China Engages Asia

Reshaping the Regional Order

David Shambaugh

The traditional underpinnings of international relations in Asia are undergoing profound change, and the rise of China is a principal cause. Other causes include the relative decline of U.S. influence and authority in Asia, the expanding normative influence of the Association of Southeast Asian Nations (ASEAN) and the growth of regional multilateral institutions, increased technological and economic interdependence throughout the region, and the amelioration of several formerly antagonistic bilateral relationships. As a result of these processes, the structure of power and the nature of the regional system are being fundamentally altered.

China's growing economic and military power, expanding political influence, distinctive diplomatic voice, and increasing involvement in regional multilateral institutions are key developments in Asian affairs. China's new proactive regional posture is reflected in virtually all policy spheres—economic, diplomatic, and military—and this parallels China's increased activism on the global stage.[1] Bilaterally and multilaterally, Beijing's diplomacy has been remarkably adept and nuanced, earning praise around the region. As a result, most nations in the region now see China as a good neighbor, a constructive partner, a careful listener, and a nonthreatening regional power. This regional perspective is striking, given that just a few years ago, many of China's neighbors voiced growing concerns about the possibility of China becoming a domineering regional hegemon and powerful military threat. Today these views are muted. China's new confidence is also reflected in how it perceives itself, as it gradually sheds its dual identity of historical victim and object of great power manipulation. These phenomena have begun to attract

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1. Among others who make this argument, see Evan Medeiros and R. Taylor Fravel, "China's New Diplomacy," *Foreign Affairs,* Vol. 82, No. 6 (November/December 2003), pp. 22–35.

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growing attention in diplomatic, journalistic, and scholarly circles, both regionally and internationally.[2]

China's regional rise and these changing perceptions have prompted countries along China's periphery to readjust their relations with Beijing, as well as with one another. As China's influence continues to grow, many of these countries are looking to Beijing for regional leadership or, at a minimum, are increasingly taking into account China's interests and concerns in their decisionmaking. Although China is far from being the only consequential power or factor in the region, its desire for a larger role has become a principal catalyst in shaping a new order in Asia. In this new order, Asia's principal subregions (Northeast Asia, Southeast Asia, South Asia, and Central Asia, as well as Oceania) are becoming increasingly interactive and enmeshed in a growing web of interdependence. The emerging order is also characterized by a changing role for the United States and its regional allies, as well as by the maturing of regional institutions that do not involve the United States. Although the North Korean and Taiwan situations could still erupt into conflict and puncture the prevailing peace, the predominant trend in the region is growing interdependence and cooperation among both states and nonstate actors—with China increasingly at the center of this activity.

The region's increasing view of China as a status quo power is even more pronounced when compared with the negative images of China in the 1950s to 1970s, when Beijing sought to destabilize Southeast Asian governments both by supporting armed insurgencies and by mobilizing "fifth columns" among overseas Chinese, tried to export Maoist ideology, and had border disputes and conflicts with virtually every adjacent country. Today China is an exporter of goodwill and consumer durables instead of revolution and weapons. De-

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2. See Jane Perlez, "The Charm from Beijing: China Strives to Keep Its Backyard Tranquil," *New York Times,* October 8, 2003; Jane Perlez, "Asian Leaders Find China a More Cordial Neighbor: Beijing's Soaring Economy Weakens U.S. Sway," *New York Times,* October 18, 2003; Jane Perlez, "As U.S. Influence Wanes, A New Asian Community," *New York Times,* November 4, 2004; Editorial, "China's More Nuanced Diplomacy," *New York Times,* October 14, 2003; Philip Pan, "China's Improving Image Challenges U.S. in Asia," *Washington Post,* November 15, 2003; Michael Vatikiotis and Murray Hiebert, "How China Is Building an Empire," *Far Eastern Economic Review,* November 20, 2003, pp. 30–33; Morton Abramowitz and Stephen Bosworth, "Adjusting to the New Asia," *Foreign Affairs,* Vol. 82, No. 4 (July/August 2003), pp. 119–131; David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security,* Vol. 27, No. 4 (Spring 2003), pp. 57–85; Kokubun Ryosei and Wang Jisi, eds., *The Rise of China and a Changing East Asian Order* (Tokyo: Japan Center for International Exchange, 2004); and Gilbert Rozman, *Northeast Asia's Stunted Regionalism: Bilateral Distrust in the Shadow of Globalization* (Cambridge: Cambridge University Press, 2004).

spite ongoing disputes over maritime boundaries with Japan and several Southeast Asian countries, China has also managed to peacefully resolve all of its land border disputes except one (with India), having concluded treaties that delimit 20,222 kilometers of its boundaries.[3] Consider also that just over a decade ago China did not enjoy full diplomatic relations with Indonesia, Singapore, or South Korea; relations with Vietnam and India were hostile and their borders militarized; and Western governments had ostracized China as a result of the killing of civilians in Beijing in June 1989. At the same time, the collapse of the Soviet Union and East European communist party-states had greatly increased the Chinese leadership's feelings of insecurity and sense of insularity, as they began to fear their own possible overthrow. Today, a thorough generational transfer of power has brought a new and confident leadership to power in Beijing. China's new leaders face complex challenges domestically, but are grappling with them. In foreign policy, China's relations with the major powers (the United States, Russia, and the European Union) have rarely been so strong. Taken together with China's improved position in Asia, China's reputation in the world has never been better.

Despite the significance of China's regional rise, it is tempting—but premature—to conclude that the Asian regional system has become Sinocentric or dominated by China. This, however, is decidedly not the case. China shares the regional stage with the United States, Japan, ASEAN, and increasingly India. The United States remains the region's most powerful actor, although its power and influence are neither unconstrained nor uncontested. Indeed, as one senior Singaporean diplomat recently put it, "The United States may still dominate the [regional] balance of power, but not the balance of influence."[4] Japan's economic weight and ASEAN's normative influence are also significant elements in the emerging Asian order, and regional multilateral institutions are becoming more firmly rooted.

Thus at the outset of the twenty-first century, the Asian regional order is an increasingly complex mosaic of actors and factors. China is certainly among the most important of these, and its influence is being increasingly felt. It remains far too early, however, to conclude that the regional order is becoming a modern version of the imperial "tribute system" or that China is becoming the dominant regional hegemon.

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3. Fu Ying, "China and Asia in the New Period," *Foreign Affairs Journal,* No. 69 (September 2003), p. 1. A similar version of Fu's article was published as "China and Asia in a New Era," *China: An International Journal,* Vol. 1, No. 2 (September 2003), pp. 304–312.
4. Interview, Washington, D.C., April 27, 2004.

Although Beijing has managed to assuage many of its neighbors, not everyone along China's periphery is persuaded by the "charm offensive."[5] Concerns about a looming "China threat" are still occasionally heard among regional security specialists in Hanoi, New Delhi, Singapore, Tokyo, and certainly Taipei. Yet overall these voices increasingly reflect a minority view. Even though some countries remain unsure of China's long-term ambitions, and are thus adopting hedging policies against the possibility of a more aggressive China, the majority of Asian states currently view China as more benign than malign and are accommodating themselves to its rise.

The article begins with a description of factors that elaborates the antecedents to China's new diplomacy and posture in Asia. It then examines the multilateral, political, economic, and security dimensions of China's efforts to engage its periphery. This is followed by a discussion of the implications of China's regional rise for the United States and Sino-American relations. The penultimate section provides a systematic look at the region and considers a series of alternative conceptual models for understanding its dynamics and the evolving order. The final section offers some reflections on the implications of China's rise for the future of the regional order.

Engaging the Periphery

What stimulated China's new engagement with Asia? In retrospect, five events during the 1990s laid the groundwork for the policy changes that emerged around the turn of the millennium.

ASIA'S POST-TIANANMEN ENGAGEMENT OF CHINA

Unlike much of the international community, many Asian countries did not act against the Chinese military's killing of civilians on June 4, 1989, with sanctions or ostracization.[6] Only Japan explicitly condemned the use of force; the South Korean government merely stated that the "incident was regrettable," while Southeast Asian states remained silent or, as in the Thai and Malaysian cases, noted simply that it was an "internal affair."[7] Japan, which had been reticent

5. See Sato P. Limaye, ed., *Asia's China Debate: A Special Assessment* (Honolulu: Asia-Pacific Center for Security Studies, 2003).
6. Discussion with a Chinese research institute analyst, Beijing, October 19, 2003.
7. For a survey of the period and different regional reactions, see Seiichiro Takagi, "The Asia-Pacific Nations: Searching for Leverage," in Ramon H. Myers, Michel C. Oksenberg, and David Shambaugh, eds., *Making China Policy* (Lanham, Md.: Rowman and Littlefield, 2001), pp. 241–268.

about ostracizing China, announced at the Group of Seven summit in Houston, Texas, in 1990 that it would no longer participate in the sanctions process.[8] Thereafter, the ASEAN states led a diplomatic campaign to engage rather than isolate China.[9] Although more critical of Beijing's actions than other Southeast Asian states, Singapore and its leader, Lee Kuan Yew, were the principal conceptualizers and movers behind this strategy.[10] ASEAN's desire to engage China at this critical time left an impression on the leadership in Beijing. While the rest of the world was doing its best to isolate China, ASEAN chose to reach out to Beijing.

