



**China-Southeast Asia Relations:
Emphasizing the Positive; Continued Wariness**

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Chinese officials and official commentary this quarter continued the positive message of reassurance to Southeast Asian neighbors that China's rising power was not a threat to the region but a source of multifaceted economic and trade related opportunities. The Chinese government's decision in December to value upward by a significant margin the size of China's economy was accompanied by a reassuring White Paper issued by the Information Office of the State Council that emphasized that China's economic and other power sought a "benevolent" order at home and abroad that posed no danger to neighbors or others. This year's White Paper contrasted markedly with the tougher language about Chinese determination and resolve in the face of threats to Chinese interests in Asia and elsewhere that appeared in a White Paper issued by the same office a year ago regarding China's National Defense.

Backed by burgeoning trade and a dizzying array of meetings and contacts involving Chinese and Southeast Asian leaders, generally adroit Chinese diplomacy integrated Chinese activities and interests further with those of individual Southeast Asian states and with the growing range of regional multilateral organizations headed by ASEAN. The Chinese approach continued to be publicly praised and welcomed by the leaders of Southeast Asian governments and regional organizations. The result has been a steady stream of assessments by prominent pundits and specialists highlighting Southeast Asia as the leading area of Chinese gains in influence around its periphery in the post-Cold War period, and claiming that Chinese progress in Southeast Asia is a clear indicator that a China-centered order is emerging in Asia that reduces America's longstanding preeminence in the region.

The capstone of the quarter's activities in Chinese policy was the whirlwind of events surrounding the visit of Chinese Prime Minister Wen Jiabao to Malaysia Dec. 11-15. Following the 11th ASEAN summit that took place in the Malaysian capital, Wen participated in the ninth ASEAN plus China meeting, the ninth ASEAN Plus Three (China, Japan, and South Korea) meeting, and the inaugural East Asia Summit (EAS) that formally involved leaders of the ASEAN Plus Three (A+3) along with those from India,

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Australia, and New Zealand, with Russia's President Vladimir Putin also participating. Wen held a bilateral summit with his Malaysian counterpart, and had formal meetings with most heads of the visiting delegations with the notable exception of Japanese Prime Minister Koizumi Junichiro. Differences with Japan were behind China's decision not to hold the meeting of Chinese, Japanese, and South Korea leaders that usually accompanies the ASEAN Plus Three summit.

The Chinese government had many reasons to be satisfied with the results of the meetings, but the sessions also illustrated some of the limitations and shortcomings in China's actual influence in Southeast Asia after many years of growing trade, "win-win" diplomacy, and regional integration. Though not addressed often in formal meetings involving Chinese and Southeast Asian leaders, recent media and scholarly assessments and international conferences examining China-Southeast Asian relations have put some emphasis on the fact that the actual behavior of Southeast Asian governments shows that China's rise and regional activism have been accompanied by varying degrees of wariness on the part of China's neighbors. This, in combination with keen awareness of salient negative implications of Chinese development for Southeast Asian governments and their people, poses serious and continuing obstacles to the emergence of any sort of China-centered order in Southeast Asia.

Advancing China's regional integration

Highlights of China's regional activism prior to the Kuala Lumpur summits saw China pay closer attention to the economic needs of Indochina. During the Second China-ASEAN Business and Investment Summit held in Nanning, Guangxi, on Oct. 18-23, Chinese Vice President Zeng Qinghong met with Cambodian Prime Minister Hun Sen and Vietnamese Deputy Prime Minister Nguyen Tan Dung to establish several broad goals for closer economic development. At the conclusion of the summit, the Vietnamese government agreed in principle to allow northern Lao Cai province to expand economic ties with China's Yunnan province, paving the way for an economic corridor linking Kunming-Lao Cai-Hanoi-Hai Phong, four key localities of the two countries. On Oct. 31-Nov. 2, Chinese President Hu Jintao visited Vietnam to give bilateral relations another boost. The two countries expressed satisfaction over their economic and trade relations, pledging to bring their bilateral trade volume to \$10 billion by 2010, to speed up the process of land border demarcation, and to ensure that a new border administration document will be signed by 2008.

