

China-ASEAN Relations:
ASEAN Ten Plus Three: An Evolving East Asian Community?

by Carlyle A. Thayer^{*}
Professor, Asia-Pacific Center for Security Studies

During the third quarter, China's President Jiang Zemin made official state visits to Laos, Cambodia, and Brunei. China signed long-term cooperation agreements with Laos and Cambodia, thus completing bilateral framework agreements with all ten members of the ASEAN. President Jiang also attended the Asia Pacific Economic Cooperation (APEC) Leader's Meeting in Bandar Seri Begawan. In November, Premier Zhu Rongji attended the ASEAN Plus Three (China, Japan, and South Korea) and the ASEAN-China summits in Singapore. The quarter ended on a high note with the visit to Beijing by Vietnamese President Tran Duc Luong and the signing of an historic agreement demarcating maritime territory in the Gulf of Tonkin. Negotiations between China and ASEAN on a Code of Conduct for the South China Sea continued.

China's diplomatic drive in Southeast Asia is aimed at shoring up neglected bilateral relations, and, more important, dispelling regional concerns that China's impending membership in the World Trade Organization (WTO) would threaten regional economic interests. On the eve of the ASEAN Plus Three meeting, Chinese officials floated a proposal to create a free trade zone embracing ASEAN and China. ASEAN officials responded with a series of proposals to further enhance economic and political interaction between Southeast and Northeast Asia. These various proposals will be assigned to an expert study group that is expected to report back in a year's time. These developments suggest the gradual emergence of an East Asian community over the next decade.

Jiang's Three-Nation Visit

President Jiang's visit to Laos, Cambodia, and Brunei were his first visits as head of state and were designed to expand China's "peripheral diplomacy," according to *Wen Wei Po*. President Jiang's entourage included Vice Premier Qian Qichen.

Laos. In recent years, China has assiduously built up its influence in the Lao People's Democratic Republic (LPDR). In response to an economic crisis in 1999, China provided a package of interest-free loans that helped stabilize the *kip* and reduce inflation. Laos has also benefited from a growing volume of development aid and investments from Beijing.

^{*} The views expressed in this article are those of the author and do not reflect the official policy or position of the Asia-Pacific Center for Security Studies, Department of Defense, or the U.S. Government.

China funded the construction of the National Cultural Hall and its road engineers have been active in securing funding from the Asian Development Bank for infrastructure projects in northern Laos. China currently provides scholarships for 55 Lao students each year and in 2000, China provided training to nearly 100 high-level Lao officials.

President Jiang visited Laos November 11-13, the first visit by a Chinese head of state. On the eve of Jiang's arrival, a bomb blast at the national airport drew attention to continued political instability in that country. President Jiang met separately with President Khamtai Siphandon and Prime Minister Sisavat Keobounphan (among others). Both presidents reached "complete consensus" on all issues discussed, including the relevancy of socialism to the contemporary world. They also agreed to promote "comprehensive cooperation."

A Joint Declaration on Establishing a Framework for Bilateral Cooperation was signed by Vice Premier Qian Qichen and Deputy Prime Minister Somsavat Lengsavat. Both sides agreed to further cooperation in a number of areas including high-level political exchanges, foreign policy, economic matters, cross border trade, and environmental protection. Both sides agreed to enhance cooperation between their respective governments, armed forces, and non-government organizations, and to conduct regular consultations between foreign ministers.

The Joint Declaration also included provision for stepping up bilateral security cooperation by high-level visits and exchanges between defense institutions, armed forces, and defense experts. China and Laos pledged to intensify cooperation between their police and judiciary in an effort to crack down on transnational crimes (smuggling, drug trafficking, and illegal immigration).

