired particular importance for Yunnan's and Guangxi's links with the ASEAN region. This is discussed further below. Another domestic interest consists in narrowing the gap between the ethnic Chinese Han population and ethnic minorities by promoting the development of minority areas through tourism and economic development (Suo, 1997: 8). And, lastly, an economically emerging West shall reduce the internal migration from western China to the booming coastal cities (for instance, Liu, 1996: 6). To expand trade and investment, the government of Yunnan wishes for a greater connectivity of China with South and Southeast Asia in order to challenge competition with 1) Japan, which since the 1980s has developed great interest in the subregion in general and in Indochina in particular and under whose aegis was established the Forum for the Comprehensive Development of Indochina; and 2) the United States, which has already shown its interest in the subregion prior to the 1970s (Yang, 2003: 119; Yunnan Foreign Relations Administration, 2005).

This already leads us to the realm of foreign policy, which consists in the development of the China-ASEAN Free Trade Area, and in the support of international anti-narcotic efforts (for example Yang, 2003: 119) in a region that includes the infamous Golden Triangle, in which the newly built highways,

according to Forney, make that Golden Triangle opium now 'passes most efficiently through the province [of Yunnan ...] on its way to the veins of European and American junkies' (Forney, 1997: 56).⁹⁸ And, lastly and probably most importantly, Beijing seeks to heave its relations with Southeast Asia on amicable grounds in order to counter-balance US influence in the region.

The foreign policy interest in the subregion translates in policies towards the GMS as part of a general foreign policy strategy to create a multipolar world not dominated by the United States (You and Jia, 1998: 127-128; Zheng, 1999: 125). A strong focus is placed on the Asia-Pacific in order to create peace in the region and to be able to carry out the domestic reform programme without disturbances (*China's National Defense in 2000*: Foreword). Economic power is thus being turned into more regional and global leverage (You and Jia, 1998: 128), mostly at the expense of the US. The strategy for the Mekong region is what Liu called the promotion of friendship between the countries on the basis of economic cooperation (Liu, 1996: 4), with the aim to strengthen intra-regional cooperation and in the wake of it to increase the importance of the regional economies in the process of globalisation.

The development of the subregion involves what Handley has called 'Asia's biggest political long-term game: the future balance of power between Japan and China, with Indochina in between.' The GMS shows on a subregional level the regional rivalry between China and Japan for influence in the states of former Indochina. Relations with Japan show a mixed picture. While on the one hand, China has replaced the US as Japan's largest trading partner in 2004 (Blustein, 2005: E01), competition between both is growing stronger as regards maritime borders: the Japan Times reported on 17 January 2005 that Japan Petroleum Exploration Co. and Teikoku Oil Co. 'are in talks' with the Japanese government to drill for natural gas in the East China Sea near areas claimed by both China and Japan. At the same time, a Chinese consortium was carrying out natural gas well tests on the Chinese side of an area close to Japan's exclusive economic zone (EEZ). Tokyo, however, suspected the tests to cut into Japan's EEZ. Rows arise from differences over EEZs, of which China says that its EEZ 'is bigger than Japan recognizes.' The reason for this is that Japan claims its EEZ to be 200 nautical miles or 370 kilometres, while China claims

⁹⁸ For more on the illicit trade in drugs etc. and the minority problem in Burma see Robertson, 1995: 82 and 84.

its EEZ based on its continental shelf, which reaches deep into the EEZ claimed by Japan. As a result, both EEZs overlap (BBC, 30 September 2005). The controversial fields, in which China started drilling activities in 2003, are the Chunxiao and Tianwaitian fields. Both are in uncontroversial areas, which are however close to the EEZ, which Japan claims. The result is that Japan fears that China could suck off gas from the area claimed by Japan (BBC, 10 August 2005 and 20 September 2005). Tokyo's funds for researching natural resources in the East China Sea have risen from 3.8 billion Yen to 12.9 billion Yen in the fiscal year 2005 budget (*Japan Times*, 17 January 2005). On 9 February 2005, the Japanese government placed a lighthouse under state control built in 1988 by Japanese right-wing activists on Uotsuri-jima, the largest of the Diaoyutai/Senkaku islands (Agence France-Press, 10 February 2005). The island group is claimed by China, Taiwan and Japan. This added to the tensions when, on 10 November 2004, a Chinese nuclear submarine was found travelling submerged through Japanese territorial waters. In December 2004, the guidelines for the US-Japan security treaty were revised, mentioning China as a threat, and in the same month, China published its latest white paper on national defence.

Added to this is the general anger concerning the traditional visits of the Japanese prime minister to the Yasukuni Shrine and new outbursts of anti-Japanese sentiments in April 2005 over one of eight new Japanese textbooks to be used at junior high schools from April 2006. The textbooks were approved on 5 April 2005 and are accused of whitewashing Japan's behaviour during the Second World War (they are supposed to lack and distort details in particular in connection with the Nanjing massacre of 1937), while at the same time the year 2005 marked the 60th anniversary of the end of the Second World War. Relations with Japan have experienced a constant downturn since Jiang Zemin's visit to Japan in 1998, during which he reminded his hosts of Japanese atrocities committed during the Second World War (Ching, 2005; Embassy of the People's Republic of China in Japan, 6 April 2005; BBC, 5 April 2005).

By engaging in Mekong cooperation, the smaller countries in continental Southeast Asia hope for enhanced mutual understanding of the respective needs and building of trust. Their aim is to prevent Chinese military expansionism as seen in Burma and the South China Sea plus a negative outcome of China's economic power in the form of cheap products flooding their markets and increasing their trade deficits with China. Japan would like to counter growing Chinese influence in ASEAN through intensification of its links with the region and strong linkages

between Southeast Asian countries. Balancing China in Southeast Asia would also protect Tokyo's economic interests, which are to a considerable part channelled through the ADB, of which Japan is the largest shareholder. The ADB's plans for developing the Greater Mekong Subregion thus fits into Tokyo's strategic thinking (Handley, 1993b: 70). Japan's use of international organisations to push national interests was exasperatedly explained by a senior member of an international organisation as Japan's use of the organisation as 'deposit account' (interview conducted in New York in March 2004). An interesting episode shows Japan's link to, for instance, Cambodia, of which Japan is the largest provider of donor aid. At the 13th Meeting of the Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which took place in Bangkok from 2-14 October 2004, Cambodia voted in favour of an eventually defeated Japanese bid to ease restrictions on whaling (AKP News, 18 October 2004, AKP/04), even though Cambodia has neither a whaling industry, nor has it whales in its waters. As regards Burma, the relations with Burma are crucial for security reasons with access to the Bay of Bengal (Chinese-made radar was installed by the Burmese military off the Burmese coast). Therefore, the 'broader the province's [Yunnan's] economic links with Burma [...] the more secure Beijing feels.' To help establishing the links, more authority has been given to Yunnan. For example, until April 1997, Chengdu, the capital of the province of Sichuan, had the oversight over all freight leaving Kunming (Forney, 1997: 55). In 1988, Burma and China signed a trade pact for cheap consumer goods and machinery going to Burma and timber, jade, rubies, rice, corn, fruit and seafood going to China (Lintner, 1997: 57). Beside China's growing economic influence in Laos and Burma, military cooperation is increasing with Laos and Myanmar: China supplies both countries with military hardware and concluded a military cooperation agreement with Myanmar in 1996 (Lintner, 1997: 58).

In 1985, the *Beijing Review* published an 'expert opinion' on the possibilities of opening a second development front in China's western provinces parallel to the development activities in the eastern coastal provinces – instead of connecting China's west with the eastern modernisation through a gradual development from east to west. The article was based on a survey of the provinces of Guizhou, Guangxi, Yunnan and Sichuan to link up the landlocked parts not only with the east and south coasts through river and land transportation, but also with continental Southeast Asia through Myanmar (Pan, 1985: 22-23), the only neighbouring country of the region with which China had good relations at that time. Exports of natural resources and tourists were the focus of the article. Proposed routes were a highway

from the mining area of Tengchong westwards to Myitkyina and from there use the existent railroad to the sea; another highway south to Lashio, where there is also a railway station; and between those two, a road to Bhamo, situated on the Irrawady; an international airport at Mangshi in western Yunnan for potential air access to Hong Kong, Guangzhou, Rangoon, Bangkok and Singapore (Pan, 1985: 23).

The opening of the southern provinces started with the Eighth Five-Year Plan (1991-1995) and supplemented the coastal development strategy of the 1980s with the development of the interior provinces. Deng Xiaoping's southern tour gave this development an additional boost, and – among other localities – Yunnan and Guangxi were allowed to have 'open cities' with 'preferential treatment in foreign trade and investment akin to that enjoyed by the coastal areas' (Cheung and Tang, 2001: 97-98). While Beijing encourages the opening of the southern border provinces, it 'is concerned that other fast-growing border areas increasingly disregard Beijing' (Forney, 1997: 55). This displays traditional concerns of China's central government about the behaviour of far-away provinces, concerns, which have increased since the decentralisation measure started and in particular the border provinces' engagement in forging foreign relations. Yang enthusiastically regards the GMS's 'new regionalism' in the wake of the concurrent post-Cold War developments of globalisation and regionalisation as a strong motor for and key to the economic development in the GMS and a 'hot spot' for economic development, trade and investment. For China, the GMS acquires importance as part of the China-ASEAN FTA. The extended ASEAN region is an incentive for GMS cooperation as the GMS becomes part of the overarching framework of the ASEAN-China FTA and benefits from a boost in the cooperation between China and the ASEAN countries as the subregion moves towards political stability and as India, Pakistan and Japan develop an interest in the economic potential of the subregion, which connects the GMS with South Asia and Northeast Asia (Yang, 2003: 117) (Yang especially – and somewhat cynically – mentions the settlements the government of Myanmar reached with the internal 'guerilla forces', which, however, have proved to be on shaky ground). Interestingly, Yang mentions the existence of MRC and ASEAN-MB as two other important cooperation schemes within the Mekong basin (Yang, 2003: 118), but fails to comment on what their importance actually consists of. Instead, he continues to talk about the GMS without conceptually connecting MRC and ASEAN-MB to the GMS. This hints to the relative irrelevance of both cooperation endeavours from the Chinese perspective in comparison with the GMS.

This relative irrelevance of the MRC in contrast to the GMS was confirmed in an interview with a Chinese academic from Yunnan in Hanoi in May 2004, who said that the commission is currently a low-profile one only, also due to the disruptive move of its secretariat from Bangkok to Vientiane on 1 July 2004. Admittedly, without China and Myanmar, the commission is not viable. However, China has not yet joined any international river commission. This is due to a legal problem: China is in the process of approaching international law after having been a closed-off country. Approaching international law is part of the opening process. In this opening process, China could become a member of the MRC. 'Careful analysis' of the laws has to be done, because due to the previous closure, China did not deal with international law. International law also affects China's sovereignty, a serious problem, which has to be explored before China can join the Mekong River Commission.

When the author talked to Vietnamese foreign policy analysts in Hanoi during summer 2004 about why China should join the MRC and what benefits China could expect, the answers were as follows:

Faced with the knowledge that China is needed in the MRC as it controls the source of the Mekong, and the fear that, once joined, China might move to control the organisation, the author's Vietnamese interviewees voiced the opinion that for the latter reason, the MRC does not want China to get involved, and if involved, China would want to set up a China-led mechanism. Although China can be of assistance in the development of trade, tourism, financial cooperation and human resources development and therefore create a mutually beneficial cooperation environment – issues which are problematic as China is by far the most powerful country in the subregion – the real gain for China should it decide to join the MRC is the control of the development of hydropower in the Mekong basin. Apart from that, China endeavours to set up a tourist agenda in the subregion and is not interested in sustainable development of the Mekong – an agenda which the Mekong River Commission tries to pursue. In order to sustain its growing economy, China has to control the markets of the subregion, and in particular hydropower development and thus exert control over the energy production in the other member countries as hydropower fuels the economic development of the subregion. Japan and South Korea have already started to get involved, and have opened a field for competition with China. China's need of natural resources makes it necessary to maintain good relations with its neighbours outside the MRC, and to reaffirm its traditional influence through good relations.

The refusal to join the Mekong River Commission by using international law as prime reason sounds unreasonable given the fact that China joined the WTO in 2001, which meant the alienation of sovereignty and the submission to international laws. Here, however, a neoliberal institutionalist view seems to emerge, namely that joining international organisations or signing international treaties and thereby alienating sovereignty can in fact help to realise a certain goal and national interest (Keohane, 1984): by joining the WTO and abiding by international economic laws, China is bound into a network of rules, but is a member of the group that determines the rules of global trade. By conveying sovereignty to the bodies of the WTO, China gains the ability to participate in the future shaping of the regulations for the global economy and negotiate policies beneficial to its own concerns, especially in the face of the Doha round that was upcoming then and is still negotiating agriculture and trade in services (for example Saich, 2004: 306). In contrast, there are no such gains for China, should it join the MRC, because a domination of subregional markets and hydropower production does not seem to depend on a membership in the MRC. In contrast, should the MRC be able to enforce an ecological agenda, something that seems unlikely at the current state of development, China might find itself restricted by the need to adjust economic development to meet the ecological needs of the Mekong basin. Interestingly enough, during the interviews, the Vietnamese interviewees quickly switched from the Mekong River Commission as conversational topic to issues concerning the Greater Mekong Subregion rather than the MRC. This indicates the relative insignificance of the environmentally sensitive Mekong River Commission vis-à-vis the Greater Mekong Subregion not only for the majority of Chinese policy makers, but also for the majority of Vietnam's policy makers.

6.3. Cooperation in the border regions: the case of the Chinese-Vietnamese border

We have seen above in this chapter that the GMS is divided into 1) projects with voluntary participation, and 2) subregions of its own, making governance of the projects in the Mekong area a difficult undertaking and hampering a potential cohesiveness of the subregion, which rather deserves the plural, as in practice it is many subregions. Even smaller cooperation schemes emerge in border regions. One that showcases this development, is the economic collaboration along the Sino-Vietnamese border, in particular involving the provinces of Lao Cai-Yunnan, and

Guangxi-Lang Son-Quang Ninh-Cao Bang. The aim is the integration of the Vietnamese and Chinese border localities.

Roughly half way between the Sino-Vietnamese secret summit in September 1990 in Chengdu and the official normalisation of relations in November 1991, Guangxi's authorities showed interest in investing in Vietnam, in particular in building a glass factory in the central province of Nghe Tinh⁹⁹; and at a trade exhibition in the town of Lang Son, Chinese companies displayed their products amid still strained relations between China and Vietnam (*Far Eastern Economic Review*, 1991: 59). On 27 March 1992, the central governments of both countries decided to gradually open 21 border gates for citizens with valid visas to pass through and pursue small-scale trade. Initially, seven gates were opened on 1 April 1992, among them Huu Nghi and Dong Dang (province of Lang Son, includes the Friendship Gate, which is situated 200 metres within Chinese territory¹⁰⁰), Mong Cai and Lao Cai (*BBC Summary of World Broadcasts*, 3 April 1992: FE/1346/A3/1). Between May and July 1992, clashes occurred on Highway No. 1 near the friendship gate when a Chinese military unit planted a border marker 400m inside Vietnamese territory (Vietnamese Canadian Federation, 2002: 10). On 14 February 1996, railway service from Hekou to Lao Cai and from Pingxiang to Dong Dang was resumed (Gu, 2004: 4). On 13 December 1996, a cargo rail link was established directly connecting Shanghai with Da Nang. On 8 April 1997, a passenger railway service from Kunming to Hanoi was started (Gu, 2004: 4). On 19 April 1997, joint border controls were discussed (*BBC Summary of World Broadcasts*, 22 April 1997a: FE/2899/B/3). On 3 June 1997, China's Vice Transport Minister Hong Shanxiang and his Vietnamese counterpart Bui Van Suong signed a protocol on automobile transportation (cars, trucks, luggage and passengers) through the land border (*BBC Summary of World Broadcasts*, 5 June 1997: FE/2937/B/4; *BBC Summary of World Broadcasts*, 6 June 1997: FE/2938/B/3). By then, air, railway and road links had been re-established (*BBC Summary of World Broadcasts*, 6 June 1997: FE/2938/B/3). During the visit of the Vice Premier in charge of economic affairs,

⁹⁹ In the early 1990, Nghe Tinh province split into Nghe An and Ha Tinh.

¹⁰⁰ For the negotiations on the demarcations of the land border and the Gulf of Tongkin, the specific land areas demarcated and the conflicts which erupted in the VCP and among Vietnamese intellectuals against the distribution of the contested areas see Nguyen Manh Hung, 2002 (land border section and note xxi).

Wu Bangguo, to Vietnam from 23-26 October 1997, where he met his counterpart, Secretary-General Do Muoi as well as President Tran Duc Luong and Premier Phan Van Khai, it was, among other things, agreed that border trade was to be expanded 'in a healthy and stable way, reducing negative phenomena detrimental to both sides' (*BBC Summary of World Broadcasts*, 25 October 1997: FE/3059/B/6). The 'negative phenomena' refer to smuggling activities across the border into both countries, which already flourished throughout the 1980s across the officially closed border. To the present day, smuggling of manufactured goods, heroin, amphetamines and human trafficking continues to pose a challenge to statecraft and political sovereignty, and is also one of the main problems of the QEC countries (Grundy-Warr, 2002: 221). Negotiations on cross-border trade and the opening of the border in general can also be regarded as a means to curb smuggling activities in a bilateral way (Amer, 1999: 113-114). Wu's visit was the first visit of a Chinese vice premier in charge of economic affairs to Vietnam since both countries had officially normalised their relations in 1991 (*BBC Summary of World Broadcasts*, 25 October 1997: FE/3059/B/6). Over the years, existing roads were upgraded, train services resumed, a coach service was established between Lao Cai and Yunnan, and border crossings were opened for individuals. In 1999, cruising ships were allowed to operate in Halong Bay (Gu, 2004: 4). On 18 January 2000, commercial bus services were opened from Fangchenggang to Tian An, Pingxiang to Dong Dang, and from Longzhou to Cao Bang (Gu, 2004: 4). On 15 August 2000, a new border bridge to link Hekou with the province of Lao Cai was opened (*Comparative Connections*, 2000). Air connections are available between Beijing-Nanning-Hanoi, Guangzhou-Hanoi-Ho Chi Minh City, and Kunming-Hanoi (Gu, 2004: 4). In combination with improved ASEAN-China cooperation and the establishment of the China-ASEAN FTA, Vietnam's border provinces have emerged as important trading stations for China to ship and sell goods to ASEAN countries. Furthermore, because the border areas of Yunnan and Guangxi are incorporated in the GMS, they benefit from funding channelled through the ADB.