China National Offshore Oil Corporation (CNOOC) signed on Nov. 2 an agreement with the Vietnam National Petroleum Corporation to conduct joint oil and gas surveys in the Gulf of Tonkin. CNOOC also has been working closely with Vietnam Oil and Gas Company and Philippine National Oil Company to collect seismic data in the gulf area. In light of these collaborations, Philippine Foreign Secretary Alberto Romulo on Oct. 21 praised the momentum of development in relations between the Philippines and China as well as those between ASEAN and China.

China's relations with Singapore also warmed. From Oct. 24 to Oct. 28, Singaporean Prime Minister Lee Hsien-loong made his first state visit to China since assuming power last year. Prime Minister Lee met President Hu. Lee also met Liaoning Party Secretary Li Keqiang to sign a memorandum of understanding with the city of Tianjin to help Singapore-based companies expand into the industrial zone of the Bohai Rim area. In Thailand, the Chinese Ministry of Agriculture and the Thai Agriculture and Cooperatives struck a unique deal in which the Chinese agreed to supply Thailand with 96 armored personnel carriers (APC) in exchange for 100,000 tons of dried longan fruit. Delivery of the first APC will take place by August 2006 with the contract completed within a three-year period. Also in the defense area, a visiting Chinese destroyer in December held a joint naval exercise with Thai forces in the Gulf of Thailand, and the Chinese and Vietnamese defense ministers in October reached an agreement on joint naval patrols.

Among other activities, China also sought cooperation with Southeast Asian governments on emerging nontraditional threats to state security. Understanding the potential impact avian flu might have on the region's economy, Beijing hosted on Dec. 6-7 the Ministerial Conference for Asian Cooperation on Highly Pathogenic Avian Influenza Control in Kunming. Moreover, the Yunnan provincial government announced that it would set up a joint mechanism with the Laotian government to prevent spread of bird flu at border areas.

Meetings in Malaysia

Prime Minister Wen Jiabao did not appear to flag despite a very busy schedule of meetings in Malaysia. His activism was all the more remarkable coming after a week of visits he made to four European countries.

Addressing the ASEAN-China meeting on Dec. 12 with a speech entitled "Deepen Comprehensive Cooperation and Enhance China-ASEAN Strategic Partnership," Wen put forward initiatives to advance Chinese relations with the premier regional group in Southeast Asia. They involved promises to forge a stronger bond of friendship, to put in place a framework for relations, to build the China-ASEAN free trade agreement, to identify areas of cooperation, and to vigorously promote personnel exchanges.

"Working Together for a Better Future Through Stronger Cooperation" was the title of his speech on the same day to the A+3 summit. It called for accelerating the development and conducting feasibility studies of an East Asia Free Trade Area; expanding the Chiang Mai Initiative and developing a framework for regional financial cooperation; closer cooperation regarding energy use; and greater efforts to manage health emergencies and major natural disasters. Emphasizing the positives for Southeast Asia in burgeoning trade relations with China, Wen also stressed that in the past five years China has provided "nearly \$3 billion in economic assistance and concessional credit to ASEAN countries," and that "of the \$10 billion of concessional loans and preferential export buyers credit China would offer to developing countries in the next three years, about one third will be provided to ASEAN countries."

The Chinese leader explicitly disavowed a Chinese leadership role in regional organizations in deference to ASEAN, asserting “ASEAN is the organizer and main driving force for 10+3 cooperation... China will continue to support ASEAN in playing the leading role.”

The Chinese prime minister’s remarks at the East Asian Summit (EAS) on Dec. 14 hailed the inaugural leaders’ meeting, emphasized China’s opposition to a “closed, exclusive” regional grouping, favored openness to the non-East Asian participants in the meeting, and urged strengthened contacts with “the United States, the European Union, and other countries.” He stressed China’s importance as the world’s third largest trader and Asia’s largest importer, and noted percentage increases in the investment of Chinese companies in Asia. He assured the assembled leaders that China would pursue “peaceful” development, would “never seek domination in East Asia,” and “will not develop at the expense of others.” Official Chinese media echoed these themes, and stressed that the EAS and A+3 are expected to coexist and “complement each other.”

