In East Asia, few relationships have evolved as much as that between China and the Association of Southeast Asian Nations. While important differences remain, relations have seen a marked improvement over the past decade, especially when compared to the considerable suspicion that once defined their relations. Changing U.S. priorities in Asia have played an important part in that evolution.

Relations between China and the Association of Southeast Asian Nations (ASEAN) experienced tremendous change over the course of the past 15 years. Discussions of their relations have focused mostly on concerns about China’s ongoing military modernization and activities in the South China Sea, given post-Cold War changes in the U.S. strategic commitment to Southeast Asia. Surely, there are few actors in the world that will be as affected by the rising power and influence of China as ASEAN’s member-states. Still, the focus on such security concerns has also tended to oversimplify the Sino-ASEAN relationship, ignoring the significant ways that the relationship has evolved and improved over the past decade, owing to concerted efforts by each side to engage the other economically and
politically. An examination of the past decade of Sino-ASEAN relations, especially, illustrates that a changing global context has given rise to important opportunities to forge closer relations, as much as it has fostered challenges. Indeed, of the great powers, China has made the most gains in terms of its relations with Southeast Asia. To understand the dynamics and significance of recent developments in Sino-ASEAN relations, however, they must be placed in their proper historical context.

In this article, I trace the evolution and progression of Sino-ASEAN relations, outlining four phases since ASEAN’s founding in 1967, with an emphasis on the two most recent phases, and highlighting the generally positive trajectory of their relations since 1989. In examining these phases, I draw particular attention to shifting U.S. priorities in Asia, and how such shifts have shaped the context in which China and ASEAN have interacted.

Since 1967, there have been four phases of Sino-ASEAN relations: (1) a period of domestic political consolidation during which ASEAN concerns about China were largely internal (1967–78); (2) a period of de facto Sino-ASEAN alignment against Vietnam’s intervention into Cambodia (then Kampuchea) (1978–89); (3) a period of mutual engagement “after Cambodia” (1989–97); and (4) the current post-economic crisis stage of relations (1998–present). Discussing Sino-ASEAN relations in terms of phases helps call attention to the ways that relations have changed, in addition to highlighting the important factors and developments that have both catalyzed and structured them.

**Phase I (1967–78): Domestic Preoccupations and Vulnerabilities**

Due to history and to geographic proximity, Southeast Asian states have had much reason to be concerned about China. Many of the suspicions that characterize their contemporary relations, however, are relatively new, products of China’s post-1949 policies. Historically, even with some tributary arrangements with their giant neighbor, Southeast Asian countries tended to have relatively cordial ties, and their views of China were mostly benign. It was primarily the Cold War, and especially China’s policies in the 1960s, that transformed Southeast Asian perceptions of China, creating a legacy of distrust. This history remains an important factor influencing their relations despite significant improvements in the past decade.

During this first phase, (also ASEAN’s first decade of existence), the Cold War and Western military retrenchment, including the U.S. withdrawal from Vietnam, provided the larger global context for relations between China and non-communist ASEAN. Both were largely preoccupied with domestic matters. For ASEAN’s post-colonial, heterogeneous states, political unity was an especial preoccupation, giving their security issues important internal dimen-
sions. Specifically, ASEAN members tended to view their ethnic, regional, and political divisions as their greatest vulnerability in that these divisions opened the door for outside powers to manipulate one group against the other, creating domestic instability.

No relationship illustrated the interdependence of ASEAN’s internal-external security concerns better than ASEAN’s relations with China during the Cold War. Each of ASEAN’s founding members faced the threat of domestic insurgency from local and communist groups, including some with significant ethnic Chinese membership. Though the extent of its support was often minimal, Beijing’s interest in influencing Southeast Asian developments through its support of local communist and Chinese groups in the 1960s nevertheless contributed to the distrust ASEAN states have felt toward China. In 1967, none of ASEAN’s founding members had normal relations with China.

For China, this first phase also involved domestic preoccupations. Major domestic crises combined with shifting international alignments to produce important changes in China’s policies toward ASEAN. At home, factional struggles and the Cultural Revolution preoccupied China’s leaders. Abroad, problems with the Soviet Union provided the basis for China’s rapprochement with the U.S. These developments helped reorient Beijing’s policies toward the developing world, including Southeast Asia. During the 1970s, China’s foreign policy became less radicalized, moving toward a more moderate policy of coexistence as it dealt with the domestic turmoil and aftermath of the Cultural Revolution. Its relations with the ASEAN states, however, remained damaged by its revolutionary policies of the 1960s. Indonesia and the Indonesian Army remained especially suspicious of China, owing to its support for the Communist Party of Indonesia (PKI), and Beijing’s alleged involvement in Indonesia’s controversial coup of 1965. China’s refusal to cut off its organizational ties to communist parties in ASEAN-Southeast Asia (though it had ended active support) also helped keep alive ASEAN suspicions.2

Nevertheless, the Sino-American rapprochement did introduce important changes in the regional context that prompted ASEAN states to rethink their own relations with China. Despite recent preoccupation with the end of Cold War bipolarity, and its significance for East Asian security, that bipolar prism had become outdated for Southeast Asia long before the Cold War officially ended. With Sino-American rapprochement, China, Japan, and the former Soviet Union all began to play larger roles in Southeast Asia. While domestic considerations also were important, the new Sino-American relationship

forced ASEAN states to reconsider their relations with China in anticipation of a post-Vietnam Southeast Asia, less enmeshed in American affairs. Malaysia normalized relations with China in 1974, as did Thailand and the Philippines in 1975. Singapore expanded trade relations and engaged China at official levels (though it did not normalize relations with Beijing). Even in Indonesia, where the army continued to resist the normalization of relations until 1990, developments in U.S.-China relations intensified domestic and intra-bureaucratic debates about relations with China. For the most part, ASEAN members all began to adopt more equidistant stances toward the great powers as a result of the Sino-American rapprochement.

Phase II (1978–89): De Facto Alignment Against Vietnam

The second phase of Sino-ASEAN relations began in December 1978 with Vietnam’s intervention in and subsequent occupation of Cambodia, just as the U.S. and China finalized their normalization process. Both Washington and Beijing were united in their opposition to Vietnam’s intervention—and by extension, the spread of Soviet influence—though they differed in their support for various resistance factions, especially the Khmer Rouge. Mostly, however, diminished U.S. involvement in Southeast Asia provided the important backdrop for the second phase of Sino-ASEAN relations. The normalization of Sino-American relations in 1978–79 suggested to ASEAN that China’s policies in Southeast Asia would have the official or unofficial sanction of the U.S. The low-keyed U.S. response to Vietnam’s intervention, alongside China’s heightened involvement, confirmed for many in ASEAN the necessity of dealing with China.