Cambodia. President Jiang visited Cambodia November 13-14. President Jiang met separately with King Norodom Sihanouk, Prime Minister Hun Sen, National Assembly Chairman Norodom Ranariddh (also chairman of FUNCINPEC), and Senate Chairman Chea Sim (also chairman of the Cambodian People's Party). On the eve of Jiang's visit to Cambodia, a Hong Kong newspaper noted that "the two countries have virtually no problems that need to be resolved urgently." Cambodia is the recipient of one of China's largest aid packages. In 1999, China granted Cambodia \$18.3 million in foreign assistance and \$200 million in interest-free loans for infrastructure projects and military assistance (valued at \$2.7 million).

Vice Premier Qian Qichen and Cambodian Foreign Minister Hor Nam Hong signed a joint statement on strengthening bilateral cooperation, making Cambodia the tenth and last ASEAN member to reach such an accord with China. The joint statement highlighted four priority areas: agriculture, tourism, personnel training, and culture. This document also outlined a number of areas for future cooperation, including increased political and economic exchanges and continuing efforts to fight against transnational crimes.

Under the terms of the joint statement “the two sides also agreed to further strengthen the friendly exchanges and cooperation between their governmental institutions, parliaments, political parties, armed forces and non-governmental organizations.” Seven other cooperation accords were signed, including an extension on preferential loans already granted, a new loan package valued at \$12 million, an extradition treaty, disaster relief, welfare assistance, and technology. China’s new loan will take the form of a line of credit to be used to finance road construction and technical assistance in agriculture. Further, the two sides agreed to set up a Joint Economic and Trade Cooperation Committee “at an appropriate time.” The Ministers of Agriculture also signed a Memorandum of Understanding (MOU) dealing with Chinese technical assistance.

President Jiang’s state visit was marred by public demonstrations led by students and intellectuals. They protested against past Chinese support for the Khmer Rouge and demanded both an apology and compensation for Chinese actions. Jiang did not address this issue, but reiterated China’s support for Cambodia’s policy of self-reliance and national reconciliation.

Brunei. President Jiang Zemin’s visit to Brunei was the first visit by a Chinese head of state and was made in conjunction with the APEC Leaders’ Meeting. President Jiang held discussions with Sultan Haji Hassanah Bolkiah. The two sides opened diplomatic relations in 1991 and subsequently reached cooperative arrangements in the fields of education, tourism, health, and civil aviation.

President Jiang’s state visit resulted in a joint communiqué in which both parties agreed to further promote bilateral economic and trade cooperation. On November 17, three agreements were reached: investment protection, long-term contract on China’s purchase of crude oil, and a MOU on tourism.

Eighth APEC Informal Summit

Prior to the APEC and ASEAN summit meetings there was heightened regional concern about the possible negative impact that China’s membership in the WTO would have on ASEAN members, especially its developing economies. According to Thailand’s Deputy Prime Minister and Minister of Commerce, Supachai Panitchpakdi, Southeast Asia was already experiencing a falloff in investment as China opened up its markets. “We looked at investment statistics, and we were disappointed,” noting that AFTA (ASEAN Free Trade Area) had been reduced from the 60 percent portion of investment coming to Southeast Asia to approximately 20 percent. Quite clearly there had been a diversion of investment away from Southeast Asia to China.

There was also concern that inexpensive Chinese goods would flood the export market at the expense of ASEAN’s less developed members. According to Supachai, “The addition of China into the World Trade Organization will increase the level of competitiveness, particularly for labor-intensive goods and electronics goods. For lower-income countries, the effects might be even stronger because they are competing head-on with more efficiently produced goods.”

President Jiang Zemin delivered a major speech to APEC leaders on November 16 in which he discussed the costs and benefits of globalization. Jiang proposed enhanced cooperation between APEC's developed and developing countries to jointly develop human resources, science and technology, and infrastructure with the aim of narrowing the gap between rich and poor countries. He also supported Brunei's proposal for formulating mid- and long-term strategies for human resource development in the Asia Pacific region. China is also scheduled to host the Ninth APEC Leaders' Meeting in Shanghai in October 2001.

