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DYNAMICS OF REGIONAL (IN)SECURITY IN THE POST-COLD WAR ERA: CHINA AND SOUTHEAST ASIA

Yansheng Ma

Department of Political Science

McGill University

Montreal, Canada

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ABSTRACT

This thesis has explored two basic themes in post-Cold War international relations. The first is the transformation of the global and regional security environments leading to a projected decline in the importance of traditional realist-style security problems. The second is the supposed shift in state behavior with conflictual strategies giving way to accommodation. These presumed trends are explored in the context of Southeast Asia and, more specifically, China's security strategies and relations in the region. This study argues that conventional security problems have declined in Southeast Asia in the short term but still remain prominent. In terms of policies, while China's goals remained partly revisionist with regard to territorial issues and status/power relationships, its approaches became more accommodative in coping with disputed issues in the region. This was manifested above all in its gradual acceptance of a multilateral framework for dialogue on regional security issues and in its willingness to undertake some confidence building measures in the military area. This shift can be explained partly in terms of China's external political concerns at both the global and regional levels. The more fundamental explanation, however, lies in China's drive for economic modernization with an accommodative regional strategy intended to ensure the flow of external resources required for this purpose.

RESUME

Ce mémoire explore deux thèmes centraux des relations internationles de l'áprès-Guerre froide. Le premier est la transformation des environnements de sécurité global et régionaux, qui laisse entendre un déclin de l'importance des problèmes de sécurité tels que traditionalellement définis par l'approche réaliste. Le deuxième est le changement dans le comportement étatique, d'une position conflictuelle à une approche d'aménagement des différends. Ces phénomiénes sont abordés dans le contexte de l'Asie du sud-est et, plus spécifiquement, par rapport aux stratégies de la Chine dans le domaine de la sécurité et de ses relations régionales. Cette étude démontre que les problèmes conventionnels et matière de sécurité ont diminué en Asie du sud-est, mais seulement à court terme. Ils demeurent prédominants. Au niveau des politiques de la Chine, les objectifs de celle-ci restent partiellement révisionnistes en ce qui a trait aux questions territoriales et aux relations de pouvoir. Son approche face aux disputes régionales a été plus accomodatrice. Ceci s'est manifesté surtout dans son acceptation graduelle d'un cadre de dialogue multilatéral sur les questions de sécurité régionale, ainsi que par sa volonté d'entrependre des measures de confiance mutuelle dans le domaine militaire. Ce chagement peut s'expliquer en partie par les préoccupations politiques externes de la Chine, tant au niveau gobal qu'au niveau régional. Mais l'explication la plus fondamentale réside cependant dans la volonté de modernisation économique de la Chine, qui se développe au sein d'une stratégie de négociation régionale visant à lui assurer l'influx des ressources externes nécessaires.

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INTRODUCTION

Basic Themes

The drastic political transformation in East Europe in the late 1980s and early 1990s brought an end to the Cold War between East and West that had shaped the world and regional orders since the end of the World War II. This was followed by predictions of the transformation of international relations and major changes in the security agenda of states, particularly the decline in the importance of traditional realist-style security problems. There were also expectations of significant shifts in state behavior, with conflictual strategies giving way to more accommodative or even cooperative approaches. This thesis seeks to explore the applicability of these twin predictions to the post-Cold War developing world, specifically the Southeast Asian region.

Many analysts have argued that these transformations are limited to the developed world (core) comprised of the Western major powers and other industrialized countries. The developing areas of the world (periphery), for their part, are viewed as zones of continuing turbulence and conflict. Analysts have different views, however, on the nature of the expected turbulence and consequently on the type(s) and severity of the security concerns confronting developing countries.[1]

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[1] I would like to thank my thesis supervisor Prof. Paul Noble for his help in applying the competing perspectives to the analysis of international relations in the developing world.

For James Goldgeier and Michael McFaul, the developed world is likely to be characterized by peace and stability due to changes in the nature of states and the presence of numerous factors which serve as constraints on conflict and violence (notably the balanced diffusion of nuclear weapons, economic interdependence, shared values, and democracy). In contrast to this Lockeian core, they envisage a Hobbesian periphery in which, in addition to the usual impact of conditions of anarchy, there are a range of conditions that generate considerable interstate conflict/violence. These include widespread and often acute differences over distributional issues (territory, resources, power and influence) that serve as important motivating factors for conflict and the absence or weakness of the factors which serve as constraints on conflict/violence in the developed world. As a result, the periphery will be characterized by persistent revisionism, arms buildups, and coercive pressures. This ensures the continued prominence of realist-style territorial/existential, power-political and even military security concerns.[2] Conflictual strategies will therefore remain predominant. Max Singer and Aaron Wildavsky, on the other hand, concede that interstate conflict and violence persist in the periphery, but argue that parts of the developing world are beginning to experience some transformation, notably economic development, some degree of economic liberalization, and growing links to the global economic system (Southeast Asia for example).[3] This serves to mitigate the potential for conflict and even to generate incentives for the adoption of accommodative and cooperative approaches to security in these areas.

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[2] James M. Goldgeier and Michael McFaul, "A Tale of Two Worlds: Core and Periphery in the Post-Cold War Era", *International Organization*, 46, 2 (Spring 1992), pp. 479-480.
[3] See Max Singer and Aaron Wildavsky, *The Real World Order*, (Chatham House Publishers, Inc., 1993).

Other analysts specializing in the developing world do not focus on traditional realist-style security problems as the defining feature of the periphery. Instead, their emphasis is placed on non-conventional security problems, particularly the pressures and challenges arising from conditions of political and economic underdevelopment. These, it is argued, will often lead to acute internal political conflict/instability (including the breakdown or breakup of states) and substantial economic dependence on, and vulnerability to, pressures from the core states. In short, the turbulence and security problems confronting the developing world will be primarily internal/transnational (i.e. non-conventional) in character. For example, Yezid Sayigh argues that "too often the issue of security has been analyzed in terms of power relations between states, and even more specifically in terms of military defense against external threats. Yet for the vast majority of developing countries, security is a far more complex phenomenon. The internal and external levels of national security are interdependent. For countries suffering from economic and infrastructural underdevelopment, unstable political systems, and ethnic or other social cleavages, a wide variety of problems pose security threats because they undermine the autonomy and survival of the state from within. These various internal dilemmas form the main security challenge for most developing countries, or at least are the main cause of vulnerability to external or military threats". In Sayigh's view, the key to achieving security for any state in the developing world lies in its ability to manage its security environment at three levels: domestic, regional and international, of which the first is the determinant one.[4] Mohammed Ayoob points out that the Third World's security problems in the post-cold War era arise only partially from the emerging balance of power among

[4] Yezid Sayigh, *Confronting the 1990s: Security in the Developing Countries*, IISS Adelphi papers 251, (London: IISS/Brassey's).

the great powers; these problems arise even more from the weakness and vulnerabilities within Third World states.[5] Barry Buzan notes that since the political and military confrontation between the superpowers has wound down, non-conventional concerns, such as economic, societal and environmental issues, are pushing their way into the top ranks of the international security agenda. However, the security agenda of states in the periphery also will be affected by the new patterns of relations among the major powers.[6]

On the related issue of shifts in national strategies, accommodation has to this point constituted a relatively neglected problem area in an International Relations field that has concentrated heavily on conflict. The peaceful end of the Cold War stimulated interest in the topic but attention has tended to center largely on major power relationships. To achieve a broader understanding of accommodative processes/strategies, it would be useful to widen the scope of inquiry to encompass relationships among developing countries as well.

There are basically two forms of accommodation, procedural and substantive. In *procedural* accommodation the parties in conflict are aware of the incompatibilities of their core interests and values but agree to limit the methods used in pursuit of their incompatible interests (e.g., arms control). *Procedural* accommodation may be followed by *substantive* accommodation in which states seek to reduce and possibly even eliminate their incompatibilities.[7] Our main interest here is not only the extent of any shift toward accommodative policies, but also the factors which account for such shifts. Previous

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[5] See Mohammed Ayoob, *The Third World Security Predicament*, (Boulder and London: Lynne Rienner Publishers, 1995).

[6] Barry Buzan, "New Patterns of Global Security in the Twenty-first Century", *International Affairs*, 67,3 (1991), pp. 432-433.

[7] I am grateful to Prof. Paul Noble for pointing out this distinction and for his insights into the topic of accommodation.

studies have tended to concentrate on largely realist-style characteristics of bilateral conflict relationships or the parties' perception thereof, for example, the existence of a hurting stalemate,[8] perceptions of probable loss (prospect theory)[9] or irreversible decline[10] and expectations of reciprocity.[11] Such external political factors, whether at the bilateral, regional or global level, are bound to play an important role as explanatory factors in the emergence of any accommodative policy. However, special attention also needs to be paid to factors which are particularly prevalent among developing states, notably economic development and domestic political instability.[12] Thus while the literature on accommodation features gain/loss and cost/benefit calculations among its main explanatory factors, it is largely external gains/losses which are considered. Among developing countries, however, domestic economic and political gains/losses are expected to figure prominently in any decision making.

Specific Context

This thesis attempts to explore the above-mentioned two presumed trends, namely the *positive transformation of the security environment* and *changes in national strategies* in the context of Southeast Asia and, more specifically, China's security strategies and relationships in this region in the post-Cold War era.

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[8] See William Zartman, *Ripe for Resolution: Conflict and Intervention in Africa*, (Oxford: Oxford University Press, 1983).

[9] See Janice Stein, "International Cooperation and Loss Avoidance: Framing the Problem", *International Journal*, 47,2 1992.

[10] See William C. Wohlforth, "Realism and the End of the Cold War", *International Security*, 19,3 (Winter 1994/95).

[11] See Richard N. Lebow. "The Search for Accommodation: Gorbachev in Comparative Perspective", in Richard N. Lebow and T. Risse-Kappen (eds.), *International Relations Theory and the End of the Cold War*, (New York: Columbia University Press, 1994).

[12] See Haroon Bhatti, *Dynamics of Accommodation in the Developing World*, (M.A. thesis, Department of Political Science, McGill University), 1999.

Southeast Asia is of great strategic importance in global geopolitics, not only because its geographic location holds the control of the sea lanes linking the Pacific and Indian oceans, but also due to its rapid rise in the global political and economic arenas in the past decade. China borders on Southeast Asian states by both land and sea. China has been closely related to Southeast Asia geographically, historically, and ethnically; it also has major political, economic and security interests in the region. For centuries, Southeast Asia was considered as an integral part of China's security environment. Today, the region is China's most important gateway to the outside world.

Since the end of the Cold War, the regional security environment and China's relations with Southeast Asia have been one of the most important areas in the study of East Asia international relations and regional security. However, there are widely divergent perspectives on the subject. Due to ideological and political differences or bias, most *Western* analysts have focused their attention on the negative side of China's rapid rise. Thus China is perceived as both an immediate threat and a potential danger to regional peace and security. Most *ASEAN* analysts appear to accept the perception of the "China threat", and eye China with concern but not alarm. Their worries currently center on China's intentions and behavior in unsettled regional disputes as well as the direction of its military modernization. *Chinese* analysts seem to have had fewer interactions with their foreign counterparts. Due to ideological and political reasons, most Chinese analysts carry out their studies in line with official views or positions, laying more stress on the positive side of China's relations with Southeast Asia and the negative side of external major power involvement in the regional security environment, while overlooking the complexity and seriousness of some disputed issues between China and Southeast Asian

states. Overall, it is felt that there may be a lack of comprehensiveness and objectiveness in the available literature of different scholarship on the subject matter of this research. Therefore, I intend to carry out this research by taking into account all useful points of view of analysts with different backgrounds and perspectives.

Research Questions

The following two main research questions will be explored in this thesis:

1. In what ways, if any, has the Southeast Asian security environment changed from the Cold War to the post-Cold War era?

Here I am concerned with the sources, degree of seriousness, and relative importance of the main types of security problems in Southeast Asia in the post-Cold War era as compared to the earlier (late Cold War) period.

In particular, how serious are conventional realist-type security problems? Have they declined in importance as predicted? What forms have these problems taken in the 1990s (territorial disputes, status and power rivalries, arms buildups, alignments/alliances, balancing activities, coercive diplomacy?)? To what extent have these originated from the policies/activities of the major powers? From the policies/activities of regional states operating individually or jointly (ASEAN)?

How serious are non-conventional security problems in the region? Have they grown in importance as predicted? What form have these problems taken (internal political instability, transnational political-ideological pressures, the spread of economic difficulties, formation of competitive economic groupings?)?

How has the new security environment affected China's security situation? Do regional developments constitute pressures, constraints, or opportunities for China?

2. *In what ways, if any, have China's policies/strategies towards Southeast Asia changed in the post-Cold War era?*

Initially I will seek to identify the mix of conflictual, accommodative, and cooperative components in China's policies/strategy toward Southeast Asia prior to the end of the Cold War. Then I will analyze the extent to which this mix has changed.

To what extent is China pursuing conflictual policies/strategy toward Southeast Asia in the post-Cold War era? In what relationships/issue areas is this manifested? To what extent has China modified its strategy and attempted to pursue policies of accommodation or cooperation during this period? In what issue areas/relationships? If policies of accommodation are pursued, do they involve procedural accommodation alone or actual substantive accommodation? What factors explain China's choice/mix of strategies, particularly any shift toward policies of accommodation or cooperation?

What was the role played by *global level factors*, for instance pressures or incentives from other major powers,[13] concerns about the impact of China's policies on relations between other major powers and regional states, or on relations between China and these powers,[14] political-military or economic factors?

What was the role played by *regional or bilateral level factors*, for instance the policies/activities of regional states, expectations of reciprocity from these states, the

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[13] Also see Bhatti, *Dynamics of Accommodation in the Developing World.*

[14] Jinping Guo, *The Dynamics of Accommodation: China's Strategy toward the ROC (Taiwan)*, (M.A. research paper, Department of Political Science, McGill University, 1996), p. 6.

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changing distribution of power or pattern of alignment in the region,[15] the existence of hurting stalemate, perception of probable loss or gain, either political-military or economic, in the region?

Finally, what was the role played by *national level factors*, for example domestic economic and political concerns?

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[15] See William C. Wohlforth, "Realism and the End of the Cold War", *International Security*, 19,3 (Winter 1994/95).

Chapter 1

THE LATE COLD WAR REGIONAL
SECURITY ENVIRONMENT

In the Cold War era, the Southeast Asian regional security environment was shaped primarily by political-ideological and military confrontations of external major powers. In the 1950s and 1960s, conflicts in the region were generated mainly by ideological struggles at the domestic level. In the state formation process after achieving independence from the colonial powers after World War II, newly installed national governments were backed by the Western powers, whereas militarized communist insurgencies were supported by the communist powers. Domestic conflicts were centered on political identity, organizing ideology, and regime legitimacy. In the 1970s and 1980s, interstate conflicts became particularly acute in mainland Southeast Asia (or "Indochina"). The Vietnamese-Cambodian conflict was most prominent in the late-Cold War period. All major conflicts, intrastate or interstate, drew in external interventions from the two superpowers and China. In other words, the political-ideological and military confrontations between the above three major powers, with different rivalries in different periods, were the determinants of the regional disorder throughout the Cold War era.

Major Power Rivalries in Southeast Asia

Southeast Asia was a focus of interest and rivalry for the major powers since the end of World War II. The old regional order in the region, as Amitav Acharya defines it, "was determined by the two Cold Wars in Asia as a whole: the East-West (US-Soviet) and East-East (Sino-Soviet) rivalries. As a region in which the geopolitical, ideological and national security interests of three great powers—the United States, the Soviet Union and China—intersected, Southeast Asia was subject to an intensely competitive pattern of great-power involvement from the 1950s onwards".[1] The different strategic interests of the three major powers led them to contest each other's political and military influence and vie for their respective regional allies by supporting local political forces. Most of the new post-colonial national governments that had dependent relationships with their former colonial masters were supported by the United States and its Western allies, while communist regimes or opposition forces were influenced or manipulated by the Soviet Bloc and China. To prevent the spread of communism in the region and to contain "communist China", the United States demonstrated the strongest presence in Southeast Asia between 1945-1975. It helped to get non-communist states aligned and consolidated with political and military support. It also intervened directly in the Vietnam War with a huge military input. The internal conflict in Vietnam between the North and the South over regime legitimacy and organizing ideology was rooted in the colonial era, but it became transformed into the political and military confrontations between the United

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[1] Amitav Acharya, *A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era*, IISS Adelphi Paper 279 (London: IISS/Brassey's, 1993), p. 7.

