



# China-ASEAN Relations: Consolidating Long-Term Regional Relations

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China-ASEAN relations in the final quarter of the year were dominated by four major events: a four-nation swing through Southeast Asia by Chinese Premier Zhu Rongji, China's participation, alongside Japan and South Korea, in an informal summit with ASEAN (ASEAN Plus Three), a visit to Beijing by Abdurrahman Wahid, newly elected President of Indonesia, and the signing of a treaty on the land border between China and Vietnam. Also during this period China stepped up its military relations with Cambodia. China's diplomatic initiatives stand in contrast with the lack of strategic vision in U.S. policy toward Southeast Asia.

## **Chinese Premier Makes Four-National Tour**

On November 1 it was announced that Chinese Premier Zhu Rongji would make a four-nation visit to Southeast Asia in conjunction with his attendance at the ASEAN Plus Three Summit scheduled for November 28 in Manila. His itinerary included stops in Kuala Lumpur, Manila, Singapore, Ho Chi Minh City, and Hanoi. Included in his 107-member delegation were the foreign minister, agriculture minister, deputy governor of the People's Bank of China, deputy secretary general of the State Council, deputy minister in charge of the State Development Planning Commission, deputy minister of foreign trade and economic cooperation, deputy director of the State Council Research Office, director of the Premier's Office, and an assistant foreign minister.

**Malaysia.** Premier Zhu Rongji visited Malaysia November 22-25 on the eve of Malaysia's tenth general elections. The leader of the opposition charged that Prime Minister Mahathir was "playing the China card" in an effort to gain an electoral advantage. Both Malaysian and Chinese government spokesmen dismissed this claim.

On arrival Premier Zhu issued a written statement declaring the purpose of the visit was to "have an in-depth exchange of views with Malaysian leaders on the ways to deepen our bilateral cooperation and strengthen coordination in international and regional affairs..." At a state banquet in Zhu's honor, Prime Minister Mahathir made a pitch for Chinese support of an East Asian Monetary Fund and an East Asia Economic Caucus. Mahathir also stressed the importance of building upon the ASEAN-China consultative process.

By way of reply, Premier Zhu stressed further "consultations on how to resist hegemonism and power politics, to promote East Asian economic cooperation..." Otherwise

Zhu shied away from political issues and chose to stress “mutual beneficial economic and trade cooperation” as well as scientific and technological cooperation. With reference to territorial disputes in the South China Sea, the two leaders agreed that “differences in this part of the world should be properly resolved through friendly (bilateral) consultations between the relevant countries...” They also agreed in general terms on a code of conduct for the Spratly Islands.

After the conclusion of the formal talks the two leaders witnessed the signing of a memorandum of understanding between Bank Negara Malaysia and the People’s Bank of China on setting up banks in each other’s country, and agreements on cultural cooperation and exchange of animals. The MOU did not provide any specifics and this led one Malaysian newspaper to conclude “that the two sides fail to agree on certain details.” Neither China nor Malaysia used the occasion of Zhu’s visit to sign an agreement on China’s accession into the World Trade Organization.

**The Philippines.** Premier Zhu’s November 26-27 visit to the Philippines was more contentious due to Chinese concerns over Filipino-U.S. military relations and conflicting claims in the South China Sea. On October 26, at the joint China-Philippines Expert Group on Confidence Building Measures meeting in Beijing, China proposed three CBMs: notification of any joint military exercises held in disputed areas, attendance by Chinese officials as observers at joint exercises, and humane treatment for arrested fishermen. The Philippines tabled a proposal for language training for officers stationed in disputed areas. The Chinese request for observer status was aimed at the forthcoming U.S.-Philippines joint exercise *Balikatan* (shoulder-to-shoulder). On November 2, Beijing cautioned against holding joint exercises aimed at China.