The China-Malaysia summit held Dec. 15 was marked by a joint communiqué in which the two sides agreed to further trade valued at \$26 billion in 2004 to reach a goal of \$50 billion by 2010; conduct a feasibility study on an Economic Partnership Agreement (which is a part of the ASEAN-China Free Trade Agreement); exchange information in nontraditional security areas; promote consultation and cooperation in defense and security areas; and expand military exchanges between the two countries. The communiqué said Malaysia welcomes the contribution of China, as a main user of the Malacca Straits, to enhance security in the Straits.

Prime Minister Wen’s bilateral meetings with participants in the EAS generally were full of positive rhetoric, with the notable exception of Japan. Typical of the positive were Philippine President Arroyo’s remarks upon meeting Dec. 11 with Wen that China-Philippines relations have entered “a golden period.” By contrast, official Chinese media made clear that the Chinese embargo on interactions with Prime Minister Koizumi remains firm despite the emphasis on affability and regional cooperation at the Malaysian meetings. They even highlighted Wen’s refusal to acknowledge Prime Minister Koizumi’s request to borrow Wen’s pen in order to sign the EAS declaration at a public ceremony on Dec. 14 as a deliberate “snub.” Wen later explained the reasons for China’s stance against Japan at the press conference following the signing ceremony. An editorial in *China Daily* at the start of the Kuala Lumpur meetings went further, accusing Japan of seeking a “leader” role in Asia that it judged was unwarranted, given Tokyo’s lack of “credibility.” Meanwhile, Chinese reporting on the Chinese leader’s meeting Dec. 14 with the Indian prime minister was less effusive than that dealing with China-India meetings in recent years, highlighting that “common interests of the two nations are greater than their differences, and bilateral cooperation is greater than their competition.”

Limitations and obstacles to China's regional leadership

Away from the generally positive official commentary of Chinese meetings with Asian partners and often forced *bon ami* that characterizes ASEAN and its related regional meetings, some media and scholarly assessments, including this quarter two widely attended international meetings on China and Southeast Asia at the American Enterprise Institute (AEI) in Washington DC on Nov. 4 and Dec. 12, have highlighted a reality in China-Southeast Asia relations. Assessing reasons for Southeast Asian wariness of and differences with China, they show that China's years of growing trade and diplomatic activism in Southeast Asia has yet to translate into any sort of an emerging China-centered order in the region, despite the widely publicized predictions of prominent pundits and specialists.

Scholars from Southeast Asia and other expert participants at the Nov. 4 AEI meeting summarized the discussion of the regional situation by noting that most Southeast Asian governments hold serious reservations about China's role, particularly regarding such security issues as the South China Sea; and that despite differences with U.S. policy, most Southeast Asian governments want the United States to continue to provide a security umbrella for the region. Long-term reservations over Chinese intentions are seen behind a "hedging" approach used in various ways by Southeast Asian governments and by ASEAN as a whole. Governments in Singapore and the Philippines are seen to engage China constructively but emphasize close security cooperation with the U.S. The predominantly Islamic countries of Indonesia and Malaysia oppose major aspects of the U.S. war on terrorism, but seek improved military and other relations with U.S., while they engage more closely with China. For geographic, historical and other reasons, countries along China's land border have fewer options to oppose China openly, but Thailand has kept its options open by markedly improving military ties with the U.S., and Vietnam has moved forward with military ties with the U.S. in 2005. ASEAN, meanwhile, has worked assiduously in recent years to reach out to the U.S., Japan, India, the EU, and other powers, providing a favorable strategic context as it seeks to engage a rising China in constructive regional arrangements.

Southeast Asian wariness of China's leadership in the region was seen in the widely reported tug-of-war that occurred behind the scenes over the role and composition of the East Asia Summit. China supported the original Malaysian initiative in 2004 that envisaged an exclusive East Asian group, and it proposed Beijing as the site for the second summit in 2006. China had supported Asian groupings that exclude the U.S. and other non-Asian powers in the past, and it currently supports the Shanghai Cooperation Organization (SCO) as an exclusive regional body dealing with Central Asia. In 2005, it backed efforts by that body to exclude U.S. and other U.S.-related military involvement in the region. In a graphic demonstration of Chinese hard power, thousands of Chinese armed forces also teamed up with Russian armed forces in a large military exercise in August that was under the auspices of the SCO though it was conducted along China's East coast, signaling Chinese power and firmness to Japan, Taiwan, and the U.S.

