THE FALLACY OF MULTILATERALISM RHETORIC IN CHINA-SOUTHEAST ASIA RELATIONS – A NEO-REALIST PERSPECTIVE ON REGIONAL ORDER-BUILDING –

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Abstract:
Observers of Sino-Southeast Asian relations are easily blinded by political rhetoric. This paper argues that ASEAN has not succeeded in engaging China in a multilateral framework of regional cooperation but that Beijing has developed a tightening network of bilateral relations with individual ASEAN members that has significantly strengthened the PRC's position in the region. Just as in the cases of Pax Britannica and Pax Americana, the (re-)emerging Pax Sinica is characterized by the creation and enforcement of rules that favor the dominant state at the centre of the regional order. At the same time the policies of China as a pre-eminent power on the horizon also bring economic, security and stability benefits to the states in its zone of influence. Thus, relations between China and Southeast Asia potentially take the form of a positive rather than a zero-sum game.

Keywords: Sino-South East Asian Relations, ASEAN, Pax Sinica, positive sum game, dominant state, regional order.

Resumen:
Observadores de las relaciones China-Sureste Asiático se dejan fácilmente cegar por la retórica política. Este artículo defiende que ASEAN no ha logrado implicar a China en un marco multilateral de cooperación regional mientras que Pekín ha desarrollado una red cada vez más firme de relaciones bilaterales con miembros de esta organización, reforzando la posición de la RPC en la región. Al igual que en los casos de Pax Britannica y Pax Americana, la (re-)emergente Pax Sinica se caracteriza por la creación e imposición de reglas que favorecen un estado dominante en el centro del orden regional. Al mismo tiempo las políticas de China como un poder pre-eminente también dejan intuir el horizonte de beneficios en materia económica, de seguridad y estabilidad para los países en su zona de influencia. Por tanto, las relaciones entre China y el Sureste Asiático toman la forma de un juego de suma positiva más que de suma cero.

Palabras clave: Relaciones China-Sureste Asiático, ASEAN, Pax Sinica, juego de suma positiva, estado dominante, orden regional.

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1. Introduction: The Seeming Revival of ASEAN-based Multilateralism in Regional Order-Building

Barack Obama's victory in the US presidential race created an immediate expectation for an improvement and expansion in Washington's relations with Southeast Asia. While the preceding administration of George W. Bush had briefly given ASEAN prominent attention in the wake of the 'war against terrorism', there can be little doubt that Washington was losing interest in ASEAN as a regional bloc and increasingly opted for a bilateral route rather than multilateral approaches towards Southeast Asia. Hopes for a post-Bush revival of multilateralism and an upgrade in US-ASEAN relations were not disappointed. In February 2009 Hillary Clinton not only included Indonesia on her first overseas trip in office but also paid the first ever visit of a US Secretary of State to the ASEAN Secretariat. Following on from her meetings in Jakarta, in July 2009 the US signed an agreement to accede to the ASEAN Treaty of Amity and Cooperation (TAC) after 17 years of consideration in an attempt to boost multilateral approaches to regional security. A total of 26 states have now signed the 1976 regional code of conduct, making the TAC one of ASEAN's most significant international successes. However, while Southeast Asia has undoubtedly re-gained its previously lost geo-strategic importance and priority on the US foreign policy and defence agenda, it is clearly visible that Washington engages ASEAN (and not the other way round) as a supplementary strategy to the prevailing approach of bilateralism. In a similar vein this applies to China. The PRC's increasing pro-multilateralism rhetoric does seem to point in the direction of an ever-growing relevance of regional dialogue mechanisms and cooperation guided by the so-called ASEAN way. This, however, is only the convenient façade that masks China's ambitions at establishing itself as a benign pre-eminent power in Southeast Asia that – just like the US – uses multilateralism whenever it suits as a vehicle to achieve policy goals based on national interest. This paper argues that ASEAN has not succeeded to engage China in a multilateral framework of regional cooperation but that China has developed a tightening network of bilateral relations with individual ASEAN members that has significantly strengthened Beijing's position in the region. Sino-Southeast Asian rapprochement is not driven by a process of regional identity or institution building (as social constructivist and liberal institutionalists respectively try to make us believe) but by strategic thinking and cost-benefit considerations in both Beijing and Southeast Asian capitals.

Beijing increasingly exerts regional leadership by setting the rules and organizing a growing network of bilateral and multilateral relationships in economic and security (both with regards to traditional and non-traditional security) fields. Just as in the cases of Pax Britannica and Pax Americana, the (re-)emerging Pax Sinica is characterized by the creation and enforcement of rules that favor the dominant state at the centre of the regional order. At the same time the policies of China as a pre-eminent power on the horizon also bring economic, security and stability benefits to the states in its zone of influence. Thus, relations between China and Southeast Asia potentially take the form of a positive rather than a zero-sum game.

Robert Sutter links China's rise to the potential emergence of "an 'inside-out' model of regional governance [which might be] displacing the past half century's 'outside-in' model led by the United States through its regional allies".[2] While such a model has not emerged yet as China is still predominantly a one-dimensional power, based first and foremost on

[2] Sutter, Robert: "China's rise, Southeast Asia, and the United States: is a China-centered order marginalizing the United States?", in Goh, E. and Simon, S. W. (eds.) (2008): *China, the United States, and Southeast Asia. Contending perspectives on politics, security, and economics*, New York and London, Routledge, p. 93.

economic strength that cannot match the multidimensional power (hard and soft power) of the United States, the materialization of such a scenario is already looming large. In the current three way competition among the US, Japan and China for regional influence in Southeast Asia, China appears to be the most pro-active power. China has already started to act like a traditional big power, proactively drawing up its own blueprints for regional order and pulling smaller neighbors along in its wake. "China is making big loans for big projects to countries that used to be the sole preserve of the World Bank, the Asian Development Bank, the United States and Japan".[3] The ASEAN-China Free Trade Area (ACFTA), which was formally launched in 2002, is another example for China's increasing leverage over the international relations of the Asia-Pacific. In May 2009 the PRC agreed to contribute US$ 38.4 billion (the same amount as Japan and significantly more than all other involved states: South Korea and the 10 ASEAN members) to a 120-billion-dollar emergency currency pool to boost liquidity and help the region overcome the current global final crisis.[4]

With the rapid growth of its economy, China has become increasingly involved in Southeast Asia's traditional security affairs as well. Beijing has established military links with Thailand, the Philippines, Indonesia, Singapore, Burma/ Myanmar, Cambodia, and Malaysia. This extends not only to military aid and loans, bilateral talks on military issues, joint production of military equipment, and joint training exercises; it also includes participation in regional security forums and the signing of defense memoranda of understanding (MOU). The view among Southeast Asian elites that ASEAN and China share the profits of security management in an overall situation of a positive-sum game (or win-win situation according to the official Chinese term)[5] has been growing, particularly since the beginning of the *Hu* Jintao-*Wen* Jiabao era in 2002-03. The foreign policy of the so-called 'fourth generation' leadership (after those led by Mao, Deng, and Jiang) has put strong emphasis on the fostering of friendly and mutually beneficial relations with neighbouring states.

