

## China-Southeast Asia Relations: Assurance and Reassurance

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As the year 2005 approached, Beijing was reportedly in the midst of preparations for an all-out effort to consolidate and expand the remarkable gains it scored in relations with the nations of Southeast Asia during the previous year. However, the shock and devastation of the December tsunami forced an immediate shift in regional priorities. Beijing appears to have responded by adjusting its diplomatic agenda, too. Despite the somber atmosphere, the requirements of greeting the Year of the Rooster provided their own distractions. As a result, the first quarter of 2005 was a quiet period for Chinese diplomacy and for China's relations with the subregion. No doubt, as the year progresses, the tempo and scope of Chinese activity will return to its previous high level.

Having sown the seeds of multilateral cooperation, China's leaders must have been disappointed at their inability to follow up on previous initiatives. Little specific effort was directed toward creating the institutional framework for multilateralism that Beijing had been seeking. Rather, if Chinese diplomacy during the quarter reflected any deliberate focus, it seemed to involve what might best be termed assurance and reassurance. By participating actively in the tsunami relief effort, the Chinese seemed to be attempting to assure the subregion of the constancy of their commitment to the welfare of what they increasingly refer to as the "Asian Community."

At the same time, Beijing made a quiet but significant effort to reassure its neighbors about the positive nature of Chinese intentions for shaping the emerging regional economic and security architectures. Sensitive as they are to regional concerns about the emergence of China as a driver of Southeast Asian economic and political developments, the leadership tried to disarm regional fears by speaking directly to issues related to economic competition and territorial disputes in the South China Sea. Arguably, some success was achieved on both counts.

### **The Tsunami: China Demonstrates its Concern**

Chinese relief efforts began with the immediate and largely symbolic donation of relief materials by Beijing's ambassador in Jakarta. This action was in keeping with the convention observed by many nations according to which immediate contributions to relief efforts are made by national ambassadors as a kind of down payment on future contributions.

Two days later, on Jan. 6, Chinese willingness to provide aid and assistance was more visibly and concretely demonstrated by Premier Wen Jiabao who represented China at the ASEAN Leaders' Meeting on the Aftermath of the Earthquake and Tsunami held in Jakarta. Speaking before representatives of more than 26 nations and groups, Premier Wen outlined a seven-point assistance plan including, in addition to emergency relief, initiatives on establishing a tsunami warning system, creating procedures for exchanging information on impending natural disasters, and reviving tourism. Wen's suggestions were immediately affirmed by a Chinese Ministry of Foreign Affairs offer to host a regional seminar on tsunami warning systems.

Ever mindful of the need to stay on message, Wen also seized a personal – and strategic – opportunity to express privately the concerns of the Chinese leadership in separate meetings with Indonesian President Susilo Bambang Yudhoyono and Thai Foreign Minister Surakiat Sathirathai. This is not surprising since a close relationship with Bangkok is central to Chinese objectives on the Southeast Asian peninsula; and, during the last year or so, Beijing has gone out of its way to develop positive relations with Indonesia. It is worth noting that later in January, Thailand received additional attention when Foreign Minister Li Zhaoxing telephoned his Thai counterpart to discuss ongoing relief and reconstruction programs. A final demonstration of Chinese good wishes occurred Jan. 13 as Vice Foreign Minister Wu Dawei led a condolence mission to Bangkok.

Interestingly, Beijing's approach did not involve the distribution of large sums of money. Rather, the Chinese emphasized aid in kind and the establishment of various cooperative programs for rebuilding infrastructure. In fact, at this writing there is some confusion about the total value of Chinese relief and reconstruction assistance. At a United Nations-sponsored donors meeting held in Davos, Switzerland, Assistant Foreign Minister Shen Guofang confirmed Wen Jiabao's commitment of \$20 million in aid and announced that the total Chinese public and private aid amounted to \$133 million.

Significantly, the scale of the devastation apparently motivated many Chinese citizens to make individual contributions to various relief funds. Such actions have occurred in the past, but the broad scale of the private tsunami relief effort is unprecedented and tends to confirm the emergence in China of a broadening view of the world as well as of China's place in global affairs. Despite citizen involvement, however, regional commentary reflected an unmistakable *leit motif* expressing disappointment at the relatively low level of direct financial assistance by China.