An exclusive East Asian summit with China playing a leading role was resisted by Singapore, Indonesia, and others backed by Japan. In the end, they succeeded in opening the East Asia Summit to India, Australia, New Zealand, and Russia, all of who were happy to play active roles that implicitly diluted China's influence. The broadly representative East Asian Summit left the door open to U.S. participation. ASEAN also asserted its leadership as the EAS convened, with the second summit in 2006 now slated for Manila, not Beijing. Official Chinese comment reacted graciously with strong rhetorical support for ASEAN and its leading role, while accusing Japan of unwarranted leadership ambitions in Asia.

A hard look at the interests of most Southeast Asian governments and of ASEAN as a leading regional organization also underscores reluctance by these governments and this institution to fall under China's sway, and to heighten their interest in nurturing close ties with one another and with other powers. Growing trade is the main foundation of Chinese influence in Southeast Asia, yet a closer look shows that China's trade, while increasing fast, is not yet the leader in Southeast Asia. The growth figures are seen as deceptive, as recent large-scale foreign investment in China has made it the hub of international trade networks, including Southeast Asia, where a commodity crosses borders several times before completion, with the full value of the commodity being counted each time it crosses the border. This leads to double and triple counting in Chinese foreign trade figures with Southeast Asia and other areas. Over half of China's foreign trade in 2004 was such processing trade. Meanwhile, the final consumer of the finished product involving Southeast Asian-China trade often is not in China but in the U.S. or the EU, making Southeast Asian trade with China dependent on consumers in these developed countries, not China.

The restructuring that has accompanied China's rise as a focal point of Asian manufacturing and trade means that investment from developed countries that used to go to Southeast Asia now goes to China. Entrepreneurs from the more well-to-do Southeast Asian states increasingly find they need to invest in China in order to compete, disrupting their businesses at home and dislocating local labor forces. Even the very poor Southeast Asian nations seem to have difficulty competing with Chinese textile and other manufacturers.

The investment loss Southeast Asian countries suffer as a result of competition from China is hardly made up by Chinese investment in the region. Southeast Asian investment in China is several times larger than Chinese investment in Southeast Asia. Despite the fanfare that often accompanies announcements of Chinese promises for investment, the actual amount of money leaving China is small. According to Chinese government and OECD figures, worldwide Chinese investment in 2004 cost China under \$4 billion, and one European source said Chinese investment in Southeast Asia in 2004 is \$224 million. Despite the importance of Chinese foreign assistance to Myanmar, Laos, and Cambodia, China's foreign assistance to Southeast Asia does little to offset the negative implications of China's economic rise. Some of the Chinese concessions, such as the "early harvest" features governing agricultural trade in the China-ASEAN Free

Trade Agreement have led to unexpected imbalances negatively affecting Southeast Asian farmers.

This checkered Chinese record contrasts with investment and foreign assistance from the U.S., Japan, and other developed countries that remain much more important than those of China to most Southeast Asian countries. The manufacturers in these countries are less of a threat to Southeast Asian producers and laborers than those in China.

Positive publicity and adroit Chinese diplomacy also do not cover a variety of other negative consequences of China's rise for Southeast Asian governments. Chinese dam building along the Mekong River is having an increasingly negative impact on fishing and related river dependent enterprises among the ASEAN countries downstream. Chinese exploitative business practices are seen in widespread reports of illegal logging in Myanmar and other ASEAN states. Chinese entrepreneurs have penetrated many miles into the periphery of Myanmar, Laos, and other nearby countries, engaging in unsupervised and unregulated business activities that breed local resentment to what some are now calling "the ugly Chinese." Meanwhile, China's strong support for the military regime in Myanmar undermines ASEAN's efforts to get the military junta in Yangon to ease repression. The Southeast Asian governments this quarter released a strong statement of protest against Myanmar but failed to elicit Chinese support on the issue. It appears that for a variety of reasons, including its global pursuit of energy sources and raw materials, Beijing will continue to seek closer ties with Myanmar regardless of the views of other ASEAN states. In December, Myanmar Prime Minister General Soe Win said that in line with the development of economic and trade cooperation, traditional friendship between Myanmar and China would be enhanced. Myanmar's state-run Myanmar Oil & Gas Enterprise, or MOGE, has also been conducting a feasibility study on a China-Myanmar gas pipeline that will be launched shortly.