Leadership in international relations can only emerge and be institutionalized if the dominant regional power is willing to assume the responsibilities associated with it, is capable (in material terms of both hard and soft power) of establishing primacy, and is acceptable as a regional leader in the eyes of the subordinated states. In the following I will try to provide empirical evidence that, while several conflicts and disputes (mainly with regard to border and territorial issues) remain unresolved in China-Southeast Asia relations, the PRC's scores increasingly well in all three categories of leadership. I will begin with a brief elaboration on Chinese approaches to regional conflict management using the example of the South China Sea. This will be followed by a discussion of Beijing's attempts to increase energy security for itself by strengthening bilateral and multilateral relations with its Southeast Asian neighbors in the Greater Mekong Subregion (GMS). In the third steps, I will delve into a so far under-researched development: China's emergence as an international donor in the region. Some reflections on, first, the question as to whether ASEAN-centered regional cooperation in the region mediates a potentially emerging Pax Sinica, second, and the level of regional acceptance of Chinese pre-eminence and the limitations to it conclude the paper.

[3] Perlez, Jane: "China Competes with West in Aid to Its Neighbors", *New York Times*, 18 September 2006, at http://www.nytimes.com/2006/09/18/world/asia/18iht-web.0918aid.2845121.html.
[4] Coates, Stephen: "ASEAN, China, Japan, S. Korea finalise crisis fund pact", *Agence France Press*, 3 May 2009.
[5] "China to Pursue "Win-win" Opening-up Strategy", *China.org.cn*, 18 October 2005, at http://www.china.org.cn/features/guideline/2006-02/09/content_1157490.htm.

The paper deliberately avoids the term hegemony to characterize China's rise in Southeast Asia. The Chinese translation of hegemony as *ba dao* has a noxious moral connotation as "unjust domination." It is in this context that Zhou Enlai once said "we will never be hegemons," a statement later echoed by Deng Xiaoping and many other Chinese leaders, for example Li Peng who confirmed in 2001: "China is opposed to hegemonism and will never seek hegemony itself".[6] This part of the Maoist legacy seems to be unchanging. While the linguistic problem could be countered to some extent by stressing that the term hegemony has no normative connotation if based purely on Western International Relations terminology, any discourse on Chinese hegemony would inevitably provoke an analogy with US hegemony.

It is important to note that while the paper is written mainly from a neo-realist perspective, the potential fallacies of this approach are not ignored. Neo-realism's problem is its "insistence on the sameness effect and on the unchanging, structurally determined nature of international politics" as Paul Schroeder[7] has reminded us in his stimulating critique of neo-realist thought. The following analysis does not pretend to paint the full picture of China's emerging position in Southeast Asia. The central question is not as to whether China is able and willing to assume the role that the US has played in the Asia Pacific over the past decades. Likewise, the following discussion does not primarily focus on China's relative power vis-a-vis Japan or other powers in the region but considers structures and processes that have contributed to the strengthening of the PRC's position in Southeast Asia in absolute terms. However, it can be useful – and it is certainly legitimate – from an analytical point of view to take just one perspective in the complex puzzle of Southeast Asia's international relations as it sharpens our eyes for developments that otherwise might get lost in *theoretical eclecticism.*

2. Joining the Chinese Bandwagon for Economic and Security Benefits: The Spratly Islands Dispute

Until recently, China, with the exception of the Mongol Yuan Dynasty and a short period in the early Ming Dynasty, was a land-oriented empire and not a maritime power. During most of Chinese history, the most dangerous threat came from nomadic powers in Inner Asia, which diverted Chinese strategic attention toward the northern and western frontiers. In addition, as agriculture provided the basis of Chinese economy in the pre-modern times, China did not need to develop a powerful navy or conquer maritime territories to secure its access to resources. All this has changed with the programs of modernization following the defeat of Qing China at the hands of maritime powers. The largest threat now came from the southeastern coasts and a modernizing China's growth and stability would depend in large part on its connection with the world market and overseas resources, primarily through the East and South China Seas. It was in this context that in the early 20th century Chinese authorities began to assert Chinese sovereignty over the Paracel Islands in the South China Sea. This triggered protest by the Vietnamese court at Hue, which had established its control over the islands well before the French conquests of Vietnam. In the 1930s, while China

[6] Peng, Li: "Deepening Understanding, Fostering Friendship and Strengthening Cooperation", Speech by Chairman of the Standing Committee of the National People's Congress, *Indian International Centre* (13 January 2001), at http://in.china-embassy.org/eng/zyjh/t61434.htm .

[7] Schroeder, Paul: "Historical Reality vs. Neo-Realist Theory", *International Security*, vol. 19, no. 1 (Summer 1994), pp. 108-148.

began to publish maps declaring its territorial claims in the South China Sea, French authorities in Indochina also began to set up weather stations on and send garrisons to the Paracel and the Spratly Islands.[8] The PRC and successive governments controlling South Vietnam, including the Hanoi regime since 1975, inherited this dispute from Nationalist China and French Indochina. Today, as China's participation in world trade and its demand for overseas energy and raw materials are both large and increasing, the South China Sea becomes more important for China. China's demand for imported energy resources is predicted to rise to 500 million tons of oil imports and over 100 billion cubic meters of natural gas in 2020. China's rapidly increasing energy consumption will contribute to Beijing's more active involvement of oil and gas exploration and exploitation in its adjacent sea areas, and in securing the oil supply routes at sea.[9]

At the heart of China's interests in the South China Sea lay the Spratly islands - a collection of mostly barren coral reefs, atolls, and sand bars, many of which disappear at high tide, covering an area of some 70,000 square miles. This area is claimed, in whole or in part, by China, Taiwan, Vietnam, Malaysia, Brunei, and the Philippines. The other major area of dispute in the South China Sea concerns the Paracels, which are claimed by China and Vietnam. With the exception of Brunei, all of the disputants maintain a military presence on some of the islands. Since 1978, when the Philippines set out its Exclusive Economic Zone formally including the island Kalayaan claimed by Manila, the parties in the dispute have held generally consistent claims. However, the controversy itself lay relatively dormant until 1988 when China and Vietnam clashed over Fiery Cross Reef. Since then hostilities in the South China Sea have regularly erupted, most prominently between China and the Philippines. The Philippines considers China's occupation of Mischief Reef in 1995 and repeated Chinese incursions into Scarborough Reef since 1997 as direct assaults on the Philippines' territory.[10] Although a resolution of the disputes is not in sight, the ASEAN Declaration on the South China Sea of 1992 (signed by China in 2002) is often praised as a first step toward a peaceful settlement. Though nonbinding and from a formal institutional point of view not even a code of conduct, politicians and many scholarly observers alike hope that the agreement will nevertheless oblige the Southeast Asian claimants and China to avoid any activity that would damage or complicate their relations. In a very optimistic liberal-institutionalist scenario the declaration constructively contributes to the avoidance of armed clashes among the parties over their conflicting claims on the sovereignty of the Spratly Islands[11] and the "declaration's confidence-building measures have appeared to appease claimants".[12]

[8] Chemillier-Gendreau, Monique (2000): *Sovereignty over the Paracel and the Spratly Islands*, The Hague, Kluwer Law International; Nguyen, Nha (1975): "Thu dat lai van de Hoang Sa" [Reconsidering the Paracel Islands Issue], *Su Dia* [History and Geography], no. 29 (1975); Li, Jinming and Li Dexia: "The Dotted Line on the Chinese Map of the South China Sea: A Note", *Ocean Development & International Law*, no. 34 (2003), pp. 287-295.