### **Relations with ASEAN**

Despite the adjustment in priorities as the region mobilized to deal with the havoc wrought by the tsunami, Beijing did manage to keep at least one major element of its overall agenda in public view. Albeit in a very low key, Assistant Minister of Commerce Yi Xiaozhun announced plans to join with ASEAN, Japan, and the Republic of Korea (the ASEAN Plus Three mechanism) to begin work on a feasibility study for the East Asia Free Trade Area (FTA) as proposed by Premier Wen in November last year. Noting

that the creation of the FTA is likely to require many years of effort, Yi nonetheless listed the many potential advantages of such a trade structure and simultaneously reaffirmed Beijing's long-term commitment to the project. Yi also took the opportunity to remind the regional audience of the progress that has been achieved as China and ASEAN begin to implement their own FTA agreement. All in all, Yi appears to have been successful in presenting the region with a gentle reminder of the importance of pursuing a regional agenda on commerce and trade. He was also apparently successful in reminding Tokyo, Seoul, and the capitals of ASEAN that China remains the author and putative godfather of that agenda.

Beijing supplemented this demonstration of its big-picture diplomacy with action on a small number of additional specific initiatives. The first of these was a meeting in Kuala Lumpur of the ASEAN Plus Three tourism ministers, which convened on the sidelines of the 24<sup>th</sup> ASEAN Tourist Forum. This meeting enabled Beijing to plug its promise to host a seminar on tourism as part of its contribution to tsunami relief. Similarly, meetings with ASEAN representatives on nontraditional security threats and epidemic prevention demonstrated Chinese sensitivity to regional issues and also reinforced the impression that Beijing is willing to work systematically and cooperatively with members of the region to address a wide range of nettlesome problems.

Finally, on March 30, the Boao Forum at the Ninth *China Daily* CEO Roundtable brought together the CEOs of 30 international corporations with interests in China to discuss various aspects of regional integration. Analogous to the Network of East Asian Think Tanks (NEAT), which mobilizes academics from across the region to explore theoretical issues related to regional integration, the Boao Forum provides a venue for more practically oriented individuals to come to terms with the economic dimension of integrating the region. Both the Boao Forum and NEAT are examples of the new networks that Beijing is chartering to broaden and deepen its diplomatic reach.

### **Bilateral Relations**

China's leaders must have been well pleased by extremely positive developments in relations with the individual nations of Southeast Asia. For example, Indonesian tourism officials promised to consider a Chinese request, forwarded informally by Singapore, that Chinese citizens visiting Singapore who also wish to visit Indonesia be granted the visa privileges that will make such visits possible. At present, some 800,000 Chinese visit Singapore each year, which means that the potential benefit to Indonesia would not be insignificant. For its part, Beijing would gain an opportunity to present a kinder and gentler face toward the people of a nation that is a high priority for Chinese diplomacy.

Of greater importance for bilateral relations, Indonesian President Yudhoyono asserted publicly that China's emergence as a regional political and economic leader benefits not only Indonesia, but also Southeast Asia as a whole. Considering the long history of suspicion and mistrust that has characterized Beijing's ties with Jakarta, such an affirmation must be interpreted as a major triumph for Chinese diplomacy. Despite its economic difficulties which have been compounded by the effects of the tsunami,

Indonesia retains its symbolic value as a pillar of ASEAN whose endorsement can only enhance Beijing's ability to pursue successfully its Southeast Asian objectives.

At the beginning of February, Singapore's foreign minister, George Yong-Boon Yeo, visited China at the invitation of his counterpart, Li Zhaoxing. This visit was yet another in the long series of interactions between the two nations. Although it was not officially announced, the joint agenda almost certainly included the subject of Singapore's ongoing relations with Taiwan, a subject that has strained relations in the past. Although no details are available, unconfirmed speculation suggests that the use of Taiwan by the Armed Forces of Singapore as a venue for certain kinds of training constituted a major portion of the talks. In addition to meetings with his counterparts, Foreign Minister Yeo also spent some time with Premier Wen. The announcement that the two sides had agreed to continue to expand relations affirmed the constancy of close relations between the two nations.

Any doubt that this is in fact the case was removed by an almost simultaneous statement by Singapore Senior Minister Goh Chok Tong. As reported by *People's Daily*, Goh declared that "China's extraordinary development sets the example for other Asian countries to follow and thus drives Asia's transformation." In one sense, the senior minister's comment can be seen as an effort to make a virtue out of necessity. At the end of the day, Singapore and its neighbors have no option other than to accept and work within the context of rising Chinese influence and power. However, since the declaration was made at a gala dinner sponsored by the highly prestigious and very influential International Enterprise Forum, it is difficult to gainsay that by linking Singapore's future with China's and by in effect acknowledging a form of Chinese regional leadership, Goh clearly lent substance, credibility, and above all legitimacy to China's progress toward regional preeminence. Singapore seems increasingly to be ignoring or at least engaging in a strategically motivated down-playing of its well-known reservations about growing Chinese power and influence.