Border trade benefits from the border agreement. The twelve months between December 1999 and December 2000 proved particularly busy in China-Vietnam border relations. The year 1999 drew to a close with the signing of a land border treaty in Hanoi on 30 December 1999; both parliaments ratified the treaty in April (China's NPC Standing Committee) and June (Vietnam's National Assembly) 2000 (*Renmin Ribao*, 7 July 2000). Constant discussions on the Gulf of Tongkin, after having largely removed the problem of the land border, ended in August 2000 in the opening of a sea tourist route from Ha Long to Fangcheng (*Renmin Ribao*, in

English, 14 August 2000). In December 2000, an agreement on the Gulf of Tongkin was signed. In October 2005, both sides agreed to joint military patrols of the Gulf of Tongkin (BBC, 1 November 2005). In mid-2000, some months before the agreement on the Gulf of Tongkin, Nguyen Duy Quy noted that already nine rounds of talks on that problem had been conducted since March 1994 (Nguyen Duy Quy, 2000: 14). Even earlier, in October 1993, both sides signed an agreement on basic principles for the solution of the territorial questions.

Unlike the disputes over the Tongkin Gulf and the land border, the bilateral discussions between China and Vietnam over the economically and strategically far more important Paracels and Spratlys that are in place since August 1994 and the multilateral approaches via the ARF have virtually not produced any concrete outcome (Guan, 1998: 1128-1130; Möller, 1999: 281-283). Gu Xiaosong, referring to the Nansha problem, even remarked that 'future armed conflict may be inevitable' (Gu, 2003: 4). Instead, bilateral offers for negotiations are welcomed by the respective countries, thus weakening ASEAN's bargaining position as a body for defending the interests of its member states (Möller, 1999: 284) towards the militarily superior China.

The expansion of Yunnan's economy was the economic reason for China to decide to engage in Mekong cooperation. Contacts between Yunnan and Lao Cai started to take off, when in February 1992, He Zhiqiang, Yunnan's governor from 1985 to 1993, led a high-ranking delegation in order to pay an official visit to the province of Lao Cai. On the occasion, the chairman of Lao Cai's People's Committee and Yunnan's governor signed a memorandum of cooperation (Yang, 2002: 31). On 18 May 1993, the Hekou-Lao Cai port was officially opened after 14 years of blockade (Foreign Broadcast Information Service, 18 May 1993: 14-15), followed by other cross-border rail, road and telecommunication links. The moves re-established the traditional links and markets in the Yunnan-Lao Cai border region (Yang, 2002: 32). Until the 1980s, Yunnan's development was carried out by Beijing independently of the subregion, with which political contacts existed on a very limited scale. From the 1950s, Yunnan offered mostly agricultural products for the local markets, such as rubber, sugar cane and spices, bananas, mangos and other fruit. Mineral resources were found as well, such as zinc, lead, strontium, thallium and cadmium (Liu, 1996: 4-5). The first border crossings that opened were the city of Wanting and the county of Ruili at the border with Myanmar in the first half of the 1980s. Border trade re-developed and Yunnan had the chance to connect its own development with that of Southeast Asia (Liu, 1996: 5). As a tucked away, poor

province, the Mekong countries offer markets for Yunnan products (minerals, machinery, agricultural products). The river itself provides a means of transportation to bring the products via Thai transshipment centres to the targeted consumers of continental Southeast Asia and to the sea for access to world markets. This all offers China's west the chance to enhance economic development in a neglected region while the coastal provinces have long since been booming (Handley, 1993a: 69 and 1993c: 71). China's wishes to make the Mekong navigable for heavy commercial traffic in order to increase exports of Yunnan's products makes it necessary to blow rapids along the stretch that divides Myanmar and Laos (Handley, 1993a: 69). The undertaking is heavily criticised for its ecological problems. Since the political rapprochements in the Mekong area started in the beginning of the 1990s, a good deal of the rapidly increasing trade is of illegal provenance, however. Estimates for the area of the Golden Quadrangle for 1993 place the amount of illegal trade 'conservatively' at between USD 240m and USD 280m. According to a Chiang Rai Province Commission report on the Golden Quadrangle that trade has increased to around \$400m in 1994 as a result of the re-opening of cross-border trade and a simultaneous existence of high tariffs and a lack of formal border crossings with customs and immigration services. This is a situation, which is 'handicapping trade to such an extent that smuggling and illegal trade has become a necessity in order for the region to survive' (Robertson, 1995: 82; Handley, 1993a: 69). The Golden Quadrangle states are engaged in the joint planning of roads and railways following a decision to regularise economic relations (Handley, 1993c: 71). The *GMS Cross-Border Transport Agreement* can be seen in this light. On 13 April 2005, *Xinhua* (English) reported that 27 Chinese, who were caught smuggling Diesel oil from Vietnam to sell in China, went on trial in Guangxi. They were accused of smuggling more than 5.7 tons of oil, worth 43 million Yuan (or 5.18 million USD) of tax. The smugglers were said to own a group of ships and trucks and a gas station in the Tongkin Gulf (Beibu Gulf) region (*Xinhua*, 13 April 2005).

In the course of years since border trade between China and Vietnam re-opened, mutual trade has expanded and regular trade fairs have been organised. In 2002, several ideas surfaced for a special economic region to encompass large areas of Vietnam's border provinces of Ha Giang, Lao Cai and Lai Chau to be closely integrated with Yunnan. In 2003, the creation of a data base by the People's Committee of Lao Cai in coordination with the Vietnam Chamber of Commerce and Industry was announced to contain information about south-eastern China in order to aid trade and investment promotion in Lao Cai, adding cooperative structures to the rotational trade fairs held regularly in Lao Cai and Hekou (Ministry of Foreign

Affairs of Vietnam, 10 November 2003; *Vietnam News Agency*, 28 October 2002). This binds China's southwest into the region through genuine economic interest in developing China's land-locked western provinces and tapping new markets for Sichuan's, Yunnan's and Guangxi's products.

In mid-August 2004, the leaders of the cities of Hanoi and Haiphong and of the provinces of Lao Cai and Quang Ninh met to discuss closer cooperation in infrastructure and customs procedures for goods entering and leaving Vietnam from and to China (*Vietnam Business Forum*, 24 August 2004). In early September 2004, delegations of the same localities met with a delegation from Yunnan to discuss the construction of an economic corridor from Kunming through the Lao Cai-Hekou border crossing into the four localities to boost transport, trade, tourism and investment. The delegations were led by Yunnan's Governor Xu Rongkai and the chairmen of the people's committees of the four Vietnamese provinces and cities. The plans include an economic corridor from Nanning in Guangxi through Lang Son and Hanoi to Haiphong at the Gulf of Tongkin. The aim is to strengthen cooperation between northern provinces and municipalities to manage border trade with China and construct the economic corridor of Kunming-Lao Cai-Hanoi-Haiphong-Quang Ninh. To realise this, the Lao Cai-Hanoi-Quang Ninh road has to be upgraded, and the Hekou-Lao Cai-Hanoi-Haiphong railway needs either to be upgraded, too, or replaced with a new rail link for increased demand in cargo transport from the Haiphong and Cai Lan seaports in the province of Quang Ninh through the Lao Cai-Hekou gate into China (Kunming) and vice versa. An airport is planned in Lao Cai. The construction of the airport would complete the modes of transport at the Lao Cai-Hekou border gate: river, rail, road and air. According to Bui Quang Vinh, Chairman of Lao Cai's People's Committee, Yunnan and Lao Cai authorities are working on regulations to let automobiles with passengers, fresh vegetables and frozen seafood pass deep into the territory of the other province in order to cut costs for enterprises and visitors. He also said that the Lao Cai-Hekou gate is the most important buffer zone in a China-ASEAN FTA. In Lao Cai, a container depot is being planned, and the Vietnamese Ministry of Trade is said to be strengthening trade at the Lao Cai-Hekou border gate through the establishment of trade centres and supermarkets in adjacent border areas, fairs, forums and exhibitions, and the exchange of trade information. Furthermore, the September meeting agreed to simplify customs and entry-exit procedures by introducing one-time inspections of goods to be carried out jointly by Vietnamese and Chinese customs officials. Since December 2005, Chinese vehicles carrying goods and passengers are allowed multiple entries to the Lao Cai Border Economic Zone for one month to replace

single entry licensing. This measure is supposed to speed up import-export operations of Chinese and Vietnamese firms for the Lao Cai Border Economic Zone. For the year 2005, Lao Cai plans to introduce an electronic customs declaration and to allow customs clearance after 10 o'clock pm, the time at which Lao Cai's customs officials stop working. On 24 November 2004, Lao Cai inaugurated the Center for Managing the Lao Cai International Border Gate. This is in accordance with the *GMS Cross-Border Transport Agreement*.

The main goods entering China from Vietnam include seafood, fruit grown in the northern and southern river deltas (the Red River and the Mekong respectively), consumer goods such as detergents, plastic wares, footwear, confectioneries, processed coffee and tea, materials such as latex, unprocessed cashew nuts and dried cassava. From China's southwest, products going to Vietnam include machines, equipment, metal tools, chemicals, clinker and agricultural strains such as potatoes, hybrid rice, flowers and fruit (*Xinhua*, 15 September 2004; *Vietnam Business Forum*, 24 August 2004 and 18 November 2004). A recent measure in order to ease tourism in Vietnam is a conditioned visa exemption for tourists from China since 12 September 2005. Visa exemptions had already been in place for tourists from Korea, Japan and six ASEAN countries (Thailand, the Philippines, Indonesia, Malaysia, Singapore and Laos). The regulation, supported by local travel agencies and the National Tourism Administration, is supposed to bring Chinese tourists in greater numbers to Vietnam (the government hopes for an increase of up to one million Chinese tourists per year) by issuing tourist cards with a validity for one month. While conditioned visa exemptions were in place for Chinese tourists for seven northern Vietnamese localities only (Quang Ninh, Lang Son, Ha Giang, Cao Bang, Lao Cai, Haiphong and Hanoi), the measure was extended to the whole of Vietnam (*Vietnam Business Forum*, 16 September 2004).

The province of Lao Cai has four major economic zones: the Lao Cai International Border Gate Area, the Kim Thanh Trade Area and the two industrial complexes at Bac Duyen Hai and Dong Pho Moi. These zones offer tax incentives to investors and exempt them from land rentals (*Vietnam Business Forum*, 24 August 2004). This development, and especially the expansion of the Lao Cai International Border Gate Area into a transit station for Yunnanese goods to Vietnam and the wider ASEAN region and from ASEAN via Vietnam to Yunnan (an economic corridor stretching from Kunming via Hekou-Lao Cai to Hanoi and Haiphong) of course happens with the approval of the government in Hanoi and is the development of what Nguyen Than Duc called the 'open economic zone' (Nguyen

Than Duc, 2005: 124). As regards infrastructure, the national highway No. 70 from Lao Cai to Doan Hung (province of Phu Tho) will be upgraded with four lanes between 2005 and late 2008 in order to link Kunming with Haiphong via Hekou (*Vietnam Business Forum*, 12 January 2005). As part of the GMS programme, the ADB extends loans for the construction of the Kunming-Haiphong corridor and the upgrading of the Hanoi-Lao Cai railway. The *Vietnam Business Forum* explains that the Lao Cai gate is the 'most efficient and shortest' way for Yunnan to export its products: the railway route from Kunming to Haiphong is only 850 kilometres long, whereas the alternative route from Kunming to the sea ports of Guangxi is 1,800 kilometres long. Involved in the development of Lao Cai are the provincial government and the central ministries of Planning and Investment, of Transport, of Foreign Affairs, of Defence and of Public Security (*Vietnam Business Forum*, 29 July 2004). The last three show the security significance the central government allocates to cross-border cooperation and the capacity, with which it tries to control border provinces and border trade. It is also an attempt to curb smuggling activities, enhance the competitiveness of Vietnamese enterprises and protect Vietnamese industry vis-à-vis China. At the same time it shows the willingness to exploit a potential of Vietnam as transit station of China-ASEAN trade, a position in which Laos and Thailand are interested, too. This interest comes at a time when Chinese business people are investing abroad. While Japan and Taiwan are still the biggest sources of FDI in the region, Southeast Asia is experiencing 'a small but rapidly growing flow of outward direct investment from China as both state-owned and private Chinese companies start to see benefits in investing abroad' at a time when 'China grows and competition intensifies' and protectionism in the United States against Chinese goods grows. 'The earliest beneficiaries of this new exploration will probably be China's neighbours – the very Southeast Asian countries that were recently lamenting how China was sucking up FDI at their expense.' In this strategy of China's entrepreneurs, Thailand shall function as gateway to ASEAN markets (Vatikiotis, 2004). As a result, Thailand and Vietnam are competitors in the Chinese market and for Chinese FDI. China is hence in a comfortable position, while Vietnam's government seems squashed between fears of China's economic strength and a race with Thailand for shares of China's domestic market. In particular, as highlighted by Vietnam's trade counsellor in Kunming, Nguyen Duy Luat, the Vietnamese side looks at Thailand's air links with China and the much enhanced navigability of the Mekong between Thailand and China. The competition is the more severe, as Thai and Vietnamese export products to China both focus on seafood, fruit and vegetables, and are both destined for China's western provinces. In the light of this, Vietnam's Trade Minister Truong Dinh Tuyen argued that if Vietnam failed to boost exports to China, the China-ASEAN FTA and the early

harvest programme would have less effect on Vietnam's economic development (*Vietnam Business Forum*, 7 April 2005). Seen from this point of view, Vietnam's efforts of subregional integration in the GMS not only aim at becoming economically more important to outside countries (a goal which is supposed to make Vietnam economically more independent from China); but they also aim at using GMS agreements – here in particular the simplification of customs procedures, the expansion of air links and the development of the Mekong for better navigation – in order to draw even with Thailand in its exports to China for the development of the economy of its northern provinces.

Apart from the planned corridor from Nanning to Haiphong, the construction of an expressway from Nanning to Vietnam through the Friendship Gate is being carried out. The expressway is expected to open in 2006 and to cut the eight-hour drive from Nanning to Hanoi to four hours (*Xinhua*, 11 August 2004). Guangxi borders the provinces of Quang Ninh and Lang Son and has already emerged as key trading station for China-ASEAN trade. Cooperation started to take off in the early 1990s, when the border between Lang Son and Guangxi was re-opened at the Friendship Gate on 1 April 1992. The opening allowed trucks to resume transport of goods, and train service resumed later in April. The exact location of the border was still unclear at the time of the official opening, as China claimed the border to be 300 metres deeper inside Vietnamese territory than the point that was accepted until 1979 (*Far Eastern Economic Review*, 1992: 14). Although the border was officially closed during the 1980s, the amount of smuggled goods entering Vietnam from China 'was a major preoccupation' in Vietnam and had adverse effects on Vietnam's economic development (Amer, 1999: 76). The issue was consistently raised during the negotiations on the land border.

From 25-26 April 2000, a Joint Investment Trade Conference was held in Hanoi between Guangxi and Vietnam's Ministry of Industry. It was attended by Wang Hanming, Guangxi's Vice Chairman, and Vietnam's vice minister of industry (*Renmin Ribao*, in English, 29 April 2000). While trade is still strictly controlled, *Renmin Ribao* reported further that in 2000 eight border towns and counties with 12 border ports were approved by the state to open up, plus 25 visiting spots for border residents (*Renmin Ribao*, in English, 29 April 2000). Later in the same year, from 23-27 September 2000, a border trade fair was held by the city of Fangcheng in the town of Dongxing, which directly borders Quang Ninh (*Renmin Ribao*, 10 August 2000). As a result, of all ASEAN countries, Vietnam has become Guangxi's most important trading partner, owing to the fact that Vietnam is the direct export-import

route for goods in China-Southeast Asia trade (Ministry of Commerce of China, 6 January 2004). The importance of border trade with Guangxi has restored importance to the respective cities on each side of the border: Lang Son and Shuikou, and Mong Cai and Fangcheng. Trade fairs and industrial exhibitions mirror the exchanges between Yunnan and Lao Cai. It seems only as a consequence that Vietnam's consul general of Guangzhou expressed interest in the establishment of a consulate in Guangxi's capital Nanning (Ministry of Commerce of China, 19 February 2004). The consulate was opened in May 2004 in addition to Vietnam's consulates in Guangzhou and Kunming (Gu, 2004: 15). This seems the more important as Nanning hosted the first China-ASEAN trade and investment summit from 3-9 November 2004. The summit ran parallel to and as a part of the China-ASEAN trade fair, which is to be held annually in the same city, as was concluded on the 7th China-ASEAN leadership meeting in October 2003 (Ministry of Commerce of China, Special Commissioner's Office in Nanning, 16 February 2004). The next China-ASEAN trade fair was due in Nanning from 19-22 October 2005. Before moving to China, however, a pure ASEAN Trade Fair was held in Hanoi in mid-October 2004 in order to promote exchange among ASEAN countries themselves (AKP News, 18 October 2004, AKP/03). The China-ASEAN trade fairs in Nanning are supposed to work as a booster for Guangxi-Vietnam border cooperation and as a supplement to local trade conferences and Guangxi-ASEAN cooperation meetings. On 13 April 2005, Guangxi and Vietnamese border localities held a local conference in order to arrange the organisation of trade fairs, exhibitions and information exchanges as well as infrastructure projects, such as the upgrading of road and railway networks, construction of seaports, opening of new border gates and improvement of old ones (*Xinhua*, 14 April 2005). Another result of the enhanced cooperation is a bilingual web site on China-Vietnam trade, the China-Vietnam Economy and Trade Information Network (Zhong-Yue jingji maoyi xinxiwang, 中越经济贸易信息网, www.cvtrade.com.cn), maintained by the Guangxi provincial government (www.gxi.gov.cn) and the Vietnamese Trade Ministry. The site contains information about government policies, enterprises and market conditions. Yet another website is trilingual (English, Vietnamese, Chinese), and features the Sino-Vietnam Trade Network, Zhong-Yue keji maoyi wang, 中越科技贸易网, (www.sinoviet.com, the Vietnamese page is on www.vn.sinoviet.com, the English page is www.en.sinoviet.com). The Network, according to its self-portrayal a 'sub-network of Guangxi Scientific and Technological Information Networks (www.gxsti.net.cn), is devoted to the excavating and transmitting of Sino-Vietnam science and technology commercial information in three languages' and provides information on trade, investment, companies, regulations and geography.