[9] Keyuan, Zou: "Conclusions: towards an EU-China research-agenda 2010", in Wiessala, Georg, Wilson ,John and Taneja, Pradeep (eds.) (2009): *European Union and China: interest and dilemmas*, New York, Rodopi, pp. 275-289.

[10] Odgaard, Liselotte: "The South China Sea: ASEAN's Security Concerns About China", *Security Dialogue*, vol. 34, no. 1 (2003), p 16.

[11] Cheng, Joseph Yu-Shek: 'The ASEAN-China Free Trade Area: Genesis and Implications', *Australian Journal of International Affairs*, vol. 58, no. 2 (2004), p. 259.

[12] Philippines "All Parties" to ASEAN Declaration on Spratlys urged to observe Peace principles", *Thai Press Reports*, 17 March 2009.

One has to remain skeptical, however, that ASEAN's multilateral approach based on consensus building and voluntary, nonbinding commitment to the principle of non-use of force will provide a sustained institutional framework for security management, particularly since the Declaration on the South China Sea lacks any specific provisions on how to resolve the conflict. Samuel Sharpe finding that ASEAN has not been able to establish sufficient leverage in seeking a wider code of conduct with China is still valid.[13] The more effective strategy of maintaining peace in the South China Sea is based on bilateral and multilateral negotiations initiated and facilitated by the PRC. Most importantly, Vietnam signed a land border treaty with China in 1999, and another treaty on the demarcation of the Gulf of Tonkin in 2000 that came into effect in June 2004 after more than three years of negotiations on how to implement the agreement (the demarcation itself was still ongoing early 2010). These treaties have narrowed down the scope of territorial disputes at least between these two countries relating to the Paracel and Spratly archipelagos.

In September 2004 the Philippines jumped on the Chinese bandwagon with the signing of an agreement for joint marine seismic exploration in the South China Sea for possible undersea oil. Vietnam joined the agreement in March 2005, when the Vietnam Petroleum Corporation (PetroVietnam), the Philippines National Oil Company (PNOC), and the China National Offshore Oil Corporation (CNOOC) finalized a tripartite agreement in Manila to jointly exploit oil and gas resources in the South China Sea. Philippines Foreign Minister Alberto Romulo and Vietnamese Foreign Minister Nguyen Dy Nien praised the deal as a significant measure to strengthen ASEAN-China cooperation and possibly pave the way for settlement of the South China Sea dispute. Beyond the political rhetoric, the agreement does not reflect core ASEAN values and norms but rather mirrors a new strategic setting in which the Southeast Asian claimants compete for the most favorable bilateral or multilateral agreements with China as the driving force behind the creation of regional order. This perception corresponds with the views of a Chinese government official who was involved in the negotiations.

> When we signed the agreement with the Philippines in 2004 it meant that Vietnam had fallen behind. And although Vietnam joined the agreement later, we are still more advanced in our negotiations with the Philippines. We are also speaking to Malaysia but these talks are less developed than those with the Philippines and Vietnam. A very important achievement in our relations with Vietnam is our joint maneuvers with the Vietnamese navy in the Beibu [Tonkin] Gulf.[14]

In late April 2006 the Chinese navy began its first-ever patrols with a foreign ally, sending ships to patrol with Vietnamese warships in the Gulf of Tonkin. According to the Chinese Ministry of National Defense, the joint patrols were intended to strengthen joint cooperation and maintain security of fishing fleets and oil exploration. The PRC is strengthening its naval power – driven at least partly by the concern that any disruption to energy shipments through the major sea lanes of communication would act as a brake on the nation's economic (in 2003, China surpassed Japan as a consumer of petroleum, moving into second place behind the

[13] Sharpe, Samuel (2003): "An ASEAN Way to Security Cooperation in Southeast Asia?", *The Pacific Review*, vol. 16, no. 2 (2003), pp. 31-50.
[14] Author interview with a Chinese senior government official in Shanghai, May 2006.

United States): "China is pursuing sea power – measured by the Mahanian indices of commerce, bases, and ships – and it is building up a powerful navy with dispatch".[15]

Furthermore, in the wake of an apparent pirate attack on a Chinese fishing vessel in the Spratlys also in 2006 that left four crewmen dead and three wounded, China, the Philippines, and Vietnam announced plans to strengthen security cooperation in the Spratlys to address piracy, smuggling, and transnational crimes. This diplomacy takes place outside the ASEAN framework and is a visible indication of a bandwagoning approach towards the PRC which is clearly also in China's interest. The South China Morning Post quoted a "veteran regional diplomat" as saying, "China has very cleverly got every ASEAN country thinking first of its own relationship with Beijing".[16] The same article reported, Beijing had stressed "both publicly and privately that disputes should be solved bilaterally between China and individual claimant countries rather than through 'arguments' at the Association of Southeast Asian Nations -a move that … effectively strengthened Beijing's position given its emerging economic and military power".[17] This author's own research confirms the assessment. No matter how publicly and vocally Vietnam as the 2010 chair of ASEAN has tried to make the South China Sea the central agenda item of ASEAN meetings with the declared objective of reaching a legally binding code of conduct between ASEAN and China on the South China Sea, the approach has not gone beyond rhetoric. According to a high ranking government official with knowledge of the content of meetings both among ASEAN members and between ASEAN and China, "when the ASEAN governments come together there is always great optimism about engaging China on the South China Sea. However, in meetings between ASEAN and China, the ASEAN side usually waits for China to lead the discussion and set the tone. There is certainly no effective unified ASEAN position towards China and China is clearly in the driver's seat".[18]

3. Positive Sum Games in the Management of Resources?

As in the case of the Spratly Islands, the management of security in the Mekong valley first and foremost follows China's blueprint for order maintenance based on its national interest, particularly as far as access to resources is concerned. An increasingly important aspect of China's interests toward Vietnam, Laos, Cambodia and Myanmar is the enhancement of the former's energy security. This is particularly visible within the context of the Greater Mekong Subregion (GMS). The GMS is a core element of Beijing's policy outlook. The PRC has been represented geographically in GMS by Yunnan Province since 1992. In December 2004, Guangxi Zhuang Autonomous Region was formally included in the GMS.