China's less than vibrant, but by no means bad, relations with Malaysia may have been boosted by the visit of Supreme Head of State Tuanku Syed Sirajuddin which took place in February. Largely a ceremonial figure with little real power, Sirajuddin and Chinese President Hu Jintao acknowledged the steady growth of bilateral relations and also expressed a mutual desire to see further and more rapid development, particularly in the economic sphere. This may prove somewhat difficult, since Chinese and Malaysian enterprises increasingly occupy certain similar market niches and also have targeted similar products, such as automobiles, for market development. President Hu must have gained points and earned some credit for China by his enthusiastic endorsement of Malaysia as the host of the first East Asian Summit scheduled to convene later this year.

Relations with Vietnam and the Philippines also moved at an encouraging pace. The event of greatest significance for the region as a whole occurred in mid-March when oil companies from China, the Philippines, and Vietnam signed an agreement to conduct joint prospecting for oil and gas resources in the area of the South China Sea in which the three nations have overlapping claims. Although no party renounced its territorial claim,

rhetoric from all three capitals hailed the agreement as a major step toward creating and maintaining peace and stability in the area. China articulated the concept of joint development while not pressing conflicting claims nearly a decade ago and since then has worked diligently to integrate it into the regional discourse.

From the perspective of Manila, the agreement marks a major step in the gradual improvement of its relations with China. It will be recalled that the process achieved a major success last year with the visit of Philippine President Gloria Macapagal-Arroyo to Beijing and the beginning of a “strategic dialogue” between the two military establishments. Philippine Secretary of Foreign Affairs Alberto Romulo acknowledged the improvement by averring that the agreement transformed the South China Sea from a flashpoint into an “area of cooperation, peace, and development.” He also described the agreement as the first concrete manifestation of the Declaration of the Code of Conduct for the South China Sea. Whether the example of the South China Sea will be replicated as China and Japan deal with their respective competing territorial claims remains to be seen.

Actually Secretary Romulo heralded the improvement in bilateral relations earlier in March. While in Beijing to attend to the details of President Hu’s return state visit to the Philippines, he used the occasion to join with Premier Wen in declaring a desire “to further enhance reciprocal cooperation in various fields.” The trip which is scheduled for April 26-28 will undoubtedly seal the positive atmosphere for the next few years at least.

Reaction to the agreement in Hanoi was positive although considerably more measured. This is not surprising given the latent tensions that plague relations between the two nations. The latest manifestation of such tension came in a Chinese call for Vietnam to join its effort to deal with maritime crimes. The call came in the wake of allegations of attacks on Chinese fishermen by “robbers” from Vietnam. A quick deciphering of the Aesopian discourse between the two nations suggests that Beijing was really telling Hanoi either to control the situation or expect direct action by China to do so.

On a more positive note, a delegation of China’s National People’s Congress combined attending the 13<sup>th</sup> annual meeting of the Asia-Pacific Parliamentary Forum in Vietnam with an official visit goodwill visit. Both sides agreed that the parliamentary link should be used to promote closer economic and political ties.

## **Conclusion**

Owing essentially to the effects of the tsunami of Dec. 26, 2004, the first quarter of 2005 was relatively quiet from the perspective of China’s relations with Southeast Asia. However, Beijing did use the period to address what it correctly assesses to be major regional concerns about the impact of China’s rise on the economic and political patterns of Southeast Asia. In the economic sphere, concerns focus not only on Chinese willingness to compete fairly in the development of markets and the ability of regional economic players to keep pace with Chinese advances, but also on Beijing’s policies affecting the value of the renminbi. Most of all, the Southeast Asians fear a sudden change

of policy that could prompt events to develop at a pace that they are unable to control and which, therefore, hold the potential for great economic loss.

Politically, the concerns are more subtle. Within the region there is a clearly emerging willingness to accept the inevitability of growing Chinese influence if not outright hegemony. Regional political leaders hope that a continued strong U.S. presence will offset some of the effects of China's rise and provide them with room to maneuver. But they also worry about the stability of U.S. relations with China over the longer term.

Beijing has apparently decided that its interests are better served by presenting itself as a responsible neighbor, one that is aware of and sensitive to the potentially negative implications of its policies, particularly in the economic sector. This leads them to assert the practice of openness and transparency in policy formulation. The Chinese have also apparently decided that creating the impression of a single-minded focus on economic development and maintaining the peace and stability that enables such development is also in its interest at this time. This leads to raising the flag of conflict avoidance, cooperation, and integration to facilitate mutual benefit. Beijing seeks to assure the region that its policies are firmly emplaced and not likely to change. It also seeks to reassure the region that its policies and priorities work to the benefit of the region as a whole. Whether the Chinese will be able or, it must be noted, willing to continue to move in this direction remains an open question. However, just now it seems clear that Beijing is achieving some success.