When Prime Minister Wen Jiabao met his counterpart Phan Van Khai in Vietnam in October 2004, they agreed to cooperate on the 'Two Corridors One Circle' plan: the corridors are Nanning-Lang Son-Hanoi-Haiphong-Quang Ninh, and Kunming-Lao Cai-Hanoi-Haiphong. The circle is the Gulf of Tongkin. The plan is supposed to further link the economies of the northern Vietnamese and the southern Chinese provinces and to 'provide a bridge to facilitate China-ASEAN cooperation' (Gu, 2004: 14).

Table 13: Guangxi's Major Import-Export Markets (in 2002)

Import markets			Export markets		
country (region)	amount (in 10,000 USD)	annual percentage change	country (region)	amount (in 10,000 USD)	annual percentage change
Brazil	15519	853.8	Vietnam	34058	98.1
Vietnam	14558	25.6	Hong Kong	25745	41.3
USA	11378	120.3	USA	15722	4.4
Japan	6481	63.4	Japan	12072	4.9
Taiwan	6034	68.0	Taiwan	6329	10.8
Australia	3674	23.3	Netherlands	5729	-46.4
Germany	3093	66.6	South Korea	3977	19.8
South Africa	2901	50.9	Italy	3522	12.6
South Korea	2803	-17.2	Germany	3350	-12.2
France	2400	345.3	Spain	2970	-9.1
Gabon	2240	36.7	UK	2940	10.7
Canada	1794	397.0	Thailand	2622	32.7
Austria	1484	1313.3	France	2346	6.3
Hong Kong	1440	-24.4	Malaysia	2343	19.8
Finland	1428	-15.1	Indonesia	1982	-21.6
Thailand	1423	-20.1	India	1950	40.2

UK	1272	-1.8	Austria	1694	-9.2
Malaysia	1269	7.5	Singapore	1633	3.5
Italy	1144	-23.3	Philippines	1218	79.1
Iran	1100	186.5	Belgium	1163	12.2

Source: *Guangxi nianjian 2003* (Guangxi Yearbook 2003), p. 209.

Table 14: Guangxi's Major Small Border Trade Import-Export Products

Export			Import		
product name	quantity	amount (in 10,000 Yuan)	product name	quantity	amount (in 10,000 Yuan)
fruit	93320 tons	20779	rubber	37839 tons	11998
traditional medicine	21135 tons	14598	fresh longans	43761 tons	9013
knitted and cotton clothes	4700000 items	15364	cassava (med.)	96900 tons	8950
glass	4060000 sqm	9913	dried lychees	16738 tons	6467
garlic	48223 tons	8618	coal	411094 tons	6064
mung beans	28507 tons	8398	glutamic acid sodium (med.)	11291 tons	4768
toys	54209 items	4324	cashew nuts	2690 tons	4550
soybeans	18530 tons	3713	water melons	251315 tons	4432
machinery and power-generating fittings	5572 tons	3214	dried longans	25177 tons	3878

machinery	4613	2355	iron ore	228451	3679
	items			tons	

Source: *Guangxi nianjian 2003* (Guangxi Yearbook 2003), p. 210.

Both provinces, Guangxi and Yunnan, understand their role in the relations between China and Southeast Asia as a gateway for Chinese products to Southeast Asia and vice versa. In 1981, Beijing moved to establish provincial foreign affairs offices in order to ‘implement the principles and policies of the central government in foreign affairs under the dual leadership’ of the Ministry of Foreign Affairs and the provincial governments (Cheung and Tang, 2001: 99). In the meantime the provinces ‘now also conduct external relations in order to enhance their own international images and pursue their own economic interests’ (Cheung and Tang, 2001: 104).¹⁰¹ Accordingly, for instance, the government of Yunnan (www.yn.gov.cn) and its foreign affairs office (the Yunnan sheng renmin zhengfu waishi bangongshi, 云南省人民政府外事办公室, www.yfao.gov.cn) created a GMS leading group (Yunnan Lancangjiang-Meigonghe ciquyu jingji hezuo zhudao xiaozu bangongshi 云南省澜沧江—湄公河次区域经济合作领导小组办公室). The GMS leading group deals with the province’s relations with South and Southeast Asia in general including relations with international organisations such as the ADB.

The activities of Yunnan and Guangxi in border trade mirror the discussion in Chapter Two: that through decentralisation measures since 1979 and the contemporaneous process of globalisation, subnational (border) units increasingly form international contacts. This at the same time is not only an expression of globalisation, but shows how through the lifting of the Cold War structure border units form cooperative areas, subregions – or what Sasuga (2004) called micro-regions –, over which the central government finds it difficult to exercise control. This is what was referred to in Chapter Two as ‘deterritorialization’ and ‘reterritorialization’ (Sasuga, 2004). Hence the reactions of, for instance, the Vietnamese government as mentioned above, to attempt to reign into efforts by border provinces to create special economic regions, which would further diminish

¹⁰¹ See pp. 98-119 in Cheung and Tang for a good overview over the activities of the provinces in external relations (including cooperation between research institutes and the hosting of consulates). For a history of Guangxi’s external links until the early 1990s see Hendrischke, 1997.

central control over border units. These measures by the central government can be seen as what was described in Chapter Two as attempts towards 'deglobalization' (Robertson, 1992). Regionalism here is an answer to globalisation, while at the same time the region is linked to the streams of global trade.

The ADB aides this integration by facilitating regional transportation networks within the GMS framework. Regarding Vietnam, the Bank gives priority to the upgrading of transport corridors that are simultaneously beneficial to subregional linkages. Particular targets in this respect are the road between Hanoi and Lang Son on the Vietnamese-Chinese border, the Ho Chi Minh City-Phnom Penh-Bangkok Highway, and the East-West Corridor connecting Laos, northeast Thailand and central Vietnam. The opening of the East-West Corridor would be of particular importance for central Vietnam, because it is a region that lacks a natural hinterland within Vietnam. Another possible subregional corridor would be the road and rail route from Hanoi to Lao Cai.¹⁰² In terms of energy production, cross-border power exchange is seen as having a potential for development – as mentioned, Vietnam buys hydropower from Yunnan –, as well as a subregional gas pipeline network. Private sector interest can be found in the development of coal-fired power plants in northern Vietnam, which would serve both the domestic market and could be used to export power to China. Other areas, where the ADB sees development potential with effects for the GMS as a whole is human development (especially with regard to the health sector, malaria and AIDS) and the environment (ADB, 1995: 44). According to Handley, Mekong cooperation would enable Vietnam to expand the sales of consumer items, natural-resource products and farm goods to Laos, Cambodia and Thailand through the East-West Corridor based on its Highway No. 9. The economic corridor system would open a hinterland for the port of Da Nang for tourists and products and increase chances to attract international aid in order to improve its facilities (Handley, 1993a: 70). It should be noted that FDI in the northern border provinces is relatively low compared with the southern provinces. Only Quang Ninh, bordering not only China's province of Guangxi but also the sea, can be found in the

¹⁰² see specifically: RETA (Regional Technical Assistance) 5535: Promoting Subregional Cooperation Among Cambodia, People's Republic of China, Lao PDR, Myanmar, Thailand and Viet Nam for \$4.0 million, approved on 10 July 1993. RETA 5649: Greater Mekong Subregion Infrastructure Improvement: Ho Chi Minh to Phnom Penh Highway, for \$3.0 million, approved on 9 November 1995. RETA 5566: Study of the Lao-Thailand-Viet Nam-East-West Transport Corridor for \$1.0 million, approved on 18 July 1994. This TA is financed by France with the Bank acting as the Executing Agency.

upper half of Vietnam's FDI-attracting localities, followed by Lang Son and Lao Cai in the lower half of the statistics (see Appendix). While this integrates Vietnam's and China's economies in the subregion and links them with each other ever more closely, and while it also diversifies growth away from the centres of economic activity in China (the coastal regions) and in Vietnam (the urban centres of Hanoi and Ho Chi Minh City and the deltas of the Red and Mekong rivers), an enhanced transport and infrastructure network may produce the opposite result of what Vietnam hopes for, namely an increase in Chinese exports to Southeast Asia and a trade balance further tilting in China's favour.

6.4. Conclusion

The gradual approach of building a system of committee governance we observed in the GMS in the previous chapter, interestingly, resembles the bilateral cooperation between China and Vietnam since 1989 (for the following analysis see the table *High-level Meetings Between Vietnam and China 1989-2005* in the Appendix). What we see in the table is a steadily improved and intensified bilateral conversation, negotiation and bargaining situation between several layers of actors in China and Vietnam. Bilateral visits have increased greatly along different layers of actors. This went hand in hand with a convergence of interests and cooperation expectations on both sides. A gradual process was unfolded, based on post-Cold War pragmatism, through which emerged a regularity and continuously enhanced frequency of exchanges on multiple levels, supported by governmental policies, leading from general discussion of the issues in hand to specificities. Eventually, this process with governmental pressure pushing it forward, led to a conclusion of a series of treaties. Particularly noteworthy are the treaties for the land border and the maritime boundaries in the Gulf of Tongkin. The boundary treaties met with criticism in Vietnam on the side of intellectuals, who accused the government of having made too many concessions to the Chinese side.¹⁰³ Overall, a conflict resolution ranking emerges from the table: first, normalisation of relations and a number of confidence-building exercises; second, the least contentious issue in the form of the land border was solved; third, the second least contentious issue, the Gulf of Tongkin, was tackled. Now remaining is the South China Sea, which would involve the need for a multilateral negotiation forum, something China is

¹⁰³ Nguyen Manh Hung, 2002 (land border section and note xxi).

approaching only very hesitantly. Still, however, the gradual approach and the steady expansion of confidence-building platforms on various levels (see next paragraph) eventually facilitated cooperation on sensitive issues such as liberalising visa regulations between both countries. These events and the emerging cooperative structure in the GMS highlight that the first multilateral exercise in East Asia in the form of SEATO was essentially a concept of multilateral cooperation unknown to the region, which consequently could not gain any ground. Instead, ASEAN emerged as a gradual, confidence-based cooperation mechanism.

The levels of actors involved in the exchanges between China and Vietnam encompass: heads of state and government (state level), government ministries (state level), communist party organs (party level), provinces, cities, counties (subnational level), experts (state and epistemic community level) and parliamentary exchanges (state level). The topics range from coordination in foreign and security policy at the governmental level, ideological discussions of how to develop the economy without losing power, to cultural and educational exchanges between border localities and local party committees. In addition, on both sides of the China-Vietnam border, trade fairs were established on a regular basis, involving the business community of the private and state sectors.

In particular the activities and announcements of 20 May 2004 and October 2004 (see the same table in the Appendix) show that setting the framework for GMS cooperation in general and border cooperation in particular (the border localities in question were not all part of the GMS framework in 2004 but became so in summer 2005 with the inclusion of Guangxi in the subregional cooperation structure) lies in the hands of the central governments in Hanoi and Beijing. Implementation, then, occurs through border provinces and smaller localities at the Sino-Vietnamese border, that is, subnational units ranging from province down to county levels.

The fact that the central governments of China and Vietnam concern themselves with building and upgrading of infrastructure shows the concerns of both countries to engage in border and subregional cooperation and use the opportunities for economic development to develop the domestic economies (especially China's landlocked west and Vietnam's landlocked north). The involvement of central government ministries also shows the strategic relevance Beijing and Hanoi attach to border and GMS cooperation. The involvement of Vietnam's central ministries of Foreign Affairs, of Defence and of Public Security in developing economic links of

Lao Cai with Chinese localities across the border (*Vietnam Business Forum*, 29 July 2004) highlights this security issue and the attempts of the central government to control actions and foreign relations of border localities with China. As for China, Mekong basin cooperation was explicitly mentioned in China's *National Defense* white paper of 2002; and at the Fourth ASEAN Informal Summit from 22-25 November 2000 in Singapore, then Prime Minister Zhu Rongji made extensive reference to Mekong cooperation and stated China's readiness to increase its financial contribution for the enhancement of roads and the navigability of the Mekong in order to lay the foundation for swifter and closer integrated economic development of the subregion (*Renmin Ribao*, 26 November 2000a). The fundamental idea behind this is to enhance Beijing's position in Southeast Asia (not least the statement was made during the important ASEAN Informal Summit) and to turn the expected economic advantages to good use for its domestic economy. Consequently, the lines between foreign and domestic policy are not clearly distinguishable anymore. The development also makes clear that border and subregional cooperation is a strategic asset for both governments and therefore worth not only to engage in, but also to discuss and publicly announce it during high-level governmental exchanges. It furthermore indicates attempts by both central governments to control the development in their respective border areas.

Chapter 7

Conclusion: China's and Vietnam's Foreign Policies and Subregionalism in the Greater Mekong Subregion

This study was concerned with two broad thematic categories: subregionalism and institution-building in the GMS (using the regime approach and the concept of committee governance), and the foreign policies of China and Vietnam towards each other and towards the GMS. The study further set out to examine how these two thematic categories influence each other. Grouped into these two thematic blocks, this chapter will recall the research questions developed in Chapter One, Section One and Chapter Four, Section Three and link them to the conceptual framework in Chapter Four (including the remarks in Chapter Two, Section Three and the discussion of international regimes in Chapter Three) concerning their mutual influence and dependence.

Let us first consider Vietnam-China relations and the manifestation of both countries' foreign policies in the GMS. The relevant research questions were as follows: How did Vietnam's and China's foreign policies change after the Cold War so that Mekong cooperation became possible again? How do China and Vietnam perceive each other and how do these views shape the foreign policies of both countries towards the GMS? What roles have Vietnam and China allocated to the GMS? Is GMS cooperation a means to attain foreign policy goals, or is it an end in itself (such as integrating the economy into the subregion), or is it both a means and an end? Did the change of the foreign policies of both countries result in compatible or contradictory foreign policies towards subregional cooperation? Are there dual Chinese and Vietnamese strategies in foreign policy and economic policy towards the GMS?

The regime approach, as we have seen in Chapter Three, argues that regimes can come into being where unilateral action in the anarchic self-help system produces Pareto deficient, sub-optimal outcomes. Actors need to find common interests to cooperate. Cooperation emerges where states regard (or are forced to regard – in our case due to changes in the global security structure, which led to a realignment of foreign policies) their policies as being in actual or potential conflict over the realisation of a common interest; and it happens only when the conflict is not asymmetrical (the asymmetry between China and mainland Southeast Asian

countries is the reason why China's Lancang Cascade is not discussed: see below). Chapter Five in particular examined the historical evolution of cooperation and showed the current state of GMS cooperation. The common interest of GMS countries to turn from Cold War contention to cooperation is manifested in the peaceful and sustainable exploitation of the Mekong's waters as a common resource for irrigation, food, electricity production and transport. The notion of the Mekong turning into a source of cooperation is especially important when going through the history of Mekong cooperation, which was time and again hampered by the outbreak of violent conflict. Looking at Vietnam-China relations, further mutual goals and gains can be observed in the development of China's western and Vietnam's northern provinces with the aim to diversify growth away from the centres of economic activity in both countries to mountainous areas, which are difficult to access – a goal which is generally shared between the respective provinces and the central governments in Hanoi and Beijing. As these regions border each other, the common goal of their development almost inevitably produces their growing interdependence and as a result a growing interdependence of the economies of China and Vietnam. Cooperation and the development of a foreign policy that creates means to settle disputes without recourse to military force are therefore necessary for the realisation of the national interest (for the provinces as the subnational units see also below).

Keohane's mentioning of 'a reputation for reliability' and the 'provision of high-quality information' to others as prerequisites for maintained cooperation (Keohane, 1984: 259) are important with regard to Vietnam's foreign policy in the GMS: Nguyen Than Duc of the Academy of Social Sciences in Hanoi emphasises that Vietnam, by engaging in subregional cooperation, wants to 'demonstrate trustworthiness in international relations in order to reach long-term goals such as WTO membership' (Nguyen Than Duc, 2005: 123). With regard to China, being viewed as a friendly power helps to increase Chinese influence in Southeast Asia at the expense of the United States. But global goals and regional goals are intertwined: the expansion and future sustainability of cross-border trade along the Chinese-Vietnamese border has made it necessary to compile information systematically and make it accessible to interested parties. Furthermore, Vietnam's concerns about the ecology of the Mekong delta needs continuous information exchange of hydrological data and dam-building activities with upstream Mekong countries, in particular with China as the country at the river's source. The Mekong delta is vital for Vietnam's agriculture and fishing industry. Salt intrusion and floods threaten its ecology. Therefore what is done in the upper reaches of the Mekong, most notably at the

source in China, is of importance down in the delta. The old rivalry between China and Vietnam is reinforced by a new conflict; but Mekong cooperation was taken as a potential means to divert attention from contention to cooperation in order to realise the common goal of peaceful and long-term use of the Mekong's waters. As a major source for electricity and energy production, irrigation and transportation development, the Mekong is of importance for all of the countries in the Mekong basin. Being thus a source of potential contention, it had to be turned into a source of cooperation in order to achieve mutual gains. This also constitutes a 'shadow of the future' (Axelrod and Keohane, 1985: 232) on the side of Vietnam due to Vietnam's position at the end of the Mekong and the importance of the Mekong delta for agricultural production, and due to its position at the border of a big China. Vietnam therefore needs 'reliability of information' about China's current and future policies and 'quick feedback about changes' in China's policies. Hence Vietnam's wish to engage China in the subregion and make its policies predictable, because the Mekong region is vital for Vietnam's security outlook. Cooperation over transboundary rivers is thus brought to the attention of security policy.

