

Building Peace and Prosperity through Cooperation: China and Southeast Asia in the 21st Century

by

Dr. Ren Xiao

Ren Xiao: I want to thank the Sasakawa Peace Foundation USA for the invitation and for the arrangements. First I will give an overview by looking at the interactions between China and ASEAN and offering some analysis.

Let's take a look at the map. China borders fourteen countries on the map; it borders more countries than perhaps any other country in the world. To the west are Kazakhstan, Kyrgyzstan, Tajikistan, Pakistan, India, Nepal, and from India on in the east there are ten Southeast Asian countries. In addition there are a number of countries that are facing China across the sea, like Japan. I want to stress that given China's geographical location you could never overestimate the importance for China to build a stable and peaceful immediate external environment.

China's Complex External Environment

The United States is much luckier than China. To the west and east you have the Pacific and Atlantic Oceans, to the North you have a peaceful Canada and to the south you have a weak Mexico. But China's situation is different. Our immediate external environment is much more complex than the United States'. We want to swap locations with you because that would make the United States understand China better. China's foreign policy has much to do with its

geographical location. We must have a stable and peaceful neighboring area.

Important Shift in China's Foreign Policy

Many of you know that the Party Congress that takes place every five years in China is very important for our domestic and international policies. The 16th Party Congress that was held in 2002 has two things that are relevant to our topic today. Number one is a sequencing issue in terms of China's relations with the outside world. The policy states that "We will continue to improve and develop relations with developed countries." Developed countries became the first priority. "We will continue to cement our friendly ties with our neighbors and we will continue to enhance our solidarity and cooperation with other Third World countries." So there's a change in terms of sequencing because previously we put the Third World as the first one in terms of China's relations with the outside world. There are some subtle changes here. Number two, it puts forward a phrase called, in Chinese, *yu lin wei shan, yi lin wei ban*, that is, "Becoming friends and partners with neighbors," and puts much emphasis on the importance of our relationship with neighboring countries.

The next year we added six more Chinese characters on that issue. They are *mu lin, an lin, and fu lin* in Chinese: *mulin* to build an amicable neighbor-

hood; *anlin*, to build a tranquil neighborhood; *fulin*, to build a prosperous neighborhood. Those phrases were first aired by Premier Wen Jiabao in his speech at the ASEAN Business and Investment Summit in October 2003 when he talked about China's policy towards its neighbors, and I quote:

“To build an amicable neighborhood means adherence to the Chinese philosophy which emphasizes benevolence, good neighborliness and harmony. Guided by the principles that all countries, big or small, are equal and that one should live amicably with its neighbors, China is ready to work together with its neighbors to foster stable and harmonious state-to-state relations in the region.

“To build a tranquil neighborhood is to actively maintain peace and stability in the region, to consistently enhance mutual trust through dialogue and cooperation, and to settle disputes through peaceful negotiations, thus creating a peaceful, tranquil and stable regional environment for Asia's development.

“To build a prosperous neighborhood is to step up mutually beneficial cooperation with the neighboring countries, deepen regional and sub-regional cooperation, and vigorously facilitate economic integration in the region, thus achieving common development with other Asian countries.”

Altogether, we use fourteen Chinese characters and they are at the core of our Asia policy. On the part of ASEAN I would like to point out that since the late 1990s ASEAN actually wanted to hop on the bandwagon of China's growth by developing its relationship with other countries. By doing so it could deepen

its internal integration process by acting as one entity and by speaking in one voice. The mutual need of both China and ASEAN has been a driving force for the development of their relationship.

China-ASEAN Relations in the Post Cold War Period

Next I would like to describe a broad picture of China-ASEAN relations in the post-Cold War period, in which the Asian financial crisis of 1997-98 serves as a watershed. As to the pre-financial crisis period I would like to highlight some important issues. In the early 1990s China resumed a diplomatic relationship with Indonesia, and normalized relations with Singapore and Brunei. By 1991 China had established or resumed diplomatic relations with every Southeast Asian country. Since then bilateral relations with every ASEAN member have greatly expanded and deepened, which has served as a solid basis for and facilitated China-ASEAN relations. In 1992 the Asian Development Bank initiated the Greater Mekong Sub-regional Economic Cooperation Program (GMS). China and the mainland Southeast Asian countries began a policy of sub-regional cooperation. Since 1994 China has participated in the annual ASEAN Regional Forum meeting where foreign ministers get together and hold dialogues. China has been in the ARF Process since its inception in 1994. In 1996 China became ASEAN's full dialogue partner.

In 1997 the financial crisis broke out and hit Southeast Asia hard; ASEAN countries suffered greatly. The crisis became a turning point for many things. During the crisis China decided not to devalue its currency, the RMB, and therefore helped stabilize the regional economic

order. It was against the backdrop of this economic crisis that the first ASEAN Plus Three leaders' meeting was held in Malaysia in late 1997. The leaders of China, Japan and South Korea were invited and participated in the meeting as guests. This began the East Asian cooperation process.

In 1999 the United States and China reached an agreement on China's WTO membership and ASEAN worried whether that development would affect the interests of Southeast Asian countries and how that would come about. To soothe the Southeast Asian countries' concern, in late 2000 at the ASEAN-China Leaders Meeting, when Mr. Zhu Rongji was the prime minister, China put forward a China-ASEAN Free Trade Area proposal which was a bold idea. In 2001 ASEAN accepted the idea and in 2002 the two sides signed an FTA document in Phnom Penh, Cambodia, during that year's ASEAN-China Leaders Meeting, which is called "The Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China," and during the same meeting, the two sides signed "the ASEAN-China Declaration on the Conduct of Parties in the South China Sea" (DOC).