This phase was also a period of difficult division within ASEAN, due to differences over China and questions of how best to respond to Vietnam’s intervention. Members differed, mostly, over whether China or Vietnam constituted the larger threat to ASEAN security. Malaysia and Indonesia were the most wary and sensitive about Chinese influence in regional and domestic politics, while Thailand and Singapore were most concerned about Vietnam. As the “frontline” ASEAN state, Thailand especially identified Vietnam as its greatest security threat; recognizing that ASEAN support could only be diplomatic, it turned to China for military assistance. Thus, as Nayan Chanda has put it, China was transformed from being a primary Cold War antagonist

to being Thailand’s main protector. Sino-Thai military cooperation provided the basis for ASEAN’s de facto alignment with China, though Indonesia and Malaysia remained concerned about incapacitating Vietnam vis-à-vis China.

For China, working with Thailand and other ASEAN states against Vietnam served a number of interests. Most immediately, China wished to counter Soviet and Vietnamese influence in Southeast Asia. Working with non-communist ASEAN also gave China’s actions against Vietnam added legitimacy, in addition to raising its profile in the United Nations and demonstrating to the U.S. China’s value as a strategic ally vis-à-vis the Soviet Union. In November 1978 (the same month that the Soviet-Vietnamese Friendship Treaty was signed, and a month after a three-nation tour by Cambodia’s then-Foreign Minister Ieng Sary), Deng Xiaoping embarked on a tour of Southeast Asia, seeking political allies against the Soviet Union and Vietnam, as well as support for recently introduced economic reforms. Trade and economics thus also gained importance during this second phase of relations. Even Indonesia reestablished direct (though limited) commercial relations with China in 1985, despite their lack of diplomatic relations.

In that Vietnam’s intervention into Cambodia began this phase of Sino-ASEAN relations, Hanoi’s withdrawal in 1989 signaled its end. But while welcomed by ASEAN, and more hesitantly by China, the end of Vietnam’s intervention also introduced new uncertainties into the Sino-ASEAN relationship by eliminating the decade-long basis for relations. Adding to the uncertainty would be new questions about U.S. economic and strategic priorities in post-Cold War Asia. Uncertain U.S. priorities would provide the context for a new era in Sino-ASEAN relations involving both cooperative and competitive dynamics.

**Phase III (1989–97): Sino-ASEAN Relations After Cambodia**

The year 1989 proved to be pivotal. Not only did Vietnam withdraw from Cambodia, but also, Indonesia announced its desire to begin normalizing relations with China, thus opening the door for Singapore and Brunei to do the same. In 1991, for the first time, normalized relations existed between China and all members of ASEAN.

These diplomatic developments took place at a time of considerable uncertainty in East Asia, caused largely by shifting U.S. priorities on issues of

---

5. Ibid., p. 65.
6. Being a predominantly Chinese city-state, Singapore chose to delay normalization with China until Indonesia did, so as not to be associated with China. Brunei, which often took Singapore’s lead in foreign policy, also normalized relations with China once Indonesia did.
regional security, trade, and human rights. As the U.S. economy encountered difficulties in the late 1980s and early 1990s, Washington became less willing to support existing security arrangements without trade concessions from its Cold War Asian allies. This reluctance, in turn, generated concern among ASEAN states, whose priorities were also changing in the wake of economic growth and a changing strategic context. Protracted, contentious, and ultimately unsuccessful negotiations to renew U.S. basing arrangements in the Philippines reflected a growing divergence between the U.S. and its ASEAN allies. Though the U.S. and Southeast Asian governments negotiated alternative commercial military arrangements, the closing of the bases was nevertheless indicative of changing attitudes and interests in Southeast Asia, as much as in the U.S. While the U.S. remained ASEAN’s most important extra-regional relationship, economic growth and growing trade tensions contributed to a greater willingness in ASEAN to explore alternative arrangements.

To be sure, ASEAN members all desired a continued U.S. commitment to Southeast Asia, and all were concerned about the implications of U.S. retrenchment for China’s policies toward the region. ASEAN states (including Indonesia, which long has advocated an independent, “free and active” foreign policy) collectively called on the U.S. to remain engaged in Southeast Asia. But they also began exploring alternative political-security frameworks like the ASEAN Regional Forum (ARF), which aimed to address perceived insecurities stemming from regional imbalances of power, at the same time that such frameworks represented a move away from the U.S.-centered bilateral alliance system of the Cold War. As in the 1970s and 1980s, the prospect of a less-involved U.S. created the context for ASEAN to reconsider its relations with China and to engage Beijing.

Of greatest concern for ASEAN during the 1990s were Chinese activities in the South China Sea. Beginning with the 1988 Sino-Vietnamese clash over the Spratly Islands, China’s actions in the late 1980s and early 1990s suggested greater assertiveness and willingness to use force to protect its claims. China’s actions were sufficiently disturbing to prompt an unprecedented statement on regional security by ASEAN, in the form of the 1992 Declaration on the South China Sea. Though the statement produced some rhetorical concessions from China, its activities continued, prompting accusations that Beijing was pursuing a “talk and take” strategy toward the Spratlys. Then, in 1995, the Philippines revealed that China had taken possession of Mischief Reef, an action that seemed especially provocative, unexpected, and significant in that this was the first time China had directly challenged

the claim of an ASEAN member. It also was a clear challenge to ASEAN’s 1992 Declaration, which repudiated the use of force and urged restraint in the South China Sea. Though a longstanding (and historically marginal) dispute, these developments elevated the prominence of the Spratlys in Sino-ASEAN relations. The events also reflected the changing character of ASEAN’s concerns about China. Where concerns had previously been primarily domestic and political, they were now also military and territorial.

Few in ASEAN believed that China posed an immediate territorial threat to ASEAN; and almost all saw China’s territorial interests as limited to existing claims, more “boundary setting” than they were instances of Chinese expansionism. Nevertheless, some in ASEAN, especially the Philippines and Indonesia, speculated that China was taking advantage of a perceived power vacuum left by the U.S. Chinese military expenditures also showed a greater emphasis on the navy, a new maritime reorientation (this was true of ASEAN states as well), and a shift away from “coastal defense” to “offshore defense” that extended China’s defense perimeter to the Spratlys. Though ASEAN states mostly recognized that China’s capabilities would remain limited for the near future and that China (like themselves) was undergoing a necessary modernization of forces, China’s piecemeal efforts and the priority given to naval modernization were not any less troubling.

While defined mostly by political-security concerns, this phase is also associated with the emergence of equally important incentives and opportunities for improved economic relations and cooperation. By the late 1980s, concerns about U.S. and Western protectionism dominated much of the intra-ASEAN dialogue. The 1992 North American Free Trade Agreement (NAFTA) and Europe’s Maastricht Treaty the previous year only heightened ASEAN concerns about access to Western markets, as did U.S. efforts to link human rights to trade. Moreover, these developments came at a time when ASEAN economies began to face stiffer competition from Vietnam and China, which had the advantage of cheaper labor and resources. In this context, ASEAN states were forced to reconsider their substantial economic reliance on (and vulnerability to) the U.S. market. Though China was also emerging as their most significant economic competitor, ASEAN began to consider the potential economic benefits of closer trade relations with China. In a global economy that had become more competitive and less benevolent toward less-developed economies, China offered an alternative (or at least additional) motor for Southeast Asian growth.