The asymmetric power situation we have observed between China and Vietnam in Chapters Five and Six is aggravated by a contradictoriness of Beijing's and Vietnam's wider foreign policy goals as they find expression in the divergent approaches to the Greater Mekong Subregion. Although both China and Vietnam have created omnidirectional foreign policies after the Cold War, they pursue opposing aims, which result in incompatible foreign policy interests. Both countries have turned their attention to Southeast Asia, but use the region and its institutions for different purposes: China in order to gain influence in Southeast Asia, Vietnam in order to bind China into the subregion and gain stature vis-à-vis China in international affairs. While Beijing pursues an aggressive approach, Vietnam's approach is cautious, needing to balance cooperation with China on the one hand and the US on the other hand. In this regard, Vietnam has so far managed to send subtle signals to China that it might be prepared and able to balance China with US help: the visits of US navy ships in 2003, 2004 and 2005, which are to be repeated annually, point in this direction. And the US strategy of gaining footholds in individual countries in order to make them comply with US wishes and to use this influence vis-à-vis assertive countries (here: China) (personal interview with a US-based foreign policy analyst in New York in March 2004) might in the future aid Vietnam in asserting itself in conflicts with China. At the same time China acts against this strategy with its 'new security concept', the Five Principles of Peaceful Coexistence, and specifically in its relations to Vietnam with the Five-Point Proposal

of 2002¹⁰⁴ and the 16-Character Principle (long-term stability, future-oriented, good-neighbourly and all-round cooperative bilateral relations) of 1999¹⁰⁵ (see also the table in the Appendix on *High-level Meetings Between Vietnam and China 1989-2005*). So far, however, Vietnam seems to be trapped by Beijing's perception of Washington and has to adjust its US policy accordingly to avoid yet another alienation of Beijing. The careful approaches to Washington are balanced by assuring China that they are not directed against its security interests. While Vietnam needs good relations with China in order to create a secure environment, Beijing pressures Hanoi not to seek too close relations with Washington. On the other hand, China is the closest ideological ally, a fact that produces a common perception of the US strategy of 'peaceful evolution' in Vietnam and China of conveying Western

¹⁰⁴ The 5-point proposal reads as follows:

'Firstly, to carry on the good tradition of high-level exchanges between the two parties and two countries and maintain frequent contact and meetings of their leaders so as to frankly and extensively exchange opinions on issues of common concern from time to time.

Secondly, to continuously expand and deepen trade and economic cooperation between China and Vietnam, consolidate the material foundation of friendly bilateral relations, keep improving the efficiency and quality of cooperation and substantially lift bilateral trade and economic cooperation to a new level.

Thirdly, to educate the people, especially young people of the two countries, with the spirit of long-term friendship. To further strengthen exchanges among the young people in various forms so as to foster and bring up millions of successors of the cause of Sino-Vietnamese friendship.

Fourthly, to strengthen bilateral cooperation on the issue of borders, accelerate the process of various follow-up work of the land boundary and the delimitation of the Beibu Bay territorial sea and build the borders between China and Vietnam into borders of long-term peace, stability and friendship.

Fifthly, to deepen the share of the experience between the parties and governments of the two countries and strengthen their consultation, cooperation and coordination on international issues so as to facilitate and try to create a better external environment for the construction and development of both countries' (*Xinhua*, 27 February 2002).

¹⁰⁵ Shiliu zi fangzhen: 'Changqi wending, mianxiang weilai, mulin youhao, quanmian hezuo' (十六字方针: '长期稳定、面向未来、睦邻友好、全面合作').

political ideas to the Vietnamese and Chinese citizens, which eventually might grow and develop a domestic force that topples the communist regimes in both countries in favour of a liberal pluralist democracy. Consequently, 'peaceful evolution' constitutes yet another 'shadow of the future', which pushes Vietnam into close cooperation with China.

To summarise the importance of the GMS for Vietnam and China, we can observe the following constellations of interest:

For Vietnam:

- to multilateralise and diversify foreign economic relations and to integrate the economy in successive steps: the subregion, the ASEAN region, inter-regionally (APEC) and globally (WTO). The strategy aims at sustaining *doi moi*, avoiding dependence on China, and gaining stature in international politics. The trade deficit with China – also in border trade – is troubling Vietnamese authorities the closer China integrates with Southeast Asian economies. The reiteration by Vietnamese scholars and governmental advisors of avoiding a dependence of Vietnam on China does suggest that Vietnam's position despite Hanoi's membership in ASEAN, APEC and AFTA, is not as bright as is often publicly demonstrated (see for example the statement of Chile, Ministry of Foreign Affairs of Vietnam, 29 January 2004). Voicing his personal opinion of how the change of the US presidency from Clinton to Bush and the attacks of 11 September 2001 had influenced the relations between Hanoi and Washington, a Vietnamese senior scholar interviewed in Hanoi in June 2004 argued that relations between Vietnam and the United States were very good during the Clinton years (normalisation of relations, trade pact), and that during the following Bush administration, except for a downturn at the start, the relations quickly developed regarding economics, trade and military relations. 'The US doesn't want to see Vietnam to increasingly rely on China.' At the same time, the relations between the US and Vietnam 'have historical differences.' Therefore, 'some members of the US Congress' are cautious to develop ties with Vietnam. However, seeing Vietnam-US relations in a critical light 'is not the mainstream opinion' in US or Vietnamese governmental circles. Vietnam 'did not do well to cultivate relations' with and rely one-sidedly on the Soviet Union. The 1979 border war between China and Vietnam 'was in fact a war between the Soviet Union, China and the US, a collusion between the US and China to contain the Soviet Union.' After the Cold War, Hanoi aimed at 'developing itself within ASEAN', and it became a 'strategic ally' of

Washington. Conclusions drawn from the Cold War experience are that 'Vietnam should not rely' on a particular country only and 'has to prepare for potential alliances against its national security', as happened in 1979 between China and the United States. Therefore, in order to ensure national security, 'the best is to diversify relations';

- to mitigate the China-threat perception by engaging China in cooperative networks. While Vietnam has again acknowledged China's political and economic power, it has not a clear idea of how to deal with it. Interestingly, China's foreign policy is as well still in a state of post-Cold War flux, waiting for concretisation in a new post-Cold War order which has as yet to emerge. In Vietnam, China's embrace of the TAC is often regarded as a largely cosmetic alteration of Beijing's assertive foreign policy behaviour and foreign policy goals (personal interviews with Vietnamese foreign policy analysts in Hanoi in summer 2004). There are positive signs, however: so far successes in having pacified the region seem to be prevalent. The ongoing demarcation of the land border and the efforts to implement a fishing agreement between China and Vietnam regarding the Gulf of Tongkin (for information see Economic Intelligence Unit, 2004) seem to confirm optimistic prognostications. However, both processes are met with considerable suspicion in Vietnam Nguyen Manh Hung, 2002 (land border section and note xxi);
- the GMS is vital for Vietnam's economy in order to sustain the economic reform process and economic growth, and to become an important investment country in order to diversify the sources of this economic growth (Japan, the United States, India and the European Union). In this regard, relations with Japan are a major achievement: since 1990, Japan has climbed from 4th largest investor after France, Britain and Belgium (Klintworth, 1990: 9) to third position after Singapore and Taiwan, and it is Vietnam's largest donor. In addition, the bilateral investment treaty¹⁰⁶ has assigned Japan a major role in developing the Vietnamese economy (Reuters, 14 November 2003b). A buzzing economy is part of Vietnam's security perceptions, an idea which brings into play the concept of human security as prerequisite for national security and political stability. Therefore, a good regional economic environment and the integration into this environment are vital for the

¹⁰⁶ *Agreement between Japan and the Socialist Republic of Viet Nam for the Liberalization, Promotion and Protection of Investment.*

sustainability of the economic reform programme with repercussions for the survival of the political status quo in Vietnam, that is, the stability of the political system and the economic reform process.

For China:

- China's GMS strategy is on the one hand a long-term cooperation to help Yunnan's (and since summer 2005 Guangxi's) economy taking-off and diversify economic growth away from the coastal belt to the landlocked interior regions, thus helping the domestic reform programme as a whole (for the role of the subnational units – the provinces – see below). This is a purely economic concern and does not fall into the realm of foreign policy;
- on the other hand, where economic policy falls into the realm of foreign policy, China instrumentalises the GMS to gain leverage against the US. Beijing has given itself a friendly image (in particular by pronouncing the 'new security concept' in Jakarta in 2000, which is meant to be a straightforward alternative to security cooperation with the United States, which is potentially directed against China); and it has repeatedly pledged that its rise is peaceful. One of the latest of these statements was made by Hu Jintao on his visit to Vietnam from 31 October 2005 to 2 November 2005. This thwarts Vietnam's intentions of engaging China in legally binding long-term commitments. The two summits in Phnom Penh in November 2002 – the 8th ASEAN Summit and the 1st GMS Summit – and the 2nd GMS Summit in Kunming in July 2005 showed that China seeks to keep a free hand: with regard to the question of how to solve the disputes in the South China Sea, no Code of Conduct was concluded during the ASEAN summit. And during both GMS summits, ASEAN's soft regionalism prevailed by avoiding the contentious dam-building issue which divides China and the lower Mekong countries. This last point shows that cooperation happens only in non-controversial areas, a situation which generally results in deep frustration and uneasiness in Vietnam about China's foreign policy behaviour.

These constellations give rise to a situation, which regime theoreticians have termed 'rambo situation.' As for the GMS, this is best exemplified in cooperation over transboundary water resources, which mirrors the distribution of power in the subregion and resembles Dore's argument that 'regional governance in the Mekong – if "environment and development" governance is any indication – in many ways is lagging, unable to approach governance ideals, and inadequate to equitably or

sensibly govern far-reaching regional change', a development which is hindered by '[m]isplaced and ultimately problematic interpretations of "authority to rule" and sovereignty' (Dore, 2003: 1).

The unequal distribution of power in form of the rambo situation can be observed on three levels, seen from a central government's perspective: water use, economic/domestic policy, and foreign policy. The difficulty of GMS cooperation happens against the backdrop of China's powerful position on all three of the levels: water use (China occupies the source of the Mekong), domestic/economic policy (development of the Chinese hinterland through increased exports to Southeast Asia, thereby further tilting the trade balance in China's favour), and foreign policy (increasing China's influence in the subregion at the expense of the United States and Japan).

Vietnam pursues opposing interests on all of the three levels: water use (Vietnam as last in the line of riparian states feels particularly affected by dam-building activities at the Mekong's upper flow, the Lancang Cascade), domestic/economic policy (Vietnam tries to gain more economic and thus political weight through GMS cooperation and to soften the strong Chinese position; and it wants to develop the northern provinces), and foreign policy (Vietnam wants to gain more freedom of action vis-à-vis China in particular in its relations with the United States. A solid cooperation in the GMS shall restrict China's assertive foreign policy and make it transparent and predictable).

It is important to note that the Vietnamese interest appears contradictory. Border integration between China and Vietnam has improved Vietnam's economic importance to China and has played an important role in connecting Yunnan and Guangxi to mainland Southeast Asia and in developing the economies of Vietnam's border localities. An elaborate transport system is crucial in order to maintain this situation, and the *GMS Cross-Border Transport Agreement* is an important step in this direction. The development of these links can in turn only be facilitated by a favourable foreign policy environment, which resolves problems by non-military means. This shows, however, that enhanced economic integration coincides with an enhanced infrastructure. This also helps Chinese exports to Southeast Asia. There is thus a mutuality of interests between China and Vietnam, which may result in an undesired outcome on the side of Vietnam. And the economic development of Vietnam's northern provinces increases the linkage of this region to China. Alarmed

by this development, the central government in Hanoi keeps a close eye on the development in the northern provinces in order to keep control of the economic development in a fashion of reterritorialisation versus deterritorialisation (Sasuga, 2004), and deglobalisation (Hocking, 1993).

Let us now turn to the second block of research questions, which can be grouped into three subthemes: 1) the structure of the GMS, 2) the influence of the above described foreign policy strategies on the cooperation structure in the GMS, and 3) the potential influences of the GMS on members' foreign policies, in the case of this study the foreign policies of China and Vietnam. In particular, the following issues were set out for examination: identification of the actors on the three levels of state, substate and non-state, their converging or diverging aims, the extent of their proliferation and the connections between these levels; the influence of the non-state sector in the GMS vis-à-vis central governments; differences between the local and global dimensions of Hanoi's and Beijing's foreign policies and the role and relevance of subnational and non-state actors in them; potential conflicts of interest and competencies between central ministries; the structure in which GMS cooperation takes place, the potential influence of China's and Vietnam's foreign policies on this structure and vice versa; potential influences of the double character of the GMS as Westphalian and post-Westphalian system on the cooperation structure; a potential evolution of effectiveness and robustness of the GMS through the regularity and frequency of cooperation in the form of committee governance. In addition to these issues, the following pages will be devoted to the overall aim of the study: the link between subregionalism and institution-building in the GMS and China's and Vietnam foreign policies.

Let us start by recalling the notion of Wolf (2004: 6-9) quoted in Chapter Four that water can be an 'irritant' and a 'unifier.' This finds mixed application in the GMS: it is a unifier between governments, when it comes to using the Mekong for the common goal of economic development. It is an irritant between governments as well as between governments, NGOs and local river communities, when it comes to the building of dams and the blasting of rapids, which in turn change the amount of water flowing through downstream sections and affect both the irrigation of riverside fields and the fish catch in these sections, hence the livelihood of river-based communities. Recalling Haftendorn's four categories of water conflicts from Chapter Four (Haftendorn, 2000), it appears that contention over water resources in the GMS is essentially a conflict through use by dams for electrical and irrigation purposes. These conflicts occur on one level of actors, and they occur between

different levels of actors. The lack of cooperation between, for instance, the national level and the NGO (transnational) level in the environmental sector is a signal that the GMS is a state-guided endeavour, in which non-state actors and in particular NGOs have only limited scope of action and influence when they espouse policies, which run counter to what central governments perceive to be in their interest. This interest seems to lie almost exclusively in the field of unrestrained economic development. The importance, central governments of the GMS attach to private firms organised in the GMS-BF as opposed to the difficulties environmental NGOs have to make their voice heard, seems to indicate this gap between both realms of interest, the environment and the economy. Accordingly, connections between central government actors and transnational environmental actors are not very strong, whereas the proliferation and diversification of state, substate and non-state actors and the connections between them in working groups pertaining to economic development (in particular trade, energy) are far more advanced. Consequently, as a direct outcome of the rambo situation, no institution so far, including the Mekong River Commission or the World Commission on Dams, has managed to solve the conflicts about China's dams as Beijing refuses to compromise on this issue. This also shows that the agenda of Mekong cooperation is dominated by China, as it can refuse the discussion of issues or to make compromises in relation to concerns of smaller countries if it so desires. The GMS, along with the MRC, misses levers, which would force the powerful countries into compromises with smaller ones. To add, however, a positive note, which marks a rare occasion, it should be mentioned that, as discussed in Section Two of Chapter Five, China's environmental ministry, SEPA, in a conflict with the trade and economy related ministries, was backed by the government in a conflict with China Three Gorges Project Corp., the company that runs the Three Gorges dam, over environmental assessment studies. SEPA eventually managed to force the firm to halt construction of an underground power station on the Three Gorges Dam and the construction of the Xiluodu Dam at the Jinshajiang (BBC, 2 February 2005a+b). Furthermore, the fate of the QEC is undecided due to strong opposition by Thailand to Chinese shoal blasting activities (see Chapter Five, Section Two).

Given the seeming dominance of central governments in setting the policy frameworks within which subnational units and non-governmental actors can act and shape cross-border cooperation, transboundary cooperation schemes 'have tended to be forms of functional integration managed by states.' The GTs, including the GMS, are 'forms of regional development [which] tend to involve powerful agencies setting policy agendas, with little or no direct involvement of the communities most

directly impacted by the projects' (Grundy-Warr, 2002: 219, see also p. 217; also Wain, 26 August 2004a,b,c). As for the post-Westphalian system, states and state-centred geopolitics are still dominant, although they are increasingly mixed with subnational and non-state activities in a region, which is linked by pre-colonial trade routes, such as those between northern Vietnam and southern China (which, as shown in the historical introduction of Section One in Chapter Five were often difficult to control by central governments and therefore provided a central area for the preparation and execution of revolutionary activities). In addition, these areas had fluid boundaries before the treaties between China and France established a firm border between Vietnam and China, a development which reflected Europe's concept of nation-states. Today, this border, although not transcended, is experiencing the emergence of a net of multiple layers of national and cross-border relations between central and subnational (provincial and local) units in combination with transnational networks of NGOs and private firms. For the whole of the GMS, the participation of subnational units, NGOs, the UN and its Specialised Agencies and the private business sector shows at least the growing understanding that issues are transnational and can only be solved through transnational and multi-level governance along the lines of the multi-track framework introduced in Section One of Chapter Two.