On November 3, a Philippine naval ship ran aground on Scarborough Shoal. Six months earlier another Philippine naval vessel ran aground near Second Thomas Shoal near Mischief Reef. China was reportedly suspicious that these ship groundings were a new tactic designed to advance Filipino claims in the South China Sea. In late October, China therefore requested that the ships be removed prior to Premier Zhu’s state visit. Due to technical reasons the Philippines was unable to comply. At the same time, the Philippines lobbied fellow ASEAN members strongly to reach final agreement on a draft ASEAN Code of Conduct for the South China Sea. The code was on the agenda for discussion by the foreign ministers of Malaysia and the Philippines scheduled for Manila on November 4. ASEAN senior officials finally reached agreement on November 24 (see below).

It was under these circumstances that Chinese Premier Zhu Rongji made his official visit in November for discussions with Philippine President Joseph Estrada. Estrada, noting that the year 2000 marked the twenty-fifth year of the establishment of diplomatic relations, proposed that they work out a long-term framework document as a guideline for their bilateral relationship. Estrada also committed the Philippines to “strict adherence” to the Sino-Philippines bilateral agreement on mutual trust in the South China Sea. Zhu tabled a five-point proposal for the development of bilateral relations that included the promotion of contacts and exchanges between all sectors at all levels, and an invitation to President Estrada to visit China in 2000. Zhu agreed on the need for a framework document to promote bilateral cooperation in the next century. He also emphasized that China was willing to fund an Agricultural Technical Center to provide technology, advice, and improved seeds and farm implements to Filipino farmers.

On the South China Sea, both leaders stressed the need for bilateral consultations. Following the talks a Chinese spokesman denied China had rejected a draft ASEAN Code of Conduct for the South China Sea. He said such a draft code should only be discussed by the ASEAN-China summit and only ASEAN and China should be responsible for its implementation.

**Singapore.** On November 29, Premier Zhu journeyed to Singapore for a three-day official visit. In discussions with President Goh Chock Tong, Zhu tabled four proposals including frequent high-level visits, enhanced trade cooperation, financial sector cooperation, and personnel exchange and training in such areas as the environment, city planning, and law. Premier Zhu also called for Singaporean assistance in reform of state owned industries and public housing construction, and investment in China's western region. Premier Zhu also met with Senior Minister Lee Kuan Yew and delivered a lecture on China and Asia to the Institute of Southeast Asian Studies.

**Vietnam.** Premier Zhu's last stop was Vietnam. There he had to contend with Vietnamese anxieties about the implications of the U.S.-China trade agreement reached on November 15. In September, as noted in the last quarterly report [*China-ASEAN*], Vietnam balked at signing a bilateral trade agreement with the United States at the eleventh hour. This came amid speculation that Vietnam, which already had serious reservations about the trade agreement's impact on the domestic economy, was waiting for China to reach an accord with the United States first. When the draft of the U.S. trade agreement was translated into Vietnamese and circulated among those most affected, it set off a firestorm of protest. The Politburo reaffirmed its decision to postpone agreement and dispatched trouble-shooter Pham The Duyet to China to take soundings there. Duyet visited Beijing October 8-15 and learned about similar concerns over the text of the Chinese draft agreement with the United States. Duyet reported these reservations to the Politburo on his return. The matter was then discussed by the Central Committee's eight plenum that met from November 4-11. Immediately after the meeting Dao Duy Quat, deputy chief in charge of the party's Ideology and Culture Commission, termed the draft agreement "inequitable" and said it "still needs some work" before it would be acceptable to Hanoi. Vietnam's leaders were unpleasantly surprised when four days later China and the United States announced agreement on their trade deal. Vietnamese officials reportedly grumbled about being misled by the Chinese, one even claimed that Chinese advice could no longer be trusted. This set the stage for Premier Zhu's official visit from December 1-4.

