China’s Southeast Asia Policy:
A Success Story for the Third Generation*

Brantly Womack**

This paper deals with China’s Southeast Asia policy by first examining the fundamental reorientation of China’s Southeast Asia policy occasioned by Tiananmen, followed by a discussion of the development of normalization from 1991 to 1997. The third generation of China’s top leadership which is characterized by the collective politics deserved the full credit of adopting a successful new policy direction. Under the new policy, the relationship between China and Southeast Asia underwent an important change shifting from one driven by hostility toward Vietnam from 1978 to 1990 to one aiming at regional cooperation. The reoriented policy sustained the new direction through the 1990s, and culminated in a new era of normalcy and cooperation since 1997.

The author further discussed the move to normalcy from 1997 to 2002 and argued that the movement of relations between China and Southeast Asia from normalization to normalcy does not mean that henceforward the relationship will be unproblematic. The differences of interests and capacities between

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** Dr. Womack is a Professor in Department of Government, University of Virginia.
China and ASEAN, and among the various states of ASEAN, will continue to generate a stream of disagreements, anxieties and minor crises that will require skillful management in order not to lead to further problems.

As regards the current situation of the relationship faced by the fourth generation, it is notable although the new generation starts with a very promising situation, it will face new challenges from domestic pressures on foreign policy and possibly from American policies in the region.

Keywords: Tiananmen tragedy, Sino-Vietnamese relations, ASEAN+1, ASEAN+3, China-ASEAN Free Trade Area (CAFTA)

Compared to the first two generations of Chinese communist leadership, the third generation was at a disadvantage in developing a distinctive “brand” of policy direction. Mao Zedong was the founder of the People’s Republic of China, and he was able to shape its politics even when most other party leaders were in silent opposition. Deng Xiaoping was able to lead a “second revolution” because after the death of Mao the total bankruptcy of leftism created broad support for a new direction, and then the initial successes of reform confirmed his leadership. By contrast, Jiang Zemin was brought into the leadership under the patronage of Deng Xiaoping, who had already disposed of two designated successors (generation x?). Caution, therefore, was his watchword. Deng’s personal intervention was necessary for the major policy change at the 14th Party Congress in 1992, and Deng did not fade out completely until his death in 1997. When Kenneth Lieberthal summarized the succession situation in 1995, he said of Jiang Zemin: “Party General Secretary Jiang Zemin is widely viewed as ineffectual and he lacks a strong personal political base.”

Within three years of Deng’s death Jiang had to begin facing his own political mortality and legacy, and he only had time to launch and claim authorship of the “three represents,” but not to give it concrete content. Although Hu Jintao was

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widely viewed in 2002-3 as operating humbly in the shadow of Jiang Zemin, it might well be the case that in the long term Jiang Zemin will be viewed as a transitional figure between Deng’s second revolution and Hu’s governance party (zhizheng dang).

Not only was Jiang’s generation squeezed between the second and the fourth, but Jiang lacked the personal prominence and decisive centrality of his predecessors. Jiang was the first central leader of the CPC for whom official positions mattered. His successive acquisitions of leading positions in the Party, the Central Military Commission (CMC), and the state were each marginal victories for Jiang, but the fact that the campaigns were necessary showed the difference in personal authority wielded by Jiang versus Deng or Mao. Similarly, Jiang’s retention of the CMC chairmanship can be viewed, not as a sign of lingering strength, but of anxieties about a deficit of personal authority. Moreover, Jiang had to contend with not only the overarching authority of Deng but also the presence of other leaders with autonomous power bases, the most prominent of whom were Li Peng and Zhu Rongji. Thus, despite Jiang’s burning desire to be in charge and to take credit for leadership, the third generation’s path was much less personalized and more the result of collective politics.

Under such circumstances of constrained and divided leadership, it is all the more remarkable that China’s foreign policy toward Southeast Asia underwent an important change in direction in 1990-91, sustained the new direction through the 1990s, and culminated in a new era of normalcy and cooperation since 1997. In contrast to many areas of foreign and domestic policy in which the actions of the 1990s were basically the extension of policies of the 1980s, China’s Southeast Asian policy shifted from one driven by hostility toward Vietnam from 1978 to 1990 to one aiming at regional cooperation. Jiang Zemin was the leading public figure in the transformation, though the entire top leadership, including Hu Jintao, participated in regional diplomacy. In November 2002 China initialed along with the Association of Southeast Asian Nations (ASEAN) a China ASEAN Free Trade Area (CAFTA), a major watershed in the regional economic relationship. In October 2003, China acceded to the Treaty of Amity and Cooperation in Southeast Asia, becoming, with India, one of the first major powers outside of ASEAN to do so. China and Southeast Asia are now bound by expectations of economic integration and political cooperation built on the foundation of a treaty of
mutual non-aggression. There is quite a contrast between the current situation and Deng Xiaoping’s attempt to teach Vietnam a lesson in 1979.²