In 2003 the SARS crisis broke out. The SARS epidemic of course knew no border. I clearly remember the panic at the time. Shanghai was fortunate enough to avoid this serious crisis and it was amazing that no SARS cases were found in Shanghai. We will see whether this time we can avoid the attack of the avian flu or not. The crisis became something that made Southeast Asian countries and China feel that they are closely interconnected because SARS easily crosses

borders. They felt that they need to cooperate with each other in the field of public health, and of course they have many other things to work on together.

ASEAN's Treaty of Amity and Cooperation

In the political field, in 2003 China acceded to ASEAN's "Treaty of Amity and Cooperation in Southeast Asia" (TAC) and the two sides agreed to establish a strategic partnership for peace and prosperity. Sometimes I wonder what kind of relationship is not strategic because in many documents that we have signed with other countries very often they are called strategic partnerships. Our relationship with the Philippines is called a strategic partnership; our relationship with Mexico is called a strategic partnership. China is the first country outside of Southeast Asia to accede to the TAC. Soon after Russia, India and Japan followed suit. For ASEAN, TAC is an instrument of peace and security in interstate relations in the region. The first and second protocols amending the TAC provided that states outside of Southeast Asia may accede to the treaty. At its core there are actually three important elements of the TAC: 1) non-interference in each other's internal affairs; 2) settlement of differences or disputes by peaceful means and 3) renunciation of threats or the use of force.

More recently an ASEAN-China Eminent Person's Group has been established to assess ASEAN-China relations in the last fifteen years and make recommendations for deepening future relations. One eminent person from each of the eleven countries—altogether there are eleven people in that Eminent Person's Group and China's member is former

Vice Premier Qian Qichen. The group should have completed its report which will be submitted to the upcoming ASEAN-China Leader's Meeting in December. In the economic field, ASEAN-China economic and trade relations continue to grow at an accelerated pace. Last November in Vientiane, Laos, the two sides adopted a plan to implement an ASEAN-China "Joint Declaration on Strengthening a Strategic Partnership for Peace and Prosperity," which serves as the blueprint for ASEAN-China cooperation for the next five years. China proposed five priority areas for cooperation at the ASEAN-China Senior Officials Consultation that was held in April this year in Shanghai. The five new priority areas are transportation, energy, tourism, culture and public health.

China-ASEAN Trade Increasing

In November 2004 when the leaders got together in Vientiane, ASEAN and China also signed agreements on trade issues and on a dispute settlement mechanism. Under the framework agreement on comprehensive economic cooperation the two sides are currently negotiating agreements in trade and services and in the area of investment. ASEAN-China trade volume in 2004 exceeded the expected target of 100 billion dollars by 2005, a year before the target was supposed to be reached. China has become the second largest trading partner of ASEAN. In the first half of this year trade between China and ASEAN grew 25%, making ASEAN China's fourth largest trade partner. A free-trade zone initiated by the two sides in 2002 and tariff reductions have increased China-ASEAN trade by 15 billion dollars. When he visited ASEAN countries in April, President Hu Jintao set the goal

for China-ASEAN trade to reach 200 billion dollars by 2010.

In the security field, in addition to China's continued participation in the ASEAN Regional Forum, one major development was that China and ASEAN signed the DOC, the "Declaration on the Conduct of Parties in the South China Sea," in 2002, in order to maintain peace and stability and facilitate cooperation in the South China Sea. Both sides have agreed to conduct follow-up activities to implement the DOC. The DOC has five elements. The parties undertake to: a) hold dialogues and exchange views; b) to exercise self-restraint on inhabiting the presently uninhabited islands, reefs, and other features; c) insure just and humane treatment of all persons who are either in danger or in distress; d) notify other parties concerned of any impending joint/combined military exercise; and e) exchange relevant information.

By and large it's a step taken to build confidence among the concerned parties and to maintain the status quo. Given the growing non-traditional security threats, in November 2002 China and ASEAN adopted a "Joint Declaration on Cooperation in the Field of Non-Traditional Security Issues." As a follow-up, a memorandum of understanding on cooperation in the field of non-traditional security issues was signed in January 2004 in Bangkok. Obviously there exist a number of non-traditional security threats in this region such as combating terrorism, drugs, piracy, human trafficking, and so on.

China and ASEAN have been working together in recent years on regional cooperation and regional affairs. In terms of regional cooperation mechanisms, especially the Ten Plus Three dialogue,

there are now thirteen ministerial level ASEAN Plus Three, or Ten Plus Three meetings, in a variety of areas such as 1) politics and security; 2) economic trade and investment; 3) finance and monetary issues; 4) agriculture, fishery and forestry; 5) labor; 6) environment; 7) tourism; 8) culture and arts; 9) energy; 10) health; 11) information technology and communications; 12) social welfare and development; and 13) transnational crime and counter-terrorism. Cooperation in the above thirteen areas is at both the ministerial and senior official levels. There are two more that are only at the senior officials' level, science and technology and youth.

ASEAN Is Driving Force Behind Regional Cooperation

ASEAN as a group has been the driving force behind regional cooperation efforts. To assist ASEAN in the planning, coordination and implementation of ASEAN Plus Three cooperation, an ASEAN Plus Three unit was set up in the ASEAN Secretariat in December 2003. There is also an ARF unit now in the Secretariat which is based in Jakarta. The ASEAN Secretariat has been mandated to assist the ARF chair in coordinating the work of the ARF and now the goal is to advance the ARF process in preventive diplomacy. Currently there exist a series of bilateral FTA agreements and a few Ten Plus One mechanisms, that is ASEAN plus Japan, ASEAN plus China and ASEAN plus South Korea. These are supposed to be the building blocks of a future East Asian Free Trade Area, or EAFTA. An expert group that comprised scholars and researchers was established to study the feasibility of an EAFTA. The group held its first meeting in April 2005 and hopefully they are going to

release their report on the feasibility of an EAFTA next year.