ASEAN states responded to these economic and political-security uncertainties by developing and deepening both bilateral and multilateral relationships toward supplementing and hedging existing arrangements with the U.S. Of note was the expansion of regional processes to include the three Northeast Asian powers, as well as America. As early as its 1987 summit, in fact, ASEAN had made explicit its interest in exploring “possible relations with additional third countries [i.e., not the U.S.],” with a view toward mitigating its dependence there. In 1992, ASEAN reaffirmed the desirability of “building . . . cooperative ties with states of the Asia-Pacific region,” a prominent theme of the 1992 summit. According to the 1992 Singapore Declaration, developing such ties not only would help sustain the region’s economic dynamism, but also would “enhance . . . security in the region.”

Of special importance was the emergence in East Asia of new and unprecedented multilateral arrangements and dialogues. ASEAN began by expanding its Post-Ministerial Conference (PMC) external dialogues to include new dialogue partners, including China; this would form the basis for East Asia’s first multilateral security dialogue, the ASEAN Regional Forum (ARF). Other significant multilateral frameworks that emerged during this phase were the South China Sea Workshops, Asia-Europe Meetings (ASEM), Asia-Pacific Economic Cooperation (APEC), and the “ASEAN Plus Three” (APT) meetings (ASEAN plus China, Japan, and South Korea). Each of these included China. While a U.S. security presence in East Asia certainly remained one component of ASEAN’s effort to manage China’s rise, the grouping also made concerted efforts to draw China into regional processes. ASEAN viewed these arrangements as opportunities to provide transparency, as well as to restructure, even redefine, China’s understanding of its choices, interests, and relations with ASEAN. Thus, these new regional forums—including those with explicitly economic agendas—served important political-security purposes such as ensuring that China acquired a “reasonable stake and a constructive role in the region.”

The expansion of regional arrangements, including ASEAN itself, also stemmed from a growing conclusion that ASEAN was too small to have any notable influence or voice. There was growing consensus throughout the 1990s that ASEAN must cultivate closer relations and institutional linkages with Northeast Asian economies if it were to respond adequately to new challenges or to have any leverage in a global economy dominated by much larger economies. In this context, some in ASEAN began to see in China a

11. Quoted by Chanda, “The External Environment for Southeast Asian Foreign Policy,” p. 68.
potential trade ally and partner, as well as an economic opportunity. Such interest is evident in the many trade visits and diplomatic exchanges between China and various ASEAN countries during the early 1990s. It is worth noting that when Malaysian Prime Minister Mahathir Mohamad first broached the idea of his controversial East Asian Economic Group (EAEG), in 1990, he did so at a meeting with Chinese Premier Li Peng, not with a Japanese leader. Of his fellow leaders, Mahathir, especially, has viewed ASEAN as too small to influence world economic policy. Though the EAEG idea failed to gain support at the time, the idea significantly lives on in other forms, most notably the APT meetings and ASEM.

The View from Beijing after Tiananmen

For Beijing, the late 1980s and early 1990s were similarly a critical period of reevaluation. Of particular importance was the international reaction to its 1989 crackdown on demonstrators at Tiananmen Square. A decade after re-orienting its foreign relations to support market reforms at home, China found itself, in 1989, more exposed to the world culturally and economically, and thus more vulnerable to international criticism and isolation. Though short-lived, post-Tiananmen economic sanctions on China and new human rights conditions on trade could not help but be troubling to a country for which autonomy has been an important foreign policy value. The international reaction to Tiananmen thus drew attention to new sources of Chinese insecurity, both domestic and international, prompting an important reconsideration of China’s foreign relations.

In China, Tiananmen was just the beginning of a series of developments that would contribute to growing questions about a U.S.-dominated post-Cold War world. At the very least, Tiananmen heightened Chinese insecurities about its relationship with the world and how those relations would affect domestic legitimacy and stability. Other defining developments during this phase included China’s failed bid to host the 2000 Olympics, the Gulf War, NATO intervention into Bosnia, and the sending of U.S. aircraft carrier battle groups to the Taiwan Strait in 1996. The Gulf War, especially, with its display of American technology and hardware, is considered a decisive event, in that it confronted Beijing with the limitations of its own capabilities. Among those concerned about China’s vulnerabilities were strategists in the People’s Liberation Army (PLA), whose importance in the 1990s was underscored by the Tiananmen crackdown and the uncertainties of the post-Deng

14. While it is uncertain how deliberate this was, it is still curious because Mahathir’s “Look East” orientation normally identified Japan as a model and leader.


Xiaoping succession. From the standpoint of the PLA and others in Beijing, China was (and is) weak, and likely to remain so for many years, especially in relation to the U.S.\textsuperscript{17} Thus, even though this period was generally peaceful in terms of traditional threats to China, it was also a period of strategic reevaluation for Beijing.

Most relevant for China’s relations with ASEAN was the PLA’s influence over China’s policies toward the South China Sea and its military modernization priorities. For the PLA, the Spratlys served to support important military modernization interests.\textsuperscript{18} The army also viewed the dispute as one in which lesser powers (ASEAN claimants and Vietnam) had taken advantage of China’s limitations and inward focus during the 1970s and 1980s to expand their own presence.\textsuperscript{19} Even the 1995 Mischief Reef incident is viewed by the PLA as having been provoked by prior Philippine actions.\textsuperscript{20} Thus, the PLA viewed it as imperative that China establish sufficient presence in the Spratlys to avoid an image of weakness and also to deter future encroachments. Especially given growing questions about regime stability, the PLA carried special weight with China’s leadership vis-à-vis other ministries like the Ministry of Foreign Affairs, which expressed concern about how military policies and activities would affect China’s burgeoning relations with ASEAN. This bureaucratic and domestic context helps explain some of the seeming contradictions in China’s policies toward ASEAN during this phase.\textsuperscript{21}

One contradiction lies in the fact that Tiananmen also marked the beginning of China’s increasingly focused efforts to cultivate relations with Southeast Asia. To a large extent, Beijing’s overtures to ASEAN can be seen as part of its post-Tiananmen “good neighbor” policy, through which China improved relations all along its periphery. Over time, ASEAN gained importance, offering potential economic investors and political allies, allies who shared many of China’s concerns about U.S. trade and human rights policies. Both parties agreed, for example, that trade should remain distinct from human rights concerns, a source of tension also in U.S.-ASEAN relations, where differences over labor and human rights provided focal points of early.