The success of a new policy in the 1990s poses the question of how the third generation managed to establish and maintain a distinctive policy in this area. Essentially, the answer is that Tiananmen tragedy of 1989 created the necessity of rethinking China’s general attitude toward its international relations, and as a result new attention was paid to regional relations, including those with Southeast Asia. Moreover, there were specific developments in the region that made China’s hostility to Vietnam more difficult to maintain. Once the path of normalization was begun in 1990-91, initial successes encouraged further steps. China’s decision not to devalue its currency during the Asian financial crisis in 1997 marked a turning point in the relationship, creating the opening for a special relationship to develop over the next five years. Thus the changing context of third generation leadership was essential to its adoption of a successful new policy direction, though full credit should still be given to Jiang Zemin and his colleagues for their diplomatic leadership.

This paper will first examine the fundamental reorientation of China’s Southeast Asia policy occasioned by Tiananmen, followed by a discussion of the development of normalization from 1991 to 1997. Then the move to normalcy from 1997 to 2002 will be discussed, followed by an evaluation of the current situation of the relationship faced by the fourth generation. The fourth generation starts with a very promising situation, but it will face new challenges from domestic pressures on foreign policy and possibly from American policies in the region.

**Tiananmen and China’s Southeast Asia Policy**

The tragedy of June 4, 1989 at Tiananmen created the third generation. From early 1986 to June 4, 1989, the anticipation of succession had caused ever-sharper conflicts between conservatives and reformers. The conservatives were able to remove Hu Yaobang in January 1987, and they took control of economic policy at the Beidaihe meeting in August 1988, but Zhao Ziyang held

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on to the positional advantage of the Party secretaryship. The tragedy appeared to mark a decisive victory for the conservatives, but in fact it underscored the need for limiting conflict at the top and remaining committed to reform. Deng Xiaoping's anguished June 9 speech, which instantly became required reading all over China, alternated between praise for the restoration of order and insistence that the path of reform must still be followed. Jiang Zemin was brought into the center not as a reformer or a conservative, but as someone who could straddle Deng's conflicting commitments to reform and order. Although the conservative and reform stances of Li Peng and Zhu Rongji were much more clearly defined by the crisis, they would both have to operate within a commitment to consensus embodied by Jiang Zemin's leadership under Deng's patronage.

The effect of Tiananmen on China's international standing was just as profound. Both the tragedy itself and the Western condemnation of China's actions led to an instant loss of innocence concerning the possibility and desirability of a smooth convergence between China and the West. Evidently the United States and its allies could not tolerate a communist China, and China rejected a peaceful evolution toward Western democracy. Mutual interests in peace and prosperity were sufficient to sustain a cold peace, but the earlier assumption on both sides that China would eventually meld into the existing world order was now in question. China's position in the world had to be rethought.

The immediately obvious alternative was to retreat to the socialist camp. Since Gorbachev's visit in May 1989 had marked the end of the Sino-Soviet rift, there appeared to be room for the formation of a reform communism camp that would not be pitted against the West in a Cold War, but rather would insist on the autonomous development of its political and social systems. But June 4, 1989 was also the date of the Polish elections that swept Solidarity into power and began the rapid transformation of European communism into European post-communism. Even Albania, the hardest of the hardline states, had abandoned its hostility to the US and USSR by April 1990 and held contested elections the following year. By the end of 1989 the problem for China's conservative nationalists had shifted from forming a closer relationship with

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other communist countries to that of whether to criticize publicly the new post-
communist governments.4

Meanwhile, the primary goal of the cooperative internationalists led by
Foreign Minister Qian Qichen, who were the mainstream of the foreign policy
establishment, was to maintain continuity in global economic relations and
repair the damage done to global political relations. Given the elimination of
any credible "socialist camp" alternative and the Bush administration's need for
cooperation in the Persian Gulf, cooperative internationalism prevailed as the
main current of Chinese foreign policy. As Qian Qichen observed on his first
trip abroad after June 4, only 20 of the 137 countries with which China had
relations had reacted adversely to Tiananmen.5

For the entire Chinese leadership, the importance of regional relations was
highlighted. It more suited China's self-image to think of itself in global terms,
but with the end of the Cold War and the anger of the West after Tiananmen,
the importance of good neighbors became clear. In Southeast Asia, China's
regional policy had been derivative from its global politics ever since the
American military involvement in Vietnam in 1964. During the 1980s China's
hostility toward Vietnam had been anchored on Vietnam's alliance with the
Soviet Union and its occupation of Cambodia. Relations with Thailand in
particular became close on the basis of cooperation against the Vietnamese
occupation of Cambodia. One of China's preconditions for normalization with
the Soviet Union had been the end of Vietnam's occupation of Cambodia,
which implied that the Soviet Union controlled Vietnam. With Gorbachev's
1989 visit the global sands shifted out from under the regional policy, and given
global uncertainties it made sense to approach Southeast Asia as a significant
region in its own right rather than as a theater of global competition.