Upcoming East Asia Summit

There is an upcoming East Asia Summit next month that is going to be held in Kuala Lumpur, Malaysia. At the ASEAN Plus Three Summit in Vientiane in November 2004 the leaders decided to convene the first East Asia Summit, or EAS, in Malaysia in 2005. The ASEAN Foreign Ministers' Retreat in April 2005 in Cebu, the Philippines, agreed that the EAS should be inclusive in terms of participation and that ASEAN should drive the EAS. On the issue of participation the ministers decided that the first EAS will be attended by the ASEAN Plus Three countries and that ASEAN could invite other countries that have substantive relations with ASEAN, those that are full dialogue partners of ASEAN and those that have acceded or intend to accede to the TAC. They stipulated three criteria for new members of the East Asia Summit. This is another example of how ASEAN has been driving the process.

I would like to discuss the intellectual support for East Asian regional cooperation. One organization has been formed which is called the Network of East Asian Think-tanks. I was at the inaugural meeting in 2003, and I remember when we discussed what the abbreviation should be for the organization that there were some participants who shouted that NEAT should be the abbreviation of the network. Before I left Shanghai a few days ago I received an invitation to participate in an East Asia Forum in Beijing but I had to cancel that because of this trip to the U.S. The East Asia Forum is a different channel to provide intellectual support to regional cooperation. It is one

of the eight short-term measures that were proposed by the East Asian Study Group with authorization from the Ten Plus Three leaders. It is a forum under the Ten Plus Three framework to discuss the related issues concerning regional cooperation and it has three groups of participants: 1) government officials; 2) scholars and researchers and 3) businessmen and business community leaders. So there are a couple of forums and networks to provide some intellectual support for regional cooperation.

Obstacles Facing the Region

I will conclude by pointing out some of the obstacles and difficulties that are facing the regional countries. ASEAN and China have been moving ahead very quickly in recent years and there are still a lot of things that remain to be digested. For instance, it has been governments that have taken the initiative to stipulate all kinds of measures, but this is something that to a large extent has been neglected. We need a robust business community and strong private investors, but actually in the region there's a lack of such private innovation initiatives. This will remain an issue for quite some time. Secondly, the sense of identity with East Asia has been very weak for many years and it is still very weak.

Thirdly, the Sino-Japanese relationship has been a bottleneck for regional cooperation efforts because Japan is the second largest economy in the world and China is a growing economic power; if the two can work together and become two engines for regional economic development it would be very different. It seems the two countries cannot get along well. There is some skepticism on the part of Japan about what China wants to achieve and there's also suspicion on the

part of China about what Japan's going to do. That kind of skepticism, the lack of political trust, has become a problem for regional cooperation.

Minxin Pei: I want to thank the Sasakawa Peace Foundation USA for having me here again. My comments today deal with China's geopolitical strategy in Southeast Asia. Professor Ren's presentation gives you a rough idea of how extensively China is currently involved in the region and my objective is to go behind these various activities to show you what actually is going on, why China is doing these interesting things in the neighborhood.

China's Strategic Geopolitical Objectives

There are three strategic geopolitical objectives China hopes to accomplish in the region. The first and most important is the neutralization of the region as a potential strategic ally for the U.S. China is very much afraid the U.S. will develop strategic alliances in the region that could be used to contain China, so if China can develop friendly ties with these countries China can prevent the U.S. from using them to encircle China. The second geo-strategic objective is to compete actively against Japanese influence which used to be very significant in the 1980s and then gradually replace Japan as the region's most important partner. The third objective is more economic. It's important but it's not the most dominant motive, that is China sees a great deal of economic complementarities with the regional economies, especially in the areas of energy and other raw materials.

How is China implementing this strategy? How is it trying to achieve these

three objectives? First, China has been using free trade and investment as the primary leverage to establish its ties and expand them with ASEAN. Professor Ren's presentation makes that abundantly clear. The second one is frequent use of high-level visits by Chinese leaders. If you look at the itineraries of top Chinese leaders you find that probably one of them is in the region every six months. This is what I call the home-court advantage, something that the U.S. will have a great deal of difficulty matching. I go to the region all the time and after 24 hours you get there, your mind does not work very well, and then I think under those circumstances it's better to stay home.

The third policy is to put aside or freeze those territorial disputes and instead try to put on a kinder, gentler face. You look at China's humanitarian aid to the region, the tsunami relief almost a year ago was the biggest single foreign aid program China has ever committed itself to. In terms of results I would say they are well on their way in accomplishing these three objectives. Economically the ASEAN region is integrating very rapidly with China's economy and the threat of the U.S. in the region, the threat of the U.S. encirclement using Southeast Asia as a base, is basically neutralized. That threat no longer exists.

China Viewed as Top Regional Power by Southeast Asia

Then the second objective vis-à-vis Japan, you see a dramatic diminution of Japanese influence and China is indisputably the top regional power viewed by Southeast Asian countries. When Hu Jintao visited Thailand two years ago the reception given to him was warmer than that given to any other leader. That's an

indication. Why was China able to accomplish all of these? I think first is American neglect. The U.S. after 9/11, and I totally agree with Professor Ren's singling out of the East Asian financial crisis in 1997-1998, the U.S. showed Southeast Asian countries that it really did not care. It put nothing on line while China lent Thailand a billion dollars. It was a big loan by China's standards. After 9/11 of course everything else was anti-terrorism while the region remained preoccupied with economic development.

The U.S. has ceded the region to China's initiatives. The mystery is Japan. If you look at Japan's economic clout, Japan's economic investment in the region, it definitely outmatches China's. But why has Japan been unable to compete with China head to head in the region? Because the Japanese government has been playing catch-up. Each time China floats an initiative Japan will say "Me, too!" That kind of approach is not helping Japan in the region.