The Asian financial crisis, 1997–98

The second turning point was the 1997–98 Asian currency crisis. Deeply shaken by the suddenness and scope of the crisis, the Chinese government feared that the contagion would spread to China and destabilize its vulnerable banking system. China already had currency controls in place that did not exist in ASEAN states, its currency was not convertible on capital accounts, and Beijing possessed a large reservoir of foreign exchange reserves—all of which helped to buffer the Chinese economy. The Chinese government nonetheless acted responsibly by not devaluing its currency and by offering aid packages and low-interest loans to several Southeast Asian states. These actions not only were appreciated in the region, but also stood in stark contrast to the dictatorial posture taken by the International Monetary Fund and international creditors in response to the crisis. This assistance punctured the prevailing image of China in the region as either aloof or hegemonic and began to replace it with an image of China as a responsible power. To some extent, Beijing's policies also served to arrest the fiscal crisis. The success of its actions boosted the confidence of China's leaders in their role as regional actors.[11]

China's reassessment of regional multilateral institutions

The third catalyst to China's new regional policy was more of a gradual process than a single event. Between 1997 and 2001, the Chinese government significantly modified its assessment of regional, and particularly security-

8. Ibid.; and Seiichiro Takagi, "Human Rights in Japanese Foreign Policy: Japan's Policy towards China after Tiananmen," in James T.H. Tang, ed., *Human Rights and International Relations in the Asia-Pacific Region* (London: Pinter, 1995).
9. This is well chronicled in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (London: Routledge, 1999).
10. See Lee Kuan Yew, *From Third World to First: The Singapore Story, 1965–2000* (Singapore: Straits Times Press, 2000), chaps. 39–40.
11. Interviews with Foreign Ministry officials and policy analysts, Beijing, June 2004.

related, multilateral organizations.[12] During this period, China's perception of such organizations evolved from suspicion, to uncertainty, to supportiveness. Until the mid-1990s, China viewed such organizations as potential tools of the United States that could be used to contain it. After a year or two of sending observers to the meetings of the ASEAN Regional Forum (ARF), the Council on Security Cooperation in the Asia-Pacific (CSCAP), and nongovernmental track 2 meetings, China's Foreign Ministry became more agnostic and more open to learning about them. Chinese analysts soon discovered that the United States did not control these organizations; to the contrary, it became evident to China (and other Asian participants) that Washington tended to dismiss or ignore them.[13] Chinese delegates to these organizations further discovered that the cooperative security approach adopted by these organizations, as pushed by the ASEAN states and Japan, was compatible with China's new security concept (NSC), which Chinese officials had begun to discuss in the late 1990s. The NSC was first proposed by Chinese Foreign Minister Qian Qichen at the annual meeting of the ARF in 1996; it was then reiterated by Chi Haotian during a visit to Singapore in 1997; and it was more fully elaborated by President Jiang Zemin at the United Nations Conference on Disarmament in March 1999.[14] The NSC is not really all that new; it is, in essence, a repackaged version of the Five Principles of Peaceful Coexistence, first enunciated by Zhou Enlai at the Afro-Asian People's Solidarity Conference in Bandung, Indonesia, in 1955. In addition to the Five Principles (mutual respect for territorial integrity and sovereignty, nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence), the core purpose of the NSC is "to conduct dialogue, consultation, and negotiation on an equal footing . . . to solve disputes and safeguard peace. Only by developing a new security concept and establishing a fair and reasonable new international order can world peace and security be fundamentally guaranteed."[15]

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12. For analyses of Chinese thinking about such organizations, see Alastair Iain Johnston and Paul Evans, "China's Engagement with Multilateral Security Institutions," in Johnston and Ross, *Engaging China,* chap. 10; and Jing-dong Yuan, "Regional Institutions and Cooperative Security: Chinese Approaches and Policies," *Korean Journal of Defense Analysis,* Vol. 13, No. 1 (Autumn 2001), pp. 263–294.
13. Discussion with a Chinese Foreign Ministry official deeply involved in the ARF and CSCAP processes, Beijing, November 6, 2003.
14. See Wu Baiyi, "The Chinese Security Concept and Its Historical Evolution," *Journal of Contemporary China,* Vol. 10, No. 27 (May 2001), pp. 275–283; and "Chinese President Calls for New Security Concept," speech before the United Nations Conference on Disarmament, March 26, 1999, http://www.china-embassy.org.
15. Information Office of the State Council, *China's National Defense, 2000* (Beijing: Information Office of the State Council, 2000), p. 8.

By 1999–2000 Beijing's greater receptivity had given way to China's full-blown participation in a range of regional multilateral organizations (paralleling China's deeper integration into a number of international organizations). Thus in a relatively short period, China moved from passivity and suspicion to proactive engagement in regional regimes and institutions. As Cui Tiankai, director general of Asian affairs in China's Ministry of Foreign Affairs reflected, "It was a gradual learning process for us, as we needed to become more familiar with how these organizations worked and to learn how to play the game."[16]

A call to eliminate alliances

During a tour through Asia in 1997, a group of Chinese diplomatic and military officials called for the abrogation of all international alliances, declaring them to be unnecessary vestiges of the Cold War. It is unclear if the officials were enunciating a new policy position or if they were trying to probe the strength of U.S. alliances in the region. Regardless, they described China's NSC as an alternative to Cold War–era alliance-based interstate relations. According to their reasoning, alliances that were forged against the Soviet Union during the Cold War were no longer necessary because the USSR had ceased to exist and the Cold War had ended. China's logic was grounded in a zero-sum understanding of alliances (i.e., they were needed as protection against another state) rather than a positive-sum view (i.e., they had utility for the maintenance of security and stability). This argument applied not only to bilateral alliances (e.g., those between the United States and Australia, Japan, the Philippines, the Republic of Korea, and Thailand), but also to multilateral alliances such as NATO. It is difficult to know how seriously China took its own official rhetoric, but in any event, Beijing's calls fell on deaf ears both regionally and internationally. In fact, a number of Asian governments privately but sternly told Beijing that such calls were unwelcome and that they had no intention of severing their alliances with the United States.[17] The response caught Chinese officials off guard, as they apparently had not expected other countries to assertively defend their security ties with the United States. Within a year Beijing had cooled its public rhetoric on the issue.

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16. Interview with Cui Tiankai, Beijing, June 11, 2004.
17. This was conveyed at high official levels as well as other regional forums. For example, at the 1999 meeting of the East Asia Vision Group, ASEAN representatives informed their Chinese counterparts that relations between China and ASEAN could develop successfully if Beijing met two conditions: (1) China did not push ASEAN governments to break their alliances or security arrangements with the United States; and (2) China did not mobilize overseas Chinese politically. Interview with Chinese representative, Beijing, October 18, 2003.

reaffirmation of deng's peace and development thesis

The mistaken U.S. aerial bombing of the Chinese embassy in Belgrade during the 1999 war in the former Yugoslavia prompted a heated debate in China. Skeptical of U.S. protestations that the bombing was a mistake, international relations experts and government officials in China began to question whether Deng Xiaoping's 1985 dictum that China's guiding principle, both internationally and domestically, should continue to be "peace and development" (*heping yu fazhan*). Not only had Deng deemed this to be the trend of the times in international relations, but he had also come to the obvious conclusion that, to pursue economic development, China needed a peaceful environment. In asserting his theory, Deng had rejected previous Chinese assessments of the inevitability of world war and the unstable nature of the international order. A corollary to Deng's thesis was that the leading hegemon, the United States, had entered a period of gradual decline. Yet by 1999, in the eyes of many Chinese analysts, neither Deng's core thesis nor the corollary appeared to be valid. This realization spurred an intense domestic debate about the validity of the peace and development concept.

After several months of intensive discussions, a consensus emerged within the Chinese leadership that, despite some notable "global contradictions" (a code word for conflicts) and the fact that the United States did not appear to be in decline (just the opposite), Deng's general thesis was still accurate as an overall assessment of and guide to China's foreign policy.[18] Importantly, however, Chinese international affairs experts concluded that for a peaceful environment conducive to domestic development to emerge, China needed to be less passive and more proactive in shaping its regional milieu. They also concluded that China needed to stabilize and improve its relationship with the United States, as the single most important country for China's national interests.[19] This debate came to an end just after the 2000 U.S. presidential election (when the election remained in dispute and ballots were still being counted in Florida), but the Chinese government was determined to get off on a good footing with whichever American administration took office.

Despite the volatile nature of world affairs in the wake of the September 11, 2001, terrorist attacks on the United States and the war in Iraq, Chinese experts and officials continue to cling to the peace and development thesis. With the

18. For an analysis of this debate, see David Finkelstein, *China Reconsiders Its National Security: The Great Peace and Development Debate of 1999* (Alexandria, Va.: CNA Corporation, 2000).
19. See David Shambaugh, "New Stability in U.S.-China Relations: Causes and Consequences," in Jonathan D. Pollack, ed., *Strategic Surprise? U.S.-China Relations in the Early Twenty-first Century* (Newport, R.I.: U.S. Naval War College, 2004), pp. 23–34.

key exception of the Taiwan situation, they tend to view China's regional security environment as generally benign and nonthreatening. This view is evident in the 2004 defense white papers and annual assessments published by the Ministry of Foreign Affairs, the Academy of Military Sciences, the China Institute of Contemporary International Relations, and the Institute of Asia-Pacific Studies of the Chinese Academy of Social Sciences.[20] While noting the instability caused by global terrorism, the ongoing military operations in Iraq and Afghanistan, North Korea's pursuit of nuclear weapons, and the simmering Kashmir dispute, Chinese analysts are, on the whole, surprisingly relaxed in their assessments of Asian regional security and China's national security.[21] Still, not everyone is so sanguine.[22] One 2003 assessment by Academy of Social Sciences analysts, for example, argues that China is effectively encircled by the United States (via the five U.S. bilateral alliances in East Asia, U.S. military forces in Central and Southwest Asia, increased U.S. deployments in Southeast Asia and the Southwest Pacific Ocean, and increased cooperation between the U.S. and Indian, Pakistani, and Mongolian militaries).[23]

Measuring China's New Regional Posture

China's new regional posture rests on the following four pillars: (1) participation in regional organizations; (2) establishment of strategic partnerships and deepening of bilateral relations; (3) expansion of regional economic ties; and (4) reduction of distrust and anxiety in the security sphere.