\textsuperscript{18} According to You Ji, China’s actions and statements on the Spratlys targeted more a domestic audience than an international one. You Ji, \textit{The Armed Forces of China}, p. 221.


\textsuperscript{20} You Ji, \textit{The Armed Forces of China}, p. 223.

debates over APEC. As in China, many in ASEAN viewed APEC as a “tool of U.S. domination,” and “human rights” as an excuse for the United States to interfere in domestic affairs, to press for economic and political liberalization in ASEAN, and perhaps to use poor labor and other human rights conditions to limit ASEAN trade and growth.\footnote{Helen Nesadurai, “APEC: A Tool of US Regional Domination?” \textit{Pacific Review} 9:1 (1996), pp. 31–57. See also Juwono Sudarsono, “The Diplomatic Scam Called Human Rights,” \textit{Jakarta Post}, April 11, 1997, p. 1.} Perhaps not surprisingly then, ASEAN’s response to Beijing’s crackdown was notably muted, especially in comparison to the American and European reactions. This did not go unnoticed or unappreciated by Beijing.\footnote{See Lee Lai To, \textit{China and the South China Sea Dialogues} (Westport, Conn.: Praeger, 1999), pp. 14–15. Lee discusses how China, having taken note of ASEAN’s muted response, lowered the importance of the South China Sea in its foreign policy priorities.}

Thus, ASEAN offered China, in the early 1990s, alternative developmental models, as well as attractive trading partners and political allies that shared many of China’s developmental priorities and sensitivities about external interference. Indeed, the fact that ASEAN’s members were both economically dynamic and politically authoritarian bolstered China’s defense against Western human rights criticisms, providing legitimacy for what Michael Swaine and Ashley Tellis describe as China’s “alternative vision” of good politics based on “communitarian requirements of order over individual preferences of freedom.”\footnote{Michael D. Swaine and Ashley J. Tellis, \textit{Interpreting China’s Grand Strategy} (Santa Monica, Calif.: Rand Corporation, 2000), p. 137.} Moreover, as an established regional organization, ASEAN provided China with a way to remain engaged in both regional and global communities. The grouping’s heightened influence and role in shaping East Asia’s emergent post-Cold War frameworks—developments in which China had both material and historical interest—provided additional incentives for Beijing to cultivate closer ties.

During the critical period between the 1989 crackdown and 1991, when Western countries began lifting sanctions, China made important overtures to ASEAN. In 1990, Premier Li visited Indonesia, Singapore, and Thailand, as well as Malaysia, the Philippines, and Laos. As one indication of the growing importance attached to its ASEAN relations, Beijing characterized its normalization of relations with Indonesia as “a breakthrough progress in China’s diplomatic field.”\footnote{Ma Guang, “Year Ender: Enhanced Relations Between China and Its Neighbors,” \textit{Xinhua} (China), December 15, 1990.}
states because of the greater leverage it has in one-on-one negotiations. Beijing also suspected that such forums might be conduits for the U.S. to dominate and dictate the regional agenda. Other developments suggested Beijing’s interest in maintaining good relations with ASEAN. In 1995–96, following ASEAN’s strong reaction over Mischief Reef, and while U.S.-China relations were reaching crisis levels over Taiwan, Beijing demonstrated new flexibility on the Spratlys. Actions included recognition of the U.N. Law of the Sea (thus providing a basis for negotiations); bilateral accords with Malaysia and the Philippines on the islands; an agreement on further confidence-building measures with the Philippines; and a new position, to shelve the disputes in favor of joint development. Most significant was China’s new willingness to discuss the Spratlys with ASEAN in multilateral fora. Previously, China had been firm on its position that it would be “inappropriate” to discuss the island in anything other than a bilateral setting. Moreover, at the height of the political crisis, as China’s missile testing into the Taiwan Strait underlined ASEAN concerns about China’s use of force, Beijing submitted to the grouping a draft declaration affirming their special relationship. China’s exact intentions remain unclear, but ASEAN officials believed that the declaration was aimed at “mutual assurance and confidence.”

Ultimately, Beijing’s policies toward ASEAN during this period aimed to position China in the region at a time of domestic and global change. But above all else (Taiwan aside), China’s interest lay in creating a stable environment so that it could continue developing its economy and creating the foundations for future economic growth, both to ensure the domestic and international legitimacy of the communist regime, and also, ultimately, to contribute to overall national strength and security. As Swaine and Tellis argue, given China’s significant domestic challenges and relative international weaknesses, “the importance attached [by Beijing] to concluding the ongoing reform program successfully cannot be underestimated.” Arguably, China’s immediate priority was/is less living space than breathing space.

The 1990s thus was generally a very good decade for China and ASEAN, with more factors emerging to unite than to divide them.\textsuperscript{30} The period between 1989 and 1997 also saw a dramatic increase in Sino-ASEAN trade, with bilateral trade in many cases up three times or more.\textsuperscript{31} Even on contentious territorial and security issues, ASEAN states generally viewed Chinese moves as conciliatory steps in the right direction. Jusuf Wanandi, a noted Indonesian analyst of regional affairs, wrote in 1996, “On the two issues considered most critical by Southeast Asia, China’s claims in the South China Sea and the lack of transparency in its military affairs, Beijing has started to move positively.”\textsuperscript{32}

**Phase IV (1997–Present): Toward a 21st-Century Relationship**

Concerns about economic competitiveness, trade vulnerability, and regional security continue to be relevant. One notable difference, however, is that economic issues figure far more prominently in relations, overshadowing security issues like the South China Sea. This is mostly owing to the 1997–99 Asian financial crisis, which hit the ASEAN economies especially hard, deepening concerns about their ability to compete, especially against China. Not only was China’s economy relatively untouched by the crisis, but its 2001 entrance into the World Trade Organization (WTO) only intensified ASEAN concerns. At the same time, the financial crisis also offered China important opportunities to demonstrate regional leadership and its commitment to Southeast Asia, relative to that of other powers. Various high-profile gestures—including a landmark free trade agreement—have helped China improve its image in Southeast Asia. However, this phase is also marked by a more assertive U.S. foreign policy, including renewed attention to Southeast Asia after the September 11, 2001, attacks on New York and Washington. In that Sino-ASEAN relations have demonstrated a historical/structural sensitivity to changes in U.S. policy, recent events could influence relations again, although it is the pace, rather than the course, of ties that is most likely to be affected.


\textsuperscript{32} Jusuf Wanandi, Asia-Pacific After the Cold War (Jakarta: Centre for Strategic and International Studies, 1996).
The Economic Crisis of 1997–99

It is widely agreed that ASEAN felt the effects of the financial crisis on multiple levels. Economically, the crisis destabilized economies and undermined investor confidence in the region. Politically, it unseated governments and helped fragment states. Institutionally, it damaged the credibility of regional organizations like ASEAN and APEC, which found themselves ill-equipped to respond. Moreover, the crisis shifted ASEAN’s own attention inward to fixing domestic problems—mass poverty, ethnic separatism, and internal instability—that member-states thought had been mostly solved. In this sense, there are parallels between this period and ASEAN’s first years, when domestic preoccupations and priorities discouraged more activist regional initiatives.