ASEAN Plus Three

In October, ASEAN officials met in Chiang Mai and turned down a recommendation from their senior officials to consider enlarging AFTA to include Australia and New Zealand. After the Chiang Mai meeting, Singapore went out on its own and concluded a free trade agreement with New Zealand and opened negotiations with Mexico, the United States, Canada, Australia, and Japan. It is in this context, coupled with China's future membership in the WTO and the coming into force of AFTA in 2002, Beijing floated a proposal to link China with AFTA. On the eve of the ASEAN Plus Three summit, a Chinese foreign ministry spokesperson stated, "China stands ready to explore the possibility of setting up links with the ASEAN free-trade area or creating a free-trade zone between China and ASEAN."

The ASEAN heads of government met separately on November 24 in advance of the ASEAN Plus Three summit. ASEAN leaders agreed to study whether to turn their informal consultations with China, Japan, and South Korea into a formal East Asian Summit and to set up a working group to examine the merits of an East Asian free trade and investment zone. ASEAN leaders also adopted an Agreement on E-ASEAN and endorsed plans to strengthen the rail and road infrastructure linking the Mekong Basin area with southern China.

The ASEAN Plus Three summit meeting was also held on November 24. Premier Zhu Rongji delivered a major speech, in which he enumerated five tasks for the ASEAN Plus Three countries to implement and six points for Sino-ASEAN cooperation. Zhu also addressed regional concerns about the possible negative effects of China's membership in the WTO. He concluded, "I believe, China's accession to WTO will bring about greater opportunities for cooperation between China and ASEAN..."

Zhu's five tasks included cooperation and development of the Mekong River Basin's transportation and communications infrastructure, information technology, human resources, a regional currency exchange network, agriculture, and tourism. Zhu stated that China would take the initiative by convening a meeting of the ASEAN Plus Three agriculture and forestry ministers. He also announced that China was willing to host an agricultural technology and cooperation business forum.

Premier Zhu's six-point list of priorities was as follows. One, continuously strengthen political cooperation between the two sides and "further unfold multilateral and bilateral political and security dialogue and consultations." Two, intensify efforts for human resources development. Three, strengthen infrastructure construction in the Mekong River Basin--Premier Zhu promised to fund dredging of the waterways in Laos and Myanmar; to cooperate with Laos, Thailand, and the Asian Development Bank in constructing the Lao section of the Kunming-Bangkok road; and to bid for construction projects as part of Malaysia's proposed Pan-Asian railway. Four, achieve greater hi-tech cooperation--Premier Zhu proposed to host a China-ASEAN seminar on information technology cooperation in 2001. Five, deepen agricultural cooperation through the formation of an agricultural cooperation network between China and ASEAN. Six, strengthen trade and investment links.

As regards this last point, Premier Zhu pointed out that China and ASEAN need to work toward an "unfettered exchange of goods, technologies, capital, and information." He went on to say, "In the long term, China and the ASEAN countries can also further explore the establishment of a free trade relationship...The ASEAN countries can become one of the focal areas for Chinese enterprises in 'going abroad.'" Zhu was at pains to stress that the existing regional economic and political architecture should not be disturbed: "Regional organizations and mechanisms for cooperation, such as the [ASEAN] Ten Plus Three, APEC, and ASEM, should complement and supplement each other... [and that] the Ten Plus Three mechanism may serve as the main channel for regional cooperation, though which to gradually establish a framework for regional financial, trade, and investment cooperation, and furthermore to realize still greater regional economic integration in a step by step manner."

The ASEAN Plus Three summit concluded with a public statement by Prime Minister Goh of Singapore highlighting what he termed the two big ideas to emerge from discussions: an East Asia free trade zone and an institutional link with Northeast Asia. Goh noted that a study group would report back within the year on whether to institutionalize the ASEAN Plus Three meeting process into a formal East Asian Summit. "I think the study group will concentrate mainly on economic and social issues, but they can also expand their study into politics," he said. Goh observed that the leaders of the thirteen countries were starting to think as "East Asians." "I see no problem in ASEAN Plus Three evolving, if that's the desire of the leaders, into some kind of East Asia summit. But there are implications. I myself would not recommend a hasty evolution," he stated, concluding, "[w]e need the United States to be in East Asia. This is not an attempt to shut out Washington from Asia."