States and the communist powers. After its defeat in the Vietnam War in 1975, the US partially disengaged from Southeast Asia. This gave way to the Soviet strategic expansion in the region. Owing to the strategic importance of Southeast Asia and the new situation in the region that called for a realignment of forces, the US maintained alliances with Japan and some ASEAN states and further improved its relations with China. With such arrangements, the US hoped to maintain its presence in the region and contain Soviet-Vietnamese expansionism.[2]

The Sino-Soviet dispute occurred during the height of the Cold War. In Soedjati Djiwandono's view, "it was no less significant than the Cold War for the security of the Asia-Pacific region, and particularly Southeast Asia, as it ushered in a period of constant realignment among communist nations in Asia".[3] Since the US withdrawal from Vietnam in 1975, the congruence of Sino-Soviet rivalry with the Sino-Vietnamese conflict replaced American predominance in Southeast Asia. The Soviet Union influenced its Indochinese allies headed by Vietnam to contain China, whereas China tried every bit to counter the Soviet "encirclement". While the Sino-Soviet rivalry seemed to be a dispute over ideology, it had much more to do with the two countries' views of each other as immediate security threats. The conflict of national security interests outweighed their common ideological interest in opposing US influence. However, the two superpowers' rivalry and contention was dominant in Southeast Asia, particularly in Indochina throughout the Cold War era. As Alagappa points out, "the superpowers' interest and rivalry focused primarily on the Indochina complex, because it

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[2] See, for example, Likhit Dhivaregin, "ASEAN and the Major Powers in the 1990s", *The ASEAN Reader*, p. 455.
[3] J. Soedjati Djiwandono, "The Strategic Dynamics of Post-Cold War Southeast Asia", in Denny Roy (ed.), *The New Security Agenda in the Asia-Pacific Region*, (London: MacMillan Press Ltd., 1997), p. 170.

is an integral part of China's security environment. The 'containment of China' policies of the US and later the Soviet Union, and the Chinese responses to these policies internationalized domestic and intra-regional conflicts, making Indochina a battlefield of the Cold War and Sino-Soviet conflict".[4]

Major power rivalries and contentions in the region were characterized not only by the bipolar competition between the United States and the Soviet Union as superpowers, but also by the so-called "strategic triangle" formed by the two superpowers and China as a regional power. Of the major powers, China is the closest and, in fact, a part of the region in a number of ways. It alone shares land and maritime boundaries with several states in the region and has territorial claims in the South China Sea which cut deep into the Southeast Asian region. Beijing views the region, especially mainland Southeast Asia, as an integral part of its security environment. Consequently, Chinese interests and stake in Southeast Asia are greater and more durable. Beijing was opposed to domination of the region by any other major powers and to regional groupings or alliances that it perceives as antagonistic. The "strategic triangle", according to Roy, refers to "the relationship in which China held a flexible position vis-à-vis the United States and the Soviet Union, affording Beijing the opportunity to benefit by playing the two superpowers against each other".[5] This was evident in Chinese security strategies from the early 1970s to the early 1980s, during which the Sino-American rapprochement and "quasi-alliance" contributed substantially to counterbalancing the Soviet global and regional assertiveness. From 1982, China began to adopt an "independent" foreign policy, seeking more balanced

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[4] Alagappa, "The Dynamics of International Security in Southeast Asia: Change and Continuity", *Australian Journal of International Affairs*, 45,1 (May 1991), p. 33.
[5] See Denny Roy, *China's Foreign Relations*, (Boulder and Oxford: Rowman & Littlefield Publishers, Inc., Lanham, 1998), p. 28

relations with both superpowers in order to prevent itself from being controlled by either of them.

Overall, the impact of the old regional order during the Cold War was double edged. On the negative side, major power interventions helped internationalize local conflicts and fuel regional rivalries, whereas on the positive side, major power competition helped prevent the emergence of a single hegemonic power capable of dominating Southeast Asia.[6] Nevertheless, during the Cold War superpower rivalries in Southeast Asia constituted a significant conventional security concern for China.

China and Mainland Southeast Asia

At the purely regional level, mainland Southeast Asia also posed substantial realist-style security problems for China. After its national reunification in 1975, Vietnam sought to extend its influence over neighboring Cambodia and Laos in the form of a proposal for an overall "Indochina Federation" under Vietnamese leadership. In the same period, after the US withdrawal from Vietnam, the Soviet Union sought to expand its influence in Southeast Asia. For the Soviets, such a federation under Vietnamese control would serve their strategic interest of encircling and containing China in the region. Vietnamese strategy to consolidate its predominant position in mainland Southeast Asia required political, economic and military resources well beyond its capabilities. With the termination of all Chinese economic assistance, Vietnam consequently entered into an economic and military alliance with the Soviet Union by a bilateral amity treaty. Vietnam

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[6] See, for example, Acharya, *A New Regional Order in South-East Asia*, p. 11; and Tang Pingshan, "Situation of Southeast Asia: Retrospect and Prospect", *Asia-Pacific Studies*, No. 1, (1993), p. 55.

was offered a full membership in the Council for Mutual Economic Assistance (CMEA) of the Soviet Bloc. From 1978 to 1984, the Soviet Union provided Vietnam with US$5 billion of military aid and $4 billion of economic assistance.[7] In return, the Soviet Union was offered military bases in the south coast of Vietnam. For Moscow, alliance with Vietnam had the potential to create insecurity for China on its southern flank, and through Hanoi, the Soviet Union could become a major actor in Southeast Asia. Access to military facilities in Vietnam also facilitated Soviet military competition with the United States in the South China Sea and the Indian Ocean.

China viewed the Soviet-Vietnamese alliance not only as an immediate threat to its national security, but as encouraging Vietnam to pursue its hegemonic ambitions in Southeast Asia. When Cambodia's Khmer Rouge leadership rejected the Vietnamese proposal and continued with campaign of violent domestic repression, Vietnam invaded and occupied Cambodia, thereby regionalizing the conflict. In its own security interest, China opposed the Vietnamese regional expansion strategy; Beijing publicly declared its commitment to the independence and sovereignty of Cambodia and began to engage in coercive diplomacy vis-à-vis Vietnam. This led to the swift escalation of a full-scale conflict between China and the Vietnam in 1978. Alagappa observes that "China and Vietnam viewed each other as having betrayed trust and as engaging in activities that undermined the security of the other country. Hanoi interpreted Beijing's military assistance to the Khmer Rouge regime as an attempt by China to deny Vietnam's legitimate security interest and as the continuation of a policy designed to deny the unity

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[7] Xiaobo Lu, "China and Southeast Asia", in Yufan Hao and Guocang Huan (eds.), *The Chinese View of the World*, (New York: Pantheon Books, 1989), p. 204; and Jacquelyn K. Davis, "Soviet Strategy in Asia: A U.S. Perspective", in Charles E. Morrison (ed.), *Threats to Security in East Asia-Pacific*, (Lexington & Toronto: Lexington Books, D.C. Heath and Company, 1983), p. 24.

of the Indochinese countries in the pursuit of a broader Chinese design to dominate the countries on its southern flank. Beijing, on the other hand, viewed Vietnam's attempt to dominate Indochina and its strategic relationship with the Soviet Union as undermining Chinese security."[8] Therefore, Cambodia became the focal point of the Sino-Vietnamese conflict, which, in turn, became intertwined with the Sino-Soviet conflict.

With these conflicting maneuvers, Southeast Asia became polarized into two confrontational blocs: the socialist Indochinese countries headed by Vietnam and the non-communist states of ASEAN. To counterbalance the Soviet-Vietnamese regional expansionism, the United States further improved its relations with China and increased its military aid to ASEAN countries from US$162.5 million in 1978 to $326.6 million in 1984, but avoided direct involvement in the conflict.[9] Despite the regional character of the conflict, the final solution of the Cambodian issue would in the end depend upon the strategic calculations of the major powers, particularly China and the Soviet Union.

China and ASEAN: From Conflict to Collaboration

During the Cold War, China's relations with the ASEAN states experienced both conflict and collaboration for common security interests, with conflict dominating during most of the Cold War era and collaboration in the late-Cold War period.

From the founding of the People's Republic of China in 1949 until the mid 1970s, due to the differences in ideology and social systems, Beijing had no diplomatic relations with any non-communist states in Southeast Asia. Beijing viewed the anti-communist

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[8] Alagappa, "The Dynamics of International Security in Southeast Asia", p. 28-29.
[9] Xiaobo Lu, "China and Southeast Asia", p. 206.

Southeast Asian governments as the "running dogs" of US imperialism. Based on "proletarian internationalism", China's foreign policy was externally oriented, exporting Chinese revolution by rendering political and military support for the communist insurgencies in Southeast Asian states. Hence, the relations between China and the non-communist states were antagonistic.[10] The deterioration of relations between China and Indonesia after the military coup in 1965 and the destruction of the Indonesian Communist Party cleared the way for a formal regional organization composed of Southeast Asia's non-communist states. In 1967, the Association of Southeast Asian Nations (ASEAN) was formally established with the perceived threat from "communist China" as one of several important impetuses for its formation. Beijing eyed ASEAN as part of an alliance designed and manipulated by the United States to contain China. Soviet Union also sought to cooperate with ASEAN to oppose Chinese influence, as demonstrated in the Soviet 1969 proposal for an "Asian Collective Security System". To counteract the efforts by its superpower adversaries, Beijing attempted to improve relations with the ASEAN states. With the gradual improvement of Sino-US relations and US withdrawal from Vietnam, some ASEAN states also felt the need to normalize their relations with China. Malaysia established diplomatic ties with China in 1974, followed by Thailand and the Philippines in 1975. However, Chinese support for local communist insurgencies was still the biggest obstacle in the bilateral relations between China and the

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[10] See, for example, Xiaobo Lu, "China and Southeast Asia", p. 218; Tang Pingshan, "Situation of Southeast Asia", p. 39; and Domald E. Weatherbee, "The Indigenization of ASEAN Communist Parties", in Charles E. Morrison (ed.), *Threats to Security in East Asia-Pacific*.

ASEAN states.[11] Despite of the establishment of diplomatic relations, China remained on difficult terms with some other ASEAN members, notably Indonesia and Singapore.

Another prominent dimension of Sino-ASEAN conflict was the question of the ethnic Chinese. Due to historical and geographical reasons, there is a fairly large ethnic Chinese population in the Southeast Asian States, of which a great majority had become citizens of countries of their residence.[12] Ethnic Chinese communities enjoy disproportionate economic power in their adopted homelands, which has created constant resentment among the indigenous population. They have also kept their Chinese cultural identities and close ties with China, especially when they find themselves vulnerable to the majority ethnic groups. Due to domestic ethnic and religious conflicts, ethnic Chinese were discriminated against by the local governments. China used to react very strongly to these anti-Chinese moves. The Southeast Asian governments feared that China had employed ethnic Chinese to undermine their national economy and security. The Cold War brought the additional fear that ethnic Chinese were agents of China to sow communist revolution in Southeast Asia.

In the late-Cold War period, however, the Vietnamese invasion and occupation of Cambodia posed a real and immediate threat to both China and ASEAN. To a greater extent, Soviet-Vietnamese regional expansion activities reshaped China's relations with the non-communist ASEAN states. On the side of China, "anti-Soviet-Vietnamese

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[11] See, for example, Roy, *China's Foreign Relations*, pp. 175-176; and Huang Qirui and Ding Chuanying, "Present Situation and Prospect of the Relations between China and Southeast Asian states", in Chun-tu Hsueh and Lu Zhongwei (eds.) *China and her Neighbors: prospects for the Twenty-first Century*, (Beijing: Current Affairs Press, 1995), p. 377.

[12] No precise statistics of the ethnic Chinese population in Southeast Asia is available. For instance, the number is 15 millions in Tang Pingshan, "Situation of Southeast Asia", 21 millions in Huang Qirui and Ding Chuanying, "Relations between China and Southeast Asian States", and 24 millions in Roy, *China's Foreign Relations*.

regional hegemony" became the top priority, and national security was pragmatically regarded as superior to ideological interests. In order to set up a common front with the ASEAN states against Soviet-Vietnamese expansion, China began in the early 1980s to separate state-to-state relations from the relations between communist parties, gradually ending its support for communist insurgencies in the ASEAN area. The ASEAN states on the whole viewed China as a balancing power in the region to contain Vietnam and the Soviet Union, but as a short-range rather than a long-term ally because of the differences in organizing ideology and ethnic problems. Notwithstanding the traditional conflict, the shared security interests brought China and the ASEAN states closer for collaboration in opposing Soviet-Vietnamese regional expansionism and in settling the Cambodian issue. Other issues of conflicting interests between the two sides were either overshadowed or downplayed.

In the same period, non-conventional security problems in the ASEAN area were still characterized by domestic conflicts centering on regime legitimacy, organizing ideology, and ethnic tensions in a number of Southeast Asian States. With the reduced support from China and other communist powers, the danger of local communist insurgencies began to recede. Ethnic conflicts tended to be grounded in economic and social inequalities rather than racial hatred. Overall, the acuteness of non-conventional security concerns was overshadowed by conventional security problems. The strong US military presence provided a security umbrella for the ASEAN states that contributed to their domestic political stability and rapid economic growth. Guided by the policy of reforms and opening to the outside world, China expanded its economic and trade relations with the ASEAN states, and both sides benefited from their fast growing economic links.

ASEAN's Role in Regional Security

With US support, the non-communist states in Southeast Asia had undergone several experiments with regionalism prior to ASEAN. The formation of both the South-East Asian Treaty Organization (SEATO) in 1955 and the Association of Southeast Asia (ASA) in 1961 was primarily motivated by the need to forestall the perceived communist threat in the region. Although ill fated, these regional undertakings had a pronounced impact on the formation of ASEAN, which was formally established in Bangkok in 1967. According to the founding declaration, ASEAN's goals were to "accelerate the economic growth, social progress and cultural development in the region", as well as to " promote regional peace and stability". Leifer notes that "ASEAN was established by Southeast Asian states alone without the intervention or support of a major external power". At the time, the five founding members were united by a shared anti-communist sentiment, and by concern for the outcome of the Vietnam War and its effect on the US commitment to regional security. According to Leifer, "ASEAN was set up primarily to provide an institutional framework for intra-regional reconciliation and to establish a corresponding trust among former adversaries".[13] In Acharya's opinion, "although a military alliance within ASEAN was rejected and the security relationships underpinning ASEAN regionalism were somewhat downplayed by its founding members, security management has been a major aspect of its evolution. A number of previous security measures, such as the 1971 call for a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia, the 1976 Treaty of Amity and Cooperation, and the Declaration of ASEAN concord of

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[13] Michael Leifer, *The ASEAN Regional Forum*, IISS Adelphi Paper 302 (London: Oxford University Press, 1996), pp. 10-11.

the same year, had both major implications for regional security and the goal of enabling the grouping to survive difficult security challenges".[14]

In reality, however, ASEAN's own concept of the regional security order was subject to the vagaries of major power contention and accommodation. Until the latter part of the 1980s, the prospects for regional order in Southeast Asia remained more closely linked to the dynamics of Sino-Soviet and US-Soviet rivalries than to ASEAN's own concept of peace through neutrality. On the whole, as Acharya points out, "the Cold War regional order in Southeast Asia was marked by contradictions between ASEAN's desire for regional autonomy and the reality of major power involvement, and between ASEAN's ideal of a Southeast Asian security community and Vietnam's rejection of it. In this respect, ASEAN's own efforts in promoting regional peace and stability were undermined by the constraints imposed by prevailing patterns of interstate relations and great power rivalry. Although ASEAN was able to manage some of its intramural problems, its ability to influence external issues affecting regional order was very limited".[15] On the other hand, the balance of major powers in the old regional order prevented the emergence of a single hegemonic power capable of dominating Southeast Asia.

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In conclusion, the Southeast Asian regional order in the late-Cold War period, as during most of the Cold War era, was shaped primarily by conventional security

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[14] See Acharya, *A New Regional Order in South-East Asia*, p. 3.
[15] Ibid. p.11.

concerns—political and military rivalries and confrontations between the two superpowers as well as the involvement of China for their respective strategic interests. The pattern of relations between the three major powers was the main determinant of the regional security environment. China was confronted with significant conventional security problems in the region at this time arising from a combination of a heightened Soviet presence and assertiveness in Southeast Asia, Vietnamese expansionism in mainland Southeast Asia, and a quasi-alliance between these two powers. This was partially offset by improved relations with the United States to counterbalance the Soviet Union and the development of shared interests with ASEAN states in opposing Soviet-Vietnamese regional expansionism. ASEAN's own concept of regional security order and its role in the regional conflict management were subject to the vagaries of the major powers' rivalry and accommodation.

Non-conventional security problems were still characterized by domestic conflicts centering on regime legitimacy, organizing ideology, and ethnic tensions in a number of Southeast Asian states, supplemented by periodic transnational political threats. In this connection, the presence of economically powerful ethnic Chinese communities in the region appeared to be a source of conflict between China and some of ASEAN governments. The strong US military presence provided a security umbrella for the ASEAN states and contributed to their relative domestic political stability and rapid economic growth. China and the ASEAN benefited from their increasing economic links.

China's late-Cold War foreign policy towards Southeast Asia was centered on opposing Soviet-Vietnamese regional expansionism. Therefore, Beijing adopted a strongly adversarial/conflictual policy towards Vietnam and its allies. In the meantime,

Beijing's previous conflictual relations with ASEAN states became softened/muted in the common interest of counterbalancing Soviet-Vietnamese alliance. However, despite the normalization of relations between China and several ASEAN states, there still remained deep apprehension and mistrust.

Chapter 2

THE POST-COLD WAR REGIONAL
SECURITY ENVIRONMENT

Since the end of the Cold War, profound changes have taken place in the Southeast

Asian regional security environment. The end of the US-Soviet and Sino-Soviet rivalries

and the reduced involvement of the superpowers have contributed directly to a substantial

reduction in regional tension and in the potential for competitive external intervention

which had previously helped to internationalize local conflict. With the political

settlement of the protracted interstate conflicts in Indochina, the hot spots of the world's

attention have diminished. The end of the Cold War has also strengthened the trends

towards greater political and economic regionalism and military self-reliance in Southeast

Asia. ASEAN has successfully reached its goal of including all ten states in the region

and has become an important actor in both regional and global arenas. In strategic terms,

the bipolar pattern of the Cold War era has given way to a multipolar pattern in the post-

Cold War regional security scenario.

According to Buzan and Segal, the debate about post-Cold War East Asian security is

dominated by two theoretical perspectives. Realists argue that "the end of the Cold War

has released indigenous conflicts that were previously suppressed. It is argued that Asia

could easily destabilize, with a classical balance of power politics coming to dominate the

international relations of the region". Liberals hold the view that "the complex interdependence of the late twentieth century has curtailed military rivalry between industrialized states. Combined with the decline of the divisive influence of the Cold War, this interdependence can eradicate serious conflict in the region".[1] Friedberg also notes the debate between neo-realists and neo-liberals regarding post-Cold War international relations. Neo-realists believe that "the structure of an international system (the distribution of power among states) will determine its destiny and that multipolar systems are more prone to instability than those that are bipolar". Neo-liberals, by contrast, maintain that "the structure of a system may be less important in determining its functioning than a range of other factors, including the domestic regimes of the nations of which it is composed and the level and character of their economic and institutional interconnections".[2] Both realist and liberal arguments seem to be persuasive, but the fear is that the post-Cold War Southeast Asian security environment has its own unique character, which combines various dynamics and covers different security concerns. It may not be explained in full by one particular perspective of international relations or one particular security perspective.