The Mekong River is the world's twelfth-largest river and Southeast Asia's longest waterway. It originates in Tibet and flows through the Chinese province of Yunnan before continuing southwards, touching the territories of six countries (China, Cambodia, Laos, Myanmar, Thailand, and Vietnam) and ending in the South China Sea. The GMS covers some 2.3 million square kilometers and contains a population of about 245 million. The post-World

[15] Holmes, James R.; Winner, Andrew C. and Yoshihara, Toshi (2009): *Indian Naval Strategy in the 21st Century*, London and New York, Routledge, p. 128.
[16] Torode, Greg: "Hong Kong paper: Vietnam eyes ASEAN card on South China Sea dispute", *South China Morning Post*, 4 April 2010.
[17] *Ibid.*
[18] Personal interview in Southeast Asia in July 2010.

War II history of cooperation within the Mekong valley dates back to 1957 when the Mekong Committee was established at the initiative of the UN Economic Commission for Asia and the Far East (ECAFE) and four riparian countries of the lower Mekong Basin (Cambodia, Laos, Thailand, and South Vietnam). For more than three decades, however, the implementation of subregional integration was halted by the prevalence of cold-war structures, or more accurately hot wars and armed conflict, in the region. The process only gained momentum in 1992 when, with the assistance of the Asian Development Bank (ADB), the six riparian states of the Mekong River (Cambodia, China, Laos, Myanmar, Thailand, Vietnam) entered into a program of formalized subregional cooperation.

The GMS program has been directed to the management of non-traditional security arenas such as the facilitation of sustainable economic growth and improvement of the standard of living in general and the management of environmental and energy security in particular.[19] The sustainable utilization of water and natural resources in the Mekong basin is directly and inevitably linked to human survival in the region. Energy security is mainly related to the promising but not uncontroversial issue of hydroelectric power. Compared with rivers of a similar size like the Nile and the Mississippi, the Mekong is still relatively untouched. The first Mekong bridge (between Thailand and Laos) was only opened in 1994 and the first mainstream dam, the 1,500 megawatt Manwan, was only completed in 1995 in Yunnan. Since then the development of hydropower has been among the main priorities of the GMS project and resulted in the two Laos-based Theun Hinboun Hydropower Project, which started commercial operation in March 1998, and the Nam Leuk Hydropower Development that was completed in May 2000.

With international conflicts over river water becoming more frequent, there is concern that the Mekong could become a serious source of tension unless the six states can agree on rules for developing the river. The most valuable achievement to reduce the potential for conflict is a technical cooperation agreement achieved in 2002 between China and the Mekong River Commission (MRC, founded in 1995), grouping Thailand, Cambodia, Laos, and Vietnam. The agreement commits China to sending 24-hourly water level and 12-hourly rainfall data to the MRC to help forecast floods. The design of an early flood warning strategy ranks very high on the agenda of both policy makers and international donor organizations. While China has duly provided the required information since the agreement's implementation in 2003 and also supplied water level data from its Jinghong and Manwan dams since mid-March 2010[20], other key data—most decisively on water quality and pollution—are kept strictly confidential. Various attempts by the lower Mekong states, particularly Vietnam, to get access have failed.[21]

On issues that would impact on national decision-making authority, such as dam building in the Chinese stretch of the Mekong, China steadfastly refuses to share information. The uncoordinated construction of power plants and irrigation systems by the Mekong countries, particularly China, which plans to build 12 hydropower dams on the lower part of

[19] As of 31 December 2006, ADB had extended loans totalling almost $1.92 billion for 28 loan and grant projects with a total project cost of $6.8 billion. These projects are in transportation (18 projects), energy (4), health (3), and tourism (3). GMS governments and development partners have provided about $2.2 billion and $2.7 billion, respectively, for these 28 projects. The ADB claims that between 1990 and 2003, the proportion of people living in the GMS on less than $1 a day fell from 46% to 33.8% in Cambodia, 33% to 13.4% in the PRC, 52.7% to 28.8% in Laos, 10.1% to less than 1% in Thailand, and 50.7% to 9.7% in Vietnam (ADB, Greater Mekong Subregion, Development Effectiveness Brief, Draft 18 July 2007).

[20] "China's role in Mekong River maintenance", *Global Post*, *VietnamNet*, 17 April 2010.

[21] Author interviews conducted in the GMS states between June 2006 and July 2010.

the Mekong River alone,[22] poses a serious challenge to subregional stability. The construction could result in a potentially explosive competition between the upper and the lower Mekong states for water resources. Politicians and senior officials from the lower Mekong states, mainly Thailand, Vietnam, and Cambodia, have regularly expressed concerns about China's proposed dam-building activities, albeit more indirectly and in private than openly and in official intergovernmental meetings. Some perceive China's ambitious hydropower plans as a zero-sum game in which the PRC's economic gains would be paid for by the lower Mekong states' environmental costs, such as rising salinity levels in Vietnam's agriculturally indispensable Mekong Delta.

Official Chinese interests in the Mekong region can roughly be divided into two realms of importance: domestic and foreign policy. The domestic interest consists of the development of China's landlocked western provinces and the promotion of border trade with the adjoining countries of Myanmar, Laos, and Vietnam. A further domestic strategy aims at narrowing the gap between the ethnic Chinese Han population and ethnic minorities. Furthermore, the government envisions that an economically emerging west will reduce internal migration from western China to the booming coastal cities. In a more general strategic sense, Beijing seeks to put its relations with Southeast Asia on an amicable basis in order to counterbalance US influence in the region.[23] The PRC is able to play a preeminent role in the Mekong valley, partly because it imposes its will on the lesser states in terms of setting the stage for, but also the limits to, cooperation, and partly because the other members benefit from China's cooperation and thus accept China's leadership.

Energy security offers a good example of the emergence of reciprocally beneficial linkages between China and the states in its zone of influence. Since September 2006 China has been supplying electricity to Vietnam through a cross-border 220-kilovolt power transmission line to ease Vietnam's chronic power shortage problems. Further transmission lines are under construction or being planned. China (through the state-owned company, China Southern Power Grid) is also involved in the building of electricity generation facilities in Vietnam, Laos, and Myanmar, enabling the Southeast Asian GMS members to deliver electricity to China's western provinces when it will be much needed in only a few years' time to further fuel rapid industrialization. The electric power trade between Yunnan and Vietnam has reached some US$ 100 million in 2007.[24] In February 2009 the Chinese Guangdong Nuclear Power Group announced its interest to help Vietnam build its first nuclear power plant, comprising two 1,000-MW reactors to be located in the southern costal province of Ninh Thuan (Grieder 2009). The trend toward ever-closer ties between China and Vietnam, which is not necessarily directly facilitated but at least underpinned by the two countries' shared political ideology, also serves the wider interests of both communist parties vis-à-vis the United States. Despite strengthening US-Vietnam economic and diplomatic ties, Vietnam is keen to avoid aligning itself too closely with the US, while China is equally eager to counter the US's growing influence in Vietnam.