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20. Information Office of the State Council, *China's National Defense in 2004,* http://www.China.org.cn/english/2004/Dec/116032.htm. Department of Policy Planning, Ministry of Foreign Affairs, *China's Foreign Affairs, 2003* (Beijing: World Affairs Press, 2003), pp. 12–41; Ba Zongtan, ed., *Zhongguo Guojia Anquan Zhanlue Wenti Yanjiu* [Research on issues in China's national security strategy] (Beijing: Junshi Kexueyuan Chubanshe, 2003), chaps. 2, 3, 5; China Institute of Contemporary International Relations, *Ya-Tai Zhanluechang* [The strategic arena in the Asia-Pacific] (Beijing: Shishi Chubanshe, 2002); China Institute of Contemporary International Relations, *Guoji Zhanlue yu Anquan Xingshi Ping'gu, 2002–2003* [Review of the international strategic and security situation, 2002–2003] (Beijing: Shishi Chubanshe, 2003), chap. 7; and Zhang Yunling and Sun Shihai, eds., *Ya-Tai Lanpishu: Ya-Tai Diqu Fazhan Baogao* [Blue book on the Asia-Pacific: The Asia-Pacific Region Development Report, 2001] (Beijing: Shehui Kexue Wenzhai Chubanshe, 2002).

21. China Institute of Contemporary International Relations, *Guoji Zhanlue yu Anquan Xingxhi Nianjian, 2003–2004* [Review of the international, strategic, and security situation, 2003–2004] (Beijing: Shishi Chubanshe, 2004), chap. 7.

22. See, for example, David Shambaugh, "China's Military Views the World: Ambivalent Security," *International Security,* Vol. 24, No. 3 (Winter 1999/2000), pp. 52–79.

23. Tang Xizhong, Liu Shaohua, and Chen Benhong, *Zhongguo yu Zhoubian Guojia Guanxi* [China and its relations with neighboring countries] (Beijing: Zhongguo Shehui Kexue Chubanshe, 2003).

ENGAGING REGIONAL INSTITUTIONS

With the exception of ASEAN, which was created in 1967, the growth in regional organizations and multilateralism in Asia is a relatively recent development. Many analysts of Asian affairs (both area specialists and international relations realists) have long argued that the region is not ripe for regionalism and pan-regional cooperation, given the diversity of cultures, societies, economies, political systems, and security interests. This assessment, however, is clearly being challenged. Although still nascent and with a long way to go before achieving the level of regional cooperation that exists in Europe, regional organizations and dialogues have nonetheless sprouted in Asia in recent years. These include ASEAN + 1 (ASEAN and China), ASEAN + 3 (ASEAN, China, Japan, and South Korea), the ARF, the ASEAN Vision Group, the ASEAN Senior Officials Meeting, the Shanghai Cooperation Organization (SCO), and the Pacific Basin Economic Council. Despite being limited to East Asian and Pacific Rim states, APEC (the Asia-Pacific Economic Cooperation group) is the only truly regional intergovernmental organization, while the Asia-Europe Meeting has emerged as something of a counterpart to APEC, linking Asia and Europe, while the Forum for East Asia Latin America Cooperation does the same for these two regions. A host of nongovernmental track 2 groups are also active in the region, most notably the Council on Security Cooperation in the Asia-Pacific, the Northeast Asia Security Cooperation Dialogue, and the Shangri-la Dialogue (convened annually by the International Institute of Strategic Studies in Singapore). China is active in all of these forums and has even launched a regional dialogue composed of business leaders and government officials, the Boao Forum, whose participants meet annually on Hainan Island.[24] Numerous heads of state and more than 1,000 delegates from around the region attended its 2003 and 2004 sessions.

China's increased involvement in these regional organizations and dialogues reflects many factors, particularly China's evolving recognition that these institutions are neither intrinsically hostile to China nor set on constraining it. To the contrary, China has come to realize that these groupings are open to Chinese perspectives and influence and may have some utility in constraining the United States in the region.[25] China's increased multilateral involve-

24. See "Boao Forum for Asia Attracts Leading Government, Business Leaders," *Xinhua online,* April 23, 2004, http://www.boaoforum.org; and http://news.xinhuanet.com/english/2004-04/23/content_1437617.htm.

25. For a discussion of China's growing involvement in regional multilateral organizations, see Susan L. Shirk, "China's Multilateral Diplomacy in the Asia-Pacific," statement before the U.S.-

ment also represents the convergence of views about the norms that should govern interstate relations among China, ASEAN, and the SCO states. The "ASEAN Way" of consensus building and group decisionmaking is amenable to China.

Of all the regional organizations mentioned above, China is most deeply involved with ASEAN and the SCO (which it was instrumental in establishing). As Fu Ying, the former director general of the Department of Asian Affairs in China's Ministry of Foreign Affairs noted, "Taking ASEAN + 3 cooperation and SCO as two focal points, China will make pioneering efforts to set up regional cooperation and push for the establishment of a regional cooperation framework conforming to the characteristic of regional diversity."[26]

The SCO, established in June 2001, grew out of the "Shanghai Five" group created by China in 1994. Today the SCO comprises China, Kazakhstan, Kyrgzystan, Russia, Tajikistan, and Uzbekistan. Reflecting China's instrumental role and influence, a permanent secretariat headquarters has been created in Beijing (largely paid for by China).[27] The organization also has an office, located in Bishkek, Uzbekistan, to coordinate its counterterrorism efforts.

From its inception, the SCO, like its predecessor, has focused primarily on nontraditional security threats, particularly terrorism. The Shanghai Five also did much during the mid-1990s to institute military confidence-building and security measures among its member states, such as force reductions and prenotification of exercises, in their border regions.[28] More recently, the SCO has begun to evolve into a broader and more comprehensive organization, reflecting Beijing's goal of building strategic partnerships. At its 2003 annual meeting, the SCO expanded its focus to include economic cooperation. At the meeting, Chinese Premier Wen Jiabao proposed setting up a free trade zone among member states and reducing nontariff barriers in a variety of areas. The political interaction among SCO members is also intensive. In addition to the annual summits and frequent bilateral state visits, SCO ministerial-level officials meet and consult on a regular basis, and a large number of joint working groups have been established. China and Russia alone have set up thirty-five such bilateral groups.[29]

China Economic and Security Review Commission, February 12–13, 2004, http://www.uscc.gov/hearings/2004hearings/written_testimonies/04_02_12wrts/shirk.htm.

26. Fu, "China and Asia in the New Period," p. 6.
27. Louisa Lim, "China and Central Asia Boost Ties," *BBC News World Edition*, September 24, 2003, http://news.bbc.co.uk/1/hi/world/asia-pacific/3130852.stm.
28. These are described in Shambaugh, "China's Military Views the World," p. 72.
29. Interview with diplomat in Beijing, October 20, 2003.

Engagement between China and ASEAN is even more impressive. Over the last few years, the two have undertaken a series of steps to broaden and strengthen their relationship, several of which have considerable significance for the international relations of the Asian region. Separate protocols have been concluded between China and ASEAN in the areas of human resource development, public health, information and communication technology, transportation, development assistance, the environment, cultural and academic exchanges, and codevelopment of the Mekong River Basin.[30] At their landmark summit in 2002, China and ASEAN signed four key agreements: the Declaration on Conduct in the South China Sea[31]; the Joint Declaration on Cooperation in the Field of Nontraditional Security Issues[32]; the Framework Agreement on Comprehensive Economic Cooperation[33]; and the Memorandum of Understanding on Agricultural Cooperation.[34]

At their 2003 summit, China formally acceded to ASEAN's Treaty of Amity and Cooperation, becoming the first non-ASEAN state to do so (India subsequently followed suit).[35] This unprecedented step binds China to the core elements of ASEAN's 1967 charter. Together with the Declaration on Conduct in the South China Sea, the ASEAN treaty formally commits China to enforcing the principles of nonaggression and noninterference, as well as a variety of other conflict resolution mechanisms. At the same summit, ASEAN and China signed the Joint Declaration on Strategic Partnership for Peace and Prosperity, which addresses a wide range of political, social, economic, and security issues.[36] At their 2004 summit, Premier Wen put forward two further initiatives: (1) to build upon the 2001 Framework Agreement on Economic Cooperation and Establishment of the China-ASEAN Free Trade Area (FTA) to create a sim-

30. See "ASEAN-China Dialogue," 2003, http://www.aseansec.org/5874.htm.
31. See "Declaration of the Conduct of the Parties in the South China Sea," signed in Phnom Penh, Cambodia, November 4, 2002, http://www.aseansec.org/13163.htm.
32. See "Joint Declaration of ASEAN and China on Cooperation in the Field of Nontraditional Security Issues," Sixth ASEAN-China Summit, signed in Phnom Penh, Cambodia, November 4, 2002, http://www.aseansec.org/13185.htm.
33. See "Framework Agreement on Comprehensive Economic Cooperation between the Association of Southeast Asian Nations and the People's Republic of China," signed in Phnom Penh, Cambodia, November 4, 2002, http://www.aseansec.org/13196.htm.
34. See "Memorandum of Understanding between the Association of Southeast Asian Nations Secretariat and the Ministry of Agriculture of the People's Republic of China on Agricultural Cooperation," signed in Phnom Penh, Cambodia, November 2, 2002, http://www.aseansec.org/13214.htm.
35. See "Instrument of Accession to the Treaty of Amity and Cooperation in Southeast Asia," signed in Bali, Indonesia, October 8, 2003, http://www.aseansec.org/15271.htm.
36. See Joint Declaration of the Heads of State/Government of the Association of Southeast Asian Nations and the People's Republic of China on Strategic Partnership for Peace and Prosperity, signed in Bali, Indonesia, October 8, 2003, http://www.aseansec.org/15265.htm.