A rethinking of policy towards Southeast Asia was probably attractive to
both the conservative nationalists and to the cooperative internationalists,
though for different reasons. The conservative nationalists appreciated the
moderation of Southeast Asian countries in their comments concerning
Tiananmen, and as European communism continued to collapse, China and
Vietnam inevitably became closer in their ideological and political concerns.

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4 Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington:
Brookings, 1992), pp. 235-239. The terminology "conservative nationalists" and "cooperative
internationalists" is borrowed from Qin Yaqing.
5 Joseph Y. S. Cheng, "China's ASEAN policy in the 1990s: pushing for regional multipolarity,"
The cooperative internationalists wanted to continue their ongoing efforts to improve regional relations, since regional cooperation was not at the cost of global cooperation. Qian Qichen had met with President Suharto of Indonesia in February 1989, and at that time Indonesia was on the brink of normalizing relations. Relations regained momentum in December 1989, and Li Peng officiated at the reestablishment of relations in August 1990. Two months later formal diplomatic relations were established with Singapore.6

Meanwhile Southeast Asia's hostility toward Vietnam was rapidly diminishing. Prince Sihanouk had taken the fateful step of negotiating with the Vietnam-backed Hun Sen government in December 1987, and Sihanouk's action occasioned a general rethinking of the stalemate in Southeast Asia. In July 1988 the first Jakarta Informal Meeting (JIM) was held, a format that allowed heads of all four Cambodian factions to meet. Although the negotiations (and Sihanouk's own position) seesawed up and down throughout 1988 and 1989, and ultimately a UN-brokered solution prevailed in 1991, by 1988 the atmosphere in Southeast Asia regarding Cambodia had shifted from stalemate to endgame. In 1989 Prime Minister Chatichai of Thailand initiated political and economic exchanges with Cambodia, and China was clearly irritated with his plan to turn Indochina "from a battlefield into a marketplace."

For China, ending hostility with Vietnam was considerably more difficult than encouraging better relations with the rest of Southeast Asia. There were three specific factors that encouraged continued hostility. First, there were significant territorial disagreements, especially concerning the Paracel and Spratly Islands. Vietnam lost two ships and seventy sailors in a naval conflict with Chinese forces in the Spratlys in March 1988, and it was clear that negotiations on the land border would be difficult as well.8 Second, the Vietnamese leadership was deeply divided over the relative importance of normalization with China and with the United States. The pro-China conservatives eventually dominated Vietnam's Seventh Party Congress in June 1991, setting the stage for normalization with China in November 1991. But

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6 Singapore’s informal and economic ties with China were already long and strong, but President Lee Kuan Yew had promised President Suharto that Singapore would not establish formal relations before Indonesia. See Lee Kuan Yew, From Third World to First The Singapore Story: 1965-2000 (Singapore: Times, 2000), p. 308.
until then the Sinophobic reform internationalists, led by Foreign Minister
Nguyen Co Thach, who personally met every group of Americans who came to
Vietnam during the 1980s, were in charge of the execution of foreign policy.
Thach’s brusqueness and intransigence with Chinese delegations in 1990
complicated the process of reconciliation, and reportedly the Chinese demanded
Thach’s removal as part of the price for normalization. Thach was removed
from office at the Seventh Party Congress. Third, Vietnam’s abrupt turn from
client to enemy in the 1970s had given older Chinese leaders such as Deng
Xiaoping a visceral hatred of Vietnam. Although Deng eventually must have
acceded to normalization, in his meetings with Lao and Thai leaders in 1989 his
grudges against Vietnam were evident.9

Given such obstacles, one last global push was necessary to move China
from its anti-Vietnam position. On July 18, 1990, US Secretary of State James
Baker announced that the US would cease to recognize the anti-Vietnamese
Coalition Government of Democratic Kampuchea because it included the
Khmer Rouge. China fiercely criticized this move, but in fact it isolated China
as the only supporter of the Khmer Rouge.10 It became clear to Li Peng on his
visit to Indonesia, Singapore and Thailand in August that Southeast Asia also
wanted to end the stalemate, and by September China threw its weight behind a
political solution in Cambodia and hosted a secret summit meeting in Chengdu
between Jiang Zemin and Li Peng for China and Nguyen Van Linh and Do
Muoi for Vietnam.11 Normalization with all of Southeast Asia had been
achieved in principle. In July 1991 Qian Qichen became the first Chinese
official to attend an ASEAN summit, and in November China and Vietnam
normalized their relations.