Fourth ASEAN-China Summit

On November 25, Premier Zhu met with his ASEAN colleagues at the Fourth ASEAN-China Summit. Zhu basically reiterated his earlier remarks that China's entry into the WTO would provide major opportunities for ASEAN and result in a "win-win" situation for all. Zhu placed emphasis on the further development of multilateral and bilateral political and security dialogue and consultations with ASEAN. He also called for the

deepening of agricultural cooperation and enhancing trade and investment links. He once again suggested that China and ASEAN explore the establishment of a free trade relationship “in the long run,” and the creation of an expert group for China-ASEAN economic integration under the framework of the China-ASEAN Joint Committee of Economic and Trade Cooperation. He also held a series of bilateral meetings with key Southeast Asian leaders.

Gulf of Tonkin Agreement

At year’s end, Vietnamese President Tran Duc Luong made his first official visit to China (December 24-29). On arrival, Foreign Ministers Tang Jiaxuan and Nguyen Dy Nien signed an historic agreement demarcating maritime territory in the Gulf of Tonkin. The two foreign ministers also issued a ten-point Joint Statement on All-Round Cooperation in the New Century outlining a comprehensive program of future cooperative activities in nine major areas in the spirit of “settling the easy first and the difficult later.” This document reaffirmed the role of the inter-governmental committees on Economic and Commercial Cooperation and Scientific and Technological Cooperation as the chief mechanisms for managing bilateral relations.

Under the terms of the statement both sides pledged to implement agreements already reached on demarcation of the land border, to maintain the existing “mechanism” on maritime border issues (South China Sea), and to expand cooperation in the security field. Point five called for “multi-level military exchanges in various fields to enhance mutual understanding and trust, build closer relations between the national defense offices and armed forces of the two countries, and expand exchange and cooperation in the security field.”

The joint statement also dealt at length with the Taiwan issue. Vietnam, for its part, reaffirmed its support for a one-China policy and recognition of the People’s Republic of China as the sole legitimate government of which Taiwan was an inseparable part. Vietnam also affirmed that it had “only established non-governmental economic and commercial relations with Taiwan.” China welcomed Vietnam’s stand and reiterated that “the Taiwan issue is entirely an internal affair of China” and China “strongly opposes governmental relations with Taiwan in any form by those countries that have established diplomatic relations with China.”

During his visit, Luong held separate discussions with Premier Zhu Rongji and Li Peng, chairman of the National People’s Congress. Three other important agreements were also signed: fisheries cooperation in the Gulf of Tonkin, cooperation in the peaceful use of nuclear energy, and cooperation between their national news agencies.

Code of Conduct

The Third China-ASEAN meeting on the South China Sea was held in Hanoi on October 11 to discuss a joint consultative draft on a Code of Conduct. Press reports identified five areas of disagreement, two of which became sticking points. The first concerns whether the code should ban further construction on occupied features and prohibit new occupation of unoccupied features. The second point relates to the geographic scope of the code. Vietnam insists that the Paracel Islands be included, China adamantly opposes this. On October 17, the Chinese Foreign Ministry spokesman stated that the main barrier was that certain ASEAN members still hold different views on the scope of the Code. Disagreement between China and Vietnam scuttled plans to present the South China Sea Code of Conduct to heads of government for signature at the ASEAN-China summit in November.

Conclusion

Relations between ASEAN and China are not only on a faster track, but may be proceeding to some form of institutional arrangement within the next decade. Over the next year regional officials will discuss whether to create an ASEAN-China or East Asian free trade area. Consideration will also be given to converting the informal ASEAN Plus Three summit into a more formal arrangement, such as an East Asian Summit. These may be straws in the wind, but it seems clear that a nascent East Asian Community is slowly emerging.