The changes in the post-cold War Southeast Asian security environment will be examined in the following four respects: (1) The new regional strategic pattern in Southeast Asia; (2) New security problems: Territorial disputes and regional arms buildups; (3) Regionalism and multilateralism: ASEAN and its regional forum; and (4) Economics: A new factor in regional security. Centered on these four aspects, this

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[1] Barry Buzan and Gerald Segal, "Rethinking East Asian Security", *Survival*, 36,2, (Summer 1994), p. 3
[2] Aaron L. Friedberg, "Ripe for Rivalry: Prospects for the Peace in a Multipolar Asia", *International Security*, 18,3, (Winter 1993/94), p. 6.

chapter will try to explain the post-Cold War regional security concerns and challenges in Southeast Asia.

The New Regional Strategic Pattern in Southeast Asia

With regard to the post-Cold War regional strategic pattern, it is generally agreed that there are four major powers that can be identified as the key players in Southeast Asia: the United States, China, Japan, and Russia. Given the fact that Russia has declined as a result of the disintegration of the ex-Soviet Union and has been preoccupied with its domestic problems, the new triangle of the United States, China and Japan has in fact played a decisive role in regional security. In other words, the relations between these three major powers directly concern the regional peace and stability of Southeast Asia. The rise of ASEAN has also received special attention. From the strategic point of view, the key players of international relations in Southeast Asia today are the United States as the only superpower, China and Japan as regional major powers, and ASEAN.

Strategic Positions of the United States, Japan and China

The United States is the sole remaining superpower in today's world. With its immense political, economic and military strength, the United States still plays the most important role in Southeast Asia. In the security area, the United States still attaches great importance to its military presence in order to safeguard its strategic interests. ASEAN wants to make use of the US military presence to balance the distribution of power in the region. However, due to the end of major regional conflicts, the United States has been

exerting more influence in the political and economic areas. In the political arena in particular, the United States is the most important partner in dialogue with ASEAN. US political influence is still predominant over the ASEAN states, although the latter are unwilling to be subordinated to the former.

As the world's second economic power and an emerging political power, Japan has also attached great importance to Southeast Asia. Japan has major economic and trade interests in the region, particularly since it replaced the United States as the largest foreign investor in the Southeast Asian states in the mid 1980s. Between 1990-1995, the total Japanese investment in the ASEAN states increased from 30 billion to 61.9 billion in US dollars.[3] In the security and political arena, Japan also seeks to play a greater role in regional affairs. Through active involvement in the political settlement of Cambodian issue, Japan has made itself a key player in Southeast Asia.

For geographical and historical reasons, China also has important influence in Southeast Asia, although it is still the weakest among the major powers involved. In the security area, China wishes to maintain regional peace and stability brought forth by the end of the Cold War in order to implement its own modernization programs. Therefore, China tries to neutralize where possible the maintenance and consolidation of the US position in the region. In the political arena, China needs ASEAN's support for its position on the Taiwan issue and on sovereignty and human rights. In the economic domain, China has become one of the key trade partners of the ASEAN states. By the same token, the ASEAN states also need China's cooperation on various domestic and regional issues.

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[3] See He Shengda, Ma Yong and Wang Shilu, *Southeast Asia and China: Towards Twenty-first Century*, (Kunming: Yunnan University Press, 1998), p. 91.

China and Japan: New Challengers to Regional Security

As regional major powers, China and Japan are viewed as new challengers to the regional security of East Asia, including Southeast Asia. The rise of China in particular is seen as a major threat. Samuel P. Huntington argues that "China's history, culture, tradition, size, economic dynamism, and self-image all impel it to assume a hegemonic position in East Asia. This goal is a natural result of its rapid economic development. Every other major power, Britain and France, Germany and Japan, the United States and the Soviet Union, has engaged in outward expansion, assertion, and imperialism coincidental with or immediately following the years in which it went through rapid industrialization and economic growth. No reason exists to think that the acquisition of economic and military power will not have comparable effects in China. For two thousand years China was the preeminent power in East Asia. The Chinese now increasingly assert their intention to resume that historic role and to bring to an end the overlong century of humiliation and subordination to the West and Japan ..."[4] Denny Roy believes that China's recent economic growth signals a change in East Asia's distribution of power and draws renewed attention to Chinese foreign policy. He argues that "realists would not in any case expect prosperity to make China more pacific. If the international behavior of states is strongly influenced by the threats and opportunities that governments perceive in the international system, as realists assume, then China's growth from a weak, developing state to a stronger, more prosperous state should result in a more assertive foreign policy". Specifically, 'rising powers', or states that have acquired the

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[4] Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, (New York: Simon & Schuster, 1996), p. 229.

prerequisites of major powers status, seek to enhance their security by increasing their capabilities and their control over the external environment. "As China fulfills its economic potential, it will conform to these patterns. An economically stronger China will begin to act like a major power: bolder, more demanding, and less inclined to cooperate with the other major powers in the region".[5] According to Paul Dibb, "no contemporary issue is more important than the rise of China. China's influence will grow over the next decade or two, as its economic strength develops. China is not a status quo power: it seeks a greater role for itself in world affairs and it does not fully accept the legitimacy of the present international order. China has a starkly realist approach to its international interests. It is the one power with the potential to contend with the United States for leadership in the twenty-first century. An economically powerful China will introduce a new balance of forces onto the Asian scene".[6]

Other analysts regard the two regional major powers in East Asia, China and Japan, as the key outside players in the Southeast Asian regional security arena. Mohammed Ayoob argues that "what has made the Southeast Asian regional security complex unique is not the existence of Indonesia and Vietnam as two rival centers of power but the proximity of Southeast Asia to China and Japan, the two major Asian powers. Both countries have traditionally, and at different times, considered Southeast Asia their backyard and their natural sphere of influence. During the Cold War, the Japanese maintained a low political profile, and Chinese ambitions were thwarted by the direct or

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[5] Denny Roy, "Hegemon on the Horizon?", in Michael E. Brown, Sean M. Lynn-Jones and Steven E. Miller (ed.), *East Asian Security*, (Cambridge, Massachusetts and London: The MIT Press, 1996), p 123-124.

[6] Paul Dibb, *Towards a New Balance of Power in Asia*, IISS Adelphi Paper 295, (London: Oxford University Press, 1995), pp. 26-27.

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surrogate presence of the United States and the Soviet Union in the region. In the post-Cold War era, however, the Southeast Asian security complex is bound to be profoundly influenced by the future relationship between China and Japan, as Japan emerges as an autonomous political actor and China finds many Cold War restraints removed as a result of Russian retrenchment and U.S. introversion. Given the history of Chinese and Japanese involvement in Southeast Asia and their current political and economic interests in the region, a realistic conclusion is that the two rival powers likely to contend for predominance in Southeast Asia in the post-Cold War era will be China and Japan".[7] In the view of Barry Buzan and Gerald Segal, "the withdrawal of the superpowers and the rise of China and Japan is in part matched by increases in defense spending and arms acquisition in East Asia. For the realist, of central importance will be China's growing strength and the uncertainty about whether Japan will challenge China for regional influence".[8] Singaporean Senior Minister Lee Kuan Yew indicates that "the region has never at the same time experienced both a strong China and a strong Japan. Some tensions may be inevitable."[9]

The US-Japan-China Strategic Triangle: A Determinant of Regional Security

In East Asia as a whole, the strategic triangle of the United States, China and Japan has been stable in relative terms since the end of the Cold War. However, in every pair of

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[7] Mohammed Ayoob, *The Third World Security Predicament: State Making, Regional Conflict, and the International System*, (London: Lynne Reinner Publisher, 1995), p. 61.
[8] Barry Buzan & Gerald Segal, "Rethinking East Asian Security", p. 8.
[9] Quoted in Koro Bessho, *Identities and Security in East Asia*, IISS Adelphi Paper 325, (London: Oxford University Press, 1999), p. 23.

bilateral relations, frictions and conflicts of interest never cease and variables of uncertainty and instability are always latent, but fluid between stable and relative terms.

Sino-US relations were comparatively constructive from the rapprochement in 1972 until 1989. The end of the Cold War and the collapse of the Soviet Union, however, took away the strategic rationale for the Sino-US alliance. This made it more difficult to continue suppressing the substantial political and economic disagreements between Washington and Beijing. In Huntington's view, "the rise of China posed a more fundamental challenge to the United States. US conflicts with China covered a much broader range of issues than those with Japan, including economic questions, human rights, Tibet, Taiwan, the South China Sea, and weapons proliferation. On almost no major policy issue did the United States and China share common objectives. The conflicts between the United States and China, however, also involved fundamental issues of power. China is unwilling to accept American leadership or hegemony in the world; the United States is unwilling to accept Chinese leadership or hegemony in Asia".[10] Chinese strategists generally hold the view that the maintenance of regional peace and order in East Asia is in large part contingent on the removal of distrust between the United States and China. The two countries seem to have more common ground for cooperation in regional security and economic issues than conflicts. However, due to US adoption of an "engagement and containment" strategy towards China, Sino-US relations

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[10] Huntington, *The Clash of Civilizations and the Remaking of World Order*, p. 228.

have been the most unstable one in the triangle.[11] In fact, the vulnerability of Sino-US relations has made the triangle non-equilateral.

The end of the Cold War also brought about remarkable changes in *US-Japanese relations*, now that the cornerstone of the US-Japanese strategic alliance during the Cold War—containment of global communism—has been removed. With its rapid growth of economic, political and military strength, Japan has greatly increased its weight in the post-Cold War US-Japanese relationship, which is characterized by both cooperation and contention. In a post-Cold War security environment where threats are more diffuse, Japan is more willing to challenge the United States on economic and political issues. The US-Japanese trade conflict in the mid 1990s signaled that Japan had become a potential global economic power able to challenge the US hegemonic position in the world economy and trade. Seeking to be a global political power, Japan also wants to be more independent in the international arena and is willing to share with the United States the leading role in Asia-Pacific regional affairs. While frictions have been intensified on economic issues, cooperation has been further strengthened in military security and alliance questions. The 1997 modifications of the US-Japanese Security Guidelines aim mainly at deterring the presumed Chinese military expansion in East Asia.[12] The US-Japanese "Mini-star Wars" initiative, which is to be partially funded by Japan, also has an

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[11] See, for example, Wang Jisi, "United States-China Relations in the Context of Regional Stability", *Bringing Peace to the Pacific: Papers presented at the Tenth Asia-Pacific Roundtable*, (Kuala Lumpur, June 1996); and Lu Jianren, "Characteristics of Current Asia-Pacific Regional Security Situation", *Asia-Pacific Studies*, (No. 5, 1996).

[12] See, for example, Gao Heng, "Post-Cold War East Asian Strategic Situation and Its Future Trend", in Chun-tu Hsueh & Lu Zhongwei (ed.), *China and Her Neighbors: Prospects for the Twenty-first Century*, (Beijing: Current Affairs Press, 1995), pp. 39-40; Lu Jianren, "Characteristics of Current Asia-Pacific Regional Security Situation", p.14; and Xia Liping, "Security Environment and Arms Control in the Asia-Pacific Region", *Asia-Pacific Studies*, (No. 3, 1992), p. 73, and Douglas T. Stuart and William T. Tow, *A US Strategy for the Asia-Pacific*, IISS Adelphi Paper 299, (London: Oxford Unitersity Press, 1995), p. 45.

overall impact on the East Asian security environment. On the whole, it is generally agreed that in current US-Japanese relations cooperation based on common interests is more significant than conflicts brought by clashing interests.

Sino-Japanese relations seem to be less unstable, but to a larger extent restricted by Sino-US and US-Japanese relations. Denny Roy suggests that "the common ground for Sino-Japanese cooperation is predominantly in the economic rather than the political realm. The political aspects of the Sino-Japanese relationship serve mainly to complicate their economic cooperation. These political problems include the unhealed wounds of Japan's invasion and occupation of China during World War II, Japanese discomfort with China's growing political and military power, the aspiration of both nations to regional leadership, and the unresolved status of Taiwan". In his opinion, Chinese relations with Japan reflect the tension between two phenomena: "growing Chinese economic interdependence with Japan and Beijing's fear of Japan as a potential adversary. The latter stems not only from historical animosity, but also from the present distribution of power, with China and Japan in contention for the role of the region's dominant country".[13] Nevertheless, it appears that China and Japan have no immediate fundamental conflict of interests in Southeast Asia.

Overall, the US-Japan-China triangle, although non-equilateral, has formed a relative equilibrium of major powers in Southeast Asia. It has been the determinant of the relative peace and stability in the region since the end of the Cold War. However, the frictions between the United States and the two regional powers have intensified. These are evident in US-Japanese conflicts in the economic and trade areas and US-Chinese

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[13] Denny Roy, *China's Foreign Relations*, (Lanham, New York, Boulder, Oxford: Rowman Littlefield Publishers, Inc., 1998), p. 159.

conflicts in the political realm. This reflects not only the differences of the three major powers in their respective strategic interests, but also the change in their comprehensive national strength. From the strategic point of view, US-Japanese relations aim to contain the rise of China and the presumed Chinese expansion in East Asia; US-Chinese relations tend to restrain Japan's intention of remilitarization; and Sino-Japanese relations tend to avoid US sole predominance in East Asia. The US-Japan-China triangle allows the three major powers to contain each other and prevent any single power from seeking a hegemonic position in the region. ASEAN, which itself changes the status quo ante where US presence was paramount, benefits from such a strategic pattern and makes best use of it to protect its own strategic interests by constructing the regional security framework. For ASEAN, "the continuing presence of the United States, as well as stable relationships among the United States, Japan, and China and other states of the region would contribute to regional stability."[14]

For Beijing, the post-Cold War dramatic weakening of the Soviet Union and the sharp decline of Soviet support to Vietnam meant that China no longer felt a serious threat, especially from its southern flank. However, the new US security strategy towards Asia-Pacific has become a fundamental security concern to Beijing. In view of the vulnerability of Sino-US relations and the US-Japanese security alliance potentially directed at China, Beijing could not but seek to further improve its relations with all

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[14] *Chairman's Statement, ASEAN Post-Ministerial Conferences, Senior Officials Meeting*, Singapore, May 1993, pp. 20-21, quoted in Michael Leifer, *The ASEAN Regional Forum*, IISS Adelphi Paper 302, (London, Oxford University Press, 1996), p. 20.

Southeast Asian states as well as ASEAN in order to strengthen its strategic position in the US-Japan-China triangle.

New Security Problems: Territorial Disputes and Regional Arms Buildups

The end of the Cold War, however, has also released regional disputes and conflicts that were previously overshadowed during the Cold War. A number of new security problems have emerged, such as the interstate territorial disputes over the South China Sea and regional arms buildups. These problems became more acute right after the Cold War until the 1997-1998 Asian financial crisis. They have constituted the main conventional security concerns in the post-Cold War regional security environment.

Territorial Disputes

By far the most salient security problem in the region in the post-Cold War era has been the territorial disputes in the South China Sea. China's claim of sovereignty over the Spratly islands in the South China Sea has been contested by a number of maritime Southeast Asian states. It is a multilateral conflict involving China, Taiwan, Vietnam, Malaysia, Philippines, Brunei, and Indonesia. Presently, the Spratly Islands are occupied by China (7), Taiwan (1), Vietnam (27), Philippines (8), and Malaysia (14).[15]

During the 1970s and 1980s, China and the ASEAN states finessed these disputes in the interest of their larger common objective of collaboration against Soviet-Vietnamese

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[15] Numbers in brackets represent the islands occupied by each claimant. See Xu Sengan, "On Nansha (Spratly) Islands Disputes", in Chun-tu Hsueh and Lu Zhongwei (eds.), *China and Her Neighbors*, pp. 414-415.

regional expansionism. In the post-Cold War era, however, the necessity for such strategic collaboration has diminished and the salience of the territorial disputes has increased.

China's claim to islands just off the coasts of Malaysia, Indonesia and the Philippines, thus has raised understandable security concerns throughout the region. Moreover, now that the ASEAN economies are more developed and their technological abilities have advanced, their interest in mining the ocean floor in the vicinity of these islands has increased. The rise to prominence of the disputes over the Spratly Islands has coincided with seismic surveys and oil-exploration activities which have reinforced the view, at least in the region, that the islands sit astride large deposits of oil and natural gas. The Chinese authorities concerned estimate that the Spratly area holds 17.7bn tons of oil and natural gas reserves, considerably more than Kuwait's 13bn.[16] China's growing economic success and its huge and expanding population suggest why China would be excited by the opportunity to gain control of such large, virtually untapped natural resources. Michael G. Gallagher argues that "despite the sparseness of historical evidence to support their claims to the islands, the Chinese have been forthright about their intention to claim those resources. In February 1992, China's National People's Congress passed a declaration stating that the Spratly Islands were an integral part of Chinese territory. China's claims to the Spratlys are easier to understand when one realize that the Chinese regard control of the ocean's resources as vital to their nation's continued existence".[17] With the rapid economic growth, the maritime Southeast Asian states that are scarce in

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[16] Alan Dupont, *The Environment and Security in Pacific Asia*, IISS Adelphi Paper 319, (London: Oxford University Press Inc., 1998), p. 31.
[17] See, for example, Michael G. Gallagher, "China's Illusory Threat to the South China Sea", in Michael E. Brown et al. (eds.), *East Asian Security*.

energy resources have also been prompted by natural resources in the South China Sea, thus intensifying the disputes. However, what is more important is that the South China Sea is Southeast Asia's strategic heartland. Any power that controls the South China Sea will ultimately control the region and consequently play a decisive role in the future of the Western Pacific and Indian Ocean, and their sea-lanes to and from the Middle East. In the final analysis, because of its natural resources and strategic importance in geopolitics, the South China Sea has become the center of disputes in the region.