As argued in Section Four of Chapter Two as well as in Chapter Four, this understanding has evolved together with the prominence and insight into the issues and the nature of human or non-traditional security. This has increasingly blurred the lines between foreign and domestic policies and has contributed to what Hocking called the localisation of foreign policy (Hocking, 1993). A deglobalisation of the space (Robertson, 1992) by cooperating in subregional multilateral frameworks evolved as an interest of central governments and put regional issues such as cross-border crime on the foreign policy agendas of states, but also national issues such as poverty alleviation, which is to be solved partly by developing local economies through cross-border integration. This development not only blurred the distinction between high and low politics, but also the domains of foreign and domestic policy in that domestic policy demands informed foreign policy moves in order to regain lost capacity of the central government for the solution of problems. In the process, central governments also tried to regain authority vis-à-vis subnational units, non-state actors and the sections of society, which feel increasingly negatively affected by the post-socialist economic development, and who moved to challenge or at least demonstrate against the sole decision-making authority of the central state.

As a result, with the GMS an institution emerges, which functions as a platform for its members' local and global policies. Within the GMS structure, a system, which might be best circumscribed as a system of committee governance, works as a confidence-building mechanism and ensures stability of cooperation and a certain degree of policy transparency and predictability, which in turn makes agreements such as the *GMS Cross-Border Transport Agreement* and its politically sensitive streamlining of border-crossing regulations possible. This shows that in the GMS a structure of a gradual and consultative approach of institutionalisation has evolved that accounts for effectiveness and robustness in the face of still underlying hostilities between Mekong states (such as the outbreak of hostilities between Cambodia and Thailand in 2003), even though it does not incorporate rules as basis for effectiveness and robustness as advocated by the traditional regime approach. The GMS carries clear functions of a regime: committee governance seems to account for Keohane's propositions (see Chapter 3.3.2.) of what an institution must do in order to be a regime (Keohane, 1984: 89-92, 100-109, 244-245): it provides mutual information and as a result reduces uncertainty; as a result, it stabilises regime members' expectations regarding other members' posture towards future cooperation; it reduces transaction costs in that it facilitates negotiations leading to mutual beneficial agreements, as the *GMS Cross-Border Transport Agreement* shows; also, as shown in Chapter Five, Section Two, it leads to the evolution of a situation reminiscent of the 'networks of acquaintance and friendship' in the form of 'coalitions of like-minded officials' working for a common purpose (Keohane, 1984: 101).

But does the GMS affect foreign policies of states? As discussed in Section Two of Chapter Three, this is an element, which needs to be clearly present in order for the institution to qualify as a regime. The fact that hostilities between Cambodia and Thailand in 2003 were contained relatively quickly despite their aggressive character, might lead to the assumption that the GMS has at least an indirect influence on countries behaviour by creating a network of close cooperation and consultation, which creates growing trust and as a result decreases the likelihood of a deployment of military forces in a conflict. Let us examine this element in the next paragraphs until the end with relevance to China-Vietnam relations.

As mentioned at the beginning of this chapter, the rise of the GMS and the convergence of cooperation interests were only possible through the vanishing of the Cold War structure and its embedded multiple ideological schism of mainland Southeast Asia, which was reflected in outright conflict between Vietnam, China,

the Soviet Union and Cambodia and also involved Thailand and Laos. The formation of the GMS was only possible with the breakdown of these conflict patterns. As mentioned as well, China refuses, or is at least hesitant, to discuss bilateral issues in a multilateral forum. Consequently, issues of land and maritime (Gulf of Tongkin, Paracels) borders have been discussed outside the GMS framework, although Yunnan's (and since summer 2005 Guangxi's) stretch of the land border is included in the area of the GMS, and local infrastructure projects are aided by ADB finance; for the same reason, the dam problem is not included in GMS negotiations, even though it is of concern to all of the GMS member states and would therefore appropriately be negotiated within the GMS structure. Border and South China Sea issues are thus kept out of GMS cooperation and are discussed bilaterally as part of a foreign policy process, without the GMS having authority over these issues. At the same time, negotiation of GMS agreements is the domain of the central governments in Hanoi and Beijing. Bilateral issues and multilateral GMS issues are allocated to different sets of actors and negotiation processes. As a result, the provincial governments of Yunnan and Guangxi (which take part in the GMS process and the representative of which are members of the working groups) have no authority to discuss border problems, because the directions of foreign policy are determined in Beijing (for details see the table *High-level Meetings Between Vietnam and China 1989-2005* in the Appendix).

This highlights another point: while foreign policy is set in Beijing and Hanoi and all major GMS and border agreements are centrally negotiated and signed (see the tables on actors in Chapter Five: all senior actors on China's side are from within the central government, although the provinces of Yunnan and Guangxi are the actual member units), subnational units are set to implement them and act within the centrally circumscribed framework. As for China, the provinces play a supportive role within the foreign policy frameworks set by Beijing. The same can be argued for Vietnam, where the border provinces locally implement the 1991 policy of diversifying and multilateralising foreign economic relations. The process is closely watched by the central government in Hanoi, which interfered with plans of the provinces to create special economic zones with the Chinese provinces on the other side of the border (personal interviews with Vietnamese governmental advisors and a Japanese scholar in Hanoi in June 2004).

With regard to the strategic relevance of the GMS in China-Vietnam relations, it can be argued that the conditions under which Vietnam has achieved the diversification of foreign economic relations does not allow a cohesive subregion to

evolve: the conditions are a strong US role in Northeast Asia, an influential Japan that contests China's designs on dominating the subregion, and a range of bilateral agreements of GMS and ASEAN members with non-member countries that run counter to the idea of letting cohesiveness evolve. As ASEAN members conclude bilateral agreements with outside countries, GMS members act similarly. Vietnam thus finds itself in a situation, in which a diversification of foreign relations does not allow cohesive regional bodies to emerge. The diversification has happened against the backdrop of a post-Cold War region that has not yet found a final security arrangement and sees regional and non-regional powers vying for influence, thus torpedoing economic as well as political cohesiveness of regional groupings (personal interviews with Vietnamese foreign policy advisors in Hanoi in summer 2004). As Vietnam regards balance of power in the Asian Pacific as important for ASEAN, so is balance of power in the GMS. In addition, the cooperation formula for ASEAN is '10-x' (personal interview with a Vietnamese senior scholar and governmental advisor in Hanoi in June 2004). Considering the similarities between ASEAN and the GMS, the formula for the GMS could be 6-x. Ironically, therefore, while the break-down of the Cold War structure produced a multipolarity, which made subregionalism possible, the same events thwart closer regional integration due to a divergence of overall foreign policy goals, which for the time being do not seem to allow regionalisation processes that go beyond the gradual approach of GMS committee governance.

The fact that the GMS has been unable to manage conflicts such as the dam-building issue shows that it is bedevilled by the same fate that limits the influence of other multilateral institutions and denies them an independent capacity: it can only do what member states want it to do. The rambo situation remains in place and is mitigated only where China has a dominant strategy to cooperate, that is, where cooperation lies in China's national interest. This is the case for a few human security issues and the economic sector, as Beijing develops the western provinces and for that purpose needs the GMS as export market and transshipment area of its products to the wider ASEAN region. While an underlying antagonism remains,

[u]nlike Vietnam's relations with other powers, Vietnam's relations with China are comprehensive and multifaceted. They go beyond state-to-state relations to also include party-to-party, province-to-province, and people-to-people [in particular through youth exchanges and scholarships] relations. Party leaders tied their two countries together in a web of relationships between governments, parties, and mass

organizations, from the central government down to the local level. In the last decade, no other country has sent more top leaders and delegations of all sizes and levels to Vietnam than China, and vice versa (Nguyen Manh Hung, 2002).¹⁰⁷

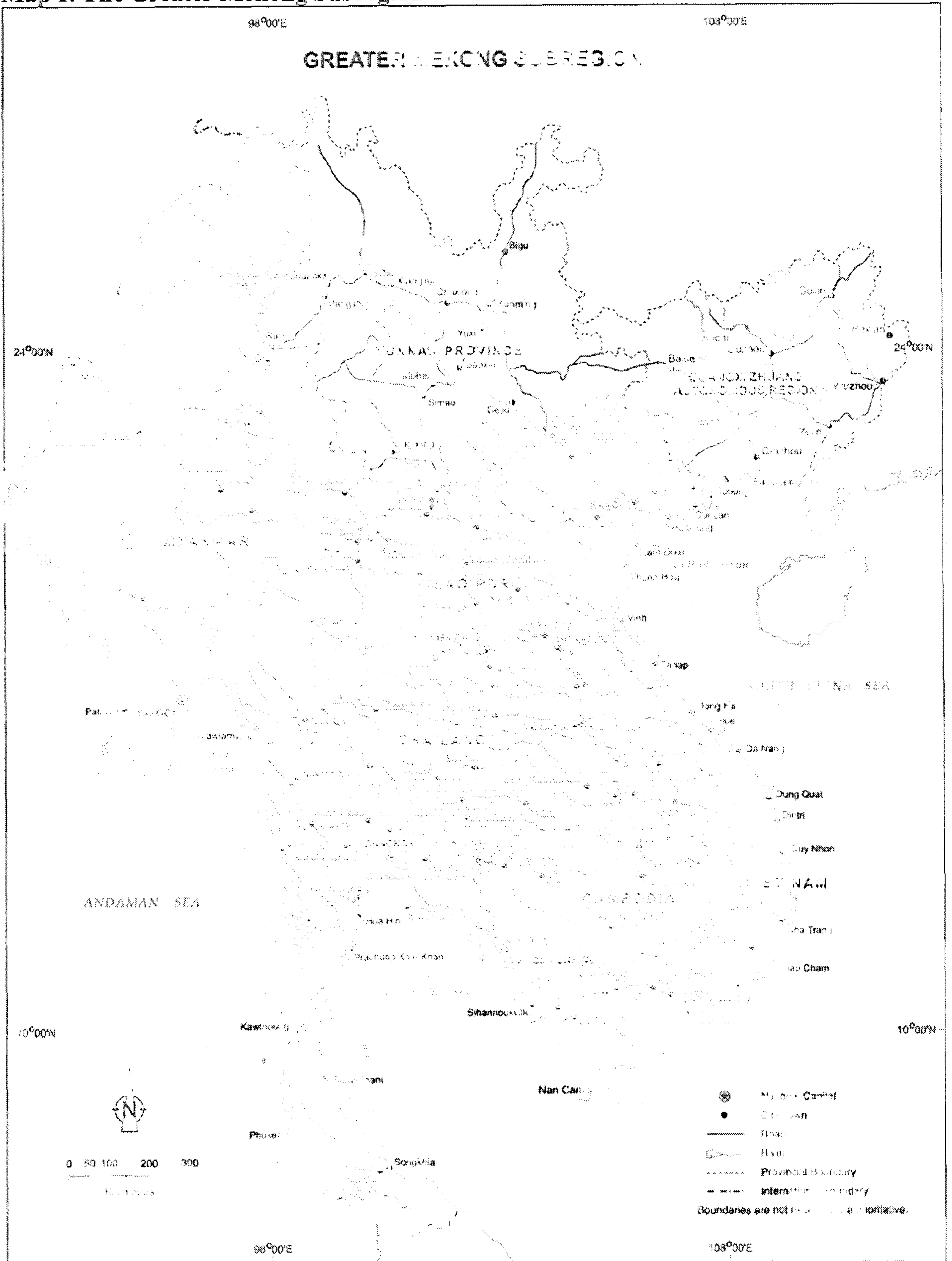
Vietnam, having returned to pragmatism at the end of the 1980s, has realised that good relations with China are inevitable to maintain both national security and domestic political stability. At the same time, China's uncooperative attitude regarding the Lancang Cascade is an indicator for a predominance of Chinese influence in the region, whether achieved by peaceful or coercive means. While on the whole, some community building has replaced mere alliance building as strategic post-Cold War option and produced some remarkable cooperative successes, Hanoi has to take into consideration Beijing's security interests in particular when dealing with Washington. This makes Vietnam's leadership dependent on Beijing's interpretation of its security environment vis-à-vis Washington. Also, in its broadness and general layout, Vietnam's foreign policy seems to lack clear structure and orientation (interview in Birmingham in December 2003 with a Belgium-based senior researcher, who works on EU-ASEAN comparative regional integration). This pays tribute to an environment in which the future distribution of power is unclear and in which Vietnam is shifting uncomfortably between China and the United States, the foreign policies of which 'set the parameters of Vietnamese foreign policy' (Nguyen Manh Hung, 2002)¹⁰⁸, and in which (sub)regional integration has produced contradictory results. Without clear orientation, results remain diffuse. Uncertainty about direction appears to be the main characteristic of Vietnam's situation for the foreseeable future, leaving the Chinese-Vietnamese antagonism in foreign policy essentially unaffected by the GMS.

¹⁰⁷ For details see the table *High-level Meetings Between Vietnam and China 1989-2005* in the Appendix.

¹⁰⁸ Hung adds Russia as third power, on which Vietnam's foreign policy is contingent.