China has capitalized on disillusionment on the part of some Asian leaders about the pace and tone of the Clinton administration's WTO trade liberalization agenda. This disillusionment, coupled with U.S. inattention and domestic disarray among U.S. allies in Southeast Asia, has created an opportunity for China to skillfully advance its influence. Indonesia's President Wahid, tired of hectoring by American diplomats, has suggested a triangular relationship between China, India, and Indonesia. American influence in Southeast Asia has been waning. According to Kavi Chongkittavorn, executive editor of *The Nation*, "China hasn't replaced the U.S. But it's eating away at America's influence. This is going to keep happening unless Washington changes its ways."

Chronology of China-ASEAN Relations October-December 2000

Oct. 1, 2000: The Democratic Voice of Burma (Oslo) reports that China will provide assistance to Myanmar's State Peace and Development Council to construct an airbase in the southern district of Tenasserim and China will also supply eight fighter planes, eight helicopters, and a radar station.

Oct. 3, 2000: Chinese and Singaporean leaders acknowledge the tenth anniversary of the establishment of diplomatic relations.

Oct. 8, 2000: The ASEAN Secretariat is commissioned to prepare a report on China's anticipated entry into the WTO for the ASEAN summit in Singapore in November.

Oct. 9-15, 2000: Chinese State Councilor Luo Gan visits Thailand, signs an agreement on enhancing anti-drug cooperation.

Oct. 10, 2000: Deputy director of the Nationalities Committee of Vietnam's National Assembly meets with vice chairman of the National People's Congress in Beijing.

Oct. 11, 2000: Third meeting of the ASEAN-China Working Group on a Code of Conduct for the South China Sea is held in Hanoi under the co-chairmanship of Vietnam and China.

mid-Oct. 2000: Surakiat Sathianthai, deputy leader of the Thai Rak Thai Party, visits Beijing, Shanghai, and Kunming.

Oct. 15-19, 2000: Philippines' Armed Forces Chief General Angelo Reyes pays five-day visit to Beijing for discussions on the South China Sea with his PLA counterpart.

Oct. 16, 2000: Cambodian Deputy Prime Minister and Minister of the Interior Sar Kheng visits Beijing for discussions on bilateral cooperation to prevent cross-border crimes.

Oct. 16-30, 2000: Thailand's Queen Sirikit meets President Jiang during state visit to China, accompanied by Foreign Minister Surin Pitsuwan.

Oct. 17, 2000: Sino-Vietnamese Youth Forum is held in Beijing.

Oct. 19, 2000: Akbar Tandjung, Speaker of the Indonesian Parliament, attends the 104th conference of the Inter-Parliamentary Union in Beijing.

Oct. 20, 2000: Singaporean Deputy Prime Minister Lee Hsien Loong visits Beijing.

Oct. 20-22, 2000: Third ASEM summit is held in Seoul.

Oct. 21, 2000: Premier Zhu meets with Indonesian President Wahid. Press reports indicate that some Indonesian military commanders urged Wahid to procure weapons and equipment from China to replace those denied by U.S.

Oct. 21, 2000: China and Vietnam chosen as coordination countries representing Asia for next ASEM.

Oct. 22-29, 2000: Le Van Dung, Chief of the General Staff of the Vietnam People's Army, visits China for border security discussions with Fu Quanyou, Chief of the PLA General Staff.

Oct. 25, 2000: The China Red Cross Society donates \$50,000 to the Vietnam Red Cross Society for the relief of flood victims.

Oct. 28, 2000: China officially rejects an invitation from Thailand and Vietnam to join in the establishment of a joint rice fund because it might jeopardize China's entry into the WTO.

Oct. 30, 2000: Malaysian Minister of Primary Industries, Datuk Seri Dr Lim Keng Yaik, visits China to discuss a railway construction contract.

Oct. 30-Nov. 4, 2000: Sixteenth meeting of the China-Vietnam Joint Working Group on demarcation of the Tonkin Gulf is held in Beijing.

Nov. 5-10, 2000: PLA Navy delegation pays five-day visit to Vietnam to boost ties between the two naval forces.