Reflecting on this policy transformation, it is clear that Tiananmen played
a crucial role in creating the policy space in which a new regional policy could
take shape. Moreover, normalization could appeal to the whole spectrum of
China’s leadership because Southeast Asia was a deferential and non-
threatening region and cooperative policies anywhere would strengthen China’s
international position. The anti-Vietnam curmudgeons could grumble, but there

9 See Beijing Review, Vol.32, No.45 (November 6-12, 1989), pp. 9-10, and especially his quite
inappropriate comments to Kaysone Phomvihane, Beijing Review, Vol.32, No.42 (October 16-32,
1989), pp. 11-12.
11 Carlyle Thayer, “Sino-Vietnamese Relations: The Interplay of Ideology and National Interest,”
Asian Survey, Vol.34, No.6 (June 1994), pp. 513-528.
was little rationale except resentment for continuing to isolate Vietnam. Thus normalization could begin not as a conservative or reform victory, but as an act of collective leadership.

Normalization, 1991-1997

By the end of 1991 the structure of China’s relations with Southeast Asia had been transformed. China had recognized the remaining half of the region’s governments (Indonesia, Singapore, Laos, Vietnam, and Cambodia), containing sixty percent of the region’s population, and it had begun formal relations with ASEAN. But normalization is best viewed as a process rather than as an event. The very abruptness of the formal transformation implies that the expectations, habits, and fears of all parties will take time to adjust to the new circumstances.

Moreover, other processes were going on in both China and Southeast Asia—the explosion of trade and foreign investment in China, and the expansion of ASEAN into a truly regional organization—that posed new challenges to the relationship in the 1990s.

While Tiananmen changed China’s attitude toward regional relations, the horrific events of June 4 did not make China more attractive to Southeast Asia, nor did it give regional governments confidence in China’s stability. The region’s responsiveness to China was not based on a particular friendliness to China, but rather on the region’s habitual foreign policy of inclusiveness. The presence of ethnic Chinese in the region only complicated the situation. Paradoxically, the reason that China normalized relations with Indonesia before normalizing with Singapore was that Indonesia was suspicious of the China-ethnic Chinese relationship (an issue that Li Peng addressed in his ceremonial speech).12 If Singapore had leapt ahead in relations with China, Indonesia’s suspicions of the secret wishes of its ethnic Chinese—and of Singapore—would have been roused. But in general the governments and the publics of Southeast Asia—including the ethnic Chinese—considered China a politically unattractive and unpredictable place but of increasing importance in Asia. In 1991 Singapore’s Prime Minister Goh Chok Tong argued that the Philippines should retain its US bases because of the uncertainties created by the greater

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assertiveness of China, India and Japan. Normal relations with China were less threatening and more promising than abnormal ones, but they did not imply a great confidence that relations would ever become warm and close.

For Vietnam, the dilemmas of normalization with China were more acute than for the region as a whole. Vietnam definitely did not want continued hostility with China. Even the Sinophobes acknowledged that China’s hostility would hamper Vietnam’s modernization efforts. As Foreign Minister Thach put it, “we can’t choose our neighbors.” But there were also reasons to fear China’s peacetime embrace. Vietnam wanted to normalize its relations with the Asia-Pacific region and with the rest of the world, including the United States. Until Vietnam felt confident of a broad base of international relations, it would feel smothered by a special relationship with China. Even the prospect of an economic relationship with China was a two-edged sword. While Vietnam’s markets were starved for the low-priced consumer goods that China could supply, its own producers could not survive Chinese competition, and Vietnam would face a chronic and severe balance of trade deficit.