Zhu broke traditional protocol by visiting Ho Chi Minh City first where he encouraged economic relations with China's southern provinces and cities. In Hanoi, Zhu was hosted by his counterpart, Prime Minister Phan Van Khai. After closed door talks it was announced that the two leaders had exchanged views on "comprehensive cooperation" in the fields of economics, trade, science and technology, tourism, and culture and education. Zhu promised to promote Chinese investment in Vietnam. It was also disclosed that Vietnam's negotiations with the United States on accession to the WTO had been discussed. Significantly both leaders expressed satisfaction at the report on land border issues presented to them by their negotiators and reached an "important consensus" to sign a formal treaty by the end of the year. (On December 30, Chinese Foreign Minister Tang Jiaxuan and Vietnamese Foreign Minister Nguyen Manh Cam signed the land border treaty in Hanoi.) Zhu and Phan Van Khai further pledged to conclude their talks on the delineation of the Gulf of Tonkin during the year 2000.

Zhu also held substantive discussions with party Secretary General Le Kha Phieu and former party Secretary General Do Muoi.

### **The Manila Summits**

On November 28, ASEAN held the third summit meeting of its heads of state and government in Manila. This was followed by an ASEAN Plus Three summit involving China, Japan, and South Korea, and three separate meetings, or ASEAN Plus One, with the same countries (previous summits were held in Kuala Lumpur in 1997 and Hanoi in 1998). These summit meetings were preceded on November 25 by a similarly structured series of meetings between senior officials. A number of bilateral meetings, such as between the Thai and Chinese foreign ministers, also took place.

During the ASEAN senior officials meeting, agreement on the Philippines' draft Code of Conduct for the South China Sea was discussed. This proved so contentious that a late night meeting had to be held between Malaysia, the Philippines, and Vietnam to discuss Vietnamese insistence that the scope of the code be expanded to include the Paracel as well as Spratly Islands. After the Vietnamese proposal was accepted, a copy of the draft code was informally presented to Chinese officials on November 25. That same day it was reported that China had turned down the draft code arguing that the matter should proceed gradually and China was willing to discuss the issue with ASEAN. On November 27, responding to these reports a Chinese spokesman declared that "ASEAN has not handed the Chinese side their draft document. On the contrary, not long ago, China gave ASEAN its draft to which ASEAN has yet to respond." Nevertheless, "The Chinese side has expressed on many occasions its willingness to work with ASEAN to formulate such a political document." In light of Chinese objections the matter was not raised formally by ASEAN at the summit meeting, although it was discussed by President Estrada when he met Premier Zhu on November 26. Zhu objected to the inclusion of the Paracel Islands and warned ASEAN that China would not be rushed on this issue. In late December Foreign Secretary Domingo Siazon announced that China had agreed to hold talks with the Philippines on a Code of Conduct for the Spratly Islands.

In his address at the ASEAN Plus Three Summit Zhu tabled three proposals: to institutionalize the meeting of finance and central bank deputies; to share information on financial reforms and to set up an ad hoc committee to study how to regulate the flow of international capital; and coordination of the positions of East Asian countries on major international financial and economic issues. He also announced that China "stands ready to exchange views on political and security issues of common interest within the framework of East Asia dialogue and cooperation" as long as differences were shelved and not highlighted. In his address at the ASEAN-China summit, Zhu underscored the importance of the 1997 China-ASEAN Joint Statement as the basis for cooperation. In his view "a developed China will not pose a threat to any country, but rather it will contribute to regional and world peace and prosperity."

The ASEAN Plus Three Summit issued a Joint Statement on East Asian Cooperation which pledged its signatories to enhance the process of cooperation in East Asia through dialogue "in priority areas of shared interest and concern" and "to build upon existing consultative and cooperative processes."

## **President Wahid Visits Beijing**

On October 26, newly elected President of Indonesia Abdurrahman Wahid stated he would make his first overseas visit as president to China because of its “consistent support” for Indonesia’s international diplomacy. Early the following month Amien Rais, Chairman of Indonesia’s parliament, met with the Chinese ambassador to Indonesia, to discuss boosting Chinese trade and technology transfers. Then, December 1-3, President Abdurrahman Wahid made his first overseas state visit (his 13 other overseas trips were unofficial) to China aimed at repairing relations damaged by anti-Chinese rioting in Indonesia the previous year and to encourage the return of billions of dollars in overseas Chinese investment. During his meeting with President Jiang Zemin, President Wahid stated, “The Indonesian government will make unremitting efforts to make sure Indonesian Chinese enjoy the same rights as other ethnic groups and melt into Indonesian society.”