[22] "Thailand opposes China's Mekong River dam projects over environmental concerns", *Bangkok Post*, 01 July 2010.
[23] Dosch, Jörn and Hensengerth, Oliver: "Sub-Regional Cooperation in Southeast Asia: The Mekong Basin", *European Journal of East Asian Studies*, vol. 4, no. 2 (2005), pp. 263-85.
[24] "First Sino-Vietnamese Joint Power Station to Start Construction", *SinoCast China Business Daily News*, 13 November 2007, p. 1.

Relations between China and Myanmar are another case in point for the growing benefits of cooperation on energy security.[25] China is playing a key role in the construction of large dams on rivers in Myanmar, such as the Salween River. There are at least 14 Chinese companies involved in approximately 40 hydropower projects in Myanmar.[26] Chinese investors have become increasingly dominant in the energy, mining and to some extend manufacturing sectors in Myanmar.[27] The rapid growth of China's economy has resulted in an increasing demand for energy resources, particularly oil and gas. Although the country itself is rich in energy resources on an absolute basis, China is poorly endowed on a per capita basis. The widening gap between China's oil supply and demand and the projected gap between natural gas supply and demand mean the country will increasingly become reliant on imported oil and gas. The government encourages the biggest Chinese state-owned oil companies, including Sinopec, CNOOC[28] and CNPC[29], to find and develop new fields at home and abroad and has heavily invested in the construction of pipelines and the exploration of oil and gas fields, including in Myanmar. This meets the interest of the Burmese military junta that needs external support from to facilitate the exploitation and development of the country's energy resources. The cooperation with China offers potential areas to foreign investors while maintaining a tight control over the extraction, distribution and sale of its resources. Some observers claim that significant output of petroleum for example is not expected until after 2010.[30] Nevertheless, it is obvious that the Chinese government believes in the profitability of investments in Myanmar's energy sector. After all, Myanmar's energy reserves are said to be abundant, with proven recoverable reserves of 510 billion cubic meters out of a total 2.54 trillion cubic meters estimated reserves of offshore and onshore gas. In addition, its recoverable crude oil reserve is estimated to have 3.2 billion barrels.[31] China has at least 17 onshore and offshore oil and gas projects in Myanmar. Key investors are Sinopec, CNPC and CNOOC, which signed MoUs with MOGE for the exploration and the sale of natural gas.[32]

China's involvement in Myanmar provokes questions beyond energy security: has the PRC's eminent role in Myanmar's economy and – at least indirectly – the fact that this role has provided a lifeline to the Burmese generals been strengthened or even facilitated by the European and American pull out from the country? And in a more general sense with potentially far-reaching implications: does China's 'no strings attached' approach to international cooperation challenges core principal of Western and Japanese ODA in Southeast Asia?

[25] The following findings on China's activities in Myanmar are based on a dissertation by Pels, Daphne Berenice: "The Sino-Burmese Friendship: Origins, Development and Motivations", submitted to the *Department of East Asian Studies, University of Leeds*, in May 2008.
[26] Earth Rights International : "China in Burma: the increasing investment of Chinese multinational corporations in Burma's hydropower, oil & gas, and mining sectors", *Burma Project*, September 2007.
[27] Kudo, Toshihiro (2006): "Myanmar's Economic Relations with China: Can China Support the Myanmar Economy?", Institute of Developing Economies, Japan External Trade Organization (JETRO), *IDE Discussion Papers 66*; "China: hungry for energy: Beijing hunts for a coherent policy as it gets hooked on foreign oil", *Business Week*, 24 December 2001.
[28] China National Offshore Oil Corporation.
[29] China National Petroleum Corporation.
[30] "World oil markets analysis to 2030: petroleum and other liquid fuels", Energy Information Administration, *International energy outlook 2007*.
[31] Myoe, Maung Aung: "Sino-Myanmar Economic Relations Since 1988", Asia Research Institute, National University of Singapore, *Working Paper Series*, no. 86 (2007), p. 15.
[32] Earth Rights International, *op. cit.*, p. 3.

4. China´s Emergence as an International Donor: Challenging the "West" and Japan?

Development assistance of so-called emerging donor countries, such as China, Brazil, India, Indonesia, Malaysia, Mexico, South Africa and South Korea, has been significantly growing. The total amount of ODA provided by non-OECD donors almost doubled from US$ 4861.27 million in 2007 to 8678.9 million in 2008.[33] At the same time the boundaries between donor and recipient countries have become increasingly fuzzy. This is particularly the case in Asia where most of the 'new donors' are located with China being the most important one. Partly due to the successful development of China's economy, the Japanese government informed Beijing that it wanted to end its ODA yen loan program to China by 2008.[34]

The development aid strategies and policies of OECD donors have markedly changed in recent years. In addition to the Millennium Development Goals (MDGs)[35] the promotion of democracy, good governance, respect for human rights and for the rule of law occupy centre-stage on the development agenda. However, the governance focus of the EU and the US is in stark contrast to Japan's (still) predominantly mercantilist approach to ODA and China's "no strings attached" ODA policy based primarily on national resource interests. The possible clash between OECD and Chinese concepts of development assistance towards the African continent has recently been the growing focus of academic and practical-political discourses. Yet, East and Southeast Asia have received relatively little attention, even though the seeming contradictions between European, Chinese and Japanese ODA policies and the potential long-term implications of increasing competition among donors are nowhere more obvious than in Asia. Especially China's rapid transformation from an ODA recipient to a main donor in Asia has not been researched yet.

Over decades until the recent past Japan had been successfully implementing regional foreign and foreign economic policies through the generous provision of economic and financial and above all ODA. Japan's keizai gaiko (economic diplomacy) was the country's most efficient and effective foreign policy tool contributing to peace and stability in the region and creating the environment and pre-conditions for stable relations between Japan and its neighboring countries in East and Southeast Asia.

Japan's rapid economic growth in the 1960s, 1970s and 1980s enabled Tokyo to dedicate significant financial resources to the economic development of East and Southeast Asia while at the same time consolidating and expanding its political and economic influence and position in the region. To be sure, as a country highly dependent on the import of raw materials (due to the lack of natural resources in Japan), establishing stable and mutually beneficial relations with countries rich of natural resources in Asia (and beyond) was a necessity for Japan and its own economic development. At the heart of Japan's foreign economic policy was the country's strategy to use its wealth and economic capabilities to help creating a politically stable neighborhood beneficial to its own economic and political position and standing in the region.

From the early 1980s onwards Japan greatly increased its contributions to the World Bank and International Monetary Fund. In addition to its multilateral efforts, Japan raised its

[33] According to OECD data, at http://stats.oecd.org/Index.aspx?DatasetCode=TABLE2A.
[34] Drifte, Reinhard : "The End of Japan's ODA Yen Loan programme to China in 2008 and its Repercussions", *Japan aktuell/Journal of Current Japanese Affairs*, (January 2008), pp. 3-15.
[35] The MDGs, among other objectives, aim at the eradication of poverty, achieving universal primary education and promoting gender equality.

share of ODA giving amongst members of the DAC from 12% in 1980 to about 20% in 1998. In 1998 Japan's ODA per capita was roughly three times that of the United States. For many years, Japanese aid has concentrated in the region of Asia. Indeed, Asian countries received an average of 60 per cent of total Japanese ODA during the 1980s and 1990s, an amount greater than any other region (Tuman/Strand 2000).