Limits to China's Strategy

There are limits to China's strategy and its abilities. The first one is that so far China has accomplished only the goal of neutralization. China has not been able to make other significant gains in the security area. I want to relate a story that I am personally familiar with. China, through this Eminent Persons Group, with ASEAN-China, floated the idea of establishing an exclusive partner relationship with the region. ASEAN would not buy this scheme because they didn't know what was behind it and they didn't want to be dragged into something they did not know. Second is that ASEAN does not want to be seen as a satellite of China. You look at what they've been doing with their ties with China, there is

one underlying logic, that is they want to use their ties with China to try to convince other big powers to come in because they're saying, "See, China is hard hit because you guys are missing in action." That strategy is working with India, it's working with Japan—Japan has obviously accelerated its efforts. Same bed, two different dreams.

And finally China sometimes has difficulty suppressing its—I use this ugly phrase—bully instincts. China at heart has this imperial mentality and occasionally it just cannot prevent that mentality from showing its ugly side. I use the example of Singapore. Prime Minister Lee Hsien Loong visited Taiwan some time last year in April, and he was bullied by Beijing. Singapore is probably one of the more pro-China ASEAN countries in the region. If you treat your friend like this, we wonder how would you treat your enemies or people or countries you really do not trust very much.

Catharin Dalpino: I too would like to thank the Sasakawa Peace Foundation USA for putting this together. Talking about China's new role in Southeast Asia has become a cottage industry in Washington in the past few months but this is the first time I can recall that Chinese and American scholars have actually sat down to talk about this, so it's groundbreaking.

U.S. Relations with Southeast Asia Are not Strategic

It's hard to argue against peace and tranquility, and I won't. Much of what Dr. Ren says about the promise of China's smoother relations with Southeast Asia could be beneficial to everyone, including the United States. As part of my division of labor I'd like to talk about the

implication for U.S. policy, for what both Dr. Ren and Minxin have brought forward. I almost have to laugh because when Dr. Ren posed the question of what kind of relationship is not strategic, U.S. relations with Southeast Asia are not strategic. That's a weakness that the U.S. is only beginning to address. Whether or not China's new role in Southeast Asia is a threat to U.S. interests is still a matter of debate. Certainly it is also a matter of momentum and even if it would be hypothetically entirely beneficial, which is seldom the case with any country, it is true that if another country is pulling ahead much farther, your policy is automatically different. A rebalancing is something that America needs to look to.

U.S. Losing Regional Game in Southeast Asia

Let me just point out ten areas of issues, questions and thinly veiled policy recommendations that I would offer. First of all the United States is losing the regional game in Southeast Asia. China makes a point of dealing with Southeast Asia as a region and has a very aggressive ASEAN policy. This also helps its bilateral relations with Southeast Asia quite a lot. Its ability, for example, to form new agreements on defense cooperation probably would not be as easily done were it not for their rhetorical obeisance to ASEAN. The United States is notoriously bilateral but almost gratuitously so in Southeast Asia. We are not going to be at the East Asia Summit in Kuala Lumpur in December in part because the United States is not going to sign the Treaty of Amity and Cooperation with ASEAN. That doesn't mean, however, that we can't find other mechanisms to raise ASEAN in our policy and several might come to mind, includ-

ing a more formal U.S.-ASEAN dialogue. The problem with any attempts to increase or formalize U.S. relations with ASEAN is always Burma, which is certainly one of many reasons why the United States would not sign the Treaty of Amity and Cooperation. Finding some way to work with ASEAN as a whole even in the present-day context of that would be necessary.

Another question is whether we aren't taking too narrow and specific a focus by looking at Southeast Asia as a second front on terrorism and therefore circumscribing the universe in many ways too narrowly. This leaves out several countries but it also signals that this is our central focus, that we care less about some of the other areas of policy. China has been able to formulate a more rounded policy towards the region as a result.

U.S. Has Two Southeast Asia Policies

I disagree with Minxin that we have ceded Southeast Asia to China, but I think we have ceded part of it. That's because we have naturally bifurcated the region in our policy and the war on terrorism certainly helps us divide it. We have the countries with significant Muslim populations and those without—that automatically cuts the region in two. We also have countries with which we have some overhanging ideological baggage from the Cold War, the Vietnam War, those in which we tend to emphasize human rights and religious freedom issues, and those in which we definitely tone them down, possibly because of the security relationship. So we have two policies. Vietnam, Laos and Burma would be certainly the smaller of the orbits. Vietnam straddles both; it's a very important country and will become increasingly so. It's probably fair to say we have ceded

Laos, Cambodia and Myanmar to China in our policies.

Fourth is how and if we're going to regionalize our trade with the region and we have to emphasize *if*. If the China-ASEAN FTA does become a reality—and that's a big *if* given how complicated it is—it will be the world's largest free trade area. We have something called the U.S.-ASEAN Enterprise Initiative which sounds regional but when you look at it it's a collection of bilateral arrangements, a hub-and-spokes trade formulation. Whether that matters or not is something that is more probably up to trade economists than to political scientists to decide but there is an optical problem there which is that, again, we are intensely bilateral. On a more practical, immediate level, not having a regional trade policy doesn't provide the kind of benefit that China's ASEAN-China FTA has, which is that it doesn't give short-term pay-outs to the poorer countries of ASEAN—an early harvest, which is certainly netting them some political gain.

Another main issue, and I agree with Minxin that probably there is a cap on security influence at the present time, is how does increasing Chinese defense cooperation with ASEAN countries change our own security relationships, our creeping multi-lateralization of security by expanding the Cobra Gold Exercises? We now have four partners in those and many observers. In defense relations, how does the new defense cooperation agreement between China and Malaysia, which was just signed very recently, and with the Philippines and Indonesia affect arms sales, how do they affect trained exercises, how do they affect the daily fare of security? The lines ought to be

reexamined to see where they presently fall.