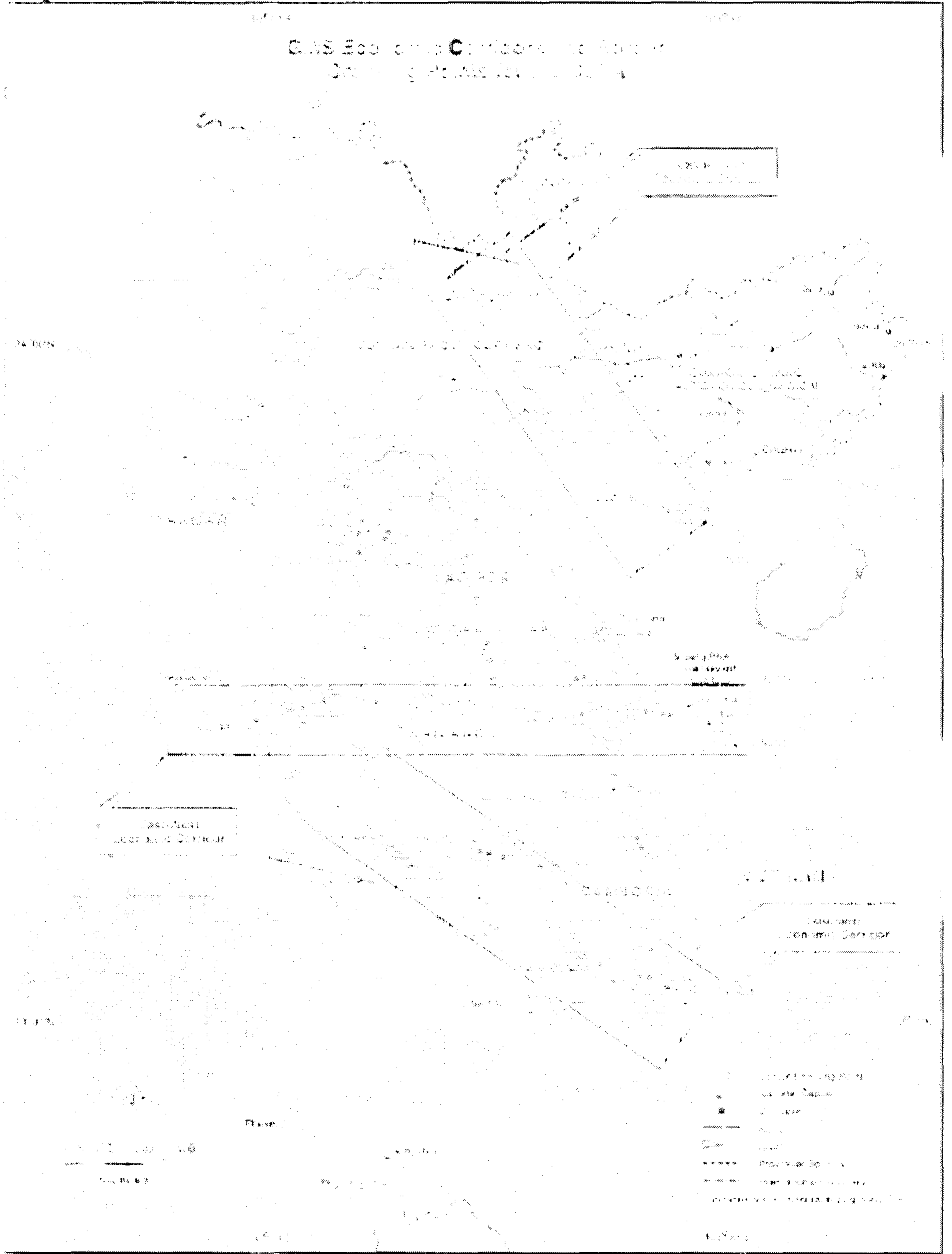
Appendix

Map 1. The Greater Mekong Subregion



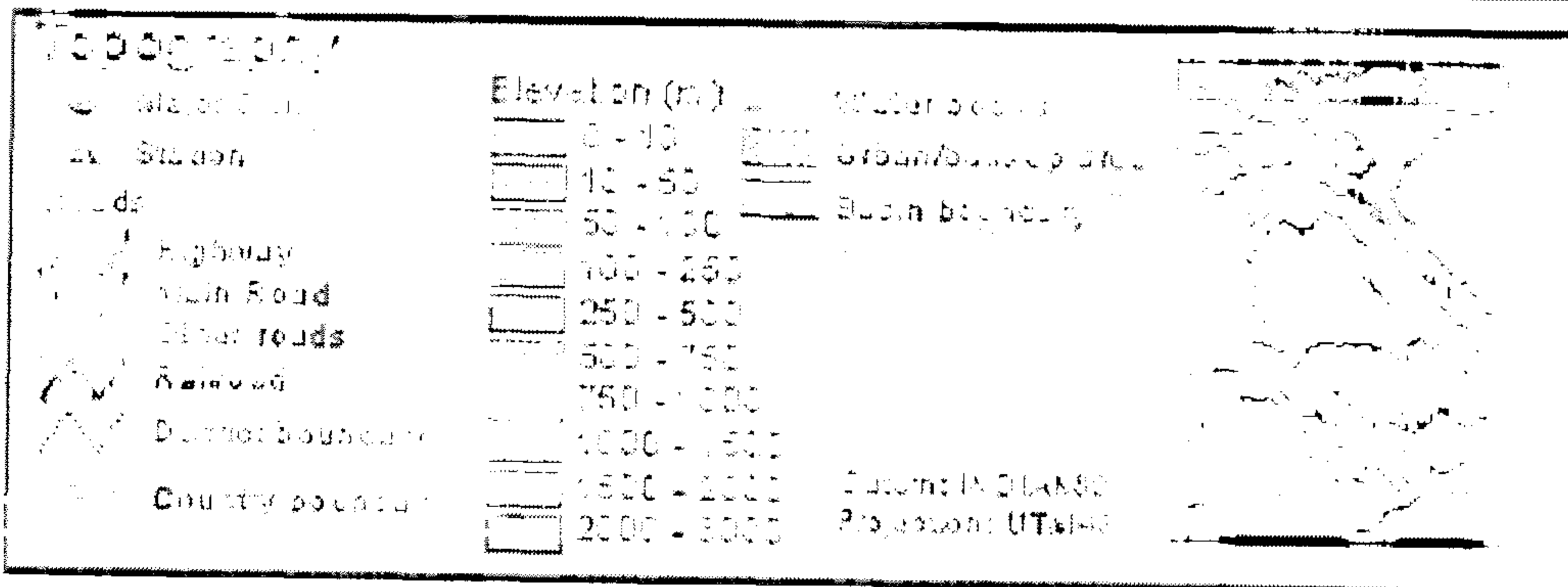
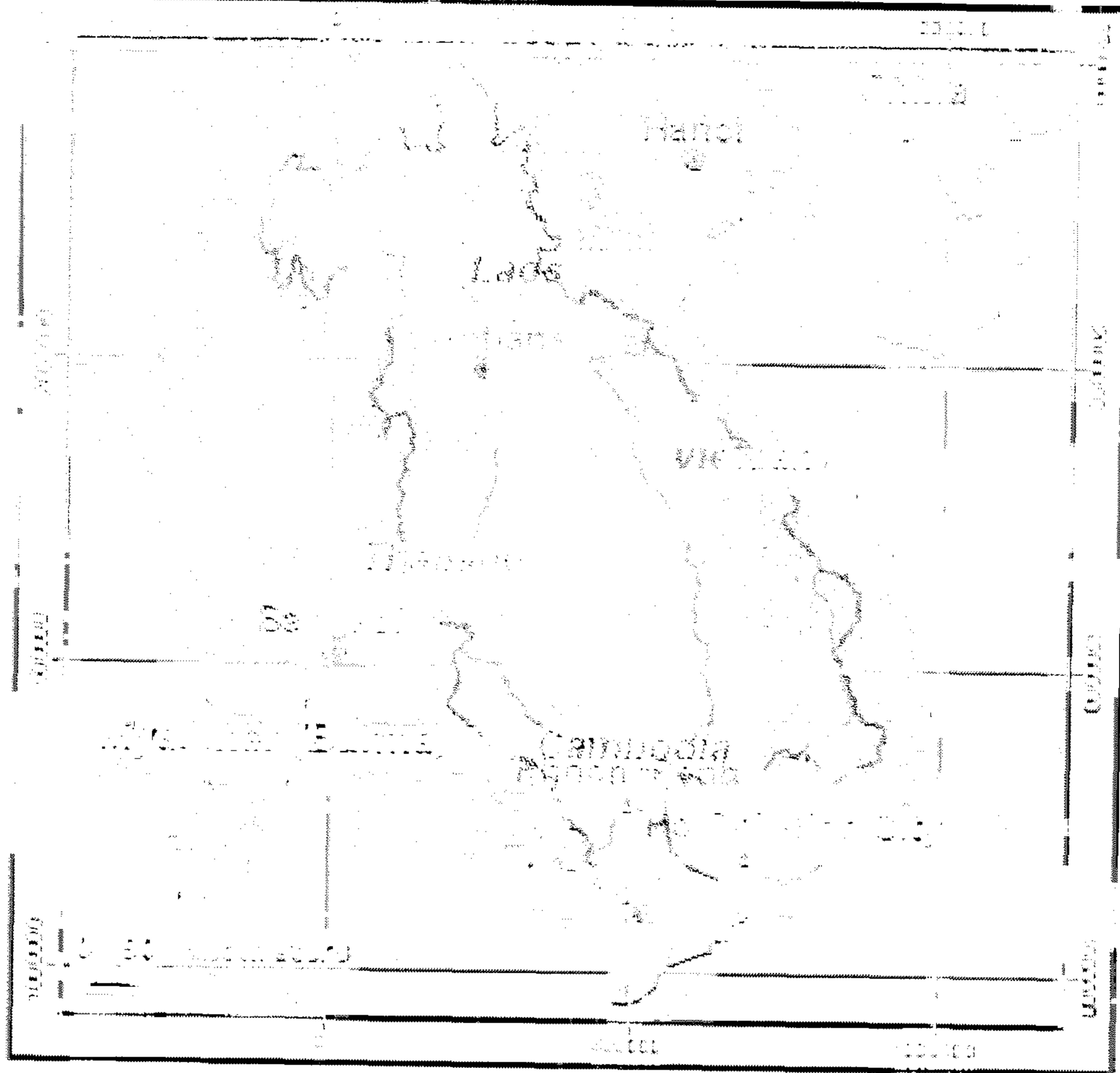
Source: ADB

Map 2. GMS Economic Corridors



Source: ADB

Map 3. The Lower Mekong Basin



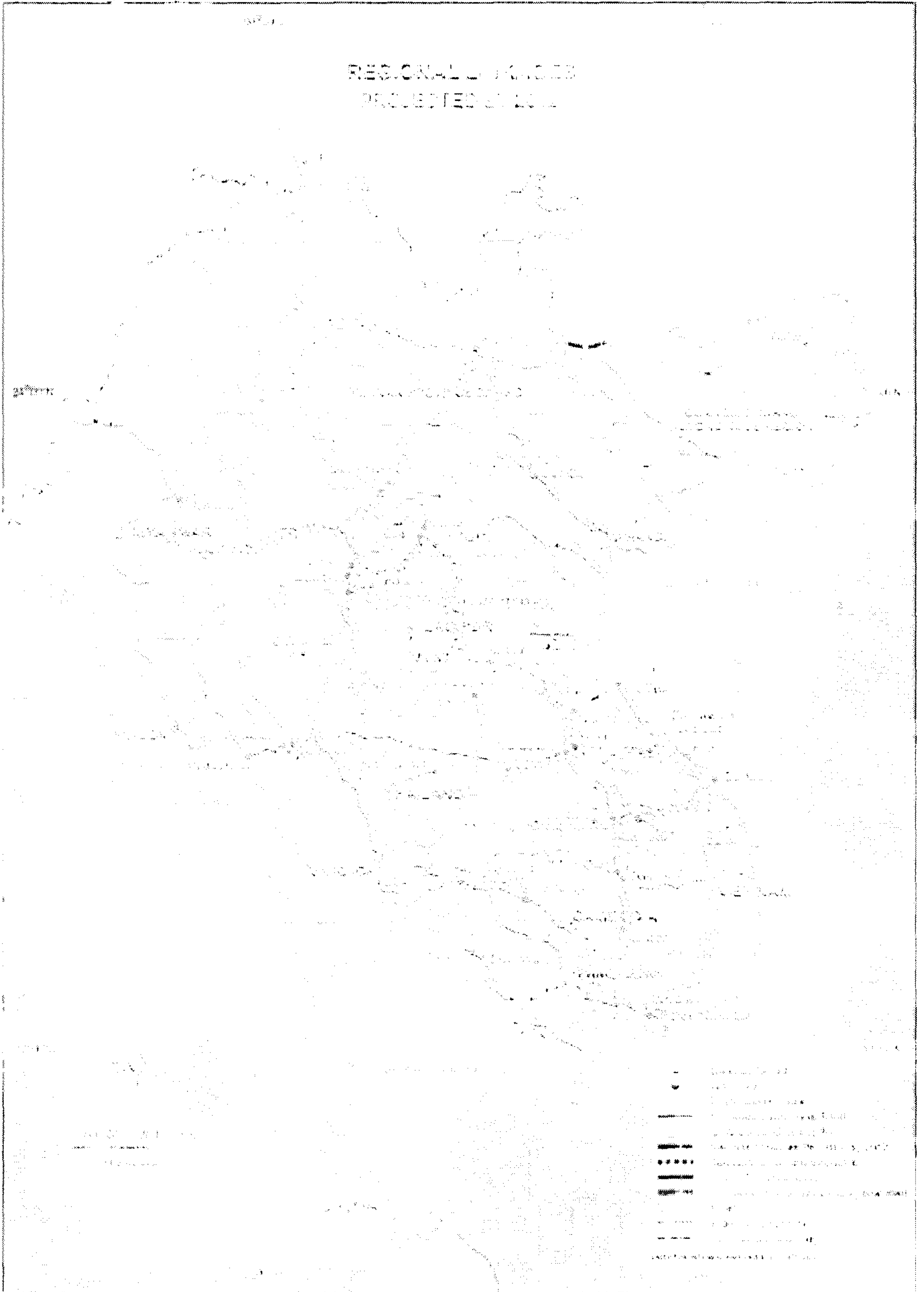
Source: Mekong River Commission

Map 4. GMS Cross-Border Transport Agreement



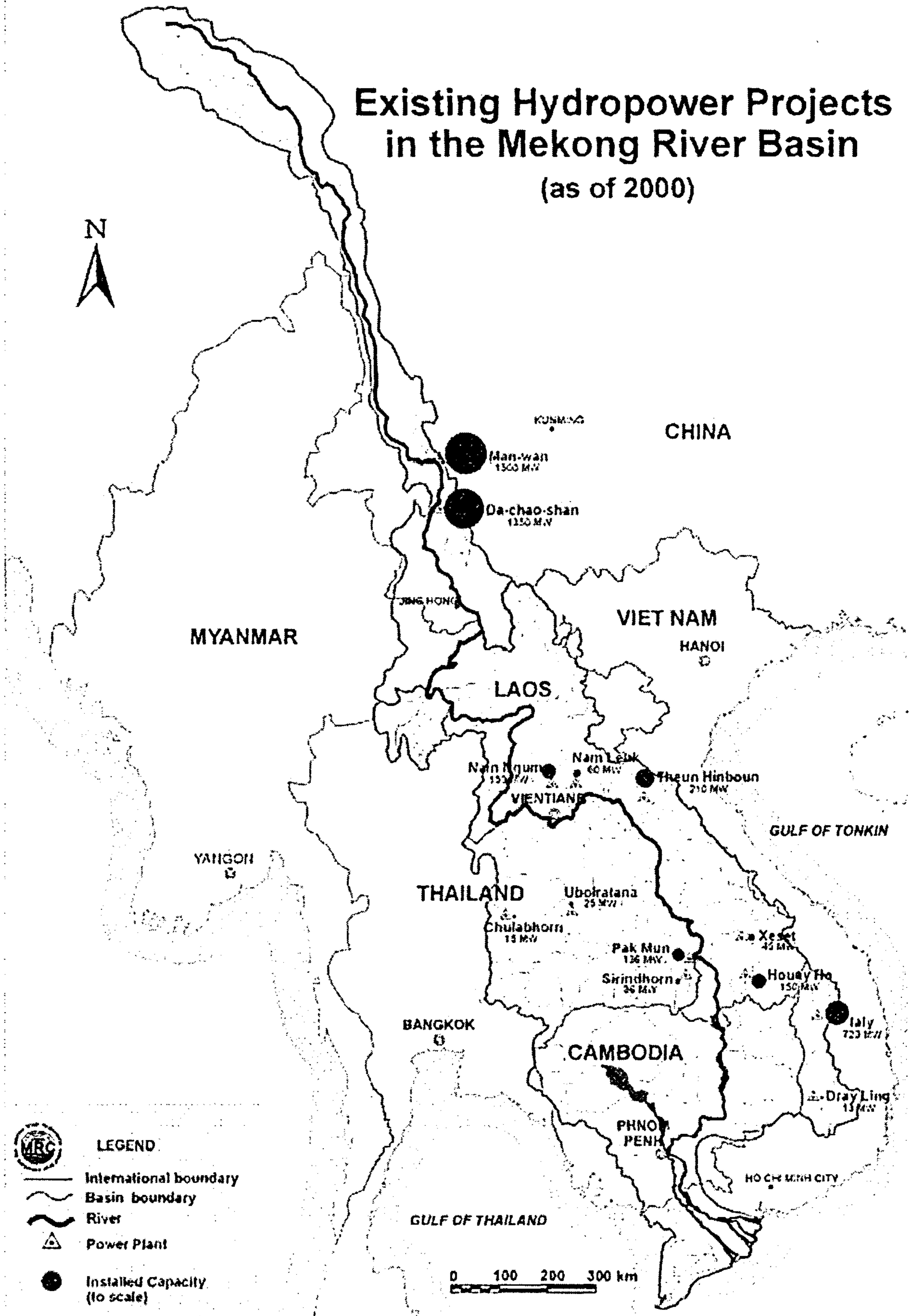
Source: ADB

Map 5. Telecommunications Backbone and Information and Communications Technology. Regional Power Interconnection and Power Trade Arrangements



Source: ADB

Map 6. Hydropower Projects in the GMS



MRC Secretariat, 2001

Source: Mekong River Commission, MRC Water Resources and Hydrology Programme (2001), *MRC Hydropower Development Strategy*, Phnom Penh (October), p. 82.

Table 1. ADB-funded projects in the GMS

<http://www.adb.org/Projects/reports.asp?key=ctry&val=TAR&scpe=9999> for general, and http://www.adb.org/GMS/Projects/adb_projects.asp for GMS

LOANS (as of May 2005)

Month/Year	Country	Project Title
April 2005	Lao PDR	Nam Theun 2 Hydroelectric Project
December 2004	China, People's Republic of	Dali-Lijang Railway Project (Yunnan Province)
December 2003	Cambodia	Loan 2052: Greater Mekong Subregion (GMS) Transmission Project
October 2003	China, People's Republic of	Loan 2014: Western Yunnan Roads Development Project
December 2002	Lao PDR	Loan 1989: Northern Economic Corridor
	Cambodia, Lao PDR, Viet Nam	Loan 1969, 1970, and 1971: Mekong Tourism Development Project
November 2002	Cambodia	Loan 1945: Cambodia Road Improvement Project
December 1999	Lao PDR	Loan 1727: East-West Corridor Project
	Viet Nam	Loan 1728: East-West Corridor Project
June 1999	Cambodia	Loan 1691: Southern Yunnan Road Development
November 1998	Cambodia and Viet Nam	Loan 1659: Phnom Penh-Ho Chi Minh City Highway
		Loan 1660: Phnom Penh-Ho Chi Minh City Highway
December 1996	Cambodia	Loan 1503: Siem Reap Airport
September 1996	Lao PDR	Loan 1456: Nam Leuk Hydropower Development

August 1995	Lao PDR	Loan 1369: Champassak Road Improvement
November 1994	Lao PDR	Loan 1329: Theun Hinboun Hydropower
September 1994	China, People's Republic of	Loan 1325: Yunnan Expressway

TECHNICAL ASSISTANCE (as of June 2005)

• **Agriculture**

Approval Date	Project Title
December 2004	RETA 6214: Strengthening Capacity and Regional Cooperation in Advanced Agricultural Science and Technology in the Greater Mekong Subregion
October 2004	RETA 6192: Transboundary Animal Disease Control in the Greater Mekong Subregion

• **Energy**

Approval Date	Project Title
March 2004	RETA 4323: TA to the Lao PDR for Preparing the GMS: Nam Theun 2 (NT2) Hydropower Development Project- Phase II
December 2003	RETA 6147: Preparing the GMS Power Interconnection Project Phase I
November 2002	RETA 6100: TA for a Study for a Regional Power Trade Operating Agreement in the GMS
July 2000	RETA 5920: Regional Indicative Master Plan on Power Interconnection in the Greater Mekong Subregion
August 1996	RETA 5697: Se Kong-Se San and Nam Theun River Basins Hydropower Development Study
September 1995	RETA 5643: Subregional Electric Power Forum

• **Environment**

Approval	Project Title
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Date	
December 2004	RETA 6213: GMS Biodiversity Conservation Corridors (BCC) Initiative
February 2004	RETA 6167: Proposed Study on Cooperation Opportunities between ADB and the Mekong River Commission (MRC)
December 2003	RETA 6149: Support for the Mekong River Commission Flood Management and Mitigation Program
August 2003	RETA 6115: Poverty Reduction in Upland Communities in the Mekong Through Improved Community and Industrial Forestry
December 2002	RETA 6069: National Performance Assessment and Subregional Strategic Environment Framework (SEF)
December 1999	RETA 5899: Subregional Environment Monitoring and Information System (Phase II)
December 1998	RETA 5822: Protection and Management of Critical Wetlands in the Lower Mekong Basin
March 1998	RETA 5783: Strategic Environmental Framework for the GMS
December 1997	RETA 5771: Poverty Reduction and Environmental Management in Remote GMS Watersheds
May 1996	RETA 5684: Subregional Environmental Training and Institutional Strengthening in the GMS
February 1995	RETA 5622: Subregional Environmental Monitoring and Information System

• Human Resources Development

Approval Date	Project Title
July 2005	RETA 6247: HIV/AIDS Vulnerability and Risk Reduction among Ethnic Minority Groups through Communication Strategies
March 2005	RETA 6237 GMS Phnom Penh Plan for Development Management (Phase II)
October 2004	RETA 6194: GMS Regional Communicable Disease Control (formerly Communicable Disease Control in GMS)
October 2004	RETA 6190: Preventing the Trafficking of Women and Children and Promoting Safe Migration in the GMS