Nov. 10, 2000: Chinese Ambassador in Cambodia lays the foundation stone of the Senate library and office buildings, a Chinese-funded project.

Nov. 10-11, 2000: Second China-Vietnam symposium on "Socialism-Vietnam's Experiences, China's Experiences," is held in Hanoi.

Nov. 11-13, 2000: President Jiang pays state visit to Laos.

Nov. 12, 2000: China's Minister of Land and Natural Resources, Ti Fengshan, visits Laos.

Nov. 12, 2000: Dai Bingguo, head of the CCP Central Committee's International Liaison Department, pays a working visit to Vietnam.

Nov. 12-13, 2000: Twelfth APEC Ministerial Meeting held in Brunei. China is represented by its Foreign Minister, Tang Jiaxuan, and Foreign Trade Minister, Shi Guangsheng.

Nov. 13-14, 2000: President Jiang pays an official visit to Cambodia, the first visit by a Chinese president in thirty-seven years.

Nov. 15, 2000: President Jiang delivers keynote luncheon address to the APEC CEO Summit in Brunei. Later he participates in a dialogue with the APEC Business Advisory Council.

Nov. 15, 2000: President Jiang meets with Malaysian Prime Minister Mohamad Mahathir on the sidelines of the APEC Leaders' Meeting in Brunei.

Nov. 15-16, 2000: Eighth APEC Leaders' Meeting is held in Brunei.

Nov. 17-18, 2000: President Jiang pays official state visit to Brunei.

Nov. 19-Dec. 1, 2000: The China-Vietnam Inter-government Committee for Land Border Demarcation and Border Marker Construction meets in Beijing for the first time.

Nov. 22-23, 2000: Meeting in Singapore of ASEAN foreign ministers to prepare for the ASEAN Informal Summit and ASEAN Plus Three meeting.

Nov. 23, 2000: PMs Zhu Rongji and Goh Chok Tong meet in Singapore.

Nov. 24, 2000: ASEAN heads of government sign an e-commerce agreement that calls for the establishment of high-speed region-wide internet connections and eventual elimination of duties on related goods and services.

Nov. 24-25, 2000: ASEAN Informal Summit and the Fourth China-ASEAN Summit meetings are held in Singapore. Premier Zhu Rongji holds bilateral meetings with Indonesian President Wahid, Malaysian PM Mahathir, Thai PM Chuan Leekpai, Senior Minister Lee Kuan Yew, Vietnamese PM Phan Van Khai, and Cambodian PM Hun Sen.

Nov. 25, 2000: Premier Zhu attends the Fourth China-ASEAN Summit (Ten Plus One) in Singapore.

Nov. 25-28, 2000: China's Defense Minister Chi Haotian visits Malaysia and meets with Defense Minister Datuk Seri Najib Tun Razak.

Dec. 4, 2000: China and Thailand sign an investment agreement on joint development of a Hydroelectric Station in Yunnan province.

Dec. 7, 2000: Vietnam and China sign an agreement on air route structure and airspace management in the South China Sea.

Dec. 10, 2000: The Export-Import Bank of China signs a major loan agreement for a Hydropower Plant Rehabilitation Project in Cambodia.

Dec. 13-18, 2000: China and Vietnam hold a series of conferences on cooperation in tourism.

Dec. 15, 2000: Defense Minister Chi meets with Kenekham Senglathone, Deputy Chief of the General Staff of the Lao People's Army.

Dec. 20, 2000: Voice of Vietnam reports that China and Vietnam exchanged 160 "delegations of the communist parties and governments of both countries... this year."

Dec. 25-29, 2000: Vietnamese President Tran Duc Luong makes his first official visit to China, signs a joint communiqué outlining an extensive program of cooperative activities. An historic treaty demarcating maritime territory in the Gulf of Tonkin is also signed along with agreements on fishery cooperation and the peaceful use of nuclear energy.

Dec. 26, 2000: China's Foreign Ministry reaffirms that "China's position on the South China Sea is very clear, that China has indisputable sovereignty over the Spratly islands and surrounding waters."