In addition to the disputes over the Spratly Islands, China and Vietnam also have territorial disputes in the Paracel islands. Both sides agreed to seek a peaceful solution through bilateral negotiations when Sino-Vietnamese relations were normalized in 1990. There are also a number of unsettled interstate territorial disputes between the other Southeast Asian states. For example, the boundary disputes between Vietnam and Malaysia regarding the off-shore demarcation line, Vietnam and Indonesia on their demarcation line on the continental shelf near Natuna Island, Malaysia and Singapore over the island of Pulau Batu Putih in the Straits of Johore, Malaysia and Indonesia over the islands of Sipadan and Ligitan in the Celebes Sea, and border disputes between Malaysia and Thailand.[18] These disputes are still dynamic and may create or fuel tensions when bilateral relations are affected by other major disputes.

In sum, interstate territorial disputes, particularly those in the South China Sea, have generated new dynamics of regional insecurity in post-Cold War Southeast Asia. For

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[18] See Desmond Ball, "Arms and Affluence", in *East Asian Security*, pp. 86-87.

Beijing in particular, the South China Sea disputes pose a challenge to Chinese sovereignty and territorial integrity.

Regional Arms Buildups

The 1990s have witnessed rapid arms buildups in Southeast Asia despite the attainment of relative peace and stability in the region. The arms buildups, which are particularly salient in the ASEAN states, are characterized by the rapid increase of national defense budgets as well as the large procurement of the most advanced arms from Western industrial countries and Russia. Major efforts have been concentrated on the development of the air force and navy. It is believed that since the end of Cold War Southeast Asia has become the second largest arms market in the world, next to the Middle East.[19] The buildup of Southeast Asia's weapons arsenal is not really a new phenomenon. It took place during the Cold War and has even intensified since the end of the Cold War. These arms buildups in the Southeast Asian states are motivated by both external and internal factors.

External Factors: First, during the Cold War, the conflicts and accommodation between the two superpowers set the framework for interstate relations and determined, to a large extent, the nature of threat perception, both at the national and regional levels. For the members of ASEAN, regional security was maintained by their balanced relationships with both superpowers. After the Cold War, the reduced involvement of the superpowers in the region, especially the decreased US military presence, has brought about the uncertainty of traditional reliance on the United States for regional security. In

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[19] Wang Yizhou, *Contemporary International Politics*, (Shanghai: Shanghai People's Publishing House, 1995), p. 315.

other words, the loss of American security protection has had the greatest impact on the security perceptions of the ASEAN states. In the absence of a substantial mechanism for regional collective security, a "self-reliance" policy has lead each individual state to build up its own national defense system. Second, as mentioned previously, the rise of the regional major powers, China, Japan, and India, has changed the threat perceptions of the Southeast Asian states; there has been a rising fear that these major powers would have hegemonic ambitions in seeking predominance in the region. For most Southeast Asian states, the rise of China, with its rapid economic growth and military modernization, is likely to break the regional balance of power. Therefore, the perception of a "China threat" prevails in the region. Third, the existence of interstate disputes has been a major source of insecurity. In addition to the major disputes over the South China Sea, in which the conflict is mainly between China and the maritime members of ASEAN, there are also a number of interstate territorial disputes among the Southeast Asian states. Four, with the end of the Cold War and the reductions in defense budgets in the United States, Europe and Russia, arms manufacturers are having to ply their wares more actively in Asia in order to compensate for the decline in their home markets. The retirement of enormous amounts of conventional weaponry from the US, Russia, and European inventories has also produced large stocks of surplus arms and equipment which government and manufacturers are willing to sell at cut-rate prices.[20]

For the ASEAN states, however, the external threats are not easily identifiable and it is politically and militarily costly to do so. This has led to a policy of arms buildups without the enemy being openly identified in the region. If there is a likely explanation, the arms

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[20] Desmond Ball, "Arms and Affluence", p. 91.

buildups reveal that most recent arms procurements in the region have been aimed at improving air and naval forces, which are mainly in reaction to the South China sea disputes which have necessitated a more modern air force and navy to counterbalance the growing threat posed by China's military modernization.

Internal Factors: A major factor explaining the greater propensity of the ASEAN states to undertake rapid arms buildups is the availability of funds for defense expenditure. As Bilveer Singh pointed out in 1995, "except for the Philippines, all the ASEAN economies have been performing well, recording more than 5 percent annual growth in the last one and a half decades. Rapid economic growth has allowed the members of ASEAN to spend a large amount of money on national defense and procurement of new weapons systems. In many ways, the healthy economic situation of the region has made ASEAN a major market for weapons sales with defense expenditure steadily rising for all countries".[21] As Desmond Ball notes, "a series of studies of the relationship between defense expenditures and economic growth from the early 1960s through to the late 1980s have consistently shown that there is a close and positive correlation between them. Those countries with the highest rates of growth of gross national product (GNP), such as Singapore and Malaysia, have had the highest rates of increases in defense spending, while those with slower economic growth, such as the Philippines, have had the slowest increase". Ball further indicates that in fact, "while the correlation between defense expenditure and GNP growth has been very close, with increases in GNP being reflected in proportional increases in defense expenditure, the proportionality has been generally less than unity. In other words, the rate of growth of

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[21] Bilveer Singh, *The Challenge of Conventional Arms Proliferation in Southeast Asia*, (Jakarta: Center for Strategic and International Studies, 1995), p. 60.

defense expenditure has generally been less than the rate of growth of GNP".[22] Second, the need to modernize the armed forces of the region can be regarded as a main motivating factor for the arms buildups in the region. The need to replace obsolete weapons, on the one hand, and to upgrade earlier weapons systems, one the other, in order to prolong the lives of the weapons system as well as its functions and reduce technological dependency, has been in part responsible for absorbing an important component of the defense outlay of the ASEAN states. Third, without exception, all the members of ASEAN have been, to a varying extent, troubled by internal threats, although the severity of the threats has drastically declined since the end of the Cold War. Some national governments have been constantly challenged by communists insurgencies and ethnic separation movements. On the other hand, due to the importance of the military authorities in these countries' political life, many ASEAN governments have to satisfy the arms modernization needs of the military so that it will not pose a political threat to the existing non-military governments.[23]

To sum up, since the end of the Cold War, the security self-reliance policy has led the ASEAN states to the rapid increase of defense budgets and large procurement of new equipment. However, this policy has also lead to regional arms buildups, which have promoted uncertainties as to the future relationships among the regional states. While Chinese military modernization drive may have stimulated the regional arms buildups, the latter may in turn have promoted apprehension and mistrust between China and the ASEAN states.

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[22] Desmond Ball, "Arms and Affluence", pp. 79-80.
[23] See, for example, Bilveer Singh, *The Challenge of Conventional Arms Proliferation in Southeast Asia*; and Gao Heng, "Strategic Situation in Post-Cold War East Asia and Its Future Trends", in *China and Her Neighbors*.

Regionalism and Multilateralism: ASEAN and Its Regional Forum

The end of the Cold War did strengthen the trends towards greater political and economic regionalism in Southeast Asia. The process of regional integration has accelerated. The rise of regionalism, as Chinese analyst Zhu Feng observes, is "one of the major changes brought forth by the end of the Cold War in the Southeast Asian regional scenario". "Regional integration is motivated by mainly two factors: economic cooperation and security cooperation".[24]

Regionalism: The Rise and Spread of ASEAN

Regionalism, as John Chipman defines it, is "the tendency towards and preference for regional systems or methods. It seeks to defend a certain cultural disposition, and aims towards a degree of autonomy in the management of regional affairs. In the sphere of international security, regionalism is the attempt by a group of states to order their relations amongst each other in such a way as to advance commonly agreed aims, to avoid local conflict and to manage it, if it does break out, as much as possible, on a regional basis".[25]

The rise of regionalism in Southeast Asia is best characterized by the rapid rise of ASEAN. During the Cold War, ASEAN was primarily a regional organization of political

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[24] Zhu Feng, "Regionalism and East Asian Security", *International Politics Studies*, No. 1, (1998), p. 56.
[25] John Chipman, "The New Regionalism: Avoiding Strategic Hubris", in Denny Roy (ed.), *The New Security Agenda in the Asia-Pacific Region*, (London: Macmillan Press Ltd. & New York: St. Martin's Press, Inc., 1997), p. 22.

and security cooperation among the non-communist states. After the Cold War, major political and military threats were replaced by the strategic "vacuum" left by the withdrawal of the two superpowers as well as the challenges of global and regional economic integration. With the eventual settlement of the Cambodian issue, conflicts between the ASEAN states and the Indochinese states diminished. The well-established economic strength and political role of ASEAN made it the center of regional cooperation. The end of the Cold War offered ASEAN an unprecedented opportunity for its political development in both membership and scope of cooperation. Meanwhile, various security concerns, such as historical mistrust, unsettled territorial disputes, competing maritime claims, and increasing military spending still remain in Southeast Asia and call for a further strengthening of regional cooperation within the framework of ASEAN. With the successive participation of Vietnam (1996), Myanmar and Laos (1997), and Cambodia (1999), ASEAN has successfully reached its strategic goal of including all ten states in Southeast Asia, which has a total population of 490 millions (1996), a total territory of 4.52 million square kilometers, and a total GDP of 730 billion US dollars (1996).[26] Nowadays, ASEAN has become an important actor in both the regional and global arena. Chinese analyst Su Changhe argues that taking into account the increasing strategic importance of ASEAN, the current four-major-power pattern in East Asia does not reflect the reality. The multipolar pattern of East Asia, particularly Southeast Asia should include ASEAN as a key regional actor.[27]

[26] He Shengda, et al, *Southeast Asia and China: Towards Twenty-first Century*, pp. 374-376; and Lu Jianren, "Post-Cold War Situation in Southeast Asia", in *China and Her Neighbors*, p. 49.
[27] See Su Changhe, "Great Power Relations in Asia-Pacific Region", *International Studies*, No. 2, (1998).

The emergence of a "Greater ASEAN" has two major impacts on the Southeast Asian regional security environment. First, as Chinese strategist Shi Yongming observes, with its increased economic strength and enhanced political status, the enlarged ASEAN has a major impact on the change of regional strategic pattern in important ways: the relations among Southeast Asian states and the relations between Southeast Asian states and outside powers.[28] Second, with greater economic and political strength, ASEAN has been in a better position to deal with the major powers: practicing a balanced diplomacy among major powers, making use of the conflicts of interests of major powers to maintain the regional balance of power in Southeast Asia, and preventing any single major power from seeking hegemonic dominance in the region. Third, with the inclusion of all mainland Southeast Asian states (including Myanmar) in ASEAN, China lost its traditional security buffer zone. In the name of ASEAN, all Southeast Asian states would automatically enter into alliance on disputed security issues with China. In this analysis, as Chinese analyst Cao Yunhua argues, "the 'Greater ASEAN' was designed to counterbalance the rise of China in particular".[29]

However, with the enlargement of its membership, ASEAN has also been confronted with a number of problems and difficulties. The ten member states are different in economic strength, level of development, political structure, social system, ideology and religion. Intrastate ethnic conflicts and interstate territorial disputes still remain. All these variables may serve as sources of instability and insecurity in the region.[30] In recent

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[28] Shi Yongming, "The Strengthening of ASEAN's Status and Its Impact in the Post-Cold War Era", *International Studies*, (January 1997), p. 30.

[29] Cao Yunhua, "The Prospect of the Great ASEAN Strategy", *Asia-Pacific Studies*, No. 5 (1994), p. 69.

[30] See, for example, He Shengda et al, *Southeast Asia and China: Towards Twenty-first Century*, pp. 11-21; and Fang Baihua, "The Straits ASEAN Confronts while Switching Its Economic Types", *Asia-Pacific Studies* (No. 2, 1994), pp. 20-21.

years, for example, the implementation of ASEAN's regional strategy has been seriously affected by the 1997-1998 Asian financial crisis and the subsequent internal political turmoil that destabilized some of the ASEAN states. Due to the imbalanced economic and political development of its member states, ASEAN's role in regional political and security cooperation is still limited.[31]

Multilateralism: Role of the ASEAN Regional Forum (ARF)

In post-Cold War Southeast Asia, multilateralism[32] has been revitalized with the development of regionalism. With the rapid rise of ASEAN, there has been a trend that multilateral cooperation is outweighing bilateral arrangements on regional security issues.

The ASEAN Regional Forum (ARF) first developed in 1993 from annual ASEAN foreign ministers' conferences to which they invited their counterparts from key countries to talk informally about current political and diplomatic issues with a specific purpose: to build mutual confidence among the East Asian powers.[33] It marked the beginning of security multilateralism in the region at the official level. The immediate objective of the ARF is to tie up the major powers with their conflicting interests in the region and to eliminate the "power vacuum" left by the two superpowers with a view to safeguarding the security interests of ASEAN. For this purpose, it promotes "preventive diplomacy" in order to avoid potential regional conflicts; it also promotes "confidence-building

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[31] Shi Yongming, "The Strenghening of ASEAN's Status and Its Impact in the Post-Cold War Era", pp. 32-33.

[32] Multilateralism refers to the coodination of national policies in groups of three or more states through adhoc arrangement or by means of institution. See, for example, Robert Keohane, "Multilateralism: An Agenda for Research", *International Journal*, Vol. XLV (Autumn 1990).

[33] Jose T. Almonte, "Ensuring Security in the 'ASEAN Way'," *Survival*, 39/4, (Winter 1997-98), p. 81.

measures" (CBMs), seeking regional security cooperation by countries of different ideological and social systems.[34]

The ARF has the following three unique features. First, establishing a multilateral mechanism of dialogue and consultation for confidence building between ASEAN and outside countries. Since its inception, ASEAN has been following a unique model of dialogue and informal consultation and adopting a non-interventionist approach to internal affairs.[35] As Michael Leifer observes, within ASEAN, "security has always been addressed through consultation and dialogue rather than through conventional collective security and formal mechanisms for settling disputes".[36] The ARF promotes information exchange by requesting all participating countries to regularly publish a defense white paper and annual defense reports so as to increase military transparency.[37] Second, It also has set consensus as a guiding principle in dialogue and consultation. Chaired by ASEAN, the ARF has involved some 18 countries from the Asia-Pacific region including China in annual dialogue and consultation on the current political and diplomatic issues in regional security. Taking into account the fact that there exist wide differences and conflicts of interests among the participating countries, the forum has adopted the principle of consensus. Every decision should meet unanimous consent.[38] Third, maintaining a balance among major powers. All five permanent members of the UN Security Council have become the full dialogue partners of the ARF. Although Russia's

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[34] Lu Jianren, "Post-Cold War Situation in Southeast Asia', in *China and Her Neighbors*, pp. 52-53.

[35] Hou Yingli, "ASEAN Enhances Multilateral Security in Asia-Pacific", *Beijing Review*, (February 3-9, 1997), p. 9.

[36] Michael Leifer, *The ASEAN Regional Forum*, p. 14.

[37] Hou Yingli, "ASEAN Enhances Multilateral Security in Asia-Pacific", p. 9

[38] See, for example, Shi Yongming, "The Strengthening of ASEAN's Status and Its Impact in the Post-Cold War Era"; Tang Pingshan, "A Brief Comment on the ASEAN Regional Forum", *Asia-Pacific Studies*, No. 3 (1992); and Wang Gonglong, "ASEAN's External Strategy After the Cold War", *Asia-Pacific Studies*, No. 5, 1997.

influence has greatly declined in East Asia, ASEAN still takes it as a key outside player for the balance of power in the region. Other regional powers, such as India and Australia are also given due importance. By playing multilateral diplomacy among the major powers, ASEAN intends to make use of their conflicts of interests to tie them all together, so as to prevent any single major power from taking over ASEAN's leading role in the ARF.[39]

For ASEAN, the ARF is an effective institution to engage China in regional political and security affairs. For this purpose, the ARF serves two objectives. One is to seek an equitable solution of the South China Sea territorial disputes with China by internationalizing the matter through multilateral discussions, thus forcing China to behave itself according to international laws and to take into account ASEAN's economic and security interests. The other is to seek mutual confidence building with China mainly on military and security issues through bilateral and multilateral dialogues at various levels. The establishment and development of the ARF have had a major impact on China's post-Cold War foreign policy and security strategy towards Southeast Asia.