Outlook and implications for the U.S.

There is no easy answer to many of these obstacles to greater Chinese influence and leadership in Southeast Asia. Long wary of Chinese intentions and ambitions, many regional governments and ASEAN seem likely to remain interested in hedging against Chinese dominance in regional organizations and to have willing partners wanting to improve relations with ASEAN and the countries of the region, including Japan, India, Australia, Russia, and others. The concrete benefits the regional governments derive from Chinese trade, investment, and aid will offset to some degree the negative impacts of China's rise for their economies and societies, but will not replace soon the importance of investment, aid, and markets provided by the U.S., Japan, and the EU. The U.S. will continue to loom large as the region's main security guarantor.

Under these circumstances, U.S. policy would appear well advised not to be misled by pundits and specialists who forecast an emerging China-centered order in the region that will marginalize the U.S. Chinese leaders are often frustrated by U.S. policies and power, and they seem desirous over the long-term to see their periphery free from constricting

U.S. great power involvement. Nevertheless, they see little to be gained from directly challenging the U.S.; for the most part, they have crafted China's recent rise to not appear to come at the expense of U.S. interests. Indeed, China's efforts stressing harmony and peace in Asia mean that Beijing is less likely to object strongly, as in the 1990s, to U.S. development of military and security ties with Thailand, the Philippines, Malaysia, Vietnam, and others, easing the way for these countries to enhance security ties with the United States.

In sum, to enhance the U.S. position in the region, U.S. policy should probably avoid direct competition with China, which seems unwarranted and is unwelcome in Asia. There seems more to be gained by fixing some of the negative features in Asia related to the war in Iraq, the Middle East, Korea, and U.S. unilateralism and inattentiveness to Asian government concerns. Recent trends suggest the United States would find a number of Southeast Asian governments and ASEAN welcoming U.S. efforts to seek real partnerships and cooperation at a time of rising Chinese prominence in Asia.

Chronology of China-Southeast Asia Relations October-December 2005²

Oct. 7, 2005: 2,250 enterprises register to showcase products at the 2005 China-ASEAN International Trade Fair in Nanning, Guangxi province.

Oct. 10, 2005: Organizing committee of second China-ASEAN forum on legal affairs says China and ASEAN will promote legal development in the China-ASEAN Free Trade Zone.

Oct. 12-13, 2005: Second China-ASEAN Eminent Persons Group Meeting held in Kuala Lumpur.

Oct. 17, 2005: A reception, jointly hosted by the Chinese People's Association for Friendship with Foreign Countries, the China-ASEAN Association, and China Singapore Friendship Association, is held in Beijing to mark the 15th anniversary of the establishment of China-Singapore diplomatic relations.

Oct. 18, 2005: Central banks of China and Indonesia sign a currency swap deal that will allow Indonesia to swap its currency for up to \$2 billion of Chinese yuan when necessary.

Oct. 18-21, 2005: Second China-ASEAN Expo is held in Nanning, Guangxi, during which 95 agreements have been signed with a total contract value of \$4.79 billion, and China and ASEAN have agreed to build up a free trade area before 2010.

Oct. 18-23, 2005: Second China-ASEAN Business and Investment Summit held in Nanning, Guangxi with meetings between Chinese Vice President Zeng Qinghong and

² Compiled by Claire Bai, 2005 Vasey Fellow, Pacific Forum CSIS.

Cambodian Prime Minister Hun Sen, Thai Deputy Prime Minister Somkid Jatusripitak, and Vietnamese Deputy Prime Minister Nguyen Tan Dung. Zeng says the work of demarcation between China and Vietnam is going smoothly and would be completed before 2008.