### **China-Southeast Asia Relations January-March 2005<sup>1</sup>**

**Jan. 4, 2005:** Chinese ambassador to Indonesia delivers emergency relief materials to Indonesian Foreign Ministry for the tsunami efforts.

**Jan. 5, 2005:** Chinese Premier Wen Jiabao meets Indonesia President Susilo Bambang Yudhoyono and Thai Foreign Minister Surakiat Sathirathai at the Special ASEAN Leaders' Meeting on the Earthquake and Tsunami.

**Jan. 6, 2005:** ASEAN leaders meet in Jakarta to help coordinate relief efforts for the Indian Ocean tsunami.

**Jan. 9, 2005:** China's National People's Congress (NPC) delegation attends 13th annual meeting of the Asia-Pacific Parliamentary Forum in Vietnam.

**Jan. 10, 2005:** Malaysia's Deputy Minister of International Trade and Industry Datuk Mah Siew Keong says Malaysia's bilateral trade with China was \$26 billion for Jan.-Nov. 2004, an increase of 37 percent.

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<sup>1</sup> Compiled by Lena Kay, Vasey Fellow, Pacific Forum CSIS.

**Jan. 11, 2005:** Assistant FM Shen Guofang at the UN meeting highlights China's aid of \$133 million from government and individual donations to tsunami-stricken countries.

**Jan. 13 – 15, 2005:** Chinese government condolence mission headed by Vice FM Wu Dawei visits Thailand after tsunami.

**Jan. 24, 2005:** China and Vietnam celebrate fifth anniversary of the establishment of diplomatic ties.

**January 25-26, 2005:** ASEAN-China Workshop on Tsunami Warning in Beijing.

**Jan. 26, 2005:** Chinese FM Li Zhaoxing telephones Thai FM Surakiat to discuss tsunami relief and ministerial-level meeting on regional cooperation of tsunami warning in Phuket.

**Jan. 26, 2005:** ASEAN Plus Three tourist ministers attend 24<sup>th</sup> ASEAN Tourist Forum in Kuala Lumpur.

**Jan. 28 – Feb. 3, 2005:** Singapore FM George Yong-Boon Yeo meets Chinese FM Li.

**Jan. 30, 2005:** China's Assistant Minister of Commerce Yi Xiaozhun announces plans to join ASEAN, Japan, and Republic of Korea to work on feasibility study for East Asia Free Trade Area (FTA).

**Feb. 1, 2005:** China launches satellite TV service in Asia.

**Feb. 3, 2005:** Singapore's Senior Minister Goh Chok Tong says "China's extraordinary development sets the example for other Asian countries to follow and thus drives Asia's transformation" at the International Enterprise Forum 2005 in Singapore.

**Feb. 7, 2005:** Indonesian President SBY says that the expanding economy in China has "delivered positive result of higher bilateral trade volume in favor of Indonesia" at a meeting on Indonesia's long term development planning.

**Feb. 9, 2005:** Chinese New Year (Year of the Rooster).

**Feb. 17-18, 2005:** ASEAN Plus Three holds expert meeting on emerging diseases in Bangkok.

**Feb. 23, 2005:** International animal health experts and health officers from the UN and other agencies meet in Ho Chi Minh City to discuss emergency plans to control bird flu.

**March 1-3, 2005:** ASEAN-China Working Group on Development Cooperation in Phnom Penh.

**March 1–7, 2005:** Malaysian Supreme Head of State Tuanku Syed Sirajuddin meets President Hu Jintao to consolidate ties and reiterate Malaysia's "one-China" policy.

**March 2-3, 2005:** ASEAN-China Joint Cooperation Committee (JCC) in Phnom Penh.

**March 3, 2005:** Chinese Premier Wen tells Philippines FM Romulo that the 30th anniversary of Philippines-China relations marks a “new golden age of partnership.”

**March 5, 2005:** Singapore FM Yeo says emergence of China and India presents Southeast Asia with a new challenge.

**March 7-8, 2005:** ARF Seminar on enhancing cooperation in the field of nontraditional security issues hosted in Hainan, China.

**March 14, 2005:** China, Philippines, and Vietnam sign landmark agreement to conduct joint prospecting for oil and gas in South China Sea.

**March 23, 2005:** Taiwan Prime Minister Frank Hsieh accuses Singapore of blocking a port call by two warships to the city-state because of pressure from China.

**March 29, 2005:** Chinese President Hu Jintao sends telegram to Indonesian President SBY to express condolences on Sumatra March 28 earthquake casualties.

**March 29, 2005:** Boao Forum at 9<sup>th</sup> *China Daily* CEO Roundtable.

**March 30, 2005:** PriceWaterHouse Coopers auditor reports that China Aviation Oil (CAO) made risky gambles trading oil derivatives without formal approval from board.