However, the ARF has its limitations. According to Paul Dibb, the ARF is a more inclusive political security organization that is developing dialogue and confidence building but not, as yet, conflict resolution or arms control.[40] The members of ARF are so diverse that they can not even establish an agreed agenda for its annual meeting. The principle of consensus also limits the ARF in the discussion of any disputed questions. This makes some members address the security concerns of their own common interest

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[39] See, for example, Shi Yongming, ibid., Tang Pingshan, ibid., and Chen Zhiming, "An Analysis of the ASEAN Regional Forum", *Southeast Asian Studies*, (No. 2, 1998), p. 37.
[40] Paul Dibb, "The Emerging Strategic Architecture in the Asia-Pacific Region", *The New Security Agenda in the Asia-Pacific Region*, p. 117.

through other channels or arrangements, bilateral or multilateral. In Michael Leifer's eyes, "the ARF can be seen as an imperfect diplomatic instrument for achieving regional security goals in that it seeks to address the problem of power which arises from the anarchical nature of international society without provision for either collective defense or conventional collective security. Moreover, the degree of cooperative association the ARF has attained so far has not reduced military competition in the form of regional arms procurements".[41]

Economics: A New Factor in Regional Security

On the whole, the post-Cold War regional security environment of Southeast Asia has benefited from the complementary development of political stability and economic growth. On the one hand, the fundamental improvement of interstate political relations has given a fresh impetus to economic and trade cooperation leading to faster economic growth in the region. On the other hand, economic and trade cooperation has promoted regional peace and stability. Some Chinese analysts argue that in the post-Cold War era, with the diminution of the threat of large-scale war or conflict, economic strength has become the top priority area of national and regional security concerns of all states in East Asia. International competition has been focused on national economic, scientific and technological strength, whereas the intensification of global economic competition has greatly increased the significance of the economic factor in national security strategy. Military strength is no longer the only determinant in the comprehensive national strength

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[41] Michael Leifer, *The ASEAN Regional Forum*, p. 53.

of a state. Economic development has become a basic condition as well as a key factor for not only domestic stability but also regional security.[42]

Regional Economic Integration and Growing Interdependence

Post-Cold War regional integration in Southeast Asia is not only characterized by political and security regionalism, but also economic integration, and the latter has become a priority area in ASEAN's regional security strategy. ASEAN has taken mainly three strategic measures to accelerate the process of regional economic integration. First, in order to meet the challenge of global and regional economic integration started in the late 19980s, ASEAN's first summit in November 1992 approved the 15-year plan (starting from January 1, 1993) to revitalize the ASEAN Free Trade Area (AFTA), which will follow the pattern of the North American Free Trade Area (NAFTA). The AFTA will be the first free trade area in East Asia and has far-reaching significance for the promotion of multilateral economic cooperation in the East Asian region. Second, exploring the possibility of establishing a larger regional economic and trade group, such as the "East Asia Economic Caucus" (EAEC). This endeavor aims to unite ASEAN with Japan, China, Korea, Hong Kong, and Taiwan in the construction of a regional economic community in East Asia in order to cope with the challenge mainly from the European Economic Community (EEC) and the NAFTA. Third, strengthening economic cooperation with the Indochinese states and Myanmar with a view to speeding up the

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[42] Here I synthesize the similar points of view of several Chinese analysts, such as Shi Yongming, "Asia-pacific Security Environment and Regional Multilateralism", *International Studies*, (January 1996), p. 41; Yu Shixi, "Economic Factors in East Asian Security Cooperation", *Southeast Asian Studies*, (No. 2, 1999); and Lu Jianren, "Post-Cold War Situation in Southeast Asia", in *China and Her Neighbors*.

process of integration of these countries' economic and trade development into the AFTA.[43]

Post-Cold War economic development in Southeast Asia has lead to the emergence of an increasingly integrated and interdependent regional economy with regional triangles[44] and economic zones. According to Acharya, Dewitt and Hernandez, "economic interdependence could be a double-edged sword, by having both a conflict-creating and conflict-reducing potential. Available evidence suggests that economic integration and interdependence in the region contribute to economic growth and development of the region as a whole. In the meantime, however, the increasing replacement of geo-politics by geo-economics is also engendering economic competition between and among states, dramatically altering foreign policy behavior in the pursuit of economic benefits, and creating an atmosphere which could lead to trade wars".[45] Owing to the fact that the "Greater ASEAN" is comprised of 10 states that are different in economic level, political structure and social system as well as the fact that AFTA is only at its initial stage, economic and trade relations between and among the ASEAN states are still vulnerable, and this is evident in the recent East Asian financial crisis. Taking this situation into consideration, it can be said that the negative consequences of economic integration and independence have posed security challenges for ASEAN and its member states.

Since the end of the Cold War, China has been increasingly involved in Southeast Asian regional economic integration. The rapidly growing Chinese and Southeast Asian

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[43] See, for example, Lu Jianren, "Post-Cold War Situation in Southeast Asia", in *China and Her Neighbors*, pp. 51-52, and He Shengda et al, *China and Southeast Asia: Towards Twenty-first Century*, Chapter 2.
[44] For example, the triangle of Singapore, Malaysia and Indonesia; and the triangle of Thailand, Indochina and Myanmar. See He Shengda et al, ibid.
[45] Amitav Acharya, David B. Dewitt, and Carolina Hernandez, "Sustainable Development and Security in Southeast Asia: A Concept Paper", (CANCAPS Papier No. 6, August 1995), p. 20.

economies are both competing and mutually complementary, and their linkage to the global economy may be conducive to dampening potential security problems. However, economic vulnerabilities of some ASEAN states also generated great pressure on China, especially during the 1997-1998 Asian financial crisis. In the long run, ASEAN could also pose an increased economic challenge to China if it develops into a more cohesive economic grouping.

Economic Development, Political Stability and Regional Security

Over the past two decades, the non-communist ASEAN states have emerged as the most fast growing economies in the world. Most of them have also enjoyed political stability (at both intrastate and interstate levels) and regional security within the framework of ASEAN. In the analysis of Acharya et al, in Southeast Asia, political stability conducive to economic growth was built on both external and internal factors. "Externally, the US military umbrella served as a stabilizing force, even in the wake of the communist victories in Indochina. Internally, political stability in ASEAN was a legacy of policies of national and regional 'resilience'."[46] However, most ASEAN rulers have been authoritarian. They have taken their economic performance as a principal justification for authoritarian rule on the grounds that economic growth could not be achieved without the regime's ability to ensure political stability. According to Chinese analyst Yu Shixi, the authoritarian regimes in Southeast Asia are characterized mainly by two factors: economically, the market economy is under tight control by government; and politically, society is under tight control by authoritarian governance. Such authoritarian

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[46] Ibid., p. 11.

rule has brought the relevant states rapid economic growth and relative political stability in a given period of time. In the meanwhile, however, it has also generated and even aggravated such problems as suppression of democracy, corruption in government, and social inequality in wealth.[47]

In the post-Cold War era, with social progress and global democratization, the legitimacy of such authoritarian rule based on economic performance has been confronted with various challenges. Previously, people's tolerance of authoritarian rule was built on the assumption that such a rule was able to ensure a lasting economic boom and prosperity and solve the above-mentioned problems eventually. Nowadays, people have become more watchful of domestic politics. Once the national economy is in crisis, all negative aspects of authoritarian rule become the focus of public attention, which inevitably leads to massive challenge to the legitimacy of the regime in power. Just as Acharya et al indicate, "a serious economic downturn might not only aggravate social and economic conflicts within ASEAN states but also engender serious and possibly violent opposition to the regime in power. In countries without a tradition of regular and peaceful renewal or change of government based on some form of participatory politics, economic downturn can lead to domestic instability and draconian governmental response".[48] This is particularly evident in the 1997 East Asian financial crisis that triggered both intrastate and interstate political instabilities in Southeast Asia. As a result, the leaders of Thailand and the Philippines stepped down, and President Suharto of Indonesia was overthrown by the people. The power struggle was also intensified in Malaysia, which has caused unprecedented social instability. Furthermore, it should be noted that the interstate

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[47] Yu Shixi, "Economic Factors in East Asian Security Cooperation", p. 45.
[48] Acharya et al, "Sustainable Development and Security in Southeast Asia", p. 16.

relations between these countries have also been affected by the financial crisis and the subsequent economic downturn. The economic and political disputes between each pair of Indonesia, Malaysia, and Singapore have undermined the traditional principle of non-interference in internal affairs within ASEAN and the solidarity of this organization that serves as the cornerstone of regional security. In this sense, regional security depends on both political stability and sustained economic development.

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In conclusion, the post-Cold War regional security environment is shaped by both conventional and non-conventional security problems. The acuteness of conventional security problems has indeed declined in the short term but remains prominent. At the major power level, the Soviet Union is no longer a threat, the United States has reduced its involvement, and rivalries between major powers in the region have diminished substantially. However, the United States has now become the world's only superpower with no real countervailing power and has fewer shared interests with China since the collapse of the Soviet Union. While developing strong economic ties with regional states, Japan has also been increasingly active in the global and regional political arenas. The United States and Japan have further strengthened their political-military cooperation which could be used for the containment of the rise of China. To a large extent, regional peace and stability still depend on the relative balance of major powers. At the regional level, points of friction are beginning to emerge between China and the ASEAN states, including territorial disputes in the South China Sea, arms buildups, the enlargement of

ASEAN to mainland Southeast Asia with potential attempts at counterbalancing China, and Taiwan's increasing efforts to strengthen relations with the ASEAN states. However, these have yet to reach serious proportions and attempts have been made to include China in regional security discussions through the establishment of the multilateral ASEAN Regional Forum (ARF).

Non-conventional security problems also appeared to ease initially as ASEAN states enjoyed high rates of economic growth which in turn significantly reduced internal political conflict and instability. The 1997-1998 Asian financial crisis, however, created major economic problems for most ASEAN economies and led to renewed domestic instability, which in turn undermined both ASEAN and regional stability. It also generated economic pressures on China. ASEAN could also pose an increased economic challenge to China if it develops into a more cohesive economic grouping. Nonetheless, the growing linkage of the Chinese and Southeast Asian economies to the global economy may be of help to dampen potential conventional security problems.

Chapter 3

CHINA'S POST-COLD WAR SECURITY

CONCERNS AND STRATEGIES

Starting from 1979, China began to adopt a policy of reform and opening to the outside world, with economic development as the top priority. In the following decade this policy brought China rapid economic growth and enhanced its international status. At the global level, however, China's weak position in the US-USSR-PRC strategic triangle still made its national security uncertain. In view of China's long-term security interests, in the early 1980s Beijing began to adopt an independent foreign policy in its external relations, taking its distance from both superpowers. On the one hand, despite US attempts to improve its ties with Taiwan, Beijing made great efforts to consolidate Sino-US relations in order to counterbalance Soviet pressure; on the other hand, Beijing began in the mid 1980s to seek gradual improvement of Sino-Soviet relations in order to increase its leverage in dealing with Washington. At the regional level, China's relations with mainland Southeast Asian countries, such as Vietnam and Laos, were tense due to the Sino-Soviet confrontation and the Vietnamese-Cambodian conflict. Moreover, China's relations with the Southeast Asian states had an uncertain tradition throughout the Cold War era. Because of ideological differences, communist insurgencies and the problem of the ethnic Chinese, China's relations with the ASEAN states remained

unstable, although it had diplomatic ties with Thailand, Malaysia, and the Philippines. In the late-Cold War period, a shared security interest brought China and ASEAN closer together to oppose Soviet-Vietnamese regional expansionism. However, the drastic changes in international relations between 1989-1991 brought China a number of new security concerns and challenges in East Asia, which called for a readjustment of Chinese foreign policy and security strategy.

China's Overall Position and Security Concerns in the Post-Cold War Era

China's post-Cold War security concerns and challenges can be seen at the global, regional and domestic levels. *Globally*, Beijing's long-term security strategy was based on the assumption that a multipolar world would gradually emerge as the two superpowers' mutually debilitating competition reduced their global influence. This situation would occur while China was building its economic and military strength to a level where Beijing would play a major role in the emerging multipolar international system. However, the May 1989 Deng-Gorbachev summit in Beijing formalizing the normalization of Sino-Soviet relations was swiftly followed by the collapse of the Soviet Bloc in Eastern Europe within the year as well as the disintegration of the Soviet Union in the following year. As Paul Godwin observes, "these events came as a distinct shock to Beijing. The balanced and steady deterioration of superpower influence in the international system anticipated by China's security analysts had not occurred. What is more, the devastatingly swift military victory by an American-led multinational coalition in the Gulf War suggested that the United States had become the world's preeminent

diplomatic, military and economic power. The disintegration of the Soviet Union removed any remaining leverage the Chinese might have retained within the so-called strategic triangle. This situation recast China's anticipated multipolar international system".[1] The drastic changes in international relations also triggered a nationwide political turbulence in China. As a result of the suppression of the pro-democracy movement in June 1989, Beijing's international image was transformed overnight from that of a modernizing, liberalizing regime to the worst of communist totalitarianism. China immediately suffered from economic sanctions and political isolation by the Western powers. In brief, the disappearance of the Soviet threat tended to improve Beijing's security situation, but the economic sanctions and political isolation imposed by the Western powers led by Washington placed Beijing in an even more difficult position.

Regionally, Beijing was facing a number of politico-military security problems. At the level of major powers, the dramatic weakening of the Soviet Union forced Moscow to shift its policy on Southeast Asia. The sharp decline of Soviet support for Vietnam meant that Beijing no longer felt a serious threat from its southern flank. However, the new US security strategy towards the Asia-Pacific region has became a fundamental concern to Beijing because of its links to and influence over the future role of Japan in the region. In East Asia, a core security structure has been built around a series of bilateral ties centered primarily on the United States with Japan, Korea, the Philippines, Thailand, Singapore, Australia, and, informally, Taiwan. US-Japanese security cooperation was subsequently strengthened for the containment of China. Equally important are US influence over the

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[1] Paul H.B. Godwin, "Force and Diplomacy: Chinese Security Policy in the Post-Cold War Era", in Samuel S. Kim, ed. *China and the World: Chinese Foreign Relations in the Post-cold War Era*, (Westview Press, 1994), pp. 172-173.

future of Taiwan, the situation in the Korean peninsula, the political settlement of the Cambodia issue, and post-Cold War security policies of the ASEAN and mainland Southeast Asian states. Beijing fears that Japan's economic strength and its intention to play the role of a major political power may well become the source of aspirations to play a major military role.

At the level of regional states, Soviet withdrawal from mainland Southeast Asia made Hanoi seek international settlement of the Cambodia issue and improvement of its relations with Beijing. While China was trying to get away from the protracted conflict in Cambodia, the maritime Southeast Asian states quickened their steps to occupy the Chinese claimed islands in the South China Sea, which, in Beijing's view, infringed the sovereignty and territorial integrity of China. The ASEAN states were viewed as changing their primary military focus from internal security to protection of their maritime interests. These changes have been accompanied by increased defense spending and defense cooperation within and without ASEAN itself. These activities demonstrated that issues between China and the maritime Southeast Asian states that had formerly been muted by their common interest in countering the Soviet-Vietnamese regional expansion now began to emerge once this common interest was gone.

On the whole, the post-Cold War regional security environment that Beijing was facing was a mixture of both positive and negative factors. While Sino-Soviet and Sino-Vietnamese relations began to improve, Sino-US relations began to deteriorate. Under the influence of the new US Asia-Pacific strategy, new threats or conflicts emerged and constituted conventional security concerns for Beijing. Although there was no immediate

major military threat to China's security, Beijing was facing a far more complex global and regional security environment that it had anticipated in the years since the mid 1980s.

Domestically, as a consequence of the Tiananmen incident in June 1989, the country's economic and political reforms were suspended and economic growth slowed significantly. Social discontent, political opposition and ethnic secessionism were growing rapidly and directly challenged the leadership of the Communist Party of China (CPC). These factors constituted serious non-conventional security concerns for Beijing. As a pragmatic strategist, Deng Xiaoping perceived the danger of an economic setback as well as internal and external challenges to the communist party and national security. Deng's pro-economic reform statements made during his South China tour in spring 1992 forced the new Chinese leaders out of their hesitant approach to economic reforms after June 1989. Deng strongly called for faster growth and increased economic interchange with the outside world. For Deng, development is an essential criterion. Economic reforms for development are of primary importance. He warned that if China could not catch up with the "Asian four dragons" and ASEAN as soon as possible, the legitimacy of communist leadership would be challenged again.[2]

China's Basic Security Interests and Strategy

China's post-Cold War basic security interests can be highlighted into the following two major areas:

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[2] See, for example, Qin Yaqing, "China after the Cold War, Security Perception and Strategy option", in Liu Shan and Chun-tu Hsueh (eds.), *New Dimensions of China's Diplomacy*, (Beijing: World Affairs Press, 1997).

Economic development for national security and regime security. Drawing lessons from the disintegration of the Soviet Union, the Chinese leaders came to realize the primary importance of rapid economic growth as the foundation of both national security and regime security, which no longer depend solely on military force as in the Cold War era. The report of the 14th National Congress of the Communist Party of China (1992) indicated that "modern Chinese history and realities of the present-day world show that as long as a country is economically backward, it will be in a passive position, subject to manipulations by others. Nowadays the competition among various countries is, in essence, a competition of overall national strength based on economic, scientific and technological strength. A greater number of countries and regions, especially our neighbors, are speeding up their development. If we fail to develop our economy rapidly, it will be very difficult for us to consolidate the socialist system and maintain long-term social stability."[3]

Safeguarding national sovereignty and territorial integrity. Of all the international norms, state sovereignty and territorial integrity are the most basic and deeply internalized principles of Chinese foreign policy. They are also viewed as the core elements of Beijing's strategic culture. In the post-Tiananmen period, as Samuel Kim notes, "the norm of state sovereignty seemed to have returned with renewed vigor to Chinese foreign policy pronouncements."[4] Beijing viewed the collapse of the Soviet Union as a result of the Western anti-communist strategy of "peaceful evolution". It was feared that the Western powers wanted to infringe on Chinese sovereignty by

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[3] See the report delivered by General Secretary Jiang Zemin October 12, 1992 at the 14th CPC National Congress, in *Beijing Review*, (Oct. 26-Nov. 1, 1992).
[4] Samuel S. Kim, "Chinese Foreign Policy in Theory and Practice", in Samuel S. Kim (ed.), *China and the World*, (Boulder, Colorado and Oxford, Britain: Westview Press, 1998), p. 21.

"Westernizing" and "disintegrating" China in the name of human rights, democracy, and freedom of expression. On the other hand, the norm of territorial integrity serves Beijing's strategic interests in maintaining China's status as a great power. Therefore, on Beijing's post-Cold War security agenda, the Taiwan issue and the South China Sea territorial disputes became highly alarming as a consequence of the modifications of US strategic policy in East Asia. In Beijing's view, Washington attempted to make use of territorial issues to contain the rapid rise of China.