On other matters, Jiang and Wahid agreed to conclude a long-term cooperation framework agreement along the lines of similar Chinese agreements with Malaysia and Thailand. Finally, in an effort to boost trade and economic ties, they agreed to convene the fifth meeting of the Sino-Indonesian Joint Economic Trade Commission during the first half of 2000. More concretely, China offered a loan of U.S. \$500 million to assist Indonesia in importing rice, agricultural equipment, and heavy machinery. Indonesia agreed to permit the Bank of China to resume operation in Jakarta. Both sides agreed to set up a joint advisory council to expand cooperation in the fields of technology, marine products, and forestry.

Finally, in a speech delivered at Beijing University, President Wahid reiterated the call he made shortly after his election: for Asia -- particularly China, India, Indonesia, Japan, and Singapore -- to strengthen their place in the world in order to avoid “the hegemony of one or two powers.”

## **Cambodia**

Sino-Cambodian ties markedly improved during the third quarter of 1999. In October, Ke Kim Yan, Commander-in-Chief of the Royal Cambodian Armed Forces, led a senior military delegation to Beijing to discuss China’s offer of U.S. \$1.5 million in military assistance. Defense Minister Tea Banh made this offer during a visit early in the year. Ke Kim Yan held discussions with Fu Quanyou, Chief of the PLA General Staff. This was the highest level Cambodian military delegation to visit China since 1993. It was immediately followed by a visit from the PLA’s General Logistics Department. According to an unconfirmed report, China offered to supply a number of tanks, artillery pieces, trucks, and weapons.

Sino-Cambodian political relations warmed following China’s opposition to United Nations efforts to set up an international tribunal to try Khmer Rouge leaders for war crimes. In early November, Cambodia received a delegation from the International Liaison Department of the CCP’s Central Committee. This marked the first time a Chinese party delegation had visited Phnom Penh since 1993. During its visit the CCP delegation met with Prime Minister Hun Sen and officials of his Cambodian People’s Party as well as Prince Norodom Ranariddh’s FUNCINPEC party. Cambodian officials reiterated their support for the “one China” policy.

## Policy Implications for the United States

During the third quarter China successfully reinforced its role as a major power in Southeast Asia by promoting political, diplomatic, economic and, to a lesser extent, military ties with regional states. China's diplomatic initiative in forging long-term relations stands in contrast with the lack of strategic vision evident in U.S. policy towards Southeast Asia. The United States appears preoccupied with domestic politics, foreign policy issues in other regions (Middle East and the Balkans), and China. The United States has varied interests in Southeast Asia, but its emphasis on economic and trade issues, human rights, alliance maintenance, and military engagement has been at the neglect of long-range diplomatic and political relations. The current U.S. policy of strategic ambiguity is very much outdated. The United States badly needs to articulate a strategic view that brings long-term political relations back into the equation.

\*The views expressed are the author's and do not reflect the policy or position of the Asia-Pacific Center for Security Studies, the Department of Defense or the U.S. Government.

## Chronology of China-ASEAN Relations October - December 1999

**Oct 8-15:** Pham The Duyet, member of the Standing Board of the Politburo of the Vietnam Communist Party (VCP) leads a party delegation to Beijing at the invitation of the Chinese Communist Party (CCP) Central Committee.

**Oct 11-18:** Ke Kim Yan, Commander in Chief of the Royal Cambodian Armed Forces, leads senior military delegation to Beijing to discuss military assistance.

**Oct 19:** A Chinese Foreign Ministry spokesperson announces that China has offered to send five civilian policemen to East Timor under UN auspices.