It was therefore with Vietnam that China’s process of normalization with Southeast Asia had the greatest distance to cover, and Sino-Vietnamese relations also had the structural peculiarity of being driven by Party to Party relations rather than by state to state relations as was the case outside of Indochina. But the basic policies and methods used with Vietnam were only a more intense version of those used elsewhere. First, there was a regular pattern of official visits between top Party and state leaders of both countries. These visits sometimes included joint communiqués, but their most important function was to demonstrate the continuing commitment of both countries to a peaceful and cooperative relationship. Second, there was a proliferation of exchange visits at every level of bureaucracy and organization. Given the broad similarities between China and Vietnam in political and economic organization, such exchanges were essential to facilitating contacts and to motivating

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14 Personal communication.
16 The International Liaison Department of the CCP (中共中央对外联络部) is in charge of relations with other communist countries, in coordination with the Ministry of Foreign Affairs. As a result, in the International Liaison Department Indochina is grouped with North Korea in the Second Bureau (二局), while the rest of Southeast Asia is grouped with South Asia in the First Bureau. See http://www.idcpc.org.cn/about/jgsz.htm.
cooperation at lower levels. Third, trade was encouraged. Border regulations were issued, and trade increased rapidly in the 1990, although with considerable fluctuation. Lastly, they also refrained from using force and instituted frameworks of negotiation for chronic problems, although as disputes arose both sides steadfastly and publicly maintained their respective positions, and both sides acted unilaterally to improve their positions in the Spratly Islands.

As a result of these policies, Sino-Vietnamese relations moved from the cold peace of 1991 to the management of a difficult but important relationship by the mid-1990s. By that time ASEAN faced the historic choice of whether to admit Vietnam, Cambodia, Laos and Myanmar to become a truly regional organization, and China faced the equally historic choice of whether to oppose the expansion. ASEAN’s internal dilemmas regarding expansion were not insignificant. For ASEAN, the inclusion of the remaining four Southeast Asian countries meant a much greater political and economic diversity. With the admission of Vietnam in 1995, ASEAN changed from being a regional club to being a representative regional association, and its balance shifted from the maritime states to the mainland states. For China, the prospect of Vietnam joining ASEAN must have occasioned some diffidence. Vietnam was no longer hostile to China, but it remained the Southeast Asian state most sensitive to encroachment, and, with an expanded ASEAN, China’s southern border states would be united for the first time in history.

China decided not to oppose ASEAN’s expansion, either formally or informally. If it had opposed it, China may have delayed Vietnam’s entry for a time, but it would have been at the cost of Vietnam’s deep resentment and suspicion. Moreover, the rest of Southeast Asia could well have imagined that China intended to play a regional politics of divide and dominate. Instead, China pursued a forward-looking policy of cooperation rather than one of narrow and competitive national interest. The process of normalization took a major step forward.

Relations between China and Southeast Asia from 1991 to 1997 involved some minor crises, particularly with Vietnam and the Philippines concerning the

Spratly Islands. Moreover, the economic concerns that Vietnam had regarding China's effect on domestic production were shared by other mainland states, and the explosive growth of China's global trade raised concerns among Southeast Asian exporters. Already by 1992 concern about competition with China was one factor that drove the creation of an ASEAN Free Trade Area (AFTA). And as the decade progressed, China attracted growing shares of foreign investment in Asia. Nevertheless, China's cooperative politics created and maintained a political momentum of normalization.

Qian Qichen and the cooperative internationalists generally had the upper hand in Chinese foreign policy from 1991 until the debacle of Lee Teng-hui's visit to the US in May 1995, but in any case there were reasons for even conservative nationalists to support normalization with Southeast Asia. Regional governments shared China's concern about Western interference in internal affairs, and shared China's resentment of the Western posture of moral superiority. In 1993 Asian governments adopted the "Bangkok Declaration," which argued for more attention to economic and social rights and respect for sovereignty.20 In 1994, President Clinton attempted unsuccessfully to intervene in Singapore's punishment by caning of an American. "Asian values" became a watchword that China and Southeast Asia could share. More specifically, regardless of remaining disagreements, China and Vietnam shared many of the same concerns about "peaceful evolution" and the need to preserve communist party leadership of reform. As a result, normalization policies toward Southeast Asia had broad support within the Chinese leadership, and normalization gained momentum from its own success.

From Normalization to Normalcy, 1997-2002

By 1997 normalization between China and Southeast Asia had moved the relationship from a mixed set of bilateral relations, ranging from hostility to polite distance, to a relatively coherent regional relationship based on increasing cooperation and trade. However, China was not yet a major part of Southeast Asia's world. The global market was the framework of interest, and the United States and Japan were the big players. China was the problem on the horizon.

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http://law.hku.hk/lawgovtsociety/Bangkok%20Declaration.htm
but it had not yet found its place. The Asian financial crisis of 1997 marked the beginning of a transformation. The macro-region became more important for ASEAN, China's prestige as a responsible actor rose, and China responded effectively to the willingness of ASEAN and its members to join in institutionalized cooperation.