Another issue is the U.S. tendency—and this may be a new-age Nixon doctrine—as a global superpower of looking for surrogates to protect our interests in Southeast Asia. I think we need to re-think that. The assumption is that Japan will probably be our surrogate in ASEAN Plus Three, that Australia will probably be our surrogate in the East Asia Summit—having signed the Treaty of Amity and Cooperation very recently which was a bit of a surprise to Washington—and even that India will be our surrogate in Burma at some point. Increasingly the region is every country for itself and we perhaps again should not necessarily decide that our interests are covered.

U.S. Sanctions at Odds with China's Unconditional Aid to Region

A seventh area is the American reflex to impose sanctions when they don't know what else to do. Southeast Asia has been rife with these. In 2003 seven out of the ten countries were either under some form of U.S. sanctions or threat of them. In terms of advantage this has given China a tremendous advantage because most of their aid is unconditional. All of their aid is unconditional as far as I know. This creates a space that they can then move into. Certainly it does reduce our leverage, it makes our own policies much more narrow and we all know that once you impose sanctions it's very, very difficult to walk them back even if you don't feel they're working particularly well.

Dr. Ren raised something very interesting when he talked about the non-traditional security cooperation between

China and ASEAN and that actually might be an area in which we can set up some trilateral cooperation. At the present time the United States and China are assisting Vietnam in coping with the Avian flu. Tri-lateralizing that recognizes the fact that these sorts of things do go across borders very quickly.

But there are other areas that we might look to as well: HIV AIDS, human trafficking, narcotics and also humanitarian disaster relief. It's true that the tsunami was a watershed for China and its humanitarian relief, but it's also true that the United States tried to get a little triumphalism out of it by basically looking at it as proof of the superiority of our naval power, by not including China in the coalition at first when we did put that coalition together. Here again this 21st century area of non-traditional threats and humanitarian response is probably a fairly benign one to set up some trilateral cooperation. We have that now clichéd are of policy called “Soft Power”—that was Joseph Nye's phrase and it started out as a defense phrase but then morphed into a general term and more recently a cliché.

Minxin has pointed out we are losing soft power in Southeast Asia in part because of the war on terrorism which is perceived to be a war against Islam in some quarters, in part because of the war against Iraq, but we were losing it before and in non-Muslim countries as well.

Pointing out the Asian economic crisis is important. Thailand was crushed that we didn't go to its aid bilaterally. The sorts of things that matter to Southeast Asians even if they aren't the most important things to the United States will get you very far in the Southeast Asia power business. The issue of Agent Orange in

U.S.-Vietnamese relations is a very good example as well and we're not looking at that in a constructive way.

In the more long term, education and American studies are really suffering in our relations with Southeast Asia. We'd be hard pressed to find an American Studies program in the region right now—they used to be legion ten or fifteen or twenty years ago. Those sorts of long-term investments could really help.

Lastly, the home-court advantage. Obviously, just by proximity and geography China has that advantage. This week Hu Jintao was the first head of state to address the National Assembly in Vietnam and he's been all over the region. As Minxin said we can't match it but we also can put a little more effort into it. I don't want to belabor this because it's probably well known to this crowd that Secretary Rice's decision to skip the ASEAN meeting in July did no good whatsoever to our relations with Southeast Asia. She and her staff will spend more time trying to atone for that mistake than she would have spent if she had just gone. But we do have an opportunity coming up which is President Bush's visit to Vietnam in 2006 for the APEC meeting. We should rethink this idea of high-level officials and look for more opportunities to have them visit Southeast Asia.

Q&A

G. John Ikenberry: Dr. Ren, perhaps you can field some questions, and our discussants who have made provocative points on their own, particularly on the American side looking into Southeast Asia, will want to field questions and talk to each other on the panel through your questions.

Chinese Minority in Southeast Asia

Questioner: I wanted to raise something that somewhat surprisingly to me didn't come up at all in any of the discussions and that is the factor of the Chinese minority in Southeast Asia, which I think is a great advantage that China has over the United States to the extent that there's competition. The irony is of course that the Chinese minority in Southeast Asia for most of the Cold War period was a disadvantage to China, not an advantage. It made the governments wary of China's meddling in internal politics in most of the countries and I'd like to ask any of the panelists to give their thoughts on what this means now and in the future with regard to Chinese-Southeast Asian relations.

Dalpino: I'm going to agree that at the present time that's very much an asset. In the past, particularly in the Cold War, it was sometimes a disadvantage and it's interesting that even ethnic Chinese in Southeast Asia don't have to be all that old a generation. In Thailand in the 19-90s they had a prime minister who had been born in China.

Pei: I think the Chinese government has been very careful about this. I have not detected very obvious fingerprints of policies that would link China's influence to those ethnic minorities because that would have internal domestic consequences in those countries that the Chinese government would not be able to predict.

Questioner: It's a very important economic factor, though, isn't it?

Pei: Yes, things are working well because the market forces are allowing those ethnic Chinese controlled businesses to

play a very important role. So if things are going well, if the Chinese government wants to meddle with the trend, probably it will only be counter-productive.

Questioner: I have a question concerning the issue of inclusiveness of East Asian cooperation, particularly in light of the coming East Asia Summit. Historically I think after the 1997-1998 financial crisis there was a period when the structure of ASEAN Plus Three (APT) has been fairly well established and pursued both by Japan and China. My view is that Japan was not always at the backyard of Chinese initiatives. For instance, in the area of bilateral free trade agreements, I think it was Japan who took the initiative. Also we had the first ASEAN Plus One meeting outside ASEAN in 2003, but, admittedly, there were areas where China took initiative. Whichever, there are strong efforts in order to enhance this cooperation of APT.