Oct. 19-21, 2005: The second International Congress of the ASEAN and China Cooperative Operations in Response to Dangerous Drugs is convened in Beijing. Nearly 200 police officers and officials from international anti-narcotic organizations discuss strategies for combating transnational drug trafficking and vow to strengthen co-operative efforts in fighting the increasing menace of amphetamine type stimulants (ATS).

Oct. 21, 2005: Philippine Foreign Secretary Alberto Romulo praises the development of relations between the Philippines and China as well as those between ASEAN and China.

Oct. 21, 2005: ASEAN General Secretary Ong Keng Yong says the governments of China and ASEAN have agreed on general topics of service trade and mutual investment in the region.

Oct. 24-28, 2005: Singapore PM Lee conducts his first visit to China since he took office last year, meets President Hu and Liaoning Party Secretary Li Keqiang, and signs a memorandum of understanding with the city of Tianjin to help Singapore-based companies expand into the Bohai Rim area.

Oct. 25, 2005: Vietnamese government agrees in principle to allow northern Lao Cai province to expand cooperation ties with China's Yunnan province.

Oct. 26, 2005: China's Defense Minister Cao Gangchuan and Vietnamese Defense Minister Pham Van Tra sign an agreement for joint patrols in the Beibu Gulf in Beijing.

Oct. 31-Nov. 2, 2005: President Hu visits Vietnam to boost bilateral relations. The two countries express satisfaction over economic and trade relations, pledging to bring bilateral trade volume to \$10 billion by 2010, and to speed up the process of land border demarcation and ensure that a new border administration document will be signed by 2008.

Nov. 2, 2005: China National Offshore Oil Corp sign an agreement with the Vietnam National Petroleum Corporation to conduct joint oil and gas survey in the Gulf of Tonkin.

Nov. 2, 2005: Chinese Water Resources Minister Wang Shucheng and Cambodian counterpart Lim Kean Hor, sign a memorandum of understanding to strengthen and expand cooperation on water resources.

Nov. 8, 2005: China Assets Supervision and Administration Commission say that the China Southern Power Grid Company will supply Vietnam with electricity of 1.3 billion kwh annually for 10 years.

Nov. 15-16, 2005: The 17th APEC Ministerial Meeting is held in Busan, South Korea. Ministers pledge to support the Doha Round of trade negotiations and endorse an initiative to fight bird flu. Chinese FM Li and Minister of Commerce Bo Xilai attend.

Nov. 16, 2005: Defense Minister Cao Gangchuan says China is ready to advance state and military relations with Singapore to contribute to regional peace and stability.

Nov. 17, 2005: Cambodian National Assembly President Prince Norodom Ranariddh says that Cambodian National Assembly is ready to expand cooperation with Chinese legislature to promote the rule of law.

Nov. 17-19, 2005: APEC CEO Summit is held in Busan, South Korea.

Nov. 18-19, 2005: 13th APEC Economic Leaders' Meeting is held in Busan, South Korea. President Hu attends and exchanges views with other APEC economic leaders on advancing free trade, counter-terrorism and avian influenza.

Nov. 18, 2005: State-owned China National Offshore Oil Corp. says that together with the Philippine National Oil Co. and Vietnam Oil & Gas Co., it collected seismic data from 11,020 sq. km in the gulf under an agreement signed in March.

Nov. 18, 2005: Southwest China's Yunnan province announces plan to set up a joint mechanism with Laos to prevent spread of bird flu at border areas.

Nov. 30, 2005: China and Singapore sign a memorandum of understanding on aviation transportation expansion.

Dec. 2, 2005: 17 media practitioners from ASEAN countries (except Thailand) send media representatives to the ASEAN-China Journalists Visit Program to get first-hand information about the development in China.

Dec. 6-7, 2005: Agriculture ministers and officials from 16 Asian countries and representatives of international organizations attend Ministerial Conference for Asian Cooperation on HPAI (highly pathogenic avian influenza) Control in Kunming.

Dec. 6-7, 2005: Wu Guanzheng, member of the Standing Committee of the Political Bureau of the CPC, meets Hadi Utomo, chairman of Indonesia's Democratic Party, and says China will combine efforts with Indonesia in promoting long-term development of bilateral ties based on the Five Principles of Peaceful Coexistence.