China in particular but also South Korea and a number of developing countries in Southeast Asia profited immensely from Japan's support and promotion of regional economies. Recently, however, Japan has begun to decrease its ODA payments in East and Southeast Asia and further cuts are likely in the coming years in view of Japan's rising public debt and fiscal problems. On the one hand, the Japanese government has been facing pressure from within Japan to curtail its spending on ODA. On the other hand, the international community (particularly the developing nations) expects Japan to continue to provide a high level of development assistance. The Japanese government is therefore being exposed to competing pressures from the domestic and international communities, and under these conditions it will likely find its continued active promotion of ODA much more difficult than originally anticipated.[36]

The reduction of Japan's ODA payments to Southeast Asian countries suggests that Tokyo is prepared to let China fill the vacuum left by the cutback of Japanese ODA and other forms of economic and financial support. Despite being still a developing country itself (by official classifications) China has in recent years developed pro-active and visible foreign economic policies which in some ways resemble the Japanese version of the same policies in the 1970s, 1980s and 1990s.

A Japanese 2006 ODA White Paper claimed that contributions by China, India and other emerging donor nations had "become significant enough for developing countries to influence them... It is quite difficult to grasp the whole picture of aid activities by such countries. They should make their activities more transparent and follow international rules."[37] Indeed, China has been accused of

- unethical and string-free support for 'rogue' or 'pariah' states
- providing unconditional aid and opaque loans that are said to undermine European and multilateral efforts to persuade governments to increase their transparency, public accountability and financial management (governance agenda);
- 'free-riding' Western debt relief efforts and undermining individual country's external debt sustainability and disregarding the multilateral framework for debt sustainability;
- Intensifying global economic and strategic competition to secure energy supplies;
- using its China's self-interested strategies in dealing with developing countries, trying to assert influence and using its soft power in order to support its own development without any coordination with Western countries, often even aggressively confronting them;

[36] Kusano, Atsushi: "Japan's ODA in the 21st Century", *Asia-Pacific Review*, vol. 7, no. 1 (2000), p. 39.
[37] Quoted from *The Daily Yomiuri*, 20 November 2006.

- neglecting environmental and social standards.[38]

In the Philippines, the Chinese government will provide US$ 6 to 10 billion during the period 2008-2013 in loans over to finance infrastructure projects in country.[39] In 2009 the share of China in the Philippines's loan commitment portfolio amounted to US$ 1.05 billion, an increase of 117 percent compared to the US$ 0.483 billion average assistance in the last 10 years. ODA assistance from Japan International Cooperation Agency (JICA), on the other hand, amounted to US$ 3.47 billion in 2009, lower than the average US$ 5.72 billion in the last 10 years.[40] In the case of Cambodia, Southeast Asia's most aid-dependent country where China has emerged as the largest foreign donor, Beijing provided at least US$800 million in 2005 and 2006 with a focus on infrastructure and hydropower projects. The influence of other donors has inevitably declined. OECD donors are worried about their swindling leverage over key reform areas such as tackling corruption and strengthening good governance in Cambodia. "China has offered aid unconditionally, a policy line that has created tensions among parts of the donor community".[41] In a similar vein, the PRC has increased its presence in Laos and established itself particularly in sectors, such as agriculture, forestry and infrastructure development, where other donors have reduced their role. Some donors perceive Laos as needing support to avoid being simply taken over by China. However, as Lao government officials point out, it is difficult to differentiate between Beijing's ODA and FDI as most of the funds are channelled through Chinese state companies.[42]

According to the EU's Development Cooperation Instrument (DCI) of 2006, European development cooperation with Asia is, *inter alia*, intended to consolidate and support democracy, the rule of law, human rights and fundamental freedoms, good governance, gender equality and related instruments of international law.[43] These priorities seem to be at odds with China's presumed self-interest driven motivations to extent ODA to the region. If the PRC's attempts at regional leadership already extend even to the highly normative domain of development cooperation, it is hard to imagine that growing Chinese preeminence would go unchallenged.

5. Mediating the Emerging Pax Sinica? The Role of ASEAN, Multilateral Cooperation and Regional Integration

"Everyone wants ASEAN to be in the driver's seat of regional co-operation because ASEAN's leadership is more acceptable in the region than China's or Japan's". This remark by Valérie Niquet, the Director of the Asia Centre at the French Institute of International

[38] Berger, Bernt and Uwe Wissenbach (2007): *EU-China-Africa trilateral development cooperation : common challenges and new directions*, Bonn, German Development Institute, p. 3.
[39] *BusinessWorld*, 03 January 2008.
[40] "China/Philippines: Beijing Doubles ODA to Philippines", *Philippines News Agency*, 24 May 2010.
[41] Mills, Elizabeth: "Unconditional Aid from China Threatens to Undermine Donor Pressure on Cambodia", *Global Insight*, 7 June 2007.
[42] Author interviews with bilateral and multilateral donors and Lao government officials in Vientiane, September 2008.
[43] "Regulation establishing a financing instrument for development cooperation", Official Journal of the European Union, L 378/42, *European Union (EU),European Parliament and European Council, 1905/2006* (18 December 2006), at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:378:0041:0071:EN:PDF.

Relations in Paris[44] reflects the general perception that the key-role in the search for, and maintenance of, multilateral arrangements in the region has been played by ASEAN ever since the organization took the initiative to apply its well-established model for regional security on a wider Asia-Pacific basis in the early 1990s. ASEAN was founded in 1967 and is often referred to as the most successful regional cooperation scheme outside Europe. The ASEAN dialogue mechanism, a set of various forms of official and informal consultation, coordination and networking at different levels of decision-making worked effectively enough to produce peaceful conflict management. Perhaps the most valuable achievement of the ASEAN security model is that it has successfully managed to keep residual conflicts between the members (especially territorial disputes) from leading to armed confrontation. Recent developments suggest that the peace dividend of the so-called ASEAN Way of regional cooperation might be successfully extended to relations between Southeast Asia and China. At least at first glance, empirical evidence seems to suggest that ASEAN has been successfully engaging China, thereby significantly contributing to order-building, security and stability in the Asia-Pacific. When the process of ASEAN identity formation seemingly expanded into the wider East Asian or Asia-Pacific region, academic analysis followed suit: The focus is now on East Asian community building and the assumed effects are similar to the observed empirical reality within Southeast Asia. The more the idea of community takes hold in East Asia, the more stable and secure the region will become, so the argument goes. China's integration in such a community is seen as key to the emergence of a peaceful international order, and ASEAN has regularly received credit for its leadership abilities and presumed success in engaging China in a growing network of regional consultative fora such as the ASEAN Regional Forum (ARF), the ASEAN Plus Three Meeting (APT), and the East Asian Summit (EAS).