1997 was a major year for China. On July 1, Hong Kong reverted to Chinese sovereignty as the Hong Kong SAR. From October 26 to November 3 Jiang Zemin paid a state visit to the United States, and the visit was reciprocated the following year by President Clinton. But the surprise event of the year was the collapse of the Thai baht in July, followed by general currency devaluations and financial losses especially in South Korea, Indonesia and Thailand. The severity of the crisis reached Hong Kong somewhat later, in October, and the general regional economy continued to slide. From August China had supported the stability of the Hong Kong dollar, and on December 8 Vice Premier Zhu Rongji told Singapore's Lee Kuan Yew, "I can solemnly declare that the Chinese RMB will not be devalued."

The economic situation in Southeast Asia continued to seesaw in early 1998, but the region appreciated the stabilizing influence of China's steadfast commitment to the stability of the RMB. Most of the daily shocks in stock and currency markets during late 1997 and early 1998 occurred when there was a devaluation of one of the vulnerable currencies, or when there were rumors of a Hong Kong devaluation. Had China devalued, or had it allowed Hong Kong to devalue, it would have added a new depth to financial uncertainty, and it might have encouraged a further cascade of regional currency values. Beyond the contribution to stability, as the RMB became progressively higher-priced compared to regional currencies, it increased the window for regional recovery by giving the deflated currencies a price advantage in competitive markets. China could have devalued in order to hold onto its market share. The effect of not doing so was obvious in Hong Kong, as its hotels stood empty while tourists flocked to the bargain prices elsewhere. Although there were also positive economic effects for China both of currency stability and of appreciating international value, essentially the decision to hold firm was a political one.

The political effects of China's action were numerous. First, its neighbors were grateful that China took a firm stand in line with regional interests in a time of crisis. Second, China's stand was in strong contrast to the more selfish

behavior of the United States and Japan, and so its relative prestige rose. The United States did nothing to control currency speculation at the beginning of the crisis, and then used the leverage of its rescue efforts to pry open new sectors of the domestic economies and to retain or expand military relations. Japan acted primarily to protect its assets in the region, and did not impress anyone with statesmanlike behavior.\(^{22}\) Third, the fact that China could make the promise of no currency devaluation and then kept the promise was a sign of economic strength that the Southeast Asian leaders could only envy. By contrast, on June 30, 1997 Thailand’s Prime Minister Chavalit Yongchaiyudh assured the nation in a televised address that there would be no devaluation of the baht, and on July 2 the Central Bank announced the floating of the baht. There was a considerable amount of educated doubt concerning China’s ability to hold the line, and yet it did.

Thus, as each Southeast Asian country rethought its options in the wake of the crisis, and as ASEAN formulated a future for itself as a truly regional organization, China became one of the essential international elements of a more secure future. On the level of bilateral relations, trade and diplomatic contact increased between China and Southeast Asia increased from 1997 to 2002. The most dramatic case was again Vietnam. In February 1999, twenty years after the Chinese invasion, Vietnamese Party Secretary Le Kha Phieu visited Beijing and with Jiang Zemin announced a “16 character guideline” for future relations: “long-term, stable, future-oriented and all-round cooperative relations.” (長期穩定, 面向未來, 睦鄰友好, 全面合作). Together with the signing of a land border treaty at the end of 1999 and an agreement on the Tonkin Gulf in 2000, relations between China and Vietnam took a decisive step from normalization to normalcy. In other words, the relationship moved from one that concentrated on the peaceful management of differences to the active development of cooperation. Normalcy presumed the accomplishment of normalization.

China had become a dialogue partner with ASEAN in 1996, along with India and Russia, and in 1997 the “ASEAN + 3” summits began, including China, South Korea and Japan. In 1999 ASEAN +3 issued a Joint Statement on East Asian Cooperation.\(^{23}\) In 2000 Zhu Rongji proposed study of a China-ASEAN Free Trade Area (CAFTA), and in March 2001 an expert group was

\(^{22}\) See Wimonkan Kosumas, *Half a hegemom : Japan’s leadership in Southeast Asia* (PhD dissertation, University of Virginia, 2000).

formed to advance the idea. The first meeting of the resulting ASEAN-China Expert Group on Economic Cooperation was held the following month, and at the Phnom Penh Summit in November 2002 CAFTA was launched, targeting completion with developed Southeast Asian states by 2010 and with the rest by 2015.24