ilar free trade area in East Asia; and (2) to establish an East Asian community (presumably composed only of ASEAN + 3 countries) to discuss political and other issues.[37]

Perhaps the accord of greatest significance is the above-mentioned 2001 Framework Agreement, which was amended at the 2002 summit.[38] This agreement has done much to address concerns among Southeast Asian states about their economies and exports being potentially eclipsed by China's.[39] With total ASEAN-China trade growing rapidly (from $45.6 billion in 2002 to $78.2 billion in 2003),[40] Premier Wen has set $100 billion as the target for 2005.[41] In addition, he estimates that when the FTA takes full effect in 2010, its member states will likely have a combined population of 2 billion people and a collective gross domestic product of $3 trillion.[42] There is little doubt that there are tremendous economic complementarities between China and ASEAN, as well as redundancies, and that trade and investment can be expected to grow healthily in coming years.[43]

China and ASEAN are forging a productive and lasting relationship that is gradually erasing a history built on widespread suspicion, painful memories, and lingering tensions.[44] China's efforts to improve its ties with ASEAN are not merely part of a larger "charm offensive." They represent, in some cases, fundamental compromises that China has chosen to make in limiting its own sovereign interests for the sake of engagement in multilateral frameworks and pursuit of greater regional interdependence.[45] Neither have the Southeast Asian states entered into these arrangements with eyes closed; they believe that China's rise is inevitable and that the best strategy for ASEAN, to hedge against potentially disruptive or domineering behavior, is to entangle the dragon in as many ways as possible.

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37. Jane Perlez, "China Shoring Up Image as Asian Superpower," *International Herald Tribune,* December 2, 2004, p. 2. See also "Major Points of Premier Wen's Speech at 8th China-ASEAN Summit," http://www.news.xinhuanet.com/english/2004-11/content_2275888.htm.
38. See "Framework Agreement on Comprehensive Economic Cooperation between the Association of Southeast Asian Nations and the People's Republic of China."
39. See John Wong and Sarah Chan, "China ASEAN Free Trade Agreement: Shaping Future Economic Relations," *Asian Survey,* Vol. 43, No. 3 (May/June 2003), pp. 507–526.
40. Department of Policy Planning, Ministry of Foreign Affairs, *China's Foreign Affairs, 2004,* p. 41.
41. See Sun Shangwu, "Asia to Benefit as Ties Improve," *China Daily,* October 9, 2003, p. 1.
42. John McBeth, "Taking the Helm," *Far Eastern Economic Review,* October 16, 2003, pp. 38–39.
43. See Michael Vatikiotis and Murray Hiebert, "China's Tight Embrace," *Far Eastern Economic Review,* July 17, 2003, pp. 16–19.
44. See Alice D. Ba, "China and ASEAN: Reinvigorating Relations for the 21st Century," *Asian Survey,* Vol. 43, No. 4 (July/August 2003), pp. 622–647.
45. See Amitav Acharya, "China's Charm Offensive in Southeast Asia," *International Herald Tribune,* November 8–9, 2003.

China is clearly aware of its difficult history with its Southeast Asian neighbors. For example, in a major study of post–Cold War ASEAN policy toward China, leading Chinese Southeast Asia experts reflect candidly on China's past interventions in the region and the distrust they bred.[46] The study cites a number of painful legacies that China needs to directly address, including its attempts to export "leftist" ideology to the region during the Cultural Revolution, its support for armed communist insurgencies and coups against established governments, its political manipulation of overseas Chinese (*huaqiao*), and memories of Southeast Asian tributary relations with imperial China. It also notes the ill will created in the post–Cold War period by China's "uncompromising" stance on the South China Sea and Taiwan issues, the determination to modernize the Chinese military, and the economic challenges that a "South China economic circle" (composed of Southern China, Hong Kong, and Taiwan) poses to ASEAN economies. The study correctly notes that to avoid being drawn into a Chinese sphere of influence, ASEAN is seeking to maintain close ties with the United States, and that most ASEAN states believe that "U.S. predominance is conducive to the regional balance and stability."[47]

China's expanded engagement with ASEAN and the SCO reveals a key element in Beijing's enhanced regional profile: it has both multilateral and normative dimensions and reflects the convergence of views among states in these organizations about the importance of cooperative security and conflict management. It also reflects an increased appreciation by the Chinese government of the importance of norms and "soft power" in diplomacy.[48] Chinese print media, television, music, food, and popular culture are spreading around Asia as never before.[49] So too are Chinese tourists fanning out across the region: 800,000 Chinese toured Thailand in 2002, while more than 600,000 visited Singapore in 2004.[50]

Beijing's growing appreciation of soft power diplomacy is also evident in China's efforts to popularize Chinese culture throughout the region and to train future generations of intellectuals, technicians, and political elites in its universities and technical colleges. China increasingly sees higher education as

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46. Chen Qiaozhi, ed., *Leng Zhan Hou Dongmeng Guojia dui Hua Zhengce Yanjiu* [Post–Cold War ASEAN policy toward China] (Beijing: Zhongguo Shehui Kexue Chubanshe, 2001), chap. 1.
47. Ibid., p. 44.
48. See David Murphy, "Softening at the Edges," *Far Eastern Economic Review,* November 4, 2004, pp. 32–36; and Wang Chueh, "Central Leadership Attach Importance to 'Soft Power,'" *Wen Wei Po,* October 6, 2004, Foreign Broadcast Information Service–China October 10, 2004.
49. Jane Perlez, "Chinese Move to Eclipse U.S. Appeal in South Asia," *New York Times,* November 18, 2004, http://www.nytimes.com/2004/11/18/international/asia/18asia.html.
50. Ibid.

an instrument of statecraft (as well a source of foreign exchange). During the 2003 academic year, 77,628 foreign students were seeking advanced degrees in China's universities—approximately 80 percent of whom came from other Asian countries. South Korea sent by far the most students (35,363), while Japan sent 12,765, Vietnam 3,487, Indonesia 2,563, Thailand 1,554, and Nepal 1,199.[51] In the same year, only 3,693 students from the United States attended Chinese colleges and universities. Calculating the influence of this academic training on future generations of Asian elites will be difficult to measure with any precision, but their experiences while in China will certainly sensitize them to Chinese viewpoints and interests. In addition, they will possess knowledge of the Chinese language, as well as Chinese society, culture, history, and politics. Those who enter officialdom may be more accommodating of Chinese interests and demands. They will also share personal connections with former classmates and will move up through professional hierarchies simultaneously.

creating strategic partnerships and improving bilateral ties

China's new diplomatic posture has produced a blizzard of meetings and exchanges among Chinese officials and their counterparts (both civilian and military) in neighboring countries. Summits with heads of state from virtually all of China's neighbors occur annually, and ministerial and subministerial exchanges are commonplace. China is also posting many of its most seasoned diplomats to ambassadorships in key regional capitals, where they are becoming very active and well known in local communities. Lower-ranking Chinese diplomats are fanning out across many Asian countries to attend academic and policy-related seminars, to forge business ties, to cultivate overseas Chinese communities, to provide interviews to local media, and to try to create good will. Long gone are the days of inept and indoctrinated Chinese diplomats cut off from their resident societies. "Today they are *everywhere* in the region," commented one senior Southeast Asian diplomat.[52] China has also raised its profile in meetings with regional leaders. This new embrace of regional multilateralism was highlighted by China's hosting of the 2001 APEC meeting in Shanghai and the attention given President Hu Jintao at the 2003 APEC meeting in Bangkok. Another example of China's efforts to raise its profile was

51. Data derived from "Table X: Overseas Students Accepted by China from Countries Having Diplomatic Ties with China (2003)," in Department of Policy Planning, Ministry of Foreign Affairs, *China's Foreign Affairs, 2004,* pp. 577–580.
52. Discussion, Washington, D.C., October 4, 2004.

Beijing's hosting of the Third International Conference of Asian Political Parties on September 3–5, 2004. The meeting, organized by the International Department of the Chinese Communist Party (CCP), brought together 350 delegates from eighty-one political parties in thirty-five Asian countries, including eight heads of state.[53] On the last day of the conference, the convocation agreed on a twelve-point Beijing declaration of principles and areas of cooperation.[54]

China's desire to improve its regional relations is perhaps most clearly demonstrated with regard to three states with which it had minimal interaction (even hostile relations) not too long ago: South Korea, Vietnam, and India.

CHINA AND SOUTH KOREA. In little more than a decade, since diplomatic relations were established in 1992, China's relations with the Republic of Korea have been dramatically transformed: the prime ministers of the two countries now hold reciprocal summits every year, ministerial-level officials interact regularly, and even the two militaries increasingly consult and exchange personnel. China is currently South Korea's largest trading partner, while South Korea ranks third in China's trade profile. Trade between the two nations totaled $63.2 billion in 2003.[55] South Korea is China's fifth largest foreign direct investor. More than 1 million South Koreans visited China in 2003, while 490,000 Chinese made visits to South Korea. There are currently 60,000 long-term South Korean residents in China. Of these, about 36,000 are students. In the 2002–03 academic year, approximately 78,000 foreign students were studying in Chinese universities; nearly half came from South Korea.[56] Approximately 10,000 South Korean companies operate in China, with many having representative offices in addition to production facilities in the country. Each week 700 flights shuttle back and forth between the two countries. South Korean businessmen regularly fly to China for the day and return by evening. Shipping and communications links are also numerous.