May 2005	RETA 6243: Strengthening Malaria Control for Ethnic Minorities
November 2004	RETA 6198: Capacity Building for Promoting Sustainable Development in the GMS
October 2003	RETA 6130: Study on Urban Violence in the Public Realm – Towards a More Effective Urban Upgrading
January 2003	RETA 6110: Promoting Partnerships to Accelerate Agriculture Development and Poverty Reduction in the GMS
May 2003	RETA 6106: SSTA for Financing Needs for HIV/ AIDS Prevention and Care in Asia and the Pacific
December 2002	RETA 6083: ICT and HIV/ AIDS Preventive Education in the Cross-Border Areas
	RETA 6056: Phnom Penh Plan for Development Management
December 2000	RETA 5970: Small Scale Regional Technical Assistance (SSRETA) for Drug Eradication in the GMS
	RETA 5958: Roll Back Malaria Initiative for the Greater Mekong Subregion
December 1999	RETA 5881: Preventing HIV/AIDS among Mobile Populations in the Greater Mekong Subregion
June 1998	RETA 5794: Study of Health and Education Needs of Ethnic Minorities in the GMS
September 1997	RETA 5751: Prevention and Control of HIV/AIDS in the GMS
April 1996	RETA 5681: Cooperation in Employment Promotion and Training in the GMS

• Telecommunications

Approval Date	Project Title
November 2001	RETA 6004: Telecommunications Sector Policy Formulation and Capacity Building
May 2000	RETA 5915: Establishment of Backbone Telecommunications Network Project Phase I

• Tourism

Approval Date	Project Title
July 2004	RETA 6179: Greater Mekong Subregion Tourism Sector Strategy
September 1998	RETA 5807: Tourism Skills Development in the GMS
June 1997	RETA 5743: Mekong/Lancang River Tourism Planning Study
October 1995	RETA 5647: Regional Program to Train Trainers in Tourism in the GMS

• Transport

Approval Date	Project Title
December 2004	RETA 6227: Coordinating for GMS: North-South Economic Corridor Bridge Project (formerly Third Mekong Bridge)
December 2004	RETA 6228: Facilitating Cross-Border Trade and Investment in the GMS
October 2004	RETA 6193: GMS Infrastructure Connections in Northern Lao (SSTA)
	RETA 6195: GMS Transport Sector Strategy Study
July 1999	RETA 5850: Facilitating the Cross-Border Movement of Goods and People in the GMS
August 1997	RETA 5749: Cross-Border Movement of Goods and People in the GMS
May 1996	RETA 5686: Mitigation of Nonphysical Barrier to Cross-Border Movement of Goods and People
November 1995	RETA 5649: Greater Mekong Subregion Infrastructure Improvement: Ho Chi Minh to Phnom Penh Highway
July 1994	RETA 5566: Study of the Lao-Thailand-Viet Nam-East-West Transport Corridor, financed by France with the Bank acting as the Executing Agency

• Multisector

Approval Date	Project Title
May 2005	Small Scale Technical Assistance for Developing New Policy Paradigms for Sustainable Livelihoods Protection and Natural Resource Management

	Among Ethnic Minorities of the Greater Mekong Subregion: A Study of Policies and Their Impacts, Strategies for Change (SSTA 6242)
May 2004	RETA 6171: Reviewing Poverty Impact of Regional Economic Integration in the GMS (TA No. 6171)
December 2003	RETA 6148: Strengthening the Capacity of Financial Sector Regulators and Supervisors
September 2003	RETA 6121: Rural, Urban, and Subregional Linkages in the Mekong Region: A Holistic Approach to Development and Poverty Reduction
August 2003	RETA 6118: Small Scale Technical Assistance for Promoting NGO Support for Poverty Reduction in the GMS
May 2003	RETA 6113: Making Markets Work Better for the Poor
April 2003	RETA 6098: Implementing the Agreement for Facilitation of the Cross-Border Movement of Goods and People in the Greater Mekong Subregion - Phase 1
May 2002	RETA 6032: Support to the GMS Summit of Leaders and Related Activities
December 2001	RETA 6020: Facilitating Cross-Border Trade and Investment for Small and Medium Enterprise Development in the Greater Mekong Subregion
	RETA 6017: Capacity Building for National Institutions Involved in the Greater Mekong Subregion Program
December 1999	RETA 5885: GMS Preinvestment Study for the East-West Economic Corridor
July 1993	RETA 5535: Promoting Subregional Cooperation Among Cambodia, People's Republic of China, Lao PDR, Myanmar, Thailand and Vietnam

• Private Sector Development

Approval Date	Project Title
December 2004	RETA 6210: Small and Medium-Sized Enterprise Growth and Development Phase II

Source: ADB

Table 2. Statistics of FDI in Vietnam by countries: Foreign direct investment in Vietnam 1988-2003 (to 31 December 2003)

	Countries & regions	Projects	Total invested capital	Authorized capital	Realization
1	Singapore	288	7,370,110,027	2,484,612,826	2,977,508,563
2	Taiwan	1,086	5,997,727,324	2,713,355,954	2,599,671,582
3	Japan	418	4,480,429,976	2,279,578,418	3,948,802,353
4	R. Korea	662	4,161,325,226	1,706,138,062	2,534,249,741
5	Hong Kong	288	2,974,582,059	1,313,405,479	1,778,409,746
6	France	134	2,114,154,185	1,322,272,776	1,044,877,885
7	British Virgin Islands	187	2,090,429,757	801,303,267	1,075,510,403
8	Netherlands	51	1,768,265,810	1,139,990,366	1,929,683,849
9	Thailand	119	1,408,300,059	498,989,700	648,000,500
10	UK	51	1,180,327,741	422,206,280	595,609,134
11	USA	174	1,134,195,031	615,593,452	696,989,516
12	Malaysia	131	1,104,668,423	539,527,562	757,985,415
13	Switzerland	24	626,113,029	300,677,999	517,831,008
14	Australia	87	561,484,088	269,084,733	279,708,967
15	British West Indies	5	504,191,396	193,200,000	126,568,173
16	China	243	503,553,229	284,470,869	145,758,881
17	Sweden	11	455,433,005	439,683,005	358,849,980
18	Bermuda	5	260,322,867	98,936,700	156,817,885
19	Germany	49	243,868,803	102,011,134	122,030,522
20	Cayman Islands	10	233,019,387	112,093,742	351,044,971
21	Russia	43	230,740,848	143,314,147	180,593,430
22	Philippines	20	224,623,899	114,557,446	83,470,734
23	Channel Islands	13	196,350,788	118,505,729	78,802,357
24	Indonesia	11	120,052,000	68,885,203	126,671,322
25	Denmark	15	119,438,220	75,102,323	80,162,734
26	Mauritius	7	88,176,800	74,471,519	626,572,331
27	Belgium	22	53,285,211	22,688,736	39,428,893
28	Canada	33	50,750,046	34,388,973	16,122,151
29	Turkey	4	46,000,000	13,800,000	1,000,000
30	India	9	45,413,710	26,541,891	550,378,900
31	New Zealand	10	41,017,000	14,188,000	11,045,458
32	Norway	11	40,291,246	25,477,306	14,944,258
33	Italy	13	38,821,000	17,923,752	6,029,824
34	Czech Republic	6	36,078,673	14,008,673	8,322,037
35	Liechtenstein	2	35,500,000	10,828,425	31,188,345
36	Luxemburg	12	34,735,324	15,459,400	14,729,132

37	Poland	6	30,000,000	15,604,000	13,903,000
38	Iraq	2	27,100,000	27,100,000	15,100,000
39	Ukraine	6	23,954,667	13,085,818	14,092,291
40	Bahamas	3	17,350,000	5,400,000	5,350,000
41	Isle of Man	1	15,000,000	5,200,000	1,000,000
42	Panama	3	13,232,400	5,185,000	2,290,870
43	Austria	7	12,845,000	6,109,497	3,965,132
44	Sri Lanka	3	12,814,048	6,504,175	1,174,000
45	Samoa	3	11,300,000	7,800,000	2,800,000
46	Laos	4	11,053,528	5,323,527	5,478,527
47	Macau	4	10,300,000	6,800,000	2,300,000
48	Cuba	1	6,600,000	2,429,761	7,320,278
49	Israel	3	6,531,136	3,841,136	5,186,787
50	Brunei	4	6,000,000	4,000,000	-
51	Hungary	3	3,126,606	2,019,688	1,740,460
52	Belize	1	3,000,000	3,000,000	979,000
53	Western Samoa	1	2,300,000	690,000	1,707,493
54	Guatemala	1	1,866,185	894,000	-
55	Yugoslavia	1	1,580,000	1,000,000	-
56	Syria	3	1,050,000	430,000	-
57	Turks & Caicos Islands	1	1,000,000	700,000	700,000
58	Spain	2	754,865	614,865	60,000
59	Cambodia	2	700,000	500,000	400,000
60	Sip	1	500,000	150,000	150,000
61	Guam	1	500,000	500,000	-
62	Belarus	1	400,000	400,000	-
63	Argentina	1	120,000	506,489	120,000
64	R.D.P. Korea	1	100,000	100,000	-
Total		4,324	40,794,854,622	18,553,161,803	24,601,188,818

Source: The Foreign Investment Department - The Ministry of Planning and Investment
 Thời báo Kinh tế Việt Nam (Vietnam Economic Times), 5 January 2004, www.vneconomy.com.vn
 Vietnamese version under
<http://www.vneconomy.com.vn/vic/index.php?param=article&catid=03&id=031230181003>

Table 3. Statistics of FDI in localities across Vietnam: Foreign direct investment in Vietnam 1988-2003 (to 31 December 2003)
(provinces bordering China in bold)

	Location	Projects	Total invested capital	Authorized capital	Realization
1	HCMC	1,367	10,755,121,005	5,326,331,562	5,683,192,727
2	Ha Noi	482	7,563,260,698	3,323,852,164	3,338,517,693
3	Dong Nai	510	6,504,478,324	2,634,323,822	3,029,827,514
4	Binh Duong	752	3,378,090,668	1,502,953,865	1,665,521,427
5	Ba Ria-Vung Tau	96	2,064,531,631	762,816,782	1,377,805,249
6	Dau Khi	26	1,872,183,340	1,379,583,340	4,410,983,294
7	Hai Phong	144	1,476,908,100	678,783,039	1,145,355,139
8	Lam Dong	61	868,691,462	123,133,908	117,338,856
9	Long An	78	541,316,165	258,920,249	278,487,656
10	Hai Duong	49	526,053,360	224,356,997	246,373,645
11	Kien Giang	6	447,618,000	192,558,000	393,490,402
12	Thanh Hoa	11	444,210,339	138,505,061	410,562,608
13	Vinh Phuc	48	431,473,119	181,350,747	355,597,670
14	Ha Tay	37	419,919,309	177,346,688	217,260,566
15	Khanh Hoa	53	381,539,076	139,011,952	292,033,527
16	Quang Ninh	58	366,003,490	162,671,128	214,845,009
17	Da Nang	51	291,456,580	121,159,252	150,139,240
18	Tay Ninh	59	247,371,182	188,751,186	170,161,311
19	Nghe An	10	238,425,823	100,734,882	109,494,123
20	Phu Tho	28	212,345,817	109,271,618	149,576,001
21	Quang Nam	31	181,301,571	85,518,733	33,094,555
22	Bac Ninh	16	171,193,281	70,212,800	142,332,770
23	Thua Thien-Hue	20	151,885,404	77,988,718	133,489,118
24	Hung Yen	31	129,889,699	71,493,775	85,221,864
25	Binh Thuan	32	114,517,940	43,309,224	30,820,475
26	Phu Yen	19	112,707,200	37,842,200	44,762,259
27	Can Tho	28	105,408,676	59,152,357	54,285,347
28	Tien Giang	9	77,231,276	32,497,580	63,989,484
29	Ninh Binh	5	67,732,486	26,555,000	12,196,370
30	Nam Dinh	9	63,913,772	25,291,229	6,547,500
31	Thai Nguyen	14	56,810,472	32,688,528	18,293,185
32	Lang Son	17	37,620,000	20,436,077	10,262,773
33	Binh Dinh	12	35,662,000	20,102,878	18,125,000
34	Quang Binh	4	32,333,800	9,733,800	18,210,036
35	Lao Cai	17	30,711,340	17,510,895	14,501,945

36	Ha Tinh	6	30,445,000	11,845,000	1,550,000
37	Ninh Thuan	7	30,171,000	13,401,291	4,900,442
38	Gia Lai	4	29,050,000	19,460,000	19,099,900
39	Quang Ngai	7	28,323,689	13,353,425	10,796,572
40	Son La	4	25,070,000	8,271,000	7,207,948
41	Thai Binh	9	23,596,000	8,038,000	1,780,000
42	Bac Lieu	5	23,578,646	13,522,687	13,664,016
43	Đak Lak	5	22,083,050	6,960,520	18,307,018
44	Binh Phuoc	9	21,218,000	14,195,009	16,236,571
45	Bac Can	8	19,641,367	10,260,667	2,104,758
46	Quang Tri	6	19,427,000	9,097,100	2,388,840
47	Hoa Binh	8	16,992,020	8,203,818	5,361,062
48	Bac Giang	14	15,863,500	11,485,600	12,108,893
49	Vinh Long	7	15,711,641	9,075,000	5,918,271
50	An Giang	3	14,831,895	4,516,000	12,537,401
51	Ben Tre	4	10,494,048	4,454,175	3,550,397
52	Yen Bai	4	10,220,688	5,873,081	6,511,737
53	Cao Bang	2	7,500,000	4,200,000	200,000
54	Dong Thap	7	6,328,037	4,998,037	1,284,970
55	Ha Giang	2	5,925,000	2,633,000	-
56	Ca Mau	3	5,175,000	3,619,721	6,005,355
57	Kon Tum	1	4,400,000	2,200,000	61,500
58	Lai Chau	2	3,000,000	2,000,000	180,898
59	Soc Trang	2	2,286,000	1,806,000	2,055,617
60	Tra Vinh	3	1,606,636	1,442,636	873,158
61	Ha Nam	1	1,000,000	1,000,000	3,807,156
62	Tuyen Quang	1	1,000,000	500,000	-
Total		4,324	40,794,854,622	18,553,161,803	24,601,188,818

Source: The Foreign Investment Department - The Ministry of Planning and Investment
 Thời báo Kinh tế Việt Nam (Vietnam Economic Times), 5 January 2004, www.vneconomy.com.vn
 Vietnamese version under
<http://www.vneconomy.com.vn/vie/index.php?param=article&catid=03&id=031230183018>

Table 4. The Mekong Work Programme (Mekong Secretariat, 1992: xiii-xiv)

The Mekong Work Programme consists of three main areas which are subdivided into twelve Subprogramme areas:

- 1. Policy and Planning**
 - 1.1 Strategic Studies

- 2. Technical Support**
 - 2.1 Hydrology
 - 2.2 Databases and modelling
 - 2.3 Remote sensing and mapping
 - 2.4 Environment

- 3. Resources development**
 - 3.1 Water resources and hydropower
 - 3.2 Agriculture
 - 3.3 Irrigation
 - 3.4 Watershed and forestry
 - 3.5 Fisheries
 - 3.6 River works and transport
 - 3.7 Human resources development

Each project has a code number, e.g. 1.1.09/92. The first number refers to the project area, i.e. Policy and Planning. The second number refers to the subprogramme, i.e. Strategic Studies. The third number is the serial number (i.e. 09). The last two digits refer to the year of inclusion into the Mekong Work Programme (i.e. 1992).

Table 5. High-level Meetings Between Vietnam and China 1989-2005

(NB: sources often do not use the term Gulf of Tongkin but instead the Chinese – Beibu wan or Beibu Gulf – and Vietnamese – Vịnh Bắc Bộ or Bắc Bộ Gulf – versions. In the table, the English version is used.)