While the financial crisis certainly had the potential to set back Sino-ASEAN relations, instead, they emerged strengthened. Specifically, the crisis provided China with opportunities to demonstrate its political and economic value as a partner, even a regional leader. China was especially able to take advantage of ASEAN’s disappointment with the international response to the economic crisis. ASEAN found International Monetary Fund (IMF) conditions intrusive, inappropriate, and insensitive to specific economic and political conditions in affected countries; however, its greatest unhappiness lay with the U.S., which was not only associated with the problematic IMF conditions but also was viewed as benefiting from Southeast Asia’s financial problems.

Most of all, ASEAN questioned why the U.S., after pressing members to open their capital markets, did not help Thailand when it got into trouble. Also noted was Washington’s active opposition to Japan’s proposed Asian Monetary Fund (AMF), in contrast to the U.S. reaction to the Mexican peso crisis a few years earlier. During Mexico’s crisis, the U.S. not only set up a fund to help its neighbor but also “strong-armed” allies and international organizations into contributing to it. U.S. readiness to help Brazil and Russia during their crises in 1998 also contrasted with its reluctance in Asia, contributing to feelings of bitterness, even betrayal, in ASEAN, whose members felt they deserved better treatment for having been loyal Cold War allies. The U.S. reluctance to do more for Asia fueled popular sentiment that the U.S. was secretly pleased about the crisis, that it advantaged the American econ-

omy and trade leverage, and that it was for this reason that the U.S. did not more actively help beleaguered East Asian economies.

ASEAN unhappiness, moreover, was not limited to the United States. Some members, especially Malaysia, had hoped that Japan might play a regional leadership role, but as Saori Katada argues, “Japan has not constructed enough legitimacy as a leader in Asia, making Asian countries hesitant to support Japan’s independent initiatives.”\(^{36}\) During the crisis, Japan did demonstrate instances of leadership, including its coordination of, and contributions to, the Miyazawa Initiative, which promised bilateral assistance to affected economies, and IMF packages to Thailand and Indonesia. Most significant was Japan’s AMF proposal, with an anticipated $100 billion in funding, which gained wide support from key Asian countries. Strong objections from Washington, however, effectively killed the proposal, though not regional interest in such a fund. While Japan’s economic contributions and assistance over the past decade and during the crisis exceed that of other major powers, its political immobilism, as well as its perceived tendency to bow to U.S. pressure or support U.S. positions (as it did in the cases of the EAEF, AMF, its stances on APEC, and its desire to include Australia and New Zealand in East Asian groupings), considerably hurt its credibility in ASEAN.

But perhaps most damaging to Japan’s “intellectual credentials” as leader and model of East Asian development, has been its decade-long inability to fix and open its own economy, which sparks an unfavorable contrast between a declining, apathetic Japan and a rising, dynamic China. Japan’s economic problems also contribute to its own ambivalence toward assuming the burdens of regional leadership, as illustrated by internal debates\(^ {37}\) over the AMF and the Comprehensive Economic Partnership with ASEAN, the latter widely noted for its lack of detail and continued reluctance to liberalize agriculture. Even Official Development Assistance, a major tool of Japan’s ASEAN diplomacy since the early 1980s, has been cut (in fiscal year 2002 by 10.3%, or $7.6 billion).\(^ {38}\) In ASEAN, the perceived limitations and problems of Japanese regional leadership, along with unhappinesses with U.S. policy, have thus encouraged increased Sino-ASEAN linkages, in addition to opening the door to possible Chinese regional leadership.


In notable contrast to the U.S. and Japan, China emerged favorably from the crisis. General consensus in ASEAN appears to be that China acted responsibly and helpfully. Not only did China pledge $1 billion to help Thailand, but it also upheld, throughout the crisis, a December 1997 promise not to devalue the yuan, despite some important pressures to do so. In a joint statement on China-ASEAN cooperation issued during that unprecedented 1997 summit between China and ASEAN leaders, China further pledged cooperation “in all areas,” including the South China Sea and trade, and renewed its support (the first nuclear power to do so) for the Southeast Asian Nuclear Weapons Free Zone Treaty. In a written statement, Chinese President Jiang Zemin continued the same theme, emphasizing China’s good intentions and commitment to good relations: “China will forever be a good neighbor, a good partner and a good friend with ASEAN countries.”

China’s actions stood in marked contrast, especially to those of the U.S., which was faulted for not doing enough. As then-ASEAN Secretary-General Rodolfo Severino, Jr., of the Philippines put it in April 1998, “China is really emerging from this [crisis] smelling good. We still have a territorial problem with China, but otherwise things are going well between ASEAN and Beijing.” Indeed, praise for China’s actions during the crisis has become standard fare at meetings between China and ASEAN states. Said Mahathir in 1999, for example,

China’s performance in the Asian financial crisis has been laudable, and the countries in this region . . . greatly appreciated China’s decision not to devalue the [yuan]. China’s cooperation and high sense of responsibility has spared the region a much worse consequence. The price China has to pay to help East Asia is high, and the Malaysian people truly appreciate China’s stand.

As for China, its ASEAN diplomacy continues to reflect many of the same short- and long-term calculations that guided its engagement of ASEAN during the previous period: domestic and regional stability, economic development, and concerns about U.S. influence. Another factor that likely influenced China’s ASEAN diplomacy during the crisis was Taiwan, which saw an opportunity to expand relations with ASEAN. As one of Asia’s least-affected economies, Taiwan had both the ability and desire to help. As Singapore’s Business Times put it, “While the U.S. and Europe have been

reluctant to come up with funds to bail out the region, Taiwan has been vainly trying to give away money for months.”43

During this post-crisis period, Beijing generally has continued to actively engage ASEAN, cultivating its own influence in the region and reassuring ASEAN of its continued interest in stable, even close, relations. If anything, 1997 marked the beginning of a more concerted and focused approach toward Southeast Asia—to quote Jiang, the “beginning of a new stage of development in Chinese-ASEAN relations” involving more active participation, enhanced mutual trust, and strengthened cooperation.44 In the final analysis, the 1997–99 financial crisis can be seen as an important turning point for Sino-ASEAN relations in at least three ways: (1) it shifted the focus to economics and trade, over the political-security issues that dominated during the 1990s; (2) it deepened already-existing inequalities; and (3) it brought into sharper focus ASEAN’s changing relationships with the U.S., Japan, and China.