China's strategy for building ties with South Korea has both an economic motive and a strategic dimension. In the early 1990s, Chinese strategists con-

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53. See "Third Asian Political Parties' Conference Starts in Beijing," *People's Daily Online*, September 3, 2004, http://english.peopledaily.com.cn/200409/03/eng20040903_155808.html.
54. See "Beijing Declaration, 2004," *Xinhua online*, September 5, 2004, http://news3.xinhuanet.com/english/2004-09/05/content_1946372.htm.
55. Department of Policy Planning, Ministry of Foreign Affairs, *China's Foreign Affairs, 2004*, p. 575.
56. Chinese students in South Korean universities make up a slightly higher percentage. For example, during the 2003–04 academic year, 780 of the 1,200 foreign students at Seoul National University came from China. I am grateful to Kyoong-soo Loh of the Office of International Programs at Seoul National University for this information.

cluded that China would have little leverage in shaping the eventual outcome of the divided Korean Peninsula if it did not enjoy strong ties with South Korea. Improved ties would also offset any potential threat to China from the U.S.–South Korean alliance and presence of U.S. forces on the peninsula. Further, a more robust Chinese–South Korean relationship would blunt any attempt by Japan to gain a stronger foothold on the peninsula. Beijing's strategy has been a net success for Chinese strategic interests; the bourgeoning relationship has greatly benefited both countries, and it has become a central element in the evolving balance of power in Northeast Asia. The strong state of bilateral ties has also been a key factor in forging the six-party talks (hosted by China) concerning North Korea's pursuit of nuclear weapons. Beijing and Seoul have converging and closely coordinated positions in the talks.

Despite the overall strength of Chinese–South Korean relations, disagreement over a recent historical interpretation of the ancient kingdom of Koguryo (37 B.C. to A.D. 668) has created some tension. Assertions in 2003 by Chinese historians that the ancient kingdom was part of China have deeply angered Koreans (in both the North and the South).[57] Seeking to cool the simmering dispute, China dispatched diplomats and Politburo member Jia Qinglin to Seoul in August 2004, where they worked out an agreement to shelve the dispute. Although this agreement has tempered Korean ire for the time being, the imbroglio has raised suspicions among South Korean officials and intellectuals about China's long-term intentions and has dampened the "China fever" that has swept their country in recent years.[58] Despite this incident, the breadth and depth of the Chinese–South Korean relationship make it one of the healthiest and most important in Asia today.

CHINA AND VIETNAM. China's relations with Vietnam have been similarly transformed, albeit not as dramatically. Since China and Vietnam renormalized diplomatic relations in 1991, state-to-state, party-to-party, and military ties have expanded.[59] Meetings between the presidents and general secretaries of the two communist parties are held annually, as are about 100 working visits at the ministerial or vice-ministerial levels. In February 1999 the two govern-

57. See Bruce Klingner, "China Shock for South Korea," *Asia Times Online*, September 11, 2004, http://atimes01.atimes.com/atimes/Korea/FI11Dg03.html.
58. Discussions with South Korean officials and scholars in Seoul, November 10–11, 2004.
59. The following derives from a series of meetings with officials from the Ministry of Foreign Affairs, Ministry of Defense, Vietnamese Communist Party External Relations Department, Institute of International Relations, and Institute of Chinese Studies at the National Center for Social Sciences and Humanities, Hanoi, December 10–17, 2002.

ments signed the Agreement on Friendship, Good Neighborliness, and Long-standing Stability. During a state visit to Hanoi by former Chinese President Jiang Zemin in February 2002, the two countries agreed to a framework that consists of the following four objectives: (1) to build political exchanges at a variety of levels; (2) to share their experiences regarding economic development; (3) to encourage youth exchanges (China created a 120,000 renminbi [or approximately $15,000] fund for this purpose); and (4) to strengthen cooperation in international and regional forums.

Sino-Vietnamese economic ties are also improving, although the total volume remains low. Bilateral trade trebled from $1.1 billion in 1996 to $3 billion in 2001 and reached $4.6 billion in 2003. Vietnam exports mainly marine products and oil and gas to China; imports from China include machinery, fertilizers, and consumer durables. China also provides low-interest loans to upgrade Chinese-built factories in Vietnam (mainly iron and steel plants). Altogether, China has invested $330 million in 320 joint venture projects in Vietnam.

With respect to territorial disputes, tensions have eased considerably in recent years. The Chinese and Vietnamese governments signed a treaty on their land border in December 1999 and another in December 2000 on their sea boundary in the Gulf of Tonkin. They have also established a forum to discuss the disputed Paracel and Spratly Islands. Both are signatories to the Code of Conduct on the South China Sea and the Treaty of Amity and Cooperation, agreed in 2002 between China and ASEAN.

Since relations between the CCP and Vietnamese Communist Party (VCP) were normalized in 1991, the parties' leaders have met once a year. China's current president and CCP general secretary, Hu Jintao, visited Vietnam twice before assuming his leadership posts at the Sixteenth CCP Congress in 2002. In addition, the VCP External Relations Department and the CCP's International Department have promoted numerous bilateral exchanges, as have the two central party schools.

In recent years Chinese and Vietnamese ministers of defense, as well as lower-level military officials, have also exchanged visits. The People's Liberation Army (PLA) Chengdu and Guangzhou military region commanders and commanders of adjacent military districts now hold annual meetings with their counterparts, the commanders of Vietnam's first, second, and third military regions. Staff college exchanges have also become more common. In 2001 a Chinese naval ship made its first port call to Vietnam. The Chinese and North Vietnamese navies are involved in joint search-and-rescue missions, and they cooperate in cross-border antismuggling operations. Although there is no for-

mal agreement about prior notification of military exercises in the border region, both sides have nonetheless tried to provide such notice.

All of these exchanges and confidence-building measures have served to rebuild Sino-Vietnamese relations. While the historical relationship between the two countries was often filled with discord—they fought a border war as recently as 1979—much progress has been made since 1991 to dispel the lingering distrust and nourish a mutually beneficial relationship.

CHINA AND INDIA. Perhaps one of the most important, yet least recognized, international events of 2003 was Indian Prime Minister Atal Bihari Vajpayee's state visit to China in June. As the capstone of a decade-long rapprochement, which was briefly interrupted by the political fallout in the aftermath of India's nuclear tests in 1998, the visit symbolized one of the most critical developments in Asian affairs.

At their meeting Prime Minister Vajpayee and Chinese Premier Wen signed the Declaration on Cooperation and nine protocols on bilateral cooperation, thus fully normalizing Sino-Indian relations.[60] Both leaders pledged that their countries would work together for regional peace and stability. Progress was also made on their long-standing boundary dispute; the two countries codified the Agreement on the Actual Line of Control and pledged to exchange high-level emissaries to negotiate a final settlement of their thirty-four-year quarrel over the disputed territorial boundary.[61] Once the 4,500-kilometer border is fully demarcated, China will have resolved all of its border disputes. As part of the agreement, India reiterated its recognition of Tibet as part of China and promised not to support separatist activities by Tibetan exiles in India. China-India trade, which stood at $7.6 billion in 2003, is expected to accelerate (between 2002 and 2003 bilateral trade jumped 53.6 percent).[62] The two countries enjoy complementarities in several sectors, including computer software (India) and hardware (China), although they continue to compete in other areas such as textiles and low-end manufactures.

The Sino-Indian summit represented the most recent success in efforts by China to turn one-time adversaries into productive partners. Taken together

60. See "China, India Sign Nine Documents in Beijing," http://english.eastday.com/epublish/gb/paper1/943/class000100004/hwz143868.htm.
61. S.N.M. Abdi, "China, India to Resume Border Talks Next Week," *South China Morning Post,* January 6, 2004. See also Srikanth Kondapalli, "India-China Border Issues and Confidence-Building Measures: An Assessment," paper presented at the Shanghai Institute of International Studies, November 12, 2003.
62. Department of Policy Planning, Ministry of Foreign Affairs, *China's Foreign Affairs, 2004,* p. 41.

with China's ongoing efforts to forge a strategic partnership with Russia and to increase bilateral cooperation overall, Beijing's success in building ties with its former adversaries (including South Korea, Vietnam, and India) has not only benefited the countries concerned, but has also removed key sources of tension from the Asian region.

EXPANDING REGIONAL ECONOMIC TIES

China's growing engagement with the Asian region is perhaps most evident in the economic domain. According to official Chinese customs statistics, trade between China and the rest of Asia topped $495 billion in 2003, up 36.5 percent over 2002.[63] During the first eight months of 2004, China's exports and imports continued to climb; exports to its thirteen neighbors grew by an average of 42 percent, while imports surged on average 66 percent.[64] According to Chinese government data, during this period trade with India jumped by 85 percent, Japan 27 percent, Malaysia 35 percent, the Philippines 47 percent, South Korea 46 percent, Russia 32 percent, Thailand 38 percent, and Vietnam 58 percent.[65] Trade growth has been stimulated particularly by sharp rises in China's imports from around the region, which jumped by 42.4 percent in 2003 to $272.9 billion.[66] In 2003 China's imports from Japan leaped 38.7 percent, 51 percent from South Korea, 51.7 percent from ASEAN, and 87 percent from India.[67] Today nearly 50 percent of China's total trade volume is intraregional, and unlike China's trade with the United States and Europe, it is relatively balanced.

Despite this rapid growth in intraregional commerce, China is a long way from dominating East Asian trade. According to 2002 data, total regional imports from China are estimated to amount to only 9 percent; imports from Japan are about 17 percent; and those from the United States are approximately 18 percent.[68] Although China's trade with some Asian countries is steadily growing, it remains underdeveloped with others in the region (see Table 1).

Not only is China increasingly trading with its neighbors, and receiving foreign direct investment from them, but it is also beginning to invest more in the

63. Ibid.
64. Murphy, "Softening at the Edges," p. 33.
65. Ibid.
66. Department of Policy Planning, Ministry of Foreign Affairs, *China's Foreign Affairs, 2004,* p. 41.
67. Ibid.
68. Edward J. Lincoln, "East Asia and China," statement before the U.S.-China Economic and Security Review Commission, December 4, 2003, in *China's Growth as a Regional Economic Power: Impacts and Implications* (Washington, D.C.: U.S. Government Printing Office, 2003), p. 8.