This remarkable progress in institutionalizing economic cooperation did not happen in isolation. There was at the same time a sustained attempt to improve internal ASEAN coordination and integration, launched with the "Hanoi Declaration" of 1998. Moreover, an East Asia Study Group was formed in 2001, and among its recommendations at the Phnom Penh summit was the creation of an East Asian Summit and an East Asian Free Trade Area.25 However, progress with the East Asia initiatives will encounter more ambivalence on the part of all parties as well as possibly greater resistance from the United States. In the early 1990s the United States opposed a similar East Asian Economic Grouping (EAEG) proposed by Prime Minister Mahathir of Malaysia, and American opposition was instrumental in Japan's refusal to support the idea.26 Moreover, the official report of the Study Group notes "concerns that ASEAN may be marginalized if the transition towards an East Asian Summit moves too fast."27

25 In the current context of ASEAN discussion, "East Asia" refers to East and Southeast Asia, with the cloudy areas of North Korea, Taiwan, and East Timor, since their governments are not participants in the consultation. An "East Asia Summit" would be a further institutionalization of the ASEAN+3 framework.
The chart above details a remarkable increase in recent trade between China and Southeast Asia. Total trade is now 230 percent of what it was four years ago, and China's imports from Southeast Asia are almost 2 1/2 times the earlier amount. If anything, the pattern is accelerating. For the first half of 2003, trade was up 45 percent from the previous year, and new agreements on preferential imports with Thailand and Indonesia should boost growth further. At the ASEAN Summit in Bali in October 2003 Premier Wen Jiabao announced a trade target for 2005 of $100 billion, which would put it within the range of the current American trade with Southeast Asia ($120 billion in 2001) by

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2006.²⁹ It is clear from the steady increase in imports over exports that the China market is a reality for Southeast Asia, and that more trade does not simply mean the influx of cheaper Chinese goods into local markets. China's trade with the rest of Asia is also growing exponentially, so the growth of ASEAN's share has been more modest, from 12.8 percent of China's Asia trade in 1998 to 15.2 percent in 2002. Clearly both China and Southeast Asia still have more significant economic partners, but the pace of growth and the implicit degree of economic cooperation is impressive.

Progress in economics was accompanied by progress in security relations. At the Phnom Penh Summit a “Declaration on the Conduct of Parties in the South China Sea” was signed, committing China and ASEAN to peaceful resolution of differences and guaranteeing freedom of navigation. This declaration does not resolve all of the conflicts of interest that swirl around the Spratly Islands, but it does prevent in principle the escalations that threatened in the 1990s and that occurred in the 1970s and 1980s. Even more significantly, at the Ninth ASEAN summit in Bali in October 2003, China and India became the first major states outside of ASEAN to accede to the Treaty of Amity and Cooperation in Southeast Asia, one of ASEAN's core security documents. The treaty includes pledges to avoid disputes and to resolve them by peaceful means, and also the “renunciation of the threat or use of force.”³⁰ It is thus, as a Chinese scholar has observed, a mutual non-aggression treaty.³¹ Moreover, all parties “shall not in any manner or form participate in any activity which shall constitute a threat to the political and economic stability, sovereignty, or territorial integrity of another High Contracting Party.”³² Thus the treaty prohibits both the bilateral use of force and also actions with third countries that might impugn the autonomy of contracting parties. Of course, these commitments are useful to China as well, since all parties recognize Taiwan to be a part of China.

As in the case of normalization in 1991-97, the move to normalcy in 1997-2003 was not a divisive issue for the third generation. Zhu Rongji certainly took the lead on currency matters during the crisis, and there were interests in favor of devaluation, but they did not correspond to existing rifts in the top

³⁰ Treaty of Amity and Cooperation in Southeast Asia, Chapter 1, Article 2, section e.
³² Treaty of Amity and Cooperation in Southeast Asia, Chapter 3, Article 10.
leadership. The major supporters of devaluation were export industries and coastal provinces such as Guangdong and Guangxi that were hit hard by the crisis, and they would normally be supporters of international cooperation. Of course, if China had been forced to devalue the RMB, or if the policy had turned out to be unwise, then it is likely that Zhu Rongji would have paid a price. But as it happened, a general momentum could be maintained that carried relations between China and Southeast Asia to new heights.

Normalcy and the Fourth Generation

The fourth generation begins its leadership role in China’s relations with Southeast Asia in a remarkably positive situation. Both Hu Jintao and Wen Jiabao made important appearances in Southeast Asia in October, 2003. Moreover, each of them had played important supporting roles in Southeast Asian policy before assuming leadership. Hu had led China’s delegation to Vietnam’s National Party Congress in 1998, and had visited Southeast Asia as Vice President. Wen had served as secretary under Zhu Rongji on the Central Financial Work Committee that managed the later part of the Asian financial crisis. They have inherited a successful policy path with an increasing dynamic. In all probability the political and economic relationship between China and Southeast Asia will continue to improve and to become even more important.