Dec. 8-10, 2005: The 12th round of border negotiations between China and Vietnam is held. Chinese Vice FM Wu Dawei and Vietnamese counterpart Vu Dung attend.

Dec. 9, 2005: ASEAN-China Eminent Persons Group submits report to the ASEAN-China Ministerial Meeting for consideration at the 9th ASEAN-China Summit.

Dec. 9, 2005: A widely publicized video that shows police in Malaysia conducting a strip search of a female tourist from China touches off anger in both countries; Malaysian government tries to contain the furor.

Dec. 9, 2005: Malaysia announces that Chinese nationals intending to visit the country will have the option of online visa applications and paying the visa fee using credit cards when the system is up in two months.

Dec. 9-12, 2005: Chinese naval fleet consisting of a Shenzhen missile destroyer and a Weishanhu supply ship arrive in Thailand's Sattahip port for a four-day visit. During the visit, the two navies hold a joint search and rescue exercise in the Gulf of Thailand.

Dec. 10, 2005: Thai Agriculture and Cooperatives Minister Khun Ying Sudarat Keyuraphan says China has agreed to supply Thailand with 96 armored personnel carriers in exchange for 100,000 tons of dried longan fruit. Delivery of the first APC will take place by August 2006 with the contract completed within a three-year period.

Dec. 10, 2005: Malaysian FM Syed Hamid Albar describes the relationship between ASEAN and China as "practical and pragmatic," and their cooperation has contributed to the regional peace, security and prosperity.

Dec. 10, 2005: Chinese FM Li says at the East Asia Summit Foreign Ministers' Working Lunch that China supports ASEAN's role as the driving force in East Asia cooperation.

Dec. 12, 2005: Premier Wen attends ninth ASEAN Plus China Summit in Kuala Lumpur.

Dec. 12, 2005: The ninth Summit of ASEAN Plus Three held in Kuala Lumpur.

Dec. 12, 2005: Malaysian PM Abdullah Ahmad Badawi says China is not a threat but a challenge as it emerges as an economic giant, in a special interview on *RTM TV*.

Dec. 14, 2005: Premier Wen attends first East Asia Summit (EAS). He hails relations between China and ASEAN in his speech.

Dec. 14, 2005: Indonesian Ambassador to China Sudrajat says Indonesia is deeply committed to closer economic ties with China. Vice President Zeng Qinghong says during a meeting with Speaker Agung Laksono of the House of Representatives of Indonesia that China is ready to work with Indonesia to keep enriching the bilateral strategic partnership.

Dec. 14, 2005: Chinese Premier Wen meets with Myanmar counterpart Soe Win in Kuala Lumpur to discuss enhancing bilateral cooperation.

Dec. 14-15, 2005: Philippines immigration officials arrest 142 Chinese businessmen in a shopping mall. All are released on Dec. 17 after each paying 50,000 peso (\$1,000) bail.

Dec. 15, 2005: China and Malaysia release a joint communiqué after talks between Premier Wen and Malaysian PM Abdullah Badawi, in which the two sides agree to further expand strategic cooperation, conduct a feasibility study on an Economic Partnership Agreement, exchange information in nontraditional security areas, promote consultation and cooperation in defense and security areas, and expand military exchanges between the two countries.

Dec. 17, 2005: Construction of a freeway connecting Nanning, Guangxi province, and the No.1 highway of Vietnam, via Youyi Pass on the Sino-Vietnamese border, completed after three years.

Dec. 20, 2005: China and Thailand begin a joint meeting in Chiang Rai to strengthen ties and remove trade barriers.

Dec. 23, 2005: Maung Aye, vice chairman of the Myanmar State Peace and Development Council and vice senior general, tells a Chinese military delegation in Yangon that Myanmar will continue to develop friendly ties with China and between the two armed forces on the basis of the Five Principles of Peaceful Coexistence.

Dec. 29, 2005: Cambodia and China sign two agreements on economic and technical cooperation, with China making a \$6.25 million grant and providing an \$6.25 million interest-free loan.