**China’s Free Trade Area Proposal**

While China’s actions during the financial crisis were very well received in ASEAN, the crisis still heightened anxieties about member-states’ ability to compete with China economically. While such concerns were not new, the crisis, and China’s entrance into the WTO, pushed ASEAN concerns to new levels. Especially because they rely on the same third-country markets (the U.S., EU, and Japan) and export many of the same products, ASEAN states see themselves losing jobs, trade, and investment to China. Moreover, as China’s economic influence grows, so too do concerns about China’s economic and political dominance.

In response, Beijing has emphasized opportunities for cooperation and partnership. Most illustrative of China’s efforts to reassure ASEAN about its continued and long-term interest in good relations is the ASEAN-China Free Trade Area (ACFTA) included in their November 2002 Framework Agreement on Economic Cooperation. ACFTA offers ASEAN members an advance opportunity to enter the China market under reduced tariffs before lower rates are extended to all WTO members. As Malaysia’s Deputy International Trade and Industry Minister Kerk Choo Ting explained, “The FTA would allow for ASEAN to make early inroads into the China market through preferential import duties.”45 ASEAN also expects growing complementari-

---

43. See Bruce Cheesman, “Taiwan Primed to ‘Go South’ in Race for Bargain Asian Assets,” *Business Times* (Singapore), December 31, 1997.
44. “Chinese President Jiang’s Speech at Informal China-ASEAN Summit,” *Xinhua* (December 16, 1997).
ties, as China’s economy becomes more developed and complex, and China’s population grows more affluent. For ASEAN, a U.S. economic downturn has further added to the economic appeal of closer trade relations with China, which offers ASEAN an alternative, and potentially larger, market than that of the U.S. As William Choong of Singapore’s *Straits Times* put it, “At a time when the world’s three biggest economic locomotives are losing steam, many export-oriented economies in Asia are eyeing the spending power of China’s 1.3 billion populace for their economic salvation.”

In addition to trade, the framework economic agreement is also expected to have a positive effect on investment. As Singapore’s Ministry of Trade and Industry website explains, ACFTA means that investors can invest and locate in ASEAN to serve the Chinese market. As China’s economy grows, Chinese investment is also expected to increase. ASEAN hopes that ACFTA will help make ASEAN an attractive first destination and “priority market” for Chinese investment abroad.

Finally, less emphasized but still important, especially given the ASEAN vulnerabilities revealed by the financial crisis, is that association with China offers ASEAN states not only a way to attract trade and investment back to Southeast Asia but also potential insulation from the forces of globalization. As Supachai Panitchpakdi, former deputy prime minister of Thailand, now director general of the WTO, has noted: “With Japan sidelined, I foresee that China’s emergence will stimulate a new economic boom in Southeast Asia between 2005 and 2015. This growth would be more sustainable than previous periods of rapid expansion because intra-Asian trade will be enhanced so much that it will override any fluctuations or vicissitudes coming from the rest of the world.”

The ASEAN-China Expert Group on Economic Cooperation similarly concluded that closer cooperative ties would be a “natural response to regional and global developments during the course of the past decade.”

Still, it is worth noting that it took two years for ASEAN to agree to China’s proposal. At least three issues stand out in assessing ASEAN’s hesitation: (1) persistent uneasiness about China’s regional influence; (2) concern about Chinese competition in domestic markets; and (3) concern about how the agreement would affect ASEAN’s newer members. Notable, however, is China’s willingness to accommodate ASEAN on its most important concerns.

China has offered a number of “sweeteners,” including an “early harvest” provision that gives ASEAN a quick reduction of tariffs on a number of goods, including partial liberalization of its agricultural sector over three years (0% tariffs by 2005). The rest of the agreement would then come into effect in stages, beginning in 2005 and ending in 2010. As part of the framework agreement, China and ASEAN states are negotiating various components of ACFTA, including rules of origin for trade in goods (to be completed December 2003) and trade in goods (to be completed June 30, 2004). ASEAN states and China also begin negotiations on liberalization of services and investment in 2003 that are to “be concluded as expeditiously as possible.”

The framework remains mostly on track, though there remain important domestic concerns that could still complicate the process.

But China’s most significant concessions are those affecting ASEAN’s newest members (Vietnam, Laos, Myanmar, and Cambodia). As lesser-developed economies, these states are especially concerned as to whether ACFTA will open their domestic markets to being “swamped by Chinese goods that are cheaper and of better quality.” Meanwhile, older ASEAN member-states are concerned that unless special attention is paid to newer members, ASEAN as a collective will be increasingly undermined politically and economically by a growing “development gap” between old and new members. Cognizant of these concerns, China has agreed to extend most-favored nation (MFN) status to ASEAN’s newer members, which are not yet WTO members, as well as “special and differential treatment and flexibility in implementation” that gives newer members five extra years, until 2015, to comply with the agreement. In this way, newer members may take advantage of the early entrance into the China market before they themselves have opened their own markets to Chinese competition. In addition, China has agreed to write off the debts owed it by ASEAN’s four newest members.

51. In March 2003, for example, Philippine concerns about domestic industries being able to compete led a Cabinet-level committee to say that the Philippines would not participate in ACFTA’s early harvest program, a decision that was reversed in May from concerns that it would be left behind as others proceeded forward. See Gil C. Cabacungan, Jr., “RP Not Joining ASEAN-China Early Harvest Program,” Philippine Daily Inquirer, March 7, 2003, p. 8; “RP Joining China-ASEAN Deal After All,” Manila Standard, May 9, 2003, via Lexis-Nexis Academic: World News, online, July 3, 2003.
52. Sarasin Viraphol, executive vice president of Charoen Pokphand Group, quoted in “Export Boon for S-E Asia,” Straits Times (Singapore), April 29, 2002.
On China’s part, ACFTA serves important interests, international and domestic, and political as well as economic. In addition to shared concerns about economic globalization and the regional integration of Europe and North America, the Sino-ASEAN relationship gives China greater negotiating leverage vis-à-vis other regional groupings and in global forums like the WTO. Domestic considerations also remain important, because the legitimacy of the Chinese Communist Party increasingly rests on its ability to maintain economic growth and domestic stability. At the very least, China has every interest in creating and maintaining a stable and friendly regional environment so that it can focus on the domestic challenges ahead. ACFTA may also help stimulate development and growth in China’s southern and western provinces, where much of China’s minority population lives, and where development has lagged that along the eastern seaboard.\(^{55}\) Finally, while China’s economy escaped the financial crisis relatively unharmed, the likelihood of a similar future crisis spilling over into China will only grow, as it continues to move toward a more comprehensive liberalization of its economy and financial markets. It is therefore in China’s interest that ASEAN economies are also stable and strong.