**Oct 26:** A Chinese Foreign Ministry spokesperson states that China is willing to actively consider participating in the work of the United Nations Transitional Administration in East Timor (UNTATET).

**Oct 26:** Newly elected President of Indonesia Abdurrahman Wahid states he will make his first overseas visit as president to China because of its "consistent support" for Indonesia's international diplomacy.

**Oct 26:** Joint China-Philippines Export Group on Confidence Building Measures meets in Beijing. China formally requests to observe joint military exercises in the South China Sea.

**Oct 26 – Nov 1:** Friendship delegation of the Chinese People's Liberation Army (PLA) makes a goodwill visit to Cambodia and Thailand.

**Nov 1:** Amien Rais, Chairman of Indonesia's parliament, meets with the Chinese Ambassador to Indonesia. Rais states that the new Indonesian government wants to boost trade and technology transfers with China.

**Nov 3:** Philippine naval ship runs aground on Scarborough Shoal.

**Nov 3-9:** Delegation of the International Liaison Department of the CCP Central Committee pays friendship visit to Cambodia.

**Nov 22:** CCP delegation, led by the Deputy Secretary of the Yunnan Provincial Party Committee, visits Vietnam and Laos.

**Nov 22-25:** Chinese Premier Zhu Rongji makes official visit to Malaysia.

**Nov 22-25:** Vietnam hosts conference on “ASEAN Press in the 21<sup>st</sup> Century: Challenges and Prospects” organized by the Confederation of ASEAN Journalists. This conference was attended by a delegation from the All China Journalists’ Association.

**Nov 23:** Hoang Ky, Commander of Vietnam’s Military Region 4, visits Beijing and holds talks with the Deputy Chief of the PLA General Staff, Qian Shugen.

**Nov 24:** ASEAN Senior Officials Meeting in Manila prepares for Third ASEAN Informal Summit.

**Nov 25 – Dec 4:** Delegation of the All China Journalists’ Association visits Vietnam after attending conference organized by the Confederation of ASEAN Journalists.

**Nov 25:** ASEAN Plus China, Japan and South Korea Senior Officials Meeting, followed by ASEAN Plus China Senior Officials Meeting.

**Nov 26:** First ever meeting of ASEAN Ministers of Foreign Affairs, Finance and Trade held in Manila.

**Nov 26-27:** Chinese Premier Zhu Rongji makes official visit to the Philippines.

**Nov 27:** Informal meeting of the heads of state and government of ASEAN, China, Japan and South Korea.

**Nov 28:** Third ASEAN Summit held in Manila, followed by ASEAN Plus Three (China, Japan, South Korea) and ASEAN Plus One (China) summit meetings. A Joint Statement on East Asian Cooperation is issued.

**Nov 29 – Dec 1:** Chinese Premier Zhu Rongji makes official visit to Singapore.

**Dec 1-3:** Indonesian President Abdurrahman Wahid makes a state visit to China.

**Dec 1-4:** Chinese Premier Zhu Rongji makes official visit to Vietnam.

**Dec 1-5:** General Fu Quanyou, Chief of the General Staff of the Chinese PLA, pays an official visit to Thailand to join other foreign delegations in military ceremonies marking King Bhumibol Adulyadej’s 75<sup>th</sup> birthday anniversary.

**Dec 16:** Vietnamese Minister of Culture and Information, Nguyen Khoa Diem, and China's Minister of Culture, Sun Jiazheng, sign in Beijing an agreement on cultural cooperation for 2000-01.

**Dec 16-22:** Delegation of the Chinese People's Association for Peace and Disarmament visits Vietnam for discussions with the Vietnam Peace Committee.

**Dec 25-27:** Delegation of the External Relations Committee of Vietnam's National Assembly visits Beijing for discussions with China's National People's Congress.

**Dec 30:** Chinese Foreign Minister Tang Jiaxuan and Vietnamese Foreign Minister Nguyen Manh Cam sign a treaty on the land border in Hanoi.