Table 1. China's Trade with Neighboring Countries, 2003

Country	Total Trade Volume (U.S.$)
Afghanistan	27.00 mn.
Australia	13.56 bn
Bangladesh	1.36 bn.
Democratic Republic of Korea	1.02 bn.
India	7.59 bn.
Indonesia	10.20 bn.
Japan	133.57 bn.
Kazakhstan	3.28 bn.
Laos	109.40 mn.
Malaysia	20.12 bn.
Mongolia	439.80 mn.
Myanmar	1.07 bn.
Nepal	127.30 mn.
New Zealand	1.82 bn.
Pakistan	2.42 bn.
Philippines	9.40 bn.
Republic of Korea	63.23 bn.
Russia	15.70 bn.
Singapore	19.30 bn.
Sri Lanka	524.20 mn.
Tajikstan	38.80 mn.
Thailand	12.65 bn.
Vietnam	4.63 bn.

SOURCE: China's General Administration of Customs, Ministry of Foreign Affairs of the People's Republic of China, *China's Foreign Affairs, 2004* (Beijing: World Affairs Press, 2004).

region. Approximately 70 percent of China's inbound foreign direct investment originates in Asia. Meanwhile, China's direct investment in other Asian countries (including Hong Kong) reached $1.5 billion out of a total of $2.85 billion invested by Chinese companies globally in 2003.[69] China has also begun to increase its aid and development assistance to other Asia nations—for example, allocating loans of $150 million for Vietnam, $400 million for Indonesia, $200 million for Afghanistan, and $200 million for Myanmar (Burma) in 2002.[70] In 2003 China earmarked $300 million in aid for Mongolia.[71] At the end of 2004, Beijing committed $63 million in humanitarian and reconstruction assistance to (mainly Asian) nations affected by the catastrophic tsunami.

69. "China Pours More Money Overseas," *China Daily,* October 22, 2004. See also John Wong and Sarah Chan, "China's Outward Direct Investment: Expanding Worldwide," *China: An International Journal,* Vol. 1, No. 2 (September 2003), pp. 273–301.
70. Joseph Kahn, "China at Korea Talks: Taking Diplomacy Upstage," *New York Times,* August 30, 2003; and Raymond Bonner, "No Progress on Burmese Democracy," *International Herald Tribune,* September 15, 2003.
71. Murphy, "Softening at the Edges," p. 32.

In sum, Chinese trade and direct investment are fast becoming the engine of economic growth in Asia, and this has done much to invigorate several economies in the region, particularly helping to pull Japan out of its decade-long economic slump.[72] Asian countries thus have a huge stake in China's continued economic growth and stability. At the same time, however, some in the region have continuing reservations that China's comparative advantages in labor and capital, combined with the business acumen of Chinese companies and government negotiators, will never permit a level playing field in which smaller Asian countries can compete with China. While Premier Wen describes China as a "friendly elephant" interested only in win-win commercial ties with its neighbors, other Asian nations worry that an elephant, no matter how friendly, will still leave trampled grass in its path.[73]

enhancing china's regional security posture

China's new approach to Asia is also evident in the security sphere, where Beijing has undertaken unilateral, bilateral, and multilateral measures to address both national and regional issues of concern.

China has adopted a unilateral approach toward its military modernization, which is being undertaken without great concern for the interests of its neighbors. China has two primary objectives in this regard: (1) to build and deploy a comprehensively modern military commensurate with its status as a major power; and (2) to develop a range of capabilities with respect to Taiwan. The demands of each objective determine how resources are allocated, which weapons systems should be procured, what types of training to adopt, and how to organize the PLA.

China's military modernization is a large and complex process with multiple dimensions.[74] Nonetheless, two issues continue to be of particular concern to China's neighbors: (1) the development of China's power projection capabilities (and the doctrine that would underlie it), and (2) the potential for the use of force against Taiwan.

The PLA does not seem to have made much progress in enhancing its power projection capabilities, nor do these seem to be a priority. No aircraft carrier

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72. See Trish Saywell, "Powering Asia's Growth," *Far Eastern Economic Review,* August 2, 2001; and "Why Europe Was the Past, the U.S. Is the Present, and a China-Dominated Asia Is the Future of the Global Economy," *Financial Times,* September 22, 2003.
73. Michael Vatikiotis, "A Too Friendly Embrace," *Far Eastern Economic Review,* June 17, 2004, pp. 15–18.
74. See David Shambaugh, *Modernizing China's Military: Progress, Problems, and Prospects* (Berkeley: University of California Press, 2003).

battle groups are being constructed; few destroyers capable of operating in the open ocean have been built; no military bases are being acquired abroad; training over water or far from China's shores is minimal; no long-range bombers are being manufactured; and no airborne command and control aircraft have been deployed (although negotiations are under way with Russia to acquire four Beriev A-50 radar planes and, apparently, an indigenous AWACS plane is being flight-tested).[75] Nor is it clear whether the PLA Air Force (PLAAF) has mastered in-flight refueling for its fighters, a necessary capability for the projection of sustained airpower, although its J-10 and Su-30MKK fighters are outfitted for this task (the problem, however, is that the PLAAF does not possess adequate tankers and has not yet mastered the complicated aspects of airborne hookups).[76] Although the PLA Navy has about sixty surface combatants and more than seventy operational submarines, they generally do not operate beyond China's territorial waters. Finally, the PLA has not adopted a doctrine that would guide such a forward force projection capability—the PLA's doctrine of peripheral defense is not one of forward projection.[77] Thus, there is scant, if any, evidence of the PLA developing capabilities to project power beyond China's immediate periphery.

What the PLA has done, and is of considerable concern to China's neighbors, is to build up a variety of military capabilities for the potential use of force against Taiwan involving a number of different contingencies, including: the deployment of approximately 600 short-range ballistic missiles opposite Taiwan (the PLA's Second Artillery is also modernizing its intermediate- and intercontinental-range missile forces); the deployment of large numbers of attack fighters opposite Taiwan; the buildup of surface ships, submarines, and amphibious landing craft within range of Taiwan; periodic large-scale military exercises around Taiwan; and refusal to forswear the possible use of force against Taiwan. China's neighbors watch these developments closely and rightly worry about the damage that the use of force would have on regional security and stability.

To a significant extent, though, China has been able to offset concerns about its buildup against Taiwan with a series of confidence-building measures aimed at the rest of the region. These have come in the form of both bilateral and multilateral measures of four principal types.

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75. Edward Cody, "China Now Test-Flying Homemade AWACS," *Washington Post*, November 13, 2004.
76. See Doug Barrie, "Great Leap Forward, in Small Steps," *Aviation Week & Space Technology*, November 8, 2004.
77. See, Shambaugh, *Modernizing China's Military*, chap. 3.

The first type is bilateral governmental security dialogues with several neighboring countries—Australia, India, Japan, Kazakhstan, Kyrgystan, Mongolia, Pakistan, Russia, and Thailand.[78] These occur once a year, in alternating capitals, with participation of both civilian foreign ministry and military personnel. China is also involved in a number of unofficial track 2 security dialogues, usually undertaken by the China Institute of International Strategic Studies or the China Foundation for International Strategic Studies, both of which are affiliated with the Second Department of the PLA General Staff.

The second type of engagement involves official military-military exchanges, which China has stepped up in recent years. The PLA currently engages in a number of exchanges with neighboring countries. Among those participating are members of China's defense ministry, as well as members of China's military service branches, staff colleges, and military region commands. In addition, the PLAN has begun to increase its number of regional port calls.[79] A particularly important departure is China's new willingness to engage in bilateral military exercises, breaking its fifty-four-year, self-imposed prohibition on such efforts. Joint exercises were held in 2003 with India, Kazakhstan, and Pakistan (as well as with France and the United Kingdom). The Indian and Pakistani navies undertook joint search-and-rescue exercises off of China's coast; the exercises with Kazakhstan involved cross-border counterterrorism drills. Of even greater importance, China and Russia plan unprecedented, large-scale joint military exercises on Chinese territory in 2005. The exercises will involve ground forces, air forces, command and control units, and possibly strategic missile forces.

The third type of activity is China's increased participation in the ARF, which the Chinese government sees as a potential catalyst for establishing a regional cooperative security community. President Hu recently asserted that China "will give full play to existing multilateral security mechanisms and is ready to set up a security dialogue mechanism with other Asian countries to actively promote confidence-building cooperation in the military field."[80] At the 2003 ARF Inter-Sessional Group and ARF foreign ministers' meetings, China startled other members by introducing a concept paper that included a wide-ranging set of proposals for increasing regional military exchanges and establishing an annual security policy conference. The paper indicated that

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78. Information Office of the State Council, *China's National Defense in 2004.*
79. See, for example, "Chief of Staff Wraps Up Tour of Three Asian Countries," *Jiefangjun Bao* (PLA Daily), September 21, 2003, http://www.pladaily.com.cn/gb/pladaily/2003/09/21/20030921001009_TodayNews.html.
80. Hu Jintao, "China's Development Is an Opportunity for Asia," speech at opening ceremony of

China was prepared to addresss a range of issues it had previously been unwilling to discuss in a regional forum (e.g., future challenges to regional security; military strategies and doctrines of member states; the revolution in military affairs and defense modernization in the region; the role of regional militaries in nontraditional security matters such as counterterrorism and narcotics interdiction; defense conversion; and civil-military relations).[81] Quickly realizing the importance of China's proposal, ASEAN acted promptly, formally adopting the initiative at its July 2004 meeting in Jakarta, Indonesia.[82] The unprecedented security policy conference, the highest-level meeting of regional military officers ever within the ARF framework, convened on November 4–6, 2004, in Beijing, and was attended by high-ranking officers from twenty-four ARF member states and dialogue partners.[83] Chinese security specialists have also floated the idea of forming an East Asian security community, built upon the ARF, which would better institutionalize security dialogues and cooperation among its members.[84] Another idea that is gaining some currency in Beijing is to convert the six-party talks on the North Korean nuclear program into a permanent entity for security cooperation in Northeast Asia.[85]

Fourth, China has gradually increased its military transparency, as demonstrated by its recent publication of several defense white papers. This action comes in part as a response to the consistent urging of ASEAN, Japan, and South Korea (as well as several Western governments).[86] Although these white papers fall far short of global standards, or even those of other Asian states, each has progressively offered more information about China's military. The most recent one, published in December 2004, provides much more informa-

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the Boao Forum for Asia 2004 annual conference, Sanya, Hainan, April 24, 2004, http://www.chinaview.cn.