But when the idea of the ASEAN summit came up from the end of last year or so and the issue became politicized there was the emergence of the issue about inclusiveness. Against the backdrop of worsening relations between Japan and China, Japan took the initiative this spring in order to enlarge the participants, the result of which Australia, New Zealand and India were invited and will come to this summit. What is China's position on this inclusiveness? Just a few days ago I read an article in a Singapore newspaper that China is now emphasizing the inclusiveness of East Asian cooperation. Is there any new development?

U.S. Lacks Interest in East Asia Summit

Ren: There will be sixteen leaders who will attend the first East Asia Summit (EAS) in Kuala Lumpur, which is scheduled on December 14th. China's current position is that ASEAN has already set three criteria which are out there and China respects the role of ASEAN as the driving force in this process, so when that came up China just accepted it. Theoretically speaking, any country which meets the three criteria will possibly be invited to attend the East Asia Summit. The question is, I don't see any interest from the Bush administration. I don't think it is interested in participating in this process right now, so in terms of the U.S. and East Asia Summit first there has to be some interest on the part of the United States. My observation is that the Bush administration's current attitude is to wait and see what happens. Maybe the EAS will just be a dialogue, and will not be that important, or maybe it will be one more "talking shop," so the administration will wait and see what happens.

Ikenberry: I would like to follow up on that and ask all the panelists a question. One of the themes that Minxin and Catharin have put forward is that the U.S. isn't responding, isn't actively involved in trying to establish and shape the evolving regional ties and the shape of the architecture that's emerging. I'm puzzled why that is if the stakes are sufficiently high and this is a moment where in some sense the architecture of the region is being put down, you would think that there would be a great deal of American activity or interest. Are the stakes just not that high? Is it really about different priorities? Is it the narrowness of the war on terrorism as a

kind of lens through which the U.S. sees the region or is it really that there isn't a kind of moment that's emerging now? That there really are many more opportunities, lots of different venues, complexity, openness, so that the stakes aren't really that high? Which is it?

Pei: For the U.S. it's East Asian or it's Asian strategy; it's built on a different set of assumptions, one of which is indeed that the ASEAN region is not important to the U.S. in comparison with Japan and India. So, given the limited amount of resources and leadership attention, they would rather build up India in the West and Japan in the East to box China in.

Dalpino: I agree, I don't think the United States thinks the stakes are that high in Southeast Asia. By and large they think that the security umbrella which goes across the Asia Pacific region is sufficient, as well as our trade relations—and we either still are or very recently, as in the past few months, were ASEAN's number one trading partner. Dr. Ren said China was number two, that the two probably will change places at some point, if not this year then next year, but the United States is still very prominent. The U.S. government thinks its bilateral policies are working pretty well.

There is also, as probably everyone in this room knows, a sort of traditional American view of ASEAN as the "talk shop," as not being operational because American foreign policy is nothing if not an action memo. I would dissent from the notion that the Bush administration isn't interested in participating in the East Asia Summit. They've made it very clear that if invited they would participate. They also feel that the bar has

simply been set too high with the Treaty of Amity and Cooperation, in part because of the nuclear issue which is seen to be attendant to it. There's also some wariness that this may be part of the juggernaut that has been going on in the region since Prime Minister Mahathir in 1993 proposed an East Asian Economic Caucus, which was specifically to exclude the United States.

Questioner: On exactly that point I think there's sort of a sense that the kinds of suggestions that Ms. Dalpino made are floating in the air with this administration, that people have a sense that this just isn't going to happen. But because of the nature of not only the neglect but the response across Asia and the world to the U.S. preemptive war doctrine and the viewed hostility towards this kind of preemption coming out of the United States—that brings up the fact that everyone's quite aware there are huge changes going on in Washington right now.

The issue is, in a post-Cheney era, which is now most likely, these issues become much more than issues that can be taken up and discussed so I'd like to see what the whole panel thinks about the potential of impacting the huge changes that are taking place in Washington right now and the recommendations you would make towards what will come out of this crisis.

Pei: Well as far as I know Southeast Asia is not one of Cheney's pet projects. I do not believe that his departure will have anything to do with it. And I don't think he will be a victim of this scandal either.

Questioner: I'd like to raise a question to the panel. I understand that China

joined the WTO four years ago. It has not fulfilled its commitments to the WTO. Would you like to comment on that?

Pei: I think your information is wrong. I'm not a big fan of China's trading practices but on the strict WTO issue China has actually been remarkably successful and compliant with its WTO commitments. So far not a single formal complaint has been launched by any of China's trading partners at the WTO.

Ren: I'm not an expert on WTO affairs either but my sense is that China has been supportive of Russian membership and Vietnamese membership. I think Beijing is positive towards that.

Questioner: Your description of what China would like to achieve in Southeast Asia I think is exactly what ASEAN says it wants to achieve: stability and prosperity. Putting the U.S. aside, which is not hard to do because the U.S. has put itself aside with respect to Myanmar, I'm wondering whether China is rethinking it's relationship with Myanmar. ASEAN certainly is, even Mahathir has sort of publicly second-guessed himself and Malaysia's pushing them forward, so I'm wondering if there is some possible joint venture between ASEAN and China with respect to Myanmar.

China Emphasizes Dialogue with Myanmar

Ren: Myanmar has been a question for the European Union and the United States. China's policy towards Myanmar has been, comparatively speaking, much less ideological, much less human rights oriented. Generally speaking it maintains a friendly and normal state-to-state relationship and of course on the demo-

cracy and human rights issues China's position puts the emphasis more on dialogue, not by putting pressure on the party that is accused of violating human rights. There are some differences in terms of approaches to Myanmar here.