Obviously, economic development was set as the top priority, which is followed closely by sovereignty and territorial integrity, with special emphasis on the recovery of Taiwan. These two security interest areas (or policy goals) appear to be contradictory in strategy frameworks. The former requires more accommodative or even cooperative policies, while the latter tend to involve conflictual or assertive approaches. For China, however, the first requirement for economic development is external peace and internal stability. Therefore, China's post-Cold War external relations are guided by the principle of "adhering to an independent foreign policy of peace and trying to create a favorable international environment for the modernization drive."[5] For this purpose, Beijing launched a diplomatic offensive in response to the economic sanctions and political isolation imposed by the West. While seeking to improve bilateral relations with Western powers, Beijing also concentrated its efforts to improve its relations with all major regional actors in Asia, particularly Japan, India, South Korea, and ASEAN. The essence of the adjusted policy/strategy was to build good-neighbor relations with all the states on China's periphery, preserve regional peace and stability, and promote regional economic

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[5] See the report delivered by General Secretary Jiang Zemin at the 14th CPC national congress.

cooperation. To implement this strategy, "China advocates dialogues and negotiations with other countries as equals in dealing with the historical disputes over boundaries, territorial lands, and territorial seas and seeks the fair and reasonable solution. Disputes that cannot be settled immediately may be set aside temporarily as the parties seek common ground while reserving differences without letting those differences affect the normal relations between two countries."[6] This policy statement suggests that the general trend of China's post-Cold War foreign policy/security strategy tends to be less conflictual/assertive and more accommodative, at least in the procedural sense, than it was during most of the Cold War era.

Economic motives have been highly influential in guiding China's foreign policy, as Beijing has tried to make diplomacy serve domestic economic reforms and development. In his study of the initiation of accommodation in international relations, Richard Lebow suggests several motivating factors as potential explanations for foreign policy change. At the domestic level, he identifies the commitments by leaders to domestic political and economic reforms as one of the essential conditions that motivate leaders to pursue a conciliatory foreign policy.[7] In the case of the Soviet Union in the late 1980s, Gorbachev's attempt to soften East-West relations was motivated in large part by his commitment to domestic reform. The need to revitalize the Soviet economy required accommodation with the West, which would permit the Soviets to shift scarce financial resources from the military to production, and would also attract credit, investments and

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[6] Liu Huaqui, "China Will Always Pursue Peaceful Foreign Policy of Independence and Self-determination", *Quishi*, No. 23, (December 1997), p. 3.

[7] Richard N. Lebow, "The Search for Accommodation: Gorbachev in Comparative Perspective", in Richard N. Lebow and Risse-Kappen (eds.), *International Relations Theory and the End of the Cold War*, (New York: Columbia University Press, 1994), p. 171.

technology from the West.[8] Essentially, accommodation would create the optimal external conditions needed in order to promote internal economic development.[9] At the bilateral level, Lebow identifies anticipated reciprocity from the other party as an important permissive factor that contributes to a shift to an accommodative strategy. In a long-standing rivalry laden with deeply rooted hostility and suspicion, decision-makers are most likely to consider an accommodative strategy when they expect it to be reciprocated.[10]

Lebow's theory offers a sound explanation of China's foreign policy and security strategy readjustment soon after the end of the Cold War. The suppression of the pro-democracy movement by the Chinese communist regime placed Beijing in acute ideological confrontation with all Western powers, whose economic sanctions and political isolation aimed to press a political change in China. Internally, without economic reforms and development, the communist regime cannot survive; externally, without a peaceful international security environment, China's economic reforms and development cannot be guaranteed; moreover, without economic development China's national security cannot be assured. The connection between internal problems and external relations shows the linkage between regime security and national security. Both internal and external factors motivated the Chinese leadership to adopt a more accommodative/cooperative foreign policy and security strategy in China's external relations, especially its relations with neighboring countries and regions. A peaceful security environment on China's periphery is essential to having breathing space for

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[8] Jinping Guo, *The Dynamics of Accommodation: China's Strategy toward the ROC (Taiwan)*, (M.A. research project, Department of Political Science, McGill University, 1996), p. 6.
[9] Lebow, "Search for Accommodation", p. 173.
[10] Guo, *The Dynamics of Accommodation*, p. 7.

economic development, especially in creating a favorable political climate that would facilitate the flow of investment, technology, export earnings from the Western powers within the framework of what has been called "market socialism". Hence, peripheral diplomacy in the early 1990s amounted to a highly active and visible diplomatic offensive to recover China's international image.

China's Post-Cold War Policies/Strategies towards Southeast Asia

In view of the strategic importance of Southeast Asia as a key security environment, China took a number of conciliatory initiatives to improve its relations with all Southeast Asian states immediately after the Cold War. First, Beijing established and/or normalized relations with all Southeast Asian states. In addition to Thailand, Malaysia and the Philippines, China restored relations with Indonesia in 1990 after a suspension of twenty-three years, and established diplomatic relations with Singapore, and with Brunei in 1991. In mainland Southeast Asia, Beijing also normalized relations with Laos in 1990 and Vietnam in 1991. Second, Beijing withdrew its support for the Khmer Rouge in Cambodia, thus paving the way for an eventual solution of the protracted conflicts between Vietnam and Cambodia.[11] Third, Beijing also signed a boundary agreement with Laos and agreed with Vietnam to settle border disputes peacefully in 1992.[12] Fourth, while the CPC maintained its fidelity to Mao, Beijing halted its support to communist

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[11] See, for example, Jusuf Wanandi, "ASEAN's China Strategy: Towards Deeper Engagement", *Survival,* 38.3, (Autumn 1996); He Shengda, Ma Yong & Wang Shilu, *Southeast Asia and China: Towards the Twenty-first Century;* (Kunming: Yunnan University Press, 1998); and Lu Jianren, "Post-Cold War Situation in East Asia and Its Future Trend", in Chun-tu Hsueh & Lu Zhongwei (eds.), *China and Her Neighbors: Prospects for the Twenty-first Century,* (Beijing: Current Affairs Press, 1995).
[12] Mel Gurtov & Byong-Moo Hwang, *China's Security: The New Roles of the Military,* (Boulder and London: Lynne Rienner Publishers, 1998), p. 67.

insurgencies in all non-communist Southeast Asian states. Fifth, in 1989 China formulated a new law on citizenship, which relinquished China's authority over the Southeast Asian Chinese and revoked their Chinese citizenship. Instead, they were to accept the citizenship of their place of residence and were advised to be loyal to their adoptive countries. In addition to improving bilateral relations, China also made efforts to ameliorate its relations with ASEAN, especially in the political, economic and security areas, through dialogues in various frameworks and at different levels.

There are numerous possible explanations for this partial shift in policy/strategy toward Southeast Asia. Many of these are *external* and *largely political* concerns whether at the global or regional level. These include the need to escape from the political isolation (and economic sanctions) imposed by the Western powers after the Tiananmen incident; the desire to avoid driving Southeast Asian states into strengthening their ties with the United States and Japan or forging closer political-military ties among themselves against China; the need for China, as the weakest power in the US-Japan-China strategic triangle, to make a serious effort to improve its relations with all Southeast Asian states and ASEAN in order to improve its strategic position in the region; China's need for ASEAN's support on a number of major issues, especially Taiwan's status and the infringement of sovereignty in the name of human rights. However, *economic* concerns were arguably a more fundamental contributing factor to the development of accommodative policies in the post-Cold War era. As noted previously, Beijing wants to secure a peaceful environment for a flow of economic resources from the Western powers (investment, technology, export earnings, etc.) that would generate rapid economic development essential both for *national security* and

regime security. In addition, China has also sought to strengthen its involvement in regional economic affairs in order to counterbalance the influence of Japan, Taiwan and the United States.

Despite the aforementioned positive developments, differences and disputes emerged between China and the Southeast Asian states on a number of security issues, such as the South China Sea disputes, China's military modernization vis-à-vis regional arms buildups, relations with Taiwan, and a regional security framework. These generated actual or potential conflicts of interest between the two sides, which could undermine regional peace and stability and create difficulties for accommodation. In procedural accommodation the parties in conflict are aware of the incompatibilities of their core interests and values but agree to limit the methods using in pursuit of these incompatible interests. Procedural accommodation may be followed by substantive accommodation, in which states seek to reduce, and possibly even eliminate their incompatibilities.[13] Obviously, Beijing is aware of the incompatibilities of its security interests with those of the Southeast Asian states. To create and maintain a peaceful regional security environment, however, Beijing has to adopt a conciliatory/accommodative policy towards the Southeast Asian states, which must be based on its long-term strategic interests in the region. In the following sections, we are going to look into a number of specific security issues/challenges and see how China has perceived and handled the changing situations.

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[13] See footnote 7 on page 4 of this thesis. This concept of accommodation is also quoted in Haroon Bhatti, *Dynamics of Accommodation in the Developing World*, (M.A. thesis, Department of Political Science, McGill University, 1996).

South China Sea Territorial Disputes

China is a key player in the South China Sea disputes, given its size and growing political, economic and military power. For Beijing, the South China Sea is a matter of China's sovereignty and territorial integrity, which was "indisputable" and "non-negotiable" throughout the 1970s and the 1980s. This conflictual/assertive policy was so evident that in March 1988 China forcibly evicted Vietnamese forces from a number of islands and there was wide concern that China might do likewise to the rest of the Spratly Islands. In the late 1980s, however, Beijing proposed that the question of sovereignty be "shelved" and that all claimants begin joint development of the disputed waters. Despite this apparently conciliatory offer, it was obvious that the accommodative element in Beijing's policy towards the Spratly disputes was very limited since it was accompanied by "three 'no's": no specification of claims; no multilateral negotiations; and no internationalization of the disputes.[14] It accepted only bilateral negotiations with each claimant, which would reinforce the imbalance of power.

Since the South China Sea disputes concern the overlapping claims of several ASEAN states, the issue became a bone of contention in Sino-ASEAN relations. In response to the limited flexibility of Chinese policy, ASEAN claimants appeared to have employed three tactics. First, notwithstanding the ASEAN agreement on the non-use of force, all the contesting parties have quietly strengthened their military positions already held in the South China Sea. Second, the claimant governments linked China's behavior in the disputes to the "China threat", namely how Beijing treats the other claimants now

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[14] See, for example, Mark J. Valencia, *China and the South China Sea Disputes*, IISS Adelphi Paper 298, (New York: Oxford University Press, 1995).

is a barometer for how China as a "superpower" will treat its neighbors in the future, which makes it politically costly for Beijing to defend its claims. Third, the claimants attempt, through regional security structures, to internationalize the disputes by involving outside major powers with a view to pressuring China for a compromise settlement.

In the first half of the 1990s, although Beijing was reluctantly involved in the non-formal multilateral dialogues initiated by ASEAN on the South China Sea disputes, its basic policy remained unchanged. In February 1992, China passed its law on the territorial sea and the continuous zone and signed a commercial contract with an US-owned oil firm (Crestone). In response, the ASEAN ministerial meeting in Manila in May the same year issued its first joint declaration on the South China Sea, urging all claimants to exercise self-restraint and to apply the principles of the 1976 ASEAN Treaty of Amity and Cooperation in Southeast Asia, which called for renunciation of the use of or threat to use force in dealing with disputed issues.[15] In early 1995, the Chinese navy occupied the Mischief Reef claimed by the Philippines and started to build permanent structures on the islets. This behavior, as Denny Roy writes, "was widely interpreted as a Chinese probing action designed to cautiously test ASEAN and US reaction by challenging ASEAN's weakest member and a military ally of the United States."[16] The Mischief Reef dispute put ASEAN states into a stronger and more unified stand against Chinese conflictual/assertive approaches. ASEAN ministers expressed strong displeasure over the Chinese actions in Mischief Reef during an April 1995 meeting in Hangzhou, China.

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[15] See, for example, Lee Lai To, "The South China Sea: China and Multilateral Dialogues", *Security Dialogue*, 30,2 (June 1999).
[16] Denny Roy, *China's Foreign Relations*, (Lanham, New York, Boulder, Oxford: Rowman & Littlefield Publishers, Inc., 1998).

Facing mounting criticism and growing political pressure from ASEAN claimants, Beijing could not but face up to the reality and plan new strategy to take up the challenge. Given the strategic importance of the Spratly Islands sitting astride vital sea-lane, the great economic interest in natural resources, and the defense agreements between some claimants and outside powers, persistence in a conflictual/assertive policy would not work for the benefit of Chinese interests. Beijing's policy readjustment in 1995 appeared to be motivated by both external political considerations and practical reasons. The most immediate explanation could be that Beijing feared that persistence on a conflictual/assertive strategy would sacrifice its growing political and economic cooperation with ASEAN and drive the organization to seek closer political and military alignment with external powers against China. Furthermore, compared with the Taiwan issue, the South China Sea is of second order importance to China. A conciliatory and flexible strategy towards the South China Sea disputes would, it was hoped, help Beijing to win continuous support from ASEAN on the Taiwan issue.[17] Practically, until modernization of the Chinese navy allows full and continuous power projection over the South China Sea, local military clashes are not necessarily to China's advantage. On the contrary, a perceived Chinese aggression would damage Beijing's international reputation. Based on these factors and taking into account its long-term strategic interest in Southeast Asia, Beijing could not but shift its conflictual/assertive policy to a procedural accommodation strategy towards the South China Sea territorial disputes.

Starting from 1995, China began downplaying its military intentions in the South China Sea and making efforts to improve its relations with other ASEAN claimants.

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[17] See, for example, Wang, Jianwei, "Chinese Perspectives on Multilateral Security Cooperation", *Asian Perspective*, 22,3 (1998), p.121.

Chinese leaders reassured the ASEAN states that Chinese intentions were peaceful and that China looked for joint exploration of natural resources, not military confrontation. In contrast to earlier protests about the other claimants' drilling in the South China Sea, Beijing said little or nothing about the Indonesian gas deal with Western oil companies in the middle of territorial waters claimed by China. At the bilateral level, Beijing reached an agreement with Vietnam on general territorial questions including the South China Sea, seeking peaceful settlement through bilateral negotiations. Beijing also set "rules of conduct" with Malaysia and the Philippines in the disputed waters. At the multilateral level, using consultation, not confrontation, as the means to work out disputes, China began to seek international legal help for its claims in the disputes.[18] China expressed that it was ready to work together with the countries concerned to resolve the dispute according to recognized international law, the temporary law of the sea including the basic principle and legal regime defined in the UN Convention on the Law of the Sea (UNCLOS).[19] Beijing also appeared to have accepted a form of limited multilateral discussions on the Spratly disputes in the Sino-ASEAN context. On the whole, China seems to have become more interested in deepening its relations with ASEAN and would not allow the differences in the Spratlys to block such a development. In response, ASEAN leaders welcomed the fact that China for the first time has acknowledged the use of international treaties and multilateral dialogue for negotiations on rival claims and is prepared to be conciliatory and flexible and would like to resolve this with ASEAN in a

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[18] See, for example, James R. Lilley, "'Crossing the River by Feeling One's Way along the Bottom, Stone by Stone': China's Greater China Strategy", in Thomas A. Metzger & Ramon H. Myers (ed.), *Greater China and U.S. Foreign Polity*, (Hoover Institution Press, 1996).
[19] See *FBIS-EAS-95-146*, (31 July 1995).

very oriental way through patience and consultations.[20] Since 1995, the situation in the South China Sea has remained relative stable.

The above developments suggest that facing ASEAN's growing solidarity and political pressure on the South China Sea territorial disputes, Beijing could not but have softened its policy. The basic political consideration is that openly confronting ASEAN claimants, singly or collectively, would sacrifice China's growing political and economic ties with ASEAN and push the organization to anti-China alignment with the United States or tilt it toward Japan. Moreover, for practical reasons, the Chinese military forces are not yet powerful enough to win local combats in the blue water at the cost of its political reputation. Therefore, Beijing has adopted procedural accommodative approaches on various issues, ceasing confrontation and agreeing to seek peaceful settlement through both bilateral negotiations and multilateral consultations according to the relevant international laws. However, on the questions concerning its national sovereignty and territorial integrity, Beijing's basic position remains inflexible. China has strong concerns about outside interference and possible internationalization of the disputes, and has no desire to talk about sovereignty issues in the presence of non-claimants in a multilateral forum. In this sense, Beijing's procedural accommodation could still be accompanied with conflictual/assertive elements on certain sensitive issues. So far, Beijing's conciliatory proposal of shelving the sovereignty for joint development has remained rhetoric and received no serious response from the other claimants, because the four ASEAN claimants have overlapping jurisdictional lines with one another as well as with China, and there has been no simple median line solution. Moreover, the

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[20] See *FBIS-EAS-95-146*, (31 July 1995).

overlapping claims are further complicated by individual calculations of Exclusive Economic Zones (EEZ). Multilateral concessions on the question of sovereignty need domestic political support from of all claimants, which does not likely to appear at the present stage, therefore one should not expect China's unilateral compromise on this highly nationalistic issue. Nonetheless, Beijing's procedural accommodative strategy has proved to be conducive to the maintenance of relative stability in the South China Sea.

China's Military Modernization vis-à-vis Regional Arms Buildups

As mentioned in Chapter 2, the 1990s has witnessed rapid arms buildups in Southeast Asia despite the attainment of relative peace and stability in the region. One of the external dynamics of the regional arms buildups, as some analysts suggest, is China's military modernization drive as well as Beijing's military intentions in Southeast Asia, especially in the South China Sea territorial disputes.

China's military modernization drive started in the mid 1980s. With its rapid economic growth, Beijing embarked on a major program of military modernization, which was seen as "converting China's growing economic resources into military power and political influence."[21] In the late-Cold War period, as China and ASEAN were in a common front against Soviet-Vietnamese regional expansionism, Beijing's military modernization program was not a highly sensitive problem between the two sides.