81. "ARF Security Policy Conference: A Concept Paper for Discussion (Draft)," presented by China at the ARF–Inter-Sessional meeting, Beijing, November 20–22, 2003.

82. Discussion with Indonesian security expert Jusuf Wanandi, Barcelona, Spain, July 2, 2004. Wanandi has been deeply involved in the ARF process for many years. Other ASEAN security experts have noted that China took the initiative at ASEAN's prompting, as both were dissatisfied with the IISS Shangri-la Dialogue and both sought an alternative format that would minimize Western participation and take place within the ARF format. Discussions in Berlin, Germany, December 14, 2004.

83. "ASEAN Security Meeting Held in Beijing," *Xinhua online,* November 6, 2004, http://news.xinhuanet.com/english/2004-11/06/content_2183716.htm; and "Ministry of Foreign Affairs Spokeswoman Zhang Qiyue Answers Journalists' Questions at Routine News Conference on November 4," http://www.fmprc.gov.cn.

84. See Yan Xuetong and Liu Jiangyong, "Solidifying East Asian Security," *China Daily,* April 14, 2004.

85. Interviews with Foreign Ministry and PLA officials, Beijing, June 2004.

86. Ibid.

tion than before on PLA doctrine and defense policy, technological innovation and defense industries, domestic defense mobilization, streamlining of military forces, rising concern about Taiwan, and the PLA's international cooperation.[87]

In all of these ways, Beijing's confidence and level of involvement in regional security affairs has grown considerably in the last few years.[88] This does not mean that regional concerns about China's rise have melted away,[89] but they have dissipated considerably. China's promulgation of a new security concept has also enhanced China's image in the region, particularly insofar as it dovetails with ASEAN's own normative approaches to cooperative security and conflict management. The NSC is premised on the principles of mutual trust, mutual benefit, equality, cooperation, and the peaceful resolution of differences. In his 2004 Boao Forum speech, President Hu supplemented these guiding principles by asserting that China "hopes to establish a security relationship and cooperation featuring non-alignment, non-confrontation, and non-targeting at any third party."[90]

Taken together, these actions are having a transforming effect on Asia's regional dynamics. For more than a century, China has been largely outside of the regional order—either by design or by circumstance—but now it has found its footing and has reasserted itself in all realms and on all issues.

Implications for the United States

China's regional rise poses two fundamental questions for the United States. First, does China's growing power and influence inexorably come at the expense of the United States? Does it mean that the relative power of the United States is concomitantly diminished? The second, more meaningful, question involves the extent to which the national interests and policies of the United States and China coincide or diverge on a host of regional issues. Even if the relative balance of power and influence between the two countries is changed, the crucial issue is whether the United States and China can still find common ground on a wide range of regional issues.

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87. Information Office of the State Council, *China's National Defense in 2004.*
88. See Wu Xinbo, "Prospect of Multilateral Security in the Asia-Pacific: A Chinese Perspective" (Washington, D.C.: Sasakawa Peace Foundation, 2000). For a broader assessment of China's participation in international organizations, see Wang Yizhou, ed., *Construction within Contradiction* (Beijing: China Development Publishing House, 2003).
89. See Carolyn W. Pumphrey, ed., *The Rise of China in Asia: Security Implications* (Carlisle Barracks, Pa.: U.S. Army War College, 2002).
90. Hu, "China's Development Is an Opportunity for Asia."

An increase in China's regional power and influence need not result in a reciprocal decrease in U.S. power and influence. Acquiring and wielding power and influence in a non-bipolar system (as is the case in Asia today) is not a zero-sum game. In some cases, there may seem to be a correlation: for example, China's power and influence have grown particularly in Southeast Asia and South Korea, while the power and influence of the United States have most markedly declined in these two cases. And while the U.S. alliance with Japan has been strengthened, relations between Beijing and Tokyo have deteriorated. Beijing's influence over Pyongyang has held steady (despite strains), whereas Washington's influence has waned under George W. Bush's administration. In South Asia, the ties and influence of both the United States and China have increased in recent years. In Central Asia the presence of U.S. forces, and U.S. influence more generally, have increased dramatically (from nil) since 2001, while China's have also grown and remain strong.

Granted, these are imprecise and subjective calculations; nonetheless, three observations emerge about the relative regional influence of China and the United States. First, tallying such influence as if it were a ledger of different portfolio accounts is problematic (even if it can somehow be measured), as the constituent parts do not equal the sum total. Surely, the Asian region—stretching from Afghanistan in the southwest to Russia in the north to Japan in the northwest to Australia in the southeast—is large enough for both the United States and China to pursue their interests, coexist peacefully, and find ways to cooperate. Second, both countries can gain or lose influence in a given subregion or bilateral relationship—but again, it is not a zero-sum game. Third, one state's drop in influence may not necessarily result from the actions of the other state. For example, the decline in the image and influence of the United States in South Korea and Southeast Asia owes as much to the Bush administration's approach to the North Korean nuclear problem as it does to its myopic focus on the war on terrorism. For their part, both South Korea and ASEAN have chosen to pursue broader agendas. There are also other factors at work in each case—such as China's historical influence, geographic proximity, economic complementarities, convergence of normative views on interstate relations, and overlapping security concerns—but Beijing has played its diplomatic hand adroitly and has been successful in exploiting the growing strains in Washington's relations with Seoul and the ASEAN states. To the extent that U.S. regional power and influence do decline relative to China's, it is more the result of general disenchantment with the Bush administration's high-handed

attitude and myopic policies than it is the result of China's rising power and influence.

China's rise need not inexorably result in the eclipse of the United States as a regional power. Indeed, Beijing has attempted to assuage Washington's concerns about the United States' position in the region and China's rise. For example, in July 2001 Foreign Minister Tang Jiaxuan told U.S. Secretary of State Colin Powell that China "welcomes the American presence in the Asia-Pacific region as a stabilizing factor."[91] This was an important statement at the time because it contrasted sharply with the prevalent view among many in the new administration that China's principal strategic goal was to evict the United States from East Asia and extend its hegemony over the region. Prior to assuming the position of President Bush's national security adviser (now Powell's successor as secretary of state), Condoleezza Rice evinced this prevalent view among Republican strategists in an article in the policy journal *Foreign Affairs*. In Rice's words, "China resents the role of the United States in the Asia-Pacific region. This means that China is not a 'status-quo' power, but one that would like to alter Asia's strategic balance in its own favor."[92]

Secretary of State Powell and other senior U.S. officials took Tang's assurances to mean that China did not oppose U.S. military bases and alliances in the region, although this was not specifically stated. Chinese officials have subsequently offered such assurances privately to U.S. government officials and scholars. In a recent discussion with the author, Ministry of Foreign Affairs Director General for Asian Affairs Cui Tiankai asserted that "we [China] should not try to exclude the United States from our region. The U.S. has a long-standing and huge presence here and should contribute to regional security, stability, and development."[93] In his former position as director of the Foreign Ministry's policy planning staff, Cui was instrumental in convincing Foreign Minister Tang to issue the initial assurances to Secretary of State Powell in 2001.

Table 2 illustrates the extent to which the policies and interests of China and the United States converge or diverge across a range of regional issues. The table highlights several important points. First, it confirms that the regional

91. Secretary of State Colin L. Powell, press conference, Beijing, July 29, 2001.
92. Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs*, Vol. 79, No. 1 (January/February 2000), p. 56.
93. Interview with Cui Tiankai, Beijing, June 11, 2004.

Table 2. China, the United States, and Regional Issues

Issue	Convergence	Divergence	Uncertainty
Development of regional multilateral institutions			X
Transformation of six-party talks into Northeast Asian cooperative security mechanism			X
Strengthening of the ARF			X
U.S.-Japan alliance			X
Other U.S. alliances in the region	X		
U.S. military forces in the region			X
Broader role for Japan's Self-Defense Forces		X	
Denuclearization of North Korea	X		
Sustenance of North Korean regime		X	
Deepening of China–South Korea ties		X	
Countering of organized crime, drug smuggling, and other nontraditional security concerns	X		
Counterterrorism	X		
Nonproliferation	X		
U.S. defense of Taiwan		X	
Theater missile defense for Taiwan		X	
Theater missile defense for Japan and South Korea			X
China-Myanmar relations		X	
China-ASEAN relations			X
Stabilization of Indonesia	X		
Maintenance of stability in South Asia	X		
Safety and confidence-building measures in Indian and Pakistani nuclear arsenals	X		
India-Pakistan détente	X		
Stabilization of Nepal and control of Maoist insurgency	X		
China-India relations	X		
U.S.-India relations			X
U.S.-Pakistan relations			X
Resolution of the Kashmir problem	X		
U.S.–Central Asian ties			X
U.S.-led occupation of Afghanistan	X		
China-Russia relations		X	
Shanghai Cooperation Organization	X		
South China Sea dispute			X
East China Sea dispute		X	
Energy security in the region	X		
Economic security in the region	X		
Total	16	8	11

agenda of issues that are of concern to both China and the United States is lengthy and varied, thus underscoring the complexity of the relationship. Second, it reveals that Beijing and Washington do not see eye-to-eye on every issue (which is not surprising), and that their interests and policies diverge or are uncertain with regard to a number of topics. Third, and perhaps most important, their interests and policies converge on the majority of issues, which was not necessarily the case five or ten years ago. Although this augurs well for Sino-American cooperation on a range of issues in the years ahead, important divergences and uncertainties still remain.