Dalpino: I would agree with Dr. Ren's characterization but China may find itself changing. They have a CNN effect in their own country in terms of their foreign policy which we saw during the Asian economic crisis when for the first time the government felt it needed to speak out about the treatment of Chinese in Indonesia during the communal violence and that was in part because of domestic pressure.

Questioner: I have two questions and a comment for Ms. Dalpino. My first question is for Minxin. I think you gave a very good exposition of the geo-strategic objectives of the Chinese government. My question in that respect is, is this something necessarily bad for the region or is there actually something good that can come out of it?

My second question is directed to Ren. You mentioned integration at the official level. My impression is that most of this integration happens at the official level. My question is, is there integration happening at the people to people level? Meaning to say, I'm always fascinated by this principle of culture where most wars are actually fought because of culture, disagreements or misunderstandings. And if you're talking about integration on the political and economic level, is there something happening also at the cultural level, specifically at the people to people level? Because even if governments integrate themselves when people don't agree I don't think you've solved the problem. We have seen this

for example in the issue of textbooks published in Japan, and most of the people who raised issues about this are the common people, and basically there is historical baggage to this.

The third point is for Ms. Dalpino. I would be interested to get your thoughts on the analysis of the American response in terms of the dynamics of the region at the present time. There seems to be Cold War baggage still haunting America in the sense that with the rising power of China immediately they resort to tariffs and containment as manifested for example in the renewal of those strategic alliances with Japan and other countries.

Pei: By and large China's objectives do not hurt the region. I think they benefit the region because the primary instrument with which China is pursuing these objectives is economic integration, trade, and investment, and that's why these objectives are being accomplished because obviously if the region is not benefiting from China's pursuit then the region will not bite. So the fact that the region is biting this shows that there are benefits. And indeed, because of China's interest in the region the region is drawing interest from other powers. The more interest the other powers show in the region the better position Southeast Asian countries will be in.

Ren: The people to people relationship is a very good point. Many initiatives have been government-driven to a large extent and the people-to-people relationship has been very weak among many bilateral relationships. This is something that we need to put more resources into in the years ahead to enhance mutual understanding among the peoples. So I think you are very correct.

Dalpino: I'm not a China scholar but obviously the tension in U.S. foreign policy towards China between containment and engagement is well known. With respect to Southeast Asia that's not the policy yet but it's interesting that before Deputy Secretary Zoellick went out to the region in May he issued a carefully worded statement that the United States recognizes that China has put a challenge forward, that it intends to meet this challenge, but that the U.S. is not a rival with China in Southeast Asia.

Questioner: Since this is sponsored by the Sasakawa Peace Foundation USA I'd like to ask a question about peace. In Northeast Asia there are two potential flashpoints: North Korea, and China and Taiwan. Most people would say that with North Korea, you would need an administration change, a regime change. In Taiwan's case, from the Chinese point of view, there is a desire for regime change, a change from Chen Shuibian to somebody else. I'd like to ask the panel if they thought there is any conceivable situation where they'd think China would take unilateral action against Taiwan?

Pei: Right now the Taiwan situation is actually fairly well under control. I do not foresee any significant crises in the next three years because I think the internal dynamics on Taiwan have changed significantly and China's policy has been adjusted and the U.S. policy has been adjusted. So we can talk about, dream about, imagine about, have nightmares about all kinds of scenarios but that's not a very useful exercise so I'm not going to engage in one.

Conflict over Taiwan Strait Is in Nobody's Interest

Ren: I fully agree with Minxin's comments on that particular issue. The question is certainly very hypothetical and we need to think about the issue in a different way, that is that any military conflict over the Taiwan Strait is in nobody's interest. It's not in the interest of China, it's not in the interest of the U.S., it's not in the interest of Southeast Asian countries so we should do everything we can to avoid any kind of conflict across the Taiwan Strait. The second thing is that we need to look more carefully at the internal political dynamics on the island of Taiwan. The Taiwan independence movement is not in the interest of the people in Taiwan so we should work together to contain it.

Questioner: Just a quick comment on the U.S. strategic neglect of Southeast Asia. As someone who's sort of beat this drum for the last fifteen years or so around this town with basically very little resonance I am struck—and this is very recent, within the last four or five months—how Washington is like a small town in some respects. So you imagine the jungle tom-tom beating away and nothing much happens and then suddenly another one picks up the beat. Pretty soon all the tom-toms are in the same boat and the tom-toms are now beating on China and Southeast Asia. As we speak there's an INR State Department session going on—same subject. Not long ago I did a congressional testimony—same subject. Invitation to the vice president's office—same subject. This gets back to the Cheney issue, it may in fact make a difference in terms of the role that Vice President Cheney plays in senior policy because he's now started to take a personal interest in this.

All by way of saying the fact of U.S. strategic neglect of Southeast Asia was very real until very recently. I don't think that's true anymore. Now the question is, you're going to get a crescendo of interest and is policy going to be done in an orderly, strategically informed fashion or are we going to stumble over ourselves getting into Southeast Asia?

Questioner: Those of us who work in the area of higher education are well aware of the tremendous flow of funds that the Chinese government is putting into higher education and I'm certainly very happy to see that. I'm wondering whether in particular Southeast Asian Studies, Southeast Asian languages, are also receiving particular attention in terms of its support towards higher education.

Questioner: As you answer the previous question about the U.S. response to the realization that it's been neglecting Southeast Asia, while China has been taking advantage of that, could you talk about APEC and whether APEC is at all a tool of American policy? When my organization wrote its report more than a few months ago on China's gains and its relations with Southeast Asia we concluded that one of the things the United States ought to do is reinvigorate its leadership within APEC and try to be more multilateral in its approach to the region.