After the Cold War, particularly spurred by the lessons of the Gulf War in 1990, Beijing accelerated the pace of military modernization by modifying its defense strategy and renewing both conventional and strategic arsenals. Huntington observes that "China

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[21] Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order*, (New York: Simon & Schuster, 1996), p. 229.

redrafted its military strategy, shifting from defense against invasion in a major war with the Soviet Union to a regional strategy emphasizing power projection. In accordance with this shift it began developing its naval capabilities, acquiring modernized, longer-range combat aircraft, developing an in-flight refueling capability, and deciding to acquire an aircraft carrier".[22] According to a CSIS report (1996), the post-Cold War military security strategy of China calls for the development of "a relatively small, highly trained and motivated, mobile, versatile, and coordinated air, land, and sea force in support of a new defense doctrine centered on the concepts of local, active peripheral defense, and rapid power projection." The new military doctrine and force structure are developed to satisfy five key strategic requirements:

- Increasing China's overall global and regional stature, particularly through the display of high-technology weaponry;

- Dealing with the uncertain future military postures of the United States, Japan, the ASEAN states, and perhaps India;

- Maintaining a credible threat of force toward an increasingly separatist-minded and economically potent Taiwan;

- Improving Chinese military and diplomatic leverage over, and access to, nearby strategic territories claimed by China, such as in the South China Sea, and defending access to vital oceanic routes in the event of conflict; and

- Strengthening China's ability to deal with domestic social unrest and ethnically motivated border instabilities.[23]

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[22] Ibid. p. 230.
[23] CSIS, *Developing a Consensus for the Future—A Report of the CSIS U.S. China Policy Task Force,* (Washington D.C.: CSIS, 1996), p. 47; and RAND, *China: Domestic Change and Foreign Policy,* (National Defense Research Institute, U.S.A., 1995), pp. 89-90.

Analysts generally agree that political support for military modernization is determined by the Chinese leaders' aspirations to transform China into a powerful modern state on an equal footing with other major powers and to exert greater influence on international relations. According to official figures, as Huntington notes, during most of the 1980s Chinese military spending declined. Between 1988 and 1993, however, military expenditures doubled in current amounts and increased by 50 percent in real terms.[24] Malaysian military strategists suggest that in the 1990s, China's annual defense spending is already more than 30 billion *yuan*, or 1.6% of China's GNP, according to official statistics in the state budget. However, it is believed that China's real military spending is closer to 5-7% of the GNP which means no less than 90-100 billion *yuan* a year at current rates.[25] The IISS concludes that China's actual defense spending is at least four times greater than the official figure.[26] The CSIS report also suggests that China's official budget figures tend to underestimate defense expenditures—which may be two to four times the official numbers. In analyzing the budget, purchasing power parity may provide a more useful measure of spending and capability, at least in parts of the budget, such as personnel costs, operations and management, and some parts of R&D and procurement.[27] Whatever the accuracy of these estimations, most analysts believe that China's increasing military investment in the 1990s has been devoted mainly to modernization of the Chinese navy, air force, and strategic defense system.

In the post-Cold War era, Beijing's rapid defense growth and military intentions have

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[24] Huntington, *The Clash of Civilization*, p. 230.
[25] R. Sachithananthan, *Asia-Pacific Military Balance, 1994-1995*, (Kuala Lumpur: ADPR Consult (M) SDN.BHD., 1995), p. 108.
[26] Quoted in Joseph S. Nye, "China's Re-emergence and the Future of the Asia-Pacific", *Survival*, 39,4 (Winter, 1997-98), p. 68.
[27] CSIS's report, p. 48.

become a highly sensitive issue in Sino-ASEAN relations. According to Beijing, China's military modernization program is commensurate with its economic development and is "solely for the purpose of national defense."[28] Beijing also condemns the United States for distorting China's intentions. However, as a regional major power and a rising global power, China's military buildup cannot but cause its small neighbors' growing apprehension and suspicion. "ASEAN is not seeking to limit China's defense capabilities," writes ASEAN strategist Jusuf Wanandi, "that is for Beijing to decide, on the basis of its national interest. But ASEAN wants to know what the purpose and objectives of China's defense build-up are."[29]

Chinese analysts have offered various explanations for the military modernization drive. They argue that China's defense expenditures *per capita* are among the lowest in the world, and that the absolute level of Chinese expenditures is far below the level of outlays in the United States, Japan, and other major Western powers. Beyond statistical issues, Chinese military forces have a great amount of antiquated equipment and Beijing has its sovereign right to modernize its military. Although China does not now face an immediate military threat, there are a number of potentially threatening hot spots that more than justify modernization of national defense.[30] Defense modernization programs under way throughout Asia are a major source of Beijing's concerns. Godwin argues that the stimulating factors in East Asia are the Japanese arms buildup within the framework of US-Japan security alliance and Taiwan's militarization supported by the US.[31]

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[28] *Beijing Review*, (September 15-21, 1997), p. 6.

[29] Wanandi, "ASEAN's China Strategy", pp. 125-126.

[30] See, for example, Li Daoyu, "Foreign Policy and Arms Control: The View from China", *Arms Control Today*, (December 1993); and Yan Xuetong, "China's Post-Cold War Strategy", *Contemporary International Relations*, (May 1995).

[31] See Godwin, "Force and Diplomacy", pp. 184-188.

ASEAN's long-term security concerns are, nevertheless, not uniform. Thailand has no territorial disputes with China and is least fearful of Beijing's intentions. Vietnam, the Philippines, Singapore, and the Indonesia are the most skeptical, and China's 1995 occupation of Mischief Reef raised Malaysia's concern to a higher level than previous years. "Given the diversity in the degree of concern over Beijing's long-term intentions," writes Paul Godwin, "the ASEAN states, seeking not to confront China, have individually and collectively balanced the 'hard power' of their improving military capabilities with the 'soft power' of dialogue and trade."[32] Whatever the differences among the ASEAN members, it is generally felt that the rapid growth of China's military power is a main source of the perceived "China threat" and a key stimulating factor for the regional arms buildups in Southeast Asia.

Both China and ASEAN must have been aware of the consequences of military buildups on both sides. Nevertheless, neither China nor the ASEAN states have made any attempts to reach substantive arms control agreements (either bilaterally or multilaterally) or otherwise limit military buildups/capabilities that might directly affect their respective security situations. However, the ASEAN states have attempted, both informally and in the framework of the ARF, to encourage confidence-building measures (CBMs) within Asia and in particular increased national defense transparency. On this highly sensitive issue, Beijing appears to have kept a low key and adopted an accommodative approach toward the ASEAN states. It has cautiously expressed concerns about but made no open criticism of the ASEAN states' arms buildups or their military arrangements with outside major powers. To accommodate ASEAN's request at the ARF, Beijing took a number of

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[32] Godwin, "Force and Diplomacy", p. 177.

initiatives to promote CBMs. By the end of 1995 China published for the first time a defense White Paper.[33] However limited and unrevealing this White Paper may have been, as Wanandi comments, "it was not very different from the equivalent publications of Singapore, Thailand and Indonesia."[34] China suggested in 1996 that the ARF start a dialogue on defense conversion and begin discussions on comprehensive security cooperation. In terms of military cooperation, China offered a number of proposals to further promote CBMs, such as notifying and inviting other ARF members to observe military exercises, and reducing and eventually eliminating military reconnaissance targeted at ARF members. In recent years, it also has intensified military-to-military diplomacy with the Southeast Asian states, which aims to ease regional concerns over China's defense policy and military modernization drive.

In spite of the fact that China's military modernization drive is not targeted at Southeast Asia and that the regional arms buildups do not pose an imminent threat to China, the military buildups of both sides have generated mutual suspicions and mistrust and constituted a potential threat to regional peace and stability. Beijing's partial attempts at procedural accommodation in this area may have been helpful in reducing the apprehension and suspicion of ASEAN states. However, without a firm commitment to peaceful settlement of the South China Sea disputes and particularly in the absence of a well-established regional collective security mechanism and mutual confidence, Beijing's limited accommodative approach seems unlikely to have a long-term effect in convincing the ASEAN members of its future intentions in the region.

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[33] See *Beijing Review*, (August 12-18, 1996).
[34] Wanandi, "ASEAN's China Strategy", p. 124.

Southeast Asia and Taiwan

During the Cold War, the Taiwan issue was not a key area in relations between China and the Southeast Asian states. Since the end of the Cold War, however, bilateral economic and political relations between the Southeast Asian states and Taiwan have developed rapidly, and this tendency has received growing attention from both Chinese and international analysts.

The reality of two Chinese states, namely the People's Republic of China (PRC) and the Republic of China (ROC), is the result of the Chinese civil war in the 1940s. Although experiencing very different modernization paths, the PRC and the ROC competed for international legitimacy throughout the era of the Cold War. Both Chinese states adhered to the "one-China" principle and refused other countries' right of dual recognition of both.

In the PRC's external relations, the Taiwan issue has long been the most important and sensitive problem, which concerns not only China's reunification, but also regional peace and security. Beijing insists that Taiwan, as a province, is an integral part of China, and that the country's reunification is totally an internal affair of China. Beijing adheres to the "one-China" principle and rejects the formulas of "two Chinas" or "one China and one Taiwan". Beijing requires that any country establishing formal diplomatic relations with the PRC must recognize the "one-China" principle, which means no diplomatic relations with Taiwan. All countries, including the United States, that have diplomatic relations with China accept this principle and do not have the same relations with Taiwan. Beijing has also proposed that the country be reunified by the formula of "one

country, two systems", which is rejected by Taipei for safeguarding the ROC's sovereignty.

The Taiwan issue is always an essential part of the US Asia-Pacific strategy. Since the end of the Cold War, particularly the Tiananmen incident in 1989, Sino-US relations have experienced some difficult times. For the United States, the rapid rise of communist China will constitute a threat to East Asian peace and security. While recognizing the principle of "one China", the United States has also sought to involve Taiwan in the international community through expanding economic, diplomatic, and military cooperation, thus making Taiwan an effective means to contain China.[35] It is in this context that Taiwan has initiated the "Southward Drive", seeking to diversify its investment to avoid economic dependence on mainland China and to expand its economic and political ties with the Southeast Asian states, especially the members of ASEAN.

When the ASEAN states established diplomatic relations with China, all clearly stated that they recognized the PRC as the sole legal government of China and acknowledged, understood, or respected the Chinese position that there was but one China and Taiwan was part of China. Accordingly, all official dealings with Taiwan should have stopped thereafter. However, the Taiwan issue, while less salient than the South China Sea disputes, crept back due to Taiwan's remarkable economic performance and, more recently, its deliberate effort to strengthen economic diplomacy towards Southeast Asia. Under its "elastic" or "flexible" stand in retaining ties with ASEAN states, Taiwan has become one of the most important investors in Southeast Asia.

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[35] Yan Shengyi, "The International Environment for China's Unification", in Liu Shan & Chun-tu Hsueh (eds.), *New Dimensions of China's Diplomacy*, p. 222.

Taiwan's march into Southeast Asia can be explained, to a large extent, by the pragmatic policies mapped out by the ASEAN states to attract more foreign investment and trade. But Taiwan also does not disguise its use of economic power to try to resume formal ties with others and revive its political status in the international community. Having diplomatic relations with only some 30 countries, Taiwan is eager to upgrade its numerous overseas unofficial or semi-official representations, including those in the ASEAN states, to the formal level.[36] In view of its increasing links with Southeast Asia, Taiwan is willing to play a more active role in regional security affairs and has even sought to become an ARF dialogue or consultative partner.[37]

The ASEAN states seem to have paradoxical considerations on the Taiwan issue. On one hand, they do not like to see Taiwan become independent, because this will inevitably make China resort to the use of force and bring harm to regional peace and security; on the other hand, they are also reluctant to see a rapid reunification of China, for a reunified and powerful China may constitute a substantial threat to the region.[38] Diplomatically and rhetorically, the ASEAN state assure Beijing that they recognize the "one China" principle and that the Taiwan issue is China's internal affair.[39] Wanandi argues that "ASEAN supports a "one-China" policy and accepts that Taiwan is part of China. It is reluctant to become involved in relations across the Taiwan Strait, as it sees the dispute as a domestic issue."[40] In fact, however, most ASEAN states are pursuing a *de*

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[36] See, for example, Lee Lai To, "ASEAN-PRC Political and Security Cooperation", *Asian Survey*, XXXIII,11, (November 1993); and J. W. Wheeler, *Chinese Divide: Evolving Relations between Taiwan and Mainland China*, (Indianapolis: Hudson Institute, 1996).

[37] See, for example, Lee Lai To, "ASEAN-PRC Political and Security Cooperation"; and *FBIS-CHI-96-138*, (17 July 1996).

[38] See, for example, Yan Shengyi, "The International Environment for China's Reunification".

[39] See *FBIS-CHI-96-114*, (12 June 1996).

[40] Wanandi, "ASEAN's China Strategy", p. 125.

facto "one-China, one-Taiwan" policy, and numerous high officials of ASEAN states and Taiwan have exchanged visits to each other's capitals for strengthening their bilateral ties.[41] Military security cooperation has even developed between Taiwan and some key members of ASEAN, such as Singapore, the Philippines, and Indonesia.[42]

On the Taiwan issue, Beijing has distinguished the position of ASEAN states and that of the United States and Japan. In Beijing's view, both the United States and Japan are not in favor of China's reunification, thus playing the "Taiwan card" to contain China; whereas the ASEAN states are not against China's reunification, although most of them remain fearful of the perceived threat of a "greater China". It is obvious that China and the ASEAN states have different political, economic and security interests on the Taiwan issue. However, in view of the strategic importance of Southeast Asia and in order to gain continued political support from ASEAN, particularly on the Taiwan issue, Beijing has adopted a limited accommodative approach on this issue. A rigid and high-handed policy would not be able to prevent contacts between the ASEAN states and Taiwan but produce even worse results. Moreover, economic pragmatism that stresses economic and trade cooperation with ASEAN seems to have outweighed the dogmatism on the norm of sovereignty in this regard. Diplomatically, Beijing has repeatedly warned the ASEAN capitals of Taiwan's political intention but cautiously avoided open criticism of the ASEAN states for their high-level exchanges with Taiwan, even when these activities have helped enhance Taiwan's status in the international community. While China may accept economic ties between the ASEAN states and Taiwan, Beijing would react

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[41] Lee Lai To, "ASEAN-PRC Political and Security Cooperation", p. 1100.
[42] See Zeng Tao, "China Periphery Insecurity Dynamics and Their Impact on Relations Across Taiwan Strait", *Southeast Asian Studies*, No. 2, 1998. However, new President of Indonesia has implied a tilt towards China.

strongly if ASEAN-Taiwan relations were officially upgraded at the political and security level.

In sum, since the end of the Cold War, owing to the changes in US Taiwan policy, economic and political relations between the Southeast Asian states and Taiwan have developed rapidly. China's policy on this issue has been facing a difficult choice. If Beijing places more restrictions on the relations between the ASEAN states and Taiwan, China's political, economic relations with the ASEAN states would be affected; if restrictions on other relations than diplomatic ones are relaxed, Taiwan would inevitably benefit from developing closer ties with the ASEAN states. Indeed, by taking advantage of the opportunity of the 1997-98 Asian financial crisis, Taiwan has been fairly successful in promoting its "Southward Drive" in Southeast Asia. As an organization representing regional interests, ASEAN has also made efforts to develop bilateral military security ties with Taiwan, attempting to make use of the Taiwan issue to contain China. These developments have increased uncertainties in the East Asian security environment, particularly in Southeast Asia. Beijing's accommodative policy is based on *external political-economic* considerations. Given the strategic importance of Southeast Asia and its long-term security interests in the region, Beijing has to maintain good relations with both the Southeast Asian states and ASEAN even at the expense of short-term security interests on the Taiwan issue. Regrettably, Beijing's policy on the relations between Southeast Asia and Taiwan appears to be transitional and incoherent. A qualified accommodative approach may have not brought Beijing the results it expected to see. In view of the recent development of Taiwan's independence campaign influenced by the US Taiwan policy, it can be envisaged that conflicts of interest between China and

ASEAN on the Taiwan issue will become a troublesome new issue area in their future bilateral relations.

China and A Regional Security Framework

As mentioned also in Chapter 2, since the end of the Cold War, ASEAN has made enormous efforts in developing a regional security framework with a view to tying up the major powers with their conflicting interests in the region and safeguarding its own security interests. With its rapid economic growth and military modernization, China has become the focus of long-term regional security concerns of the Southeast Asian states, because "no country has had a positive record of relations with China sufficient to outweigh the negative memory of past."[43] For the ASEAN states, as Rosemary Foot notes, "East Asia's greatest single problem is how to incorporate China into its regional security framework—how to "socialize" Beijing by reducing the element of threat while accentuating the positive elements in China's regional relationships. It is hoped that the confidence building process itself will encourage Chinese leaders to define security in less realpolitik, more interdependent, ways—that China will come to accept security as a good to which all contribute and in which all can share".[44] It is also expected that through the ARF process China can gradually become a responsible regional power in the Asia-Pacific. Wanandi argues that "the ASEAN states do not see China as an immediate threat to the region. But it is true that, to earn the region's trust—especially that of ASEAN,

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[43] Allen S. Whiting, "ASEAN eyes China", *Asian Survey*, XXXVII,4, (April 1997), p. 303.

[44] See, for example, Rosemary Foot, "China in the ASEAN Regional Forum", *Asian Survey*, XXXVIII,5 (May 1998).