But perhaps most important is China’s interest in a friendly, or at least neutral, ASEAN, both for the domestic and economic reasons cited and because of continued uncertainties in Beijing’s relations with Washington. As Professor Shi Yinhong of China’s School of International Studies at Renmin (People’s) University put it, ACFTA is about more than economics; it also carries “great strategic meaning to China.”\(^{56}\) Certainly, the current U.S. administration has made no secret of the fact that it views China as a potential competitor. Thus, while the war on terrorism has provided important opportunities to stabilize the U.S.-China relationship after a difficult two years, China cannot help but view with wariness current U.S. efforts to cite the threat of terrorism as a means to strengthen its strategic presence in East and Southeast Asia. In solidifying China’s influence along its southern periphery, the FTA arrangement with ASEAN helps Beijing support its long-term interest in mitigating, if not countering, U.S. influence in Asia.

Finally, in offering the concessions it did, China has also bolstered its regional leadership credentials and its image as a responsible big power in Southeast Asia. By most accounts, China’s concessions have served its purposes well, building on the positive sentiments that emerged during the financial crisis. As Singapore’s Trade and Industry Minister George Yeo revealed, ASEAN states were initially shocked by the proposal, and uncertain how to

\(^{55}\) See “Southwest China Anticipates Free Trade with ASEAN,” *Xinhua*, September 9, 2002.

interpret it, mostly because of the already “heavy price” China paid to enter the WTO.\textsuperscript{57} Noting China’s far-reaching commitments, the scholar Nicholas Lardy, for one, has argued that the “WTO-plus terms imposed on China . . . are so onerous that they violate WTO principles.”\textsuperscript{58} Thus for ASEAN, China’s proposal was indeed a shock, but it also demonstrated China’s commitment to the relationship. Consequently, though ASEAN concerns about Chinese influence remain very real, the decision was made to take China’s proposal at face value, as a friendly gesture and expression of China’s intent to be a “long-term friend.”\textsuperscript{59}

On the question of regional leadership, it is also worth noting that in comparison to Japan’s and America’s mostly reactive proposals, ACFTA stands out for the concessions offered to both old and new members, and for being the only initiative offered to ASEAN as a collective. In the case of the U.S. proposal, called the Enterprise for ASEAN Initiative (EAI) and offered in late 2002, the condition that parties be members of the WTO means that ASEAN’s newer members could be left out. The bilateral approaches of the U.S. and Japan are viewed warily because they could potentially feed centrifugal tendencies in ASEAN. ASEAN also reportedly rejected Japan’s original draft declaration for its overemphasis on bilateral ties at the expense of relations with ASEAN as a group.\textsuperscript{60} Of course, to say that China’s proposal was the most substantive is not to say that ASEAN did not welcome the U.S. and Japanese initiatives, quite the contrary. Rather, the point is that China’s attention to ASEAN as a group is a welcome boost, in that it has helped to renew third-party interest in ASEAN, and because it signals China’s recognition of ASEAN’s value as a collective entity. As Sheng Lijun of Singapore’s Institute of Southeast Asian Studies argues, China’s treatment of ASEAN “as one single identity . . . is exactly what ASEAN needs at this critical moment of its survival crisis.”\textsuperscript{61}

In this vein, other gestures also stand out, including Hu Jintao’s visits to Singapore and Malaysia in early 2002, just before his first official visit to the U.S. As the head of China’s next generation leadership, Hu thereby assures

\textsuperscript{57} George Yeo, quoted in “China’s Free Trade Proposal Shocked ASEAN,” Agence France-Presse, March 15, 2002; interview with Barry Desker, director of the Institute of Defense and Strategic Studies, Singapore, August 2002.


\textsuperscript{60} Japan’s response was complicated by differences between the Ministry of Foreign Affairs and Ministry of Economy, Trade, and Industry, the former preferring the bilateral approach, and the latter originally pursuing a group approach to ASEAN. See “Japan’s Regional Grand Design, \textit{Business Times}; Fukazawa and Ishii, “China’s ASEAN Strategy Outmaneuvers Japan.”

\textsuperscript{61} Marwaan Macan-Markar, “ASEAN to Profit from Free Trade Pact with China,” \textit{Inter Press Service}, October 18, 2002.
ASEAN of the importance and continuity of their ties. By almost all accounts, Hu’s visits, which involved substantive discussions on trade, terrorism, and U.S.-China relations, and likely some consultation on his U.S. trip, went over very well in both countries.

In short, at its most basic level, ACFTA is a reaffirmation of Sino-ASEAN relations in the face of new economic and political challenges. On China’s part, especially, its interests in proposing ACFTA are more political than economic, with ACFTA seen as a means of allaying ASEAN concerns about China’s regional designs. China has sought a friendly regional environment that will mitigate U.S. influence in the region, allow Beijing to concentrate on more pressing domestic concerns, and at the same time strengthen its credentials as a regional leader. ASEAN’s views are more mixed. On the one hand, it welcomes China’s concessions and attention, but it also remains concerned about unmitigated Chinese influence. Mostly, there is the growing sense that closer economic association with China may be less a choice but a necessity, and despite the significant improvement in relations, ASEAN governments still have important reservations about Beijing.

Nonetheless, it is China that is providing ASEAN with important investments, loans, and aid packages for a diversity of development projects, including civil works and high technology parks, not the other way around. Thus, one of the important contrasts between the current period of relations and the last is that China began this most recent period with strength and increased confidence. The situation was just the opposite for ASEAN. While relations between China and ASEAN have always been unequal, from 1989 to 1997, ASEAN at least had some leverage, owing to high economic growth rates and the worldwide perception of Southeast Asia as an economically dynamic region. If there had been doubt before the crisis about how much ASEAN might influence China’s behavior, there is none today. Such concerns will mean that ASEAN will continue to seek other arrangements to offset China’s influence in Southeast Asia.

U.S. policies could still slow down the momentum of Sino-ASEAN trade and political relations, though they are unlikely to completely derail it. There is little doubt, for example, that ASEAN states are keen to develop FTAs with the U.S., as illustrated by Malaysia’s reconsideration of bilateral FTAs, which it previously rejected outright. Thailand has already begun talks with the U.S., while Philippines President Gloria Macapagal Arroyo has urged her ASEAN colleagues to consider the EAI seriously. If the EAI slows down ACFTA, however, it will likely be because the U.S. remains the more important trading relationship, and ASEAN simply does not have the resources or

---

62. Of interest, Hu’s and Singapore’s Lee Kuan Yew’s visits to the U.S. overlapped, and were followed within two weeks by Mahathir’s.
knowledgeable personnel to devote to both free trade agreements at the same time. Also, in view of U.S.-ASEAN differences over trade and human rights over the past 15 years, it is worth noting that for ASEAN, U.S. hegemony has its own problems. Thus, it is very likely that alongside these various free trade arrangements, there will also be continued movement toward an exclusive East Asian economic grouping with China, Japan, and South Korea. Such a grouping would address not only ASEAN’s unease about Chinese (and Japanese) dominance but also growing concerns over the past decade that the U.S. cannot be depended upon to represent or support Southeast Asian interests. One should also not underestimate the appeal of the idea of a resurgent Asia vis-à-vis the West.