Dalpino: A short response: we'll stumble, obviously. On APEC, the question is, have we marginalized APEC by giving it too much of a counter-terrorism agenda, taking it away from its original rationale as an economic group which now has been increasingly taken over by ASEAN Plus Three? So it's not just reinvigorating our leadership, it's also expanding

the agenda and infusing more Asian interests and needs into it.

Pei: I assume that diplomatic resources, financial resources, whatever resources are limited. If you compare Latin America and Southeast Asia and you have to pick one—and both places are neglected—if you have to say which problem shall we address first, without a doubt I would pick Latin America right away. So today I say, well, although it's not desirable, we don't want to see that happening, it's no big tragedy. I mean what has the neglect done to the U.S. in very substantive ways? We're not being viewed favorably, but so what? A lot of people are not looking at us favorably anyway. At the same time we have a much more serious problem/challenge emerging in Latin America. And I would much rather spend what limited resources I have trying to correct the problems in our own back yard rather than meddle in China's back yard.

Ikenberry: Catharin, you wanted to add something to that? Did that provoke you to discourse?

Dalpino: Yes, this is a hack response. They're not blowing up Marriotts in Caracas. Also I don't think that the United States will cede a region entirely to China.

Ren: Let me respond to the question on education. There has been some growth of resources in terms of Southeast Asia. The Ministry of Education has set up more scholarships for students from Southeast Asian countries and as far as I know the Southeast Asian students group at Peking University is perhaps the largest one in any Chinese university. In terms of research Southeast Asian Studies have been relatively weak com-

pared with American Studies, Japanese Studies and European Studies. Nowadays there are so many issues to deal with, we need to strengthen our research work vis-à-vis Southeast Asian countries.

On the issue of APEC, my own observation is the U.S. government for quite some time has put the emphasis on bilateral alliances or bilateral arrangements and that kind of approach remains to be true to a large extent. Multilateral institutions and organizations are at the most supplementary for U.S. Asia policy. APEC is one example, and the ASEAN Regional Forum is another, which is supposed to be a security dialogue or a security cooperation mechanism. But this year Secretary of State Rice was absent in the ASEAN Regional Forum and that aroused quite some discussion but I would like to point out that the Chinese foreign minister was absent too and the Japanese foreign minister was not there either.

So this year's ASEAN Regional Forum meeting was quite interesting. Again my sense is that multi-lateral organizations have been supplementary for U.S. administrations, especially for this administration, for the U.S.' Asia-Pacific policy. Nevertheless, President Bush will attend the APEC meeting in Pusan, South Korea later this month and will visit China after that, so it's something for U.S. leaders.

Ikenberry: Please join me in thanking the panelists.

[End]

About the Panelists

Main Speaker **Dr. Ren Xiao** is Senior Fellow and Director of the Asia-Pacific Studies Department, Shanghai Institute for International Studies (SIIS), China. Before joining SIIS in 2002, he taught at Fudan University's Department of International Relations from 1992 to 2002. Dr. Ren has also held research or teaching positions at the University of Turku, Finland, Nagoya University, Japan, and the George Washington University. His research concentrates on the international relations of the Asia-Pacific region, Northeast Asian security, and East Asia economic and security multilateralism. Dr. Ren received a Ph.D in Political Science from Fudan University. His most recent publications include (available in Chinese) *U.S-China-Japan Triangular Relationship* (2002) and *New Perspectives on International Relations Theory* (2001). He has written op-eds for many newspapers, including the *Wenhui Daily* and the *Shanghai Evening Post*.

Discussants **Ms. Catharin Dalpino** is Visiting Associate Professor, Asian Studies Program and Director, Thai Studies Program, Georgetown University. Previously she was a Fellow at the Brookings Institution and Deputy Assistant Secretary of State for Democracy in the Bureau of Democracy, Human Rights and Labor (1993 -97). She has also been a career officer with The Asia Foundation that included a term as the Foundation's Representative for Thailand, Laos and Cambodia. Ms. Dalpino received her M.A. from the University of California, Berkeley. Two of her recent books include *Anchoring Third Wave Democracies: Problems and Prospects for U.S. Policy* (1998) and *Deferring Democracy: Promoting Openness in Authoritarian Regimes* (2000). She has a forthcoming book on U.S. Policy in Southeast Asia after September 11, *Second Front, Second Time*.

Dr. Minxin Pei is Senior Associate and Director of the China Program at the Carnegie Endowment for International Peace. His research covers U.S.-China relations and Chinese politics. Before joining the Carnegie Endowment, Dr. Pei was a faculty member of the politics department at Princeton University from 1992 to 1998. He has received numerous awards, including the Olin Faculty Fellowship, the National Fellowship of the Hoover Institution and the Robert S. MacNamara Fellowship of the World Bank. Dr. Pei received a Ph.D. in political science from Harvard University. He has written *From Reform to Revolution: The Demise of Communism in China and the Soviet Union* (1994) and *China's Trapped Transition: The Limits of Developmental Autocracy* (forthcoming). Dr. Pei also has published many articles in *Foreign Affairs*, *The New York Times* and *The Los Angeles Times*.

Moderator **Dr. G. John Ikenberry** is the Albert G. Milbank Professor of Politics and International Affairs at Princeton University. Previously he taught at Georgetown University. Dr. Ikenberry also has been a Senior Associate at the Carnegie Endowment for International Peace and a Fellow at the Woodrow Wilson Center for International Scholars. He received his Ph.D. from the University of Chicago. Dr. Ikenberry is the author of numerous publications, including *State Power and World Markets: The International Political Economy* (2002), *After Victory: Institutions, Strategic Restraint and the Rebuilding of Order after Major Wars* (2000), and *Reasons of State: Oil Politics and the Capacities of American Government* (1988).