<u>Date</u>	<u>Persons visiting or met</u>	<u>Purpose or outcome</u>
January 1989	one of Vietnam's deputy foreign ministers visits Beijing and meets his counterpart and China's foreign minister	confidence-building and a general signification of interests in improving relations in the context of a reforming USSR
August 1989	Vietnam's foreign minister meets China's vice foreign minister in connection with the Cambodia conference in Paris	confidence-building and a general signification of interests in improving relations. China-USSR normalisation since May 1989
September 1990	Sino-Vietnamese Secret Summit in Chengdu with Secretary-General Nguyen Van Linh and Prime Minister Do Muoi, but not the Foreign Minister Nguyen Co Thach due to Chinese opposition	
July 1991	General Le Duc Anh invited to China	

September 1991	newly appointed Foreign Minister Nguyen Manh Cam visits China	preparation of the high-level summit of 5-10 November
5-10 November 1991	Secretary-General Do Muoi and Chairman of the Council of Ministers Vo Van Kiet pay an official visit to China and meet Secretary-General Jiang Zemin and Premier Li Peng	official normalisation of bilateral relations Five Principles for Peaceful Coexistence for the conduct of bilateral relations provisional agreement concerning border affairs
February 1992	Foreign Minister Qian Qichen visits Vietnam	agreement on a memorandum of understanding on communication, transportation and economic cooperation agreement on the establishment of working groups for territorial disputes
March 1992	Vietnam's minister for transport and post visits China. Also visiting is a Vietnamese defence delegation and a delegation from the VCP	signing of agreements concerning post, telecommunication and transport
September 1992	one of China's vice foreign ministers visits Hanoi	no agreement on territorial disputes was reached, but agreement to hold talks on the issue in October
October 1992	expert groups meet in Beijing for the first time to work on the territorial disputes	agreement that next round of talks should be on the land border
30 November - 4 December 1992	Chinese Premier Li Peng pays an official goodwill visit to Vietnam	four accords signed on bilateral economic and technical cooperation, scientific and technological cooperation and culture exchange; China grants Vietnam interest-free loan of about 14 million USD; step up efforts against smuggling at the land border; no progress on SCS issues, but commitment to solve the issue through negotiations
December 1992	Vietnam's defence minister visits China	discussions on the territorial question
February 1993	second expert round on territorial issues	
May 1992	China's defence minister visits Vietnam	discussion on border issues
August 1992	governmental delegation visits Beijing	understanding on 'fundamental principles' for solving the territorial issues
April 1993		conclusion of agreement on scientific and technological cooperation
October 1993	Chinese Vice Foreign Minister Tang Jiaxuan and his Vietnamese counterpart	agreement on the basic principles for resolving land border and Gulf of Tongkin issues; while working to solve

	Vu Khoan meet in Hanoi	the issues, both sides were to continue talks on the SCS; agreement to set up joint working groups on the expert-level on the land border and the Gulf of Tongkin
November 1993	Vietnamese President Le Duc Anh pays an official goodwill visit to China, the first by a Vietnamese head of state since Ho Chi Minh in 1959	settling disputes through negotiation, curb smuggling at the border, deepen economic cooperation
February 1994	first meeting of the joint working group on the expert-level on the land border	
March 1994	first meeting of the joint working group on the expert-level on the Gulf of Tongkin	
June-July 1994	second meeting of the respective working groups on the expert-level; an army delegation visits China	
25 July 1994	both foreign ministers discuss the territorial issues at the inaugural ARF meeting	to hold talks on vice foreign minister level
August 1994	second government-level talks on the territorial issue	
September 1994	Deputy Prime Minister Phan Van Khai visits China	
22-27 October 1994	third round of the joint working group on the expert-level on the land border in Hanoi	
19-22 November 1994	Chinese President Jiang Zemin visits Vietnam	accords on the establishment of a Joint Committee on Economic and Trade Cooperation, an Automobile Transport agreement and a Cooperation in Guaranteeing the Quality of Import and Export Commodities in Mutual Certification; agreement to set up an expert group for the 'issue involving the seas'
December 1994	third round of the joint working group on the expert-level on the Gulf of Tongkin	
January 1995	fourth round of the joint working group on the expert-level on the land border	
March 1995	fourth round of the joint working group on the expert-level on the Gulf of Tongkin	
April 1995	a military delegation visits Vietnam	

May 1995	Vietnam's foreign minister visits his counterpart in Beijing; fifth round of the joint working group on the expert-level on the land border	taxation agreement
June 1995	fifth round of the joint working group on the expert-level on the Gulf of Tongkin	
July 1995	third round of government-level talks on border issues	decision to form a joint working group on the sea border in the SCS
October 1995	sixth round of the joint working group on the expert-level on the land border	agreement on measures for the signature of border treaty
November 1995	first round of the 'Sino-Vietnamese expert group on maritime issues'	consensus on working procedures for the settlement of the Spratly dispute according to international law
November 1995	first meeting of the 'Sino-Vietnamese Commission for Economic and Commercial Cooperation'	measures to observe and realise all bilateral agreements; intensified control of cross-border trade (i.e. smuggling)
26 November - 2 December 1995	Vietnamese Communist Party Secretary-General Do Muoi visits China to meet his counterpart Jiang Zemin and other leaders	joint communiqué highlighting the principles, agreements and understanding achieved by the two sides through various high-level meetings since 1991. The two sides reiterate their commitment to seek a resolution to their border issues through peaceful negotiations and to further develop their ties despite the existing differences. An agreement in principle is reached on the resumption of cross-border train services
January 1996	discussion between the Chinese Ministry of Railways and the Vietnamese Ministry of Communication and Transport	preparation for a resumption of rail traffic – resumed on 14 February at the Lang Son border crossing
January 1996	seventh round of the joint working group on the expert-level on the land border	
February 1996	a Guangzhou military delegation visits Vietnam	border defence and 'order' in border areas
June 1996	Chinese Premier Li Peng attends the Eighth National Congress of the VCP and meets Vietnam's secretary-general and the prime and foreign ministers	
July 1996	second round of the 'Sino-Vietnamese expert group on maritime issues'	

August 1996	Chief of the General Staff of the PLA visits Vietnam	enhance relations between both countries, parties and armies
September 1996	fourth round of government-level talks on border issues	
October 1996	ninth round of the joint working group on the expert-level on the land border	
November 1996	deputy minister of trade visits China and his Chinese counterpart plus the minister for foreign trade and economic cooperation; Qiao Shi, Chairman of the Standing Committee of the NPC visits Vietnam	
December 1996	China's minister of public security visits Vietnam to hold talks with the minister of the interior	
January 1997	eighth round of the joint working group on the expert-level on the Gulf of Tongkin	
February-March 1997	a military delegation visits Vietnam and meets, among others, the defence minister	
March 1997	a VCP delegation visits China at the invitation of the Central Committee of the CCP	
17-21 March 1997	Chinese state councillor visits Vietnam and meets the prime and foreign ministers	
April 1997	Vietnam's interior minister leads a delegation to China and meets Jiang Zemin; a military delegation visits China to talk to, among others, the defence minister	
14-20 April 1997	a CCP delegation led by Cao Keming, member of the Central Discipline Inspection Commission, Deputy Secretary of the Jiangsu provincial party committee and head of Jiangsu's discipline inspection commission, visits Vietnam at the invitation of the VCP Central Committee and meets, among others, Nguyen Van Song, member of the Central Committee and head of the External Relations Commission	working sessions on external relations, inspection, organisation and personnel, party building and corruption fighting

17-18 April 1997	the deputy foreign ministers of China and Vietnam meet at the occasion of the third round of political consultations of ASEAN senior officials and China in the province of Anhui	bilateral discussion of the ongoing SCS disputes, land border and Gulf of Tongkin
22-25 April 1997	third round of the 'Sino-Vietnamese expert group on maritime issues'	
7-12 May 1997	tenth round of the joint working group on the expert-level on the land border	
June 1997	Vice Minister of Communication Hong Shanxiang leads a delegation to Vietnam and meets Vice Premier Tran Duc Luong and Vietnamese Vice Transport Minister Bui Van Suong	protocol on the implementation of an agreement on road transport of passengers and luggage
10-17 June 1997	Vietnamese army delegation visits China	
14-18 July 1997	Secretary-General Do Muoi visits China and meets President Jiang Zemin and Premier Li Peng; the foreign ministers meet, and the Vice Premiers Wu Bangguo and Phan Van Khai	first announcement of plans to reach agreements on the demarcation of the Gulf of Tongkin and the land border before the turn of the decade; expansion of economic cooperation; China continues limited amount of 'free aid' for Vietnam
16-18 July 1997	ninth round of the joint working group on the expert-level on the Gulf of Tongkin	talks enter the 'real stage'
13-15 August 1997	fifth round of government-level talks on border issues	
21-28 October 1997	Vietnamese army delegation visits China	
23-26 October 1997	China's Vice Premier in charge of economic affairs, Wu Bangguo, visits Vietnam and meets his counterpart, Secretary-General Do Muoi, President Tran Duc Luong and Premier Phan Van Khai. Wu's visit is the first visit to Vietnam since 1991 by a vice premier in charge of economic affairs	signing of two loan agreements, an agreement on non-refundable aid of 10 million USD, agreements on technology transfer, agriculture and civil aviation, expansion of border cooperation, start negotiations for regulation of cross-border economic cooperation
December 1997	Li Ruihuan, member of the Standing Committee of the Political Bureau of the CCP Central Committee, visits Vietnam and meets President Tran Duc Luong, Premier Phan Van Khai and	

	Secretary-General Du Muoi. As Chairman of the Chinese People's Political Consultative Conference (CPPCC), Li meets the President of the Vietnam Fatherland Front (VFF) Le Quang Dao	
21-22 January 1998	eleventh round of the joint working group on the expert-level on the land border	
24-30 March 1998	tenth round of the joint working group on the expert-level on the Gulf of Tongkin	
26 May-5 June 1998	twelfth round of the joint working group on the expert-level on the land border	
June 1998	Vietnam's defence minister visits China and meets his counterpart, the president, and chief of staff of the PLA	
8-10 July 1998	fourth round of the 'Sino-Vietnamese expert group on maritime issues'	
17-22 September 1998	CCP delegation led by Wei Jianxing, member of the Political Bureau of the Standing Committee of the CCP, visits China and meets Secretary-General Le Kha Phieu, the prime minister, and the former Secretary-General Do Muoi	
25-26 September 1998	sixth round of government-level talks on border issues in Hanoi	
October 1998	Premier Phan Van Khai visits China and meets Premier Zhu Rongji	accords on cross-border trade, consular cooperation and mutual judicial assistance
October 1998	Jiang Zemin, President and CCP Secretary-General meets Vietnam's premier; Li Peng, Chairman of the Standing Committee of the National People's Congress meets Premier Phan Van Khai	
December 1998	Chinese Vice President Hu Jintao visits Vietnam and meets his counterpart Nguyen Thi Binh	agreement on economic and technological cooperation
9-15 January 1999	delegation of Chinese PLA visits Vietnam for defence talks at the invitation of the Vietnamese Ministry of	

	National Defence	
25 February - 2 March 1999	Vietnamese Communist Party Secretary-General Le Kha Phieu pays a visit to China and meets his counterpart Jiang Zemin	joint statement: cooperation based on long-term stability, future-oriented, good-neighbourly and all-round cooperative bilateral relations (= 16-character principle ¹⁰⁹); plans confirmed to formalise agreements on demarcation of the land border by the end of 1999 and the Gulf of Tongkin by the end of 2000
6 April 1999		agreement to boost bilateral cooperation in tourism for 1999-2000
8-15 October 1999	Pham The Duyet, member of the Vietnamese Politburo, leads a Vietnamese Communist Party delegation to Beijing at invitations of CCP Central Committee	
1-4 December 1999	Chinese Premier Zhu Rongji visits Vietnam and meets his counterpart Phan Van Khai	conclusion of negotiations on disputed borders and discussion on pending China-US and Vietnam-US trade deals
30 December 1999	Chinese Foreign Minister Tang Jiaxuan and Vietnamese Deputy Prime Minister and Foreign Minister Nguyen Manh Cam meet in Hanoi. Attending the meetings were Prime Minister Phan Van Khai, Wang Yi, head of the Chinese delegation for border negotiations and Assistant Foreign Minister, and Permanent Deputy Foreign Minister Vu Khoan	land border treaty
17 January 2000	Li Peng, NPC Standing Committee Chairman meets Procurator-General Ha Manh Tri in Beijing. The Vietnamese delegating visits at the invitation of Chinese Procurator-General Han Zhubin	agreement on judicial cooperation
25 February 2000	Premier Zhu Rongji meets Premier Phan Van Khai	discussion on the Gulf of Tongkin
February 2000	Foreign Minister Tang Jiaxuan meets Vietnamese	discussion of the demarcation of the

¹⁰⁹ Shiliu zi fangzhen: 'Changqi wending, mianxiang weilai, mulin youhao, quanmian hezuo' (十六字方针: '长期稳定、面向未来、睦邻友好、全面合作').

	Foreign Minister Nguyen Dy Nien in Beijing	Gulf of Tongkin
April 2000	NPC Chairman Li Peng and President Jiang Zemin meet Vietnam National Assembly Chairman Nong Duc Manh in Beijing	continued cooperation and exchange visits of both parliaments
May 2000	Premier Zhu Rongji meets Deputy Prime Minister Nguyen Manh Cam	discussion of the demarcation of the Gulf of Tongkin
June 2000		exchange of documents on the ratification of a bilateral consular agreement
6 July 2000	Assistant Foreign Minister Wang Yi and Vietnamese Assistant Foreign Minister Le Cong Phung meet	exchange of letters of ratification on the land border treaty (signed December 1999), which takes effect on the same day
11-12 July 2000	Le Minh Huong, Minister of Public Security and VCP politburo member, visits Beijing	
19 July 2000	Pham Van Tra, Minister of National Defence and VCP politburo member, meets a PLA border military district delegation in Hanoi	
21 July 2000	Defence Minister Chi Haotian meets his counterpart Pham Van Tra in Beijing	
9-18 August 2000	Chinese Communist Youth League delegation visits Hanoi	
7-9 September 2000	new round of negotiations on the demarcation of the Gulf of Tongkin opened	
12-19 September 2000	VCP Central Committee delegation visits CCP Central Committee	
21 September 2000	Minister of Industry Dang Vu Chu visits Beijing; Li Peng receives national assembly delegation to discuss social security legislation	
25-28 September 2000	Prime Minister Phan Van Khai visits China and meets Zhu Rongji	
December 2000	Vietnamese President Tran Duc Luong visits China and meets Prime Minister Zhu Rongji and President Jiang Zemin	joint statement on the all-round development of bilateral relations in the new century; accords on the demarcation of and fisheries cooperation in the Gulf of Tongkin (25 December)

February 2001	Defence Minister Chi Haotian visits Vietnam and meets Secretary-General Le Kha Phieu	agreement on military exchanges and security cooperation amidst debates in the VCP about Phieu's China-leaning policy
April 2001	Vice Premier Hu Jintao attends VCP's 9 th Party Congress on which Le Kha Phieu is replaced with Nong Duc Manh	
September 2001	Li Peng visits Vietnam and meets former Vietnamese party leaders Do Muoi and Le Kha Phieu, President Tran Duc Luong, and National Assembly Chairman Nguyen Van An	
November 2001	Secretary-General Nong Duc Manh visits China and meets Chinese President Jiang Zemin	Manh characterises the relationship as one between 'comrades plus brothers'
27 February - 1 March 2002	Jiang Zemin visits Vietnam at the invitation of Secretary-General of the Central Committee Nong Duc Manh	no resolve of the issue of the Gulf of Tongkin (boundaries, fisheries agreement), both sides agree to maintain the current negotiation

¹¹⁰ The 5-point proposal reads as follows:

'Firstly, to carry on the good tradition of high-level exchanges between the two parties and two countries and maintain frequent contact and meetings of their leaders so as to frankly and extensively exchange opinions on issues of common concern from time to time.

Secondly, to continuously expand and deepen trade and economic cooperation between China and Vietnam, consolidate the material foundation of friendly bilateral relations, keep improving the efficiency and quality of cooperation and substantially lift bilateral trade and economic cooperation to a new level.

Thirdly, to educate the people, especially young people of the two countries, with the spirit of long-term friendship. To further strengthen exchanges among the young people in various forms so as to foster and bring up millions of successors of the cause of Sino-Vietnamese friendship.

Fourthly, to strengthen bilateral cooperation on the issue of borders, accelerate the process of various follow-up work of the land boundary and the delimitation of the Beibu Bay territorial sea and build the borders between China and Vietnam into borders of long-term peace, stability and friendship.

	and Vietnamese President Tran Duc Luong and meets both as well as the Chairman of Vietnam's National Assembly Nguyen Van An, Prime Minister Phan Van Khai, and former VCP General-Secretaries Do Muoi and Le Kha Phieu	mechanism; framework agreement for providing Chinese preferential loans to Vietnam and an economic and technical cooperation agreement; during his speech at Hanoi University, Jiang pronounces the 16-character principle and proposes a 5-point proposal on mutual cooperation. ¹¹⁰ The much publicised visit has little impact on the issue of the maritime boundaries.
May 2004	a Chinese delegation attends Vietnam's celebration of the 50 th anniversary of the Dien Bien Phu battle	
20 May 2004	Premier Phan Van Khai leads a government delegation to China at the invitation of China's Premier Wen Jiabao	announcement to build two economic corridors from Kunming and Nanning to Hanoi and Hai Phong via Lang Son and Lao Cai, and a third corridor along the coast of the Gulf of Tongkin; accelerate delineation and marking of the land border; closer coordination to implement the Gulf of Tongkin agreements on fisheries and demarcation; peaceful settlement of maritime border problems and closer coordination with ASEAN in implementing the Declaration on the Conduct of Parties in the South China Sea; strengthening AFTA and GMS
30 June 2004	a Chinese delegation led by Deputy Foreign Minister Wang Yi, principle negotiator in the border settlements, visits Hanoi and meets Vietnam's Deputy Foreign Minister Vu Dung and Deputy Prime Minister Vu Khoan	both deputy foreign ministers sign the demarcation agreement on the Gulf of Tongkin regarding territorial waters, exclusive economic zones, and continental shelves, plus the fisheries agreement for the gulf. Both agreements were originally concluded on 25 December 2000, but comes into effect only now with the signature on 30 June 2004. The relationship according to the 16-character principle is emphasised, plus it is characterised as one of 'good neighbours, good friends, good comrades and good

Fifthly, to deepen the share of the experience between the parties and governments of the two countries and strengthen their consultation, cooperation and coordination on international issues so as to facilitate and try to create a better external environment for the construction and development of both countries' (*Xinhua*, 27 February 2002).

		partners'
October 2004	Premier Wen Jiabao visits Vietnam and meets Premier Phan Van Khai	<p>bilateral trade target set to USD 10 billion by 2010</p> <p>cooperation on the "Two Corridors One Circle" plan: the corridors are Nanning-Lang Son-Hanoi-Haiphong-Quang Ninh, and Kunming-Lao Cai-Hanoi-Haiphong. The circle is the Gulf of Tongkin</p>
October 2005	both sides agree to joint military patrols of the Gulf of Tongkin	
1-3 November 2005	President and Secretary-General Hu Jintao visits Vietnam and meets President of the parliament, Nguyen Van An, President Tran Duc Luong, Premier Phan Van Khai and Secretary-General Nong Duc Manh. Hu addresses Vietnam's parliament	attempts to allay fears by maintaining that China's rise is peaceful

Source: adapted from Amer (1999: 73-98); BBC, 1 November 2005; *BBC Summary of World Broadcasts*, 22 April 1997b: FE/2899/B/3; *BBC Summary of World Broadcasts*, 5 June 1997: FE/2937/B/4; *BBC Summary of World Broadcasts*, 25 October 1997: FE/3059/B/6; Gu, 2003: 1-2; *Comparative Connections*, 2000; *Renmin Ribao* (English and Chinese) of 31 December 1999, 18 January 2000a and b, 26 February 2000, 27 April 2000a and b, 11 May 2000, 26 November 2000b, 8 September 2001a and b; 'Create Together a Fine Future for Sino-Vietnamese Relations.' Jiang Zemin's speech at Hanoi National University, 28 February 2002; Gu, 2004: 1-2; *Xinhua*, 26 February 2002; *Viet Nam News*, 20 May 2004a: 1; *Viet Nam News*, 1 July 2004: 1-2. The table lists a selection of visits of high-ranking party and state functionaries and is not comprehensive.

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