China will have to make further improvements in resolving the Spratly Islands disputes and creating more transparency in its military policies."[45]

China has experienced an evolving process of perception of, and participation in, multilateral consultation on regional security issues. Starting from 1991, China was invited to attend informal security dialogues with ASEAN as a consultative partner. In 1996, two years after the establishment of the ARF, China was upgraded as one of the new full dialogue partners to ASEAN.[46] At an earlier stage, Beijing discouraged the development of a multilateral security framework in the region mostly out of fear that it might facilitate an international alliance against Chinese interests: internationalizing the Spratly or Taiwan issues, pressuring China for greater national defense transparency, or even containing China. This was based on Beijing's perception during the Cold War that both the Soviet Union and the United States attempted to use multilateral security mechanisms to form anti-China alliances. For this reason, in the early 1990s, Beijing argued that a multilateral security framework was not desirable because of East Asia's diversity in culture, geography, history, and security perceptions.[47] Therefore, Beijing insisted on the omission of sensitive issues such as the South China Sea and Taiwan from any formal multilateral security consultations. In Wang Jianwei's view, "Beijing drew a clear distinction between "low politics" (economic and other functional issues) and "high politics" (political and security issues). Beijing endorsed the ARF and participated in its meetings but did not want the ASEAN states to dictate the agenda of the forum. Chinese leaders probably believed that the ASEAN states intended to use the ARF to tie Beijing

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[45] Wanandi, "ASEAN's China Strategy", p. 125.
[46] China, Russia and India were upgraded as full dialogue partners of ASEAN at the same time in 1996. See *Beijing Review*, (August 19-25, 1996), p. 10.
[47] See, for example, Denny Roy, *China's Foreign Relations*, Chapter 8.

up on issues such as the South China Sea. Instead, Beijing tried to shape the agenda of ARF by putting forward its own proposals, focusing on less controversial security issues."[48]

ASEAN's prominent role within the ARF may have helped to allay China's suspicions of the organization. The ARF has adopted cooperative security mechanisms that place emphasis on the step-by-step building of confidence and view dialogue as a significant method of creating that confidence. Foot also notes that China's level of comfort with the ARF has risen as a consequence of its experience of the organization's structure and approach to security questions. Decisions are taken by consensus; thus, there is no danger of being singled out as a "recalcitrant".[49]

With its increasing involvement in the ARF, Beijing would have understood that in the post-Cold War context, multilateral security is a trend reflecting the legitimate concerns of small and medium-size countries seeking a stable and predictable regional security order. Beijing would also have realized that the ARF could be the best high-level forum for discussing security issues in the Asia-Pacific region in the post-Cold War era, as well as being a convenient place for interacting with other partners to promote China's interests. An active participation in the ARF would bring China more advantages than disadvantages in the long run. A reluctance to be involved in the multilateral security framework would be seen as an ominous sign that China wants to act on its own, whereas endorsement and participation could be a more effective means to dispel the prevailing perception of the "China threat" than frequent reiteration of the pledge that China will not seek hegemony in the region. In addition, as Wang Jianwei argues, "while China might

[48] Wang Jianwei, "Chinese Perspectives on Multilateral Security Cooperation", p. 117.
[49] See also Foot, "China and ASEAN Regional Forum", p. 428.

be constrained by a multilateral security regime, so are other major powers. The involvement is also a more assured way to prevent a multilateral security mechanism from exclusively targeting China."[50]

With this evolving perception, Beijing began to take a number of accommodative initiatives to promote CBMs, as mentioned in the previous section. In addition, Beijing also agreed to co-sponsor with the Philippines a meeting on CBMs in Beijing in 1997. It marked the first time that China hosted an official multilateral conference on security. So far, however, Beijing has preferred that the ARF remain an informal dialogue mechanism rather than a formal organization, because China does not want to see it becoming an arbitrator of regional conflict. In Beijing's view, the ARF could play an important role in maintaining regional peace and stability only if it give full consideration to the region's diversity and develop incrementally.[51]

As part of mutual CBMs, China has also established a framework of multi-level dialogues with ASEAN.[52] In December 1997 the first informal China-ASEAN Summit was held in Kuala Lumpur, thus raising the dialogue to the highest level. The range of issues covered by the China-ASEAN dialogue has also been gradually expanded from economic issues to security issues, including promotion of CBMs, peacekeeping, maritime search and rescue, preventive diplomacy, non-proliferation, and the South China Sea disputes. Beijing has also proposed five guiding principles for China-ASEAN cooperation: 1. Respecting each other and treating each other as equal; 2. Strengthening

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[50] Wang Jianwei, "Chinese Perspectives on Multilateral Security Cooperation", p. 119.
[51] Ibid. p. 120.
[52] The framework has five parallel mechanisms: the China-ASEAN political consultation of senior officials, the China-ASEAN joint economic and trade committee, the China ASEAN joint committee of science and technology, the China-ASEAN joint committee, and the ASEAN Beijing committee. See Wang Jianwei, ibid. p. 118.

dialogue and intensifying consultation; 3. Seeking common development based on mutual benefit; 4. Supporting each other and expanding cooperation; and 5. Bearing in mind the larger picture, seeking common ground while putting aside differences.[53] In Beijing's view, despite its weaknesses, the ARF plays an important role in promoting mutual understanding, enhancing mutual trust, and maintaining regional peace and stability, and is becoming the major channel for multilateral security dialogue and cooperation in the Asia-Pacific region.[54]

As mentioned previously, establishing a new regional security framework is one of the most important strategic arrangements of ASEAN in the post-Cold War era. The immediate objective of the ARF is to tie up the major powers with their conflicting interests in the region and to ensure ASEAN's leading role in regional security affairs. This has posed a new challenge to China's post-Cold War diplomacy in Southeast Asia. Previously, Chinese diplomatic efforts laid more emphasis on bilateral relations, which tended to be in China's favor. Hence Beijing did not feel comfortable with regional multilateralism and treats regional security frameworks, informal and formal, with apprehension and suspicion, fearing its own freedom of action would be constrained by other partners. For this reason, Beijing has adopted a gradualist and accommodative approach to multilateral discourse, starting with discussions on non-sensitive matters and general principles, preferably on an informal basis. Two factors seem to be able to explain Beijing's shift of its strategy towards the ARF: First, with its enlargement, ASEAN has become more powerful in regional and global arenas and has a right to a greater say on regional security affairs. Beijing cannot afford to ignore ASEAN's

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[53] See *Beijing Reniew*, (September 15-21, 1997), p. 6.
[54] See *FBIS-CHI-96-144*, (25 July 1996).

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collective voice. Second, regional multilateral discourse has proved to be the best venue where China interacts with other partners to promote Chinese interests. In this context, Beijing's involvement in the ARF has changed gradually, from passive to active, from mistrustful to accommodative. The ARF is successful in the sense that it has made Beijing accept a form of limited multilateralism and internationalization of discussions on certain disputed issues concerning China's vital interests. Due to the consultative nature of the ARF, Beijing seems to be more inclined to gain ASEAN's trust and improve its own image through procedural accommodation.

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In conclusion, the post-Cold War regional security environment in Southeast Asia has been more complex than Beijing had anticipated, not only at the level of major power policies/relations but also in terms of the policies/relations of regional states. In particular, certain conflicts of interest between China and some Southeast Asian states that had previously remained latent or were overshadowed by major power relationships now began to emerge. These developments have posed new challenges to China's post-Cold War diplomacy.

During this period, Beijing continued to defend/assert China's basic interests in the region. China's substantive positions regarding the country's sovereign rights and territorial integrity remained unchanged as did its claim to develop military capabilities which would enable it to protect these interests. At the same time, Beijing's strategies toward the pursuit of these interests softened somewhat. Thus while China's goals

remained revisionist, its approaches became more accommodative and conciliatory in coping with disputed issues in the Southeast Asian region. This was manifested above all in its gradual acceptance of a multilateral framework (the ARF) for dialogue on regional security issues and in its willingness to undertake some limited confidence building measures in the military area.

The proximate explanation for this partial shift in strategy toward Southeast Asia centers on Beijing's *external, largely political, security concerns* at both the global and regional levels. Globally, there was urgent need for Beijing to escape from the political isolation and economic sanctions imposed by the Western powers after the Tiananmen incident. Regionally, Beijing attempted to avoid driving the Southeast Asian states into strengthening their ties with the United States and Japan or forging closer political-military ties among themselves against China. There was also the need for China, as the weakest power in the US-Japan-China strategic triangle, to make a serious effort to improve its relations with all Southeast Asian states and ASEAN in order to improve its strategic position in the region. Furthermore, Beijing needed ASEAN's support on a number of major issues, especially Taiwan's status and the infringement of sovereignty in the name of human rights. China has also sought to strengthen its involvement in regional economic affairs in order to counterbalance the influence of Japan, Taiwan and the United States. While these external political concerns are important in their own right, the shift toward more accommodative policies in the region stems ultimately from the need to create a favorable political climate which would encourage/facilitate the flow of investment, technology, export earnings, etc. from the Western powers to permit the

economic modernization of China. This in turn was viewed as the foundation not only of state security but of regime security as well.

In any case, whatever the explanation, Beijing's partial policy shift has played a positive role in mitigating regional tensions and building mutual confidence between China and ASEAN.

CONCLUSION

This thesis has explored two basic themes in post-Cold War international relations. The first is the transformation of the global and regional security environment leading to a projected decline in the importance of traditional realist-style security problems. The second is the supposed shift in state behavior with conflictual strategies giving way to accommodation. These presumed trends were explored in the context of Southeast Asia and, more specifically, China's security strategies and relations in the region.

Since the end of the post-Cold War there have been significant changes in the Southeast Asian regional security environment. The acuteness of realist-style security problems has indeed declined in the short term but remain prominent. The end of the US-Soviet and Sino-Soviet political-military confrontations contributed directly to a substantial reduction in regional tension. Since the collapse of the Soviet Union, the United States has become the world's only superpower with no real countervailing power and has fewer shared strategic interests with China. The old strategic triangle has been replaced by the new one formed by the United States, Japan and China. Within the framework of the new US Asia-Pacific strategy, the United States and Japan have further strengthened their political-military cooperation, which aims mainly to contain the rapid rise and perceived expansion of China. To a large extent, regional peace and stability in Southeast Asia still depend on the relative balance of major powers.

At the regional level, certain conflicts of interest between China and some Southeast Asian states that had previously remained latent or were overshadowed by the Cold War now began to emerge. These include territorial disputes in the South China sea, regional arms buildups, the enlargement of ASEAN with potential attempts at counterbalancing China, and Taiwan's increasing efforts to strengthen relations with the ASEAN states. However, these security issues have yet to reach serious proportions and efforts have been made to include China in regional security dialogue through the construction of a multilateral ASEAN regional forum (the ARF).

Non-conventional security problems also appeared to diminish initially as the ASEAN states enjoyed high rates of economic growth, which in turn significantly reduced internal political stability. However, the 1997-1998 Asian financial crisis created major economic problems for most ASEAN states and led to renewed domestic instability, which in turn undermined both ASEAN and regional stability. It also generated economic pressure on China. ASEAN could also pose an increased economic challenge to China if it develops into a more cohesive economic grouping.

These developments called for some readjustments in China's foreign and security policies towards Southeast Asia. During this period, Beijing continued to defend/assert China's basic interests in the region. China's substantive positions regarding the country's sovereign rights and territorial integrity remained unchanged as did its claim to develop military capabilities which would enable it to protect these interests. At the same time, Beijing's strategies toward the pursuit of these interests softened somewhat. Thus while China's goals remained assertive, its approaches became more accommodative and conciliatory in coping with disputed issues in the Southeast Asian region. This was

manifested above all in its gradual acceptance of a multilateral framework (the ARF) for dialogue on regional security issues and in its willingness to undertake some limited confidence building measures in the military area.

The proximate explanation for this partial shift in strategy toward Southeast Asia centers on Beijing's *external, largely political, security concerns* at both the global and regional levels. Globally, there was urgent need for Beijing to escape from the political isolation and economic sanctions imposed by the Western powers after the Tiananmen incident. Regionally, Beijing attempted to avoid driving the Southeast Asian states into strengthening their ties with the United States and Japan or forging closer political-military ties among themselves against China. There was also the need for China, as the weakest power in the US-Japan-China strategic triangle, to make a serious effort to improve its relations with all Southeast Asian states and ASEAN in order to improve its strategic position in the region. Furthermore, Beijing needed ASEAN's support on a number of major issues, especially Taiwan's status and the infringement of sovereignty in the name of human rights. China has also sought to strengthen its involvement in regional economic affairs in order to counterbalance the influence of Japan, Taiwan and the United States. While these external political concerns are important in their own right, the shift toward more accommodative policies in the region stems ultimately from the need to create a favorable political climate which would encourage/facilitate the flow of investment, technology, export earnings, etc. from the Western powers to permit the economic modernization of China. This in turn was viewed as the foundation not only of state security but of regime security as well.

In any case, whatever the explanation, Beijing's partial policy shift has played a positive role in mitigating regional tensions and building mutual confidence between China and ASEAN.

At the threshold of the new century, China is confronted with both opportunities and challenges. In terms of opportunities, Beijing can take advantage of the current peaceful security environment to accelerate its economic reforms and development, using its growing comprehensive national strength to consolidate its strategic position and leverage in the regional and global arenas. With regard to challenges, China is still constrained by both conventional and non-conventional security concerns and challenges, which constitute potential threats to its basic interests in the region.

The rise of China, as Samuel Huntington indicates, "increases Chinese influence in the region and the likelihood of China reasserting its traditional hegemony in East Asia, thereby compelling other nations either to 'bandwagon' and to accommodate themselves to this development or to 'balance' and attempt to contain Chinese influence."[1] The reality, however, is that the perceived "China threat", immediate or potential, has generated certain common interests on the part of both the United States, Japan, and regional states to counterbalance China's influence and to contain its rapid rise.

Sino-US relations, though still very vulnerable, are the most important bilateral ties for the balance of power in East Asia. However, since the end of the Cold War, especially since 1995, Sino-US relations have become increasingly antagonistic, particularly on the issues of Taiwan, Tibet, and human rights as well as the recent NATO's bombing of Chinese Embassy in Belgrade. Moreover, Beijing and Washington share few common

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[1] Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order*, (New York: Simon & Schuster, 1996), p. 218.

interests in Southeast Asia. Because China and the US have longstanding conflicts over their foreign policies, different ideologies, and social systems, it has seemed impossible to fundamentally improve Sino-US relations. Therefore, there is a broad consensus among Chinese leaders and scholars that US China policy is trying to "divide China territorially, subvert it politically, contain it strategically and frustrate it economically."[2] Undoubtedly, the rise of China has posed a fundamental challenge to the United States. As Huntington argues, "the emergence of China as the dominant regional power in East Asia, if it continues, challenges the central American interest. The underlying cause of conflict between the United States and China is their basic difference over what should be the future balance of power in East Asia."[3]

For Japan, the rise of China has also posed a major challenge to Japanese strategic interests in East Asia (including Southeast Asia) in both the short and long terms. Despite its enormous economic interest in China, Japan, as a key member of the West, also has differences and conflicts with China over a wide range of issues, of which the essence is who will be the regional leader in the next century. The differences and conflicts between Japan and China appear to be much more extensive and substantial than those between Japan and the United States, or in other words, the interests shared by Japan and the US tend to be much more significant than those shared by Japan and China. This could suggest that at the present stage, Japan would rather accept US leadership than that of anyone else in East Asia. Common interests have formed the foundation of post-Cold War US-Japanese security alliance for balancing and containing China.

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[2] Quoted in Huntington, *The Clash of Civilization*, p. 223.
[3] Ibid., p. 229.

The enlarged ASEAN has become a key regional actor that plays an increasingly important role in the regional balance of power. Strategically, this has further limited China's influence and role in the region. China and ASEAN have shared interests in certain areas, mostly on the human rights issue and in economic complementarity. However, China and most ASEAN states have conflicts of interest in many ways. The immediate conflict is over the South China Sea territorial disputes, and the potential conflicts will be likely over questions concerning the Taiwan issue, military buildups, and economic and trade competition. On the whole, the immediate and potential conflicts of interests appear to be more evident than the shared interests. This suggests that the sources of conflicts between ASEAN and China tend to be more than those between ASEAN and other major powers. For this reason, most ASEAN members have been highly apprehensive about the rapid rise of China, and some have already perceived China as a major potential threat. At the present stage, ASEAN members may not wish to form an anti-China alliance, but for their common security interests they indeed prefer the maintenance of a strong US security influence and military presence in the region to counterbalance the rise of China. These are the basic dynamics of regional insecurity in Southeast Asia that Beijing cannot afford to neglect.

The above trends and features present challenging implications for China's current and future foreign and security policy stance in such a complex regional security environment. Beijing will continue its diplomatic efforts in searching for closer economic and political ties with potential rivals of the United States, such as Russia and Japan and on developing common interests with its Southeast Asian neighbors, to raise China's global and regional stature and increase Beijing's bargaining leverage with the US. For

this purpose, China's behavior will be more likely characterized by a flexible diplomatic approach, which combines assertiveness with accommodation and even limited concession, but appears to be expedient in character. Nevertheless, there is an urgent need for Beijing to reconsider its long-term policies/strategies towards the following security challenges in Southeast Asia: a) How to maintain the present regional strategic pattern (a relative equilibrium of major powers) for China's benefit vis-à-vis the US-Japanese alliance for the containment of China; b) How to cope with the further internationalization of the South China Sea territorial disputes; c) How to handle the emerging trend of internationalization of the Taiwan issue in the context of increasing economic, political and security relations between ASEAN and Taiwan; d) How to further strengthen China's multilateral diplomacy in the regional security framework to protect Chinese basic interests in the region while increasing the mutual trust with ASEAN; and e) How to manage regional economic problems and trade frictions with the ASEAN states in the process of regional economic interdependence and interaction. The future of China's Southeast Asian security environment will depend to a large extent on how China will handle these challenges.

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