The U.S. War Against Terrorism

It is too early to say just how much or how little the war on terrorism will affect Sino-ASEAN relations. Concerns about terrorism have refocused U.S. attention on Southeast Asia in ways that may rejuvenate U.S.-ASEAN relations, with possible implications for China. Already, anti-terrorism efforts have reinvigorated Philippine-American security relations, as illustrated by the presence of 500 U.S. Special Forces troops sent to advise the Philippine military in their fight against the Abu Sayyaf group in 2002, and Washington’s promise of nearly $100 million in new aid and equipment for counterterrorism efforts. The U.S. has also renewed attention to Indonesia, which was promised over $700 million for counterterrorism, along with administration efforts to get Congress to loosen the 1993 restrictions placed on military aid and sales to the Indonesian military after its human rights abuses in East Timor. Even Malaysia’s relations with the U.S. have greatly improved after a prickly decade, as illustrated by Mahathir’s May 2002 visit.

Because the U.S. had made important overtures to key strategic actors in Asia (Japan, Australia, the Philippines, as well as Indonesia) even prior to September 11, there are certainly suspicions in Beijing that the war on terrorism is simply a U.S. excuse to rejuvenate strategic relationships in Asia with an eye toward future conflict with China. Even without President George W. Bush’s earlier references to China as a “strategic competitor,” the Defense Department’s assessments of Chinese capabilities and U.S. strategic priorities had reached similar conclusions. Thus, it is no surprise that despite improved relations with the U.S. since September 11, Beijing remains deeply

suspicious of U.S. motives. There also remain concerns about possible isolation and encirclement by hostile powers: Beijing is uneasy about the U.S. involvement in Central Asia, including a possible military base in neighboring Kyrgyzstan; uncertain about U.S. relations with Russia and the NATO expansion;66 concerned about U.S. activities in Southeast Asia, including Vietnam, where, during a 2002 visit, U.S. Admiral Dennis Blair expressed possible interest in leasing Cam Ranh Bay, which was followed by Jiang Zemin’s sudden trip to Vietnam the same month (Vietnam has denied interest in leasing the base to anyone).67 Statements criticizing the U.S. for its expanded military presence worldwide also point to Chinese concerns about the open-endedness of the U.S. anti-terrorism campaign.68 China also cannot view as positive the arguments of “regime change” associated with the war against Iraq. All this suggests that good relations with ASEAN are likely to remain a priority.

For ASEAN’s part, interests lie in good relations with both the U.S. and China, but perhaps even more critical are stable U.S.-China relations: ASEAN can only lose, if ever forced to choose between them. Despite ASEAN unhappiness with the U.S. over the past decade, the grouping continues to value the U.S. role in maintaining regional stability. At the same time, the relationship cannot be taken for granted. Developments over the past decade already point to divergence on some key issues. Moreover, though the war against terrorism may strengthen U.S.-Philippine relations, it may also complicate U.S. relations with much of the rest of Southeast Asia. Not only are there important differences over terrorism (its definition, its sources, or how best to fight it), but also, U.S. policies, including the war against Iraq, may give rise to more extremist voices in Muslim Southeast Asia, which would limit the ability of ASEAN governments to work with the U.S. Even those governments most supportive of U.S. policies may find themselves constrained—Manila because of domestic opposition, and Singapore because different policies could aggravate its relations with its neighbors. Unhappiness with U.S. unilateralism also continues to be widespread, which the war with Iraq is not likely to help; even those supportive of U.S. policy have been critical of the way in which it has been carried out. The danger here is that instead of rejuvenating relations, recent developments could instead augment

66. China’s creation of the Shanghai Cooperation Organization (with Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) appears aimed at stemming Western influence.
differences between the U.S. and some ASEAN states (most notably Indonesia and Malaysia), with no corresponding advantages for the region.

Conclusion

Sino-ASEAN relations have expanded considerably since 1989 due to concerted efforts by each side to engage the other. Relations have consequently become more complex, involving interdependent economic and political-security interests, and a mix of bilateral and multilateral activities. Chinese foreign policy, especially, has shown dramatic changes that underscore Beijing’s priority of economic growth and its interest in taking a larger role in the regional and global communities. In support of these domestic, regional, and global interests, the 1990s saw China place increasing emphasis on its relations with ASEAN. China’s transformation on the issue of multilateralism is especially dramatic; the country has moved from “skeptic to observer to participant as a dialogue partner with ASEAN and [with] full membership in the ARF”\(^{69}\) and other regional arrangements. Meanwhile, ongoing economic reforms and engagement with the wider world have made China both stronger and more vulnerable, and thus likely to continue pursuing closer ties with ASEAN. Regarding the U.S., Beijing remains very interested in good relations, but it is also uncertain about its standing with Washington. In this sense, China’s proactive efforts to deepen its relations with ASEAN are aimed at buffering the nation and mitigating U.S. influence in the region, underscoring again such links have strategic, as well as economic, value.

On ASEAN’s side, it has expanded bilateral and multilateral linkages with China in a context of diminished U.S. benevolence and heightened Chinese influence. Economically, ASEAN sees in China an additional market for products that could offset members’ vulnerability to globalization and to changes in U.S. policy and/or its economy. Especially since the financial crisis, ASEAN states have increasingly valued China as an economic partner.

Still, political-security concerns about China’s rising influence remain important, even if less prominent; there is little doubt that the economic crisis has underscored historical and material asymmetries. While China’s post-Tiananmen policy has gone a long way toward reassuring ASEAN states, it has not completely eliminated concerns about China’s long-term intentions. Thus, ASEAN will continue to encourage multilateralism in an effort to mitigate Chinese influence and to ensure that there will still be a “role for the small and medium size states of Southeast Asia.”\(^{70}\) For that reason, China


has taken great care to emphasize cooperation and interdependence over competition and dependence. As Hu Jintao put it during his April 2002 visit to Malaysia, “China’s development would be impossible without Asia, and Asia’s prosperity without China.”

Far from being “a growth spoiler” for the rest of Asia, China has portrayed itself as “a growth driver,” even a stabilizing “ballast” that can steady East Asia in the face of turbulent global forces. Thus, as a formal expression of growing economic interdependence, the FTA arrangement responds to these concerns by explicitly linking the ASEAN and Chinese economies.

Hu Jintao’s 2002 visits were similarly designed to reassure and to signal ASEAN that China continued to value the relationship, despite uncertain and changing politics. It is this kind of focused attention to ASEAN—especially at a time when China seems to be less economically pressed to do so—that has nourished a cache of goodwill in Southeast Asia and slowly nudged ASEAN toward more favorable views of China.

---