However, as the example of the ASEAN-China Free Trade Area (ACFTA) shows, it was primarily China that engaged ASEAN, not the other way round. Chinese Premier Zhu Rongji first proposed a trade agreement at the ASEAN+China meeting in November 2000 in response to the Asian economic crisis and regional concerns about the impact of China's then-imminent WTO membership. Under the Framework Agreement on ASEAN-China Comprehensive Economic Co-Operation, which was officially announced and signed in November 2002, ASEAN and China envision the liberalization of 99 percent of their bilateral trade in stages: by 2010 for the ASEAN-6 and China; and 2015 for Cambodia, Laos, Myanmar, and Vietnam.[45]

Yet this proposal "also arose out of an acute sensitivity toward the need to maintain relations with as many states as possible in order to constrain American power under a global system defined by the struggle between 'one superpower, many great powers".[46] Since China's admission into the WTO, ACFTA has further contributed to the enhancement of Beijing's position as a pre-eminent regional power, not only in relation to the United States but also at the expense of Japan. Tokyo reacted with alarm to the plan and subsequently entered into talks on a Japan-ASEAN FTA within the framework of the so-called Japan-ASEAN Comprehensive Economic Partnership. Within ASEAN China is perceived as an engine of growth, a distinction that previously belonged to Japan. ACFTA, accompanied by the offer of an early harvest, has strengthened China's status as a benevolent regional leader. Strategic, security, and political objectives are essential elements of Beijing's economic

[44] Author interview in Jeju, South Korea, October 2007.
[45] Fukagawa, Yukiko: "East Asia's New Economic Integration Strategy: Moving Beyond the FTA", *Asia-Pacific Review*, vol. 12, no. 2 (2005).
[46] Hughes, Christopher R.: "Nationalism and Multilateralism in Chinese Foreign Policy: Implications for Southeast Asia", *Pacific Review*, vol. 18, no. 1 (2005), p 127.

outreach. For example, according to one of the PRC's most senior economists, Ma Hong, "the pattern of setting up a free-trade region is a favorable direction for China to develop the relationship of regional grouping and *regional alliance*."[47] China's proposal of a "strategic partnership" with ASEAN that was made at the ASEAN foreign ministers' meeting in Phnom Penh in June 2003 has to be seen in the same context. Multilateralism in ASEAN-China relations has developed to a degree where Beijing is setting the regional agenda.[48] A European senior diplomat confirms this for meetings between the EU and China. "China is very pro-active on political issues and increasingly open to agendas that used to be taboo only a short while ago, including regionalism, monetary integration, and even democracy and civil society. Beijing is constantly testing new ideas. Anything goes as long as Taiwan, Tibet and Falun Gong are not mentioned".[49]

The first East Asian Summit in Kuala Lumpur in December 2005 is another point in case. The meeting was attended by the ten ASEAN members, China, Japan, South Korea, India, New Zealand, and Australia. Japan's suggestion that Washington at least be invited as an observer made no headway mainly as the result of Beijing's effort to exclude the United States. Behind ASEAN's closed doors, Indonesia and Vietnam were especially critical of Washington's exclusion but did not want to challenge Beijing. According to Abdul Razak Baginda[50], "there is now this feeling that we have to consult the Chinese. We have to accept some degree of Chinese leadership, particularly in light of the lack of leadership elsewhere"[51]. Recent interviews that this author conducted with senior officials of ASEAN member governments confirm this perception. China has both an interest and the capabilities (in terms of hard power and, most important, soft power as the example of ACFTA demonstrates) to provide regional leadership. However, this does not mean that China always gets its way. For example, prior to the first East Asian Summit China's offer to host the second meeting was rejected by ASEAN.[52] China was equally unsuccessful in lobbying the Vietnamese government for the exclusion of Taiwan from the APEC Summit in November 2006 in Hanoi and the right of sitting next to the host at the summit meetings (the seating was instead arranged in alphabetical order as at pervious APEC summits).[53]

6. Conclusion and Outlook: Southeas Asia´s Growing Acceptance of Chinese Regional Leadership – and the Limits to it

If community building and identity formation take place in the Asia Pacific in general and in Sino-Southeast Asia relations in particular, they are not the prime driving forces behind growing regional stability but rather mask, or perhaps ease, the effects of China's increasing international preeminence. From a neorealist perspective it can be argued that relative order and peace in the formerly war-prone region have not derived from ASEAN's leadership in engaging China in multilateral fora but are mainly due to the rising concentration of Chinese

[47] Keith, Ronald C.: "China as a Rising World Power and Its Response to "Globalization"', *Review of International Affair*s, vol. 3, no. 4 (2004), p. 514, emphasis added.
[48] Hughes, *op. cit.*, p. 120.
[49] Author interview in Singapore, April 2006.
[50] Abdul Razak Baginda is the executive director of the Malaysian Strategic Research Center.
[51] Quoted in Cody, Edward: "China's Quiet Rise Casts Wide Shadow", *Washington Post*, 26 January 2005.
[52] Yamakage, Susumu: "The construction of an East Asian order and the limitations of the ASEAN model", *Asia-Pacific Review*, vol. 2, no. 12 (2005), p. 3.
[53] Author interview with a Vietnamese journalist who covered the APEC summit and its preparations, Hanoi, April 2007.

power in Southeast Asia. When one state possesses considerably more economic, military, and political power resources than the other states in a system of states, it can use that power to coerce the other states or provide them with selective incentives in order to induce cooperation. In this manner, the dominant state increases the costs of defection and decreases the risks of cooperation, thereby making peace and stability possible.[54]

On the one hand, the PRC's foreign policy since the early 1990s is characterized by a "gradual acceptance of a multilateral approach towards Southeast Asia"[55] and "a more vigorous approach to multilateralism at both the international and regional level".[56] On the other hand, there can be little doubt that Beijing is challenging ASEAN's trademark role as the architect of multilateral cooperation in the post-cold war Asia-Pacific and, partly as the result of ASEAN's weaknesses and partly due to China's quest for preeminence, has more and more assumed the position of first among equals in the existing multilateral frameworks. While China's active integration in multilateral activities has seemingly improved Sino-ASEAN relations, relative stability and peace between the two sides are not primarily the result of institution building and community formation, an eastward extension of the ASEAN way of diplomacy, or an emerging liberal peace deriving from tighter networks of economic cooperation. As the South China Sea disputes, cooperation in the GMS and the PRC's rapidly growing role as a donor demonstrate China is increasingly assuming a regional leadership role that sets the rules because this role is perceived as being favorable to the enhancement of the PRC's national interest. Furthermore, and equally important, Beijing's leading role as a manager of regional order is acceptable to key players in Southeast Asia as they see their own benefits as the result of cooperation with China. While China does not promote its system of governance abroad – in the way that OEDC donors tie development aid to good governance or the US has followed the credo of manifest destiny in the transfer of political norms and values – the Deng and post-Deng reform process provides an attractive model in some parts of Southeast Asia and particularly to Vietnam and possibly also Laos.[57]