Nevertheless, we can anticipate new difficulties that the fourth generation will have to face. First, the “soft power” of public opinion has increased tremendously over the past decade, and with further domestic political reforms the pressure from the public on foreign affairs will increase. Although the Chinese public has no particular animus against Southeast Asia and therefore the role of public opinion will probably be less sensitive than in China’s relations with the United States, Japan and Taiwan, there is a strong nationalist

34 Ibid., p. 205.
bias in some opinions and a critical attitude toward policies that appear to be generous to other states at China's expense. It is imaginable, for instance, that if China continues to run a large and increasing balance of trade deficit with Southeast Asia, there might be domestic protectionist pressures. Moreover, if incidents occurred in the relationship that appeared to impugn China's honor or dignity, then the power of public opinion could suddenly reach typhoon proportions.

A second possible complication relates to the premise upon which the third generation's success in Southeast Asia was built. Basically, Tiananmen provided China the occasion to take its relationships with its neighbors seriously, rather than treating them as derivative from a global strategy. Since 1990 China has treated Southeast Asia as if it were important in its own right rather than being a part of a global chessboard. Given the success of the policy and the real growth in the relationship, the high evaluation of the region is likely to continue and to increase. However, it is possible that the United States could put pressure on Southeast Asia to join in efforts to contain China. It is quite unlikely that Southeast Asian states, either individually or collectively, would respond positively to such efforts. However, if tensions rise between the United States and China, it is imaginable that China could once again view Southeast Asia as part of a larger conflict. Hitherto, China has pursued an inclusive policy toward Southeast Asia, and, except concerning visits of Taiwanese officials and the Dalai Lama, has not pressured Southeast Asian countries concerning arrangements with other countries. If China began to demand from its newly-friendly neighbors that they stand on the China side of a China-US split, then, paradoxically, China might well seem the greater threat because it is close and large. Although the success of China's good neighbor policies toward Southeast Asia and Central Asia, and to a lesser extent toward Northeast Asia and South Asia, make containment by the United States virtually impossible, it is possible that China could, in effect, contain itself by alienating and scaring its neighbors with demands of loyalty. But this was not a problem


for the third generation, and we can hope that it will not become a problem for the fourth.

Conclusion

It could be argued that Jiang Zemin and the rest of the third generation of China’s top leadership do not deserve credit for the successful path of China’s Southeast Asian policy since 1990 because historical conditions in aftermath of Tiananmen required a fundamental reorientation of policy. While it is certainly the case that China’s reorientation away from global strategies and toward a good neighbor policy would be extremely unlikely without the crisis in international expectations caused by Tiananmen, a vigorous good neighbor policy was not the only possible new direction for China to take. We can view Tiananmen as a necessary but not sufficient condition for success in Southeast Asia, and the third generation deserves full credit for the path that it took, its diplomatic perseverance and skill, and thus for the successful outcome of a solid political and economic foundation for future relations between China and Southeast Asia.

Of course, the success would not have been possible without the responsiveness of Southeast Asia. Despite their initial reservations about China and the role of anti-communism in the official orthodoxies of some Southeast Asian countries, no Southeast Asian country tried to exclude China from their general policies of economic and political openness. The reconstruction and reorientation of ASEAN in the mid-1990s could conceivably have been spun as a mutual help coalition against the “China threat,” and certainly the growth of China was perceived as threatening by many in the region. But ASEAN moved beyond its own expansion to encompass various “ASEAN + 1” and “ASEAN + 3” arrangements, and the relationship with China has been the most rapidly developing of these special—but not exclusive—relationships.

However the movement of relations between China and Southeast Asia from normalization to normalcy does not mean that henceforward the relationship will unproblematic. The differences of interests and capacities between China and ASEAN, and among the various states of ASEAN, will continue to generate a stream of disagreements, anxieties and minor crises that will require skillful management in order not to lead to further problems. To the extent that the management of regional problems can be routinized and ritualized such conflicts are unlikely to weaken the new expectations of
peaceful cooperation. However, less predictable public conflicts involving national pride and honor are also possible, and China's ability to ignore such problems is eroding. Lastly, the possibility of a global antagonism between the United States and China cannot be ruled out, and as the global framework of politics rises in importance, the autonomy of regional politics might be in question. Ironically, China's best strategy in such a situation would be to continue the cooperative, inclusive, good neighbor policies that it has developed over the past decade. China's neighbors would be loath to cut themselves off from the "China opportunity." The challenge for the fourth generation might well be how to preserve a successful policy despite changed global circumstances.
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國立中山大學大陸研究所