While the Spratly Islands disputes remain unresolved and concerns over China's use of the Mekong's resources have not been entirely eliminated, as explained, the perception among Southeast Asian elites that ASEAN and China share the profits of regional order management in an overall situation of a positive-sum game has been growing. China *has integrated ASEAN* into a regional order that, while not hostile to multilateralism, mainly reflects hard strategic thinking on Beijing's part and is primarily based on rules established by the PRC. Unthinkable only a decade ago, the acceptance of regional Chinese leadership in the management of security has grown. ASEAN diplomats have begun turning to Chinese colleagues for guidance during international meetings. Only a short while ago Chinese diplomats were viewed as outsiders by their Southeast Asian counterparts.[58]

As the PRC's growing preeminence in the management of regional order is accepted and even perceived as beneficial for the region by key governmental elites in Southeast Asia, the international relationship between China and ASEAN will increasingly generate stability. Due to the reciprocal nature of this system, which generates benefits for both the dominant

[54] Ripsman, Norrin M.: "Two Stages of Transition from a Region of War to a Region of Peace: Realist Transition and Liberal Endurance", *International Studies Quarterly*, vol. 49 (2005), pp. 669-93.
[55] Hughes, *op. cit.*
[56] Keith, *op. cit.*
[57] Dosch, Jörn and Alexander Vuving (2008): *The Impact of China on Governance Structures in Vietnam*, Bonn, German Institute for Development (DIE).
[58] This assessment is based on author interviews with senior government officials conducted in Vietnam, Indonesia, Malaysia, Thailand, and Laos and at the ASEAN Secretariat between 2008 and 2010.

and the lesser actors, and in the absence of clear systemic alternatives, "no state believes it profitable to attempt to change the system," as Robert Gilpin[59] put it in general terms. China-Southeast Asia relations might not have reached a state of complete equilibrium as a result, but they are more stable than they have ever been before.

Is this too simplistic a view? Do Beijing's growing security and economic links with Southeast Asia and proactive role in multilateral fora indeed attest to China ever increasing regional influence and leadership? Or are we easily blinded by a highly successful mix of Chinese 'win-win' rhetoric and China hype? Certainly, it should not be ignored that there are limitations to the Southeast Asian embrace of Chinese preeminence. For example, a sense of resentment toward China, emanating from historical legacies, persists within much of Vietnam's political élite, as remained the case with a proportion of the wider Vietnamese population. A low point in diplomatic relations was reached in December 2007 when thousands of Vietnamese took to the streets of Hanoi and Ho Chi Minh City to protest against what they viewed as China's incursions into Vietnamese territory in the South China Sea (the first rally in half a century in communist Vietnam).[60] Anti-China protests resurfaced in December 2008 but were quickly overwhelmed by the Vietnamese government forces. This is where the United States re-enters the scene. No two sets of bilateral relationships are more important to Vietnam than its relations with China *and* the United States. Maintaining the best possible balance in its relations with the two powers has emerged as the cornerstone of Vietnam's foreign relations in the post Cold War era. All Southeast East Asian governments (with Myanmar being the only notable exception) hedge against China by sustaining their links with the US because "Washington is seen as the 'least distrusted power' in Southeast Asia with no territorial or other ambitions directly at odds with ASEAN states' interests".[61] In the 1990s Singapore, Thailand, Indonesia, and Malaysia signed military access arrangements with the United States, followed in 1999 by the implementation of the US-Philippines Visiting Forces Agreement. These arrangements form part of a broader set of military cooperation and training activities in Washington's relations with Southeast Asian states that follow a new approach of a "places not bases" policy in the region. In 2003 the US granted Philippines and Thailand "major non-NATO ally" status, which entitles the two governments to special access to US intelligence, among other privileges. In 2005 Singapore and the US signed a Strategic Framework Agreement for closer partnership in defence and security cooperation based on the explicit premise that "a strong United States military presence is vital for regional peace and stability" (Strategic Framework Agreement, Art. 1a).

Beyond long-term strategic considerations, both the US and ASEAN states consider an American military presence as a decisive – probably the most important – contribution to securing the commercial routes in the region. US military power in the Asia-Pacific is based on the presence and mission of the 7th Fleet, the largest of the Navy's forward-deployed fleets, including 40-50 ships, 200 aircraft and about 20,000 Navy and Marine Corps personnel. As for American soft power in Southeast Asia, US exports to ASEAN are currently more than twice as large as US exports to China. Thailand, the Philippines and Indonesia are among the top twenty-five trading partners of the United States. Furthermore, the United States is by far the largest overall investor in Southeast Asia, followed by Japan and the United Kingdom. Washington has signed trade and investment framework agreements (TIFA)

[59] Gilpin, Robert (1981): *War and Change in World Politics*, Cambridge, Cambridge University Press, p. 10.
[60] Vuving, Alexander L. (2008): "Vietnam. Arriving in the World – and at the Crossroads", *Southeast Asian Affairs*, no. 1 (2008), pp. 375-393.
[61] Goh, Evelyn and Simon, Sheldon W.: "Introduction", in Goh, Evelyn and Simon, Sheldon W. (eds.) (2008): *China, the United States, and Southeast Asia. Contending perspectives on politics, security, and economics*, New York and London, Routledge, p. 7.

with Brunei, Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam and is negotiating FTAs with Thailand and Malaysia. Preliminary free trade talks have been conducted with the Philippines and Vietnam. While "the United States has used FTAs as political rewards for countries that support US foreign and security policies",[62] the strategy works because it is a two-way street. American and Southeast Asian views on the mutually reinforcing links between economic and security gains overlap. Recent developments suggest that the United States will not drastically change its strategic approaches towards Southeast Asia. Absent irrational leadership or a catastrophic attack, the most likely mid-term scenario for the US role in the region is a continuation of bilateral patterns in economic and security relations characterised by economic partnerships and free trade agreements on the one hand and defence arrangements on the other with a growing number of Southeast Asian states. Furthermore, opposition to the U.S. international role has been relatively low-key in Southeast Asia in recent years, even during the Iraq war. Yet, if any single actor was to challenge the well-established American position as a *primus inter pares* among the external powers in Southeast Asia, China is the most likely candidate. For the time being and to the extent that their limited autonomy toward regional order building allows, the Southeast Asian governments – individually and collectively through ASEAN - keep their international options open and pursue a double hedging strategy which is aimed at taking maximum advantage of both Beijing's and Washington's strong involvement in the region while trying to prevent the (re-)emergence of any type of hegemony, be it American or Chinese.

[62] Pang, Eul-Soon: "Embedding Security into Free Trade: The Case of the United States-Singapore Free Trade Agreement", *Contemporary Southeast Asia*, vol. 29, no. 1 (2007), p. 2.