Some of these divergences are predictable—notably U.S. military support for Taiwan and China's increasingly close ties with Myanmar, Russia, and South Korea. Further, even though China and the United States share the objective of a nuclear weapons–free Korean Peninsula, Beijing supports the current regime in Pyongyang, while the Bush administration would shed no tears if it collapsed. China also opposes an increased role for Japan's Self-Defense Forces in regional security and international peacekeeping activities, as well as any augmentation of its military capabilities.

Many of the uncertainties are also significant. The United States seems agnostic about strengthening the ARF, while China and ASEAN are actively seeking to bolster it. The United States is not necessarily opposed to the ARF, but it essentially dismisses it as a "talk shop" without any enforcement mechanisms. In addition, China remains unsure of the value of U.S. military forces in the region and is ambivalent about the utility of U.S. bilateral alliances with Australia, Japan, the Philippines, South Korea, and Thailand. Beijing is most troubled about the U.S.-Japan alliance—particularly given Washington's push for increased Japanese defense spending and involvement in regional maritime security, as well as international peacekeeping operations. China is also uncertain about U.S. plans to link Japan and South Korea into a regional theater missile defense system, while adamantly opposing such linkage for Taiwan. The United States views the increasing closeness between China and ASEAN with the same uncertainty that Beijing views the growing U.S. ties with India, Pakistan, and Central Asian states.

To be sure, this is a subjective assessment, but I would argue that it is a fair portrayal of the views and interests of the U.S. and Chinese governments. On balance, as Table 2 indicates, the United States and China find themselves on the same side of many of the key issues affecting the future of the Asian region, which may well enhance their opportunities for tangible cooperation.

Some observers in the United States, however, see China's Asian engagement as an inexorable zero-sum attempt to displace the United States as the primary power in the region.[94] Some have even called for preemptively containing China before it can truly challenge U.S. preeminence first in Asia and then globally. This policy prescription, which is rooted in the theory of offensive realism, is most notably advocated by the University of Chicago scholar John Mearsheimer. Both the logic and application of offensive realism in this case are, in my view, unsustainable. It is a classic example of an international relations theorist, who is not well grounded in regional area studies, deductively applying a theory to a situation rather than inductively generating theory from evidence. As a China specialist, I do not recognize the China that Mearsheimer describes, and I see no evidence of his "Chinese hegemony" thesis and thus reject his policy prescription of preemptive containment.[95]

Contemporary international relations involve more than relations among great powers, and even great power interactions are not intrinsically zero-sum Hobbesian struggles. Rather they are complex mixtures of interdependence, cooperation amid competition, and structural adjustments. Just as one nation (China) rises, it does not ipso facto follow that another (the United States) must fall—or even decline relatively. Nor does the rising power necessarily seek hegemonic dominance. It is also not inevitable that rising powers challenge the established power, thus producing structural conflict (as, for example, the power transition theory would predict).

Not only do the analogies of previous rising powers fail to fit contemporary China, but they also have no precedents in China's past. As historian Wang Gungwu points out, this is not the first time in history that China has risen: it is the fourth such instance.[96] In the Qin-Han, Sui-Tang, and Ming-Qing dynasties, external pressures on China's northern and eastern periphery combined with domestic economic, social, and demographic pressures to precipitate dy-

94. For the classic statements of this thesis, see John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001), especially chap. 10; Glenn H. Snyder, "Mearsheimer's World—Offensive Realism and the Struggle for Security: A Review Essay," *International Security,* Vol. 27, No. 1 (Summer 2002), pp. 149–173; Aaron L. Friedberg, "The Struggle for the Mastery of Asia," *Commentary,* Vol. 110, No. 4 (November 2000); and Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security,* Vol. 18, No. 3 (Winter 1993/94), pp. 5–33.
95. Mearsheimer, *The Tragedy of Great Power Politics.* See, in particular, pp. 397–402.
96. Wang Gungwu, "The Fourth Rise of China: Cultural Implications," *China: An International Journal,* Vol. 2, No. 2 (September 2004), pp. 311–322.

nastic decline. Moreover, China does not have a significant history of coercive statecraft.[97] China's "tribute system," which constituted the regional system in Asia for more than 2,500 years, was characterized by a combination of patron-client ties; economic interdependence; security protection for those closest to China (especially Korea); cultural assimilation into Confucian customs (*lai Hua*); political ritual (*koutou*); and benevolent governance (*wangdao*). The tribute system may have been hegemonic, but it was not based on coercion or territorial expansionism.[98] These are essential points to bear in mind when considering China's new ascendance in Asian affairs.

The Evolving Regional Order

In Asia a multitextured and multilayered regional system is emerging that shares four essential elements: the U.S.-led alliance system, an institutionalized normative community, unprecedented U.S.-China cooperation, and complex regional interdependence.

HUBS AND SPOKES

The U.S.-led alliance system remains the predominant regional security architecture. This system is commonly referred to as the "hub and spokes" model, with the United States serving as the hub of a wheel with each of the five bilateral alliances (Australia, Japan, South Korea, the Philippines, and Thailand) serving as the spokes. The system has benefited the United States and its Asian allies for more than five decades and has been the predominant regional security architecture since the end of the Vietnam War. It has been central to the maintenance of strategic stability and economic development throughout the East Asian region; it has deterred a hostile North Korea; it was significant in rolling back Vietnamese aggression in Cambodia; it has helped to maintain peace in the Taiwan Strait; it has kept open the regional sea-lanes; and it has provided for the national security of the allied states. In addition, while not formal allies, other East Asian states (e.g., Singapore) have been significant security partners in this system. Even China has benefited from the system,

97. Alastair Iain Johnston, *Cultural Realism: Strategic Culture and China's Grand Strategy in Chinese History* (Princeton, N.J.: Princeton University Press, 1998).
98. For the classic description of the tribute system, see John K. Fairbank, ed., *The Chinese World Order: Traditional China's Foreign Relations* (Cambridge, Mass.: Harvard University Press, 1968). See also Mark Mancall, *China at the Center: 300 Years of Foreign Policy* (New York: Free Press, 1984).

which has provided a conducive environment for its recent explosive economic development.

Despite the overall success of the U.S. alliances in ensuring regional security and stability, the U.S.-led system is not truly regional. A large number of countries remain unaffiliated, and they have no compelling reasons to join. This includes China. Thus, although the system goes along way toward integrating a number of countries in the region in a common security network, it is highly unlikely to become a fully regional system. Indeed, if the Korean Peninsula were to be unified, two key spokes (i.e., the U.S. alliances with South Korea and Japan) would probably be undermined.

institutionalization of norms

Asia is currently witnessing the emergence of a regional community with a multilateral institutional architecture that is based on a series of increasingly shared norms about interstate relations and security.[99] ASEAN and the ARF, supported by the nongovernmental Committee on Security Cooperation in the Asia Pacific, form the cornerstone of this emerging regional community, but the Shanghai Cooperation Organization and the South Asia Association for Regional Cooperation are also important components. These organizations are forms of cooperative, rather than collective, security. China's growing embrace of the ARF and a potential regional security community is a positive sign and may move the region gradually in the direction of further institutionalization.[100]

Although the growth of multilateralism in Asia has had a late start compared with Europe—and it has a long way to go to reach comparable levels of institutional integration—there has been significant progress in recent years. One reason for the increase in the number of institutions in Asia has been the growing acceptance of common norms within the region. Such ideational agreement must precede the formation of institutional architectures; but once norms are institutionalized, they can become binding on member states. To be sure, the diversity of Asian societies, cultures, and economic and political sys-

99. See Muthiah Alagappa, ed., *Asian Security Order: Instrumental and Normative Features* (Stanford, Calif.: Stanford University Press, 2003), especially chapter 2 by Alagappa and chapter 6 by Amitav Acharya. See also Amitav Acharya, "Will Asia's Past Be Its Future?" *International Security*, Vol. 28, No. 3 (Winter 2003/2004), pp. 149–164.

100. See the study of China and the ARF by Alastair I. Johnston, "Socialization in International Relations: The ASEAN Way and International Relations Theory," in G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific* (New York: Columbia University Press, 2003).

tems will be a challenge for Asian states to overcome, but there are increasing signs of normative convergence around the region.

SINO-AMERICAN STRATEGIC PARTNERSHIP

The relationship between the United States and China remains the most important bilateral relationship, with truly regional (if not global) consequences. On balance, this complex relationship is characterized by substantial cooperation on bilateral, regional, and global issues. While not a full condominium of two-power domination, and occasionally displaying traditional balance of power features, Sino-American cooperation is a significant feature of the current Asian order. Even the absence of Sino-American antagonism is an important factor. While some Asian countries may hedge against either U.S. or Chinese domination, and adroitly acquire whatever resources and benefits they can from both China and the United States, every country (except perhaps North Korea) seeks a stable, cooperative Sino-American relationship. Should Beijing and Washington one day confront each other, all of these regional states would be put in the awkward position of having to choose sides—and this they seek to avoid at all costs.

COMPLEX INTERDEPENDENCE

The final feature of the evolving Asian system is oriented not around security affairs or major power relations, but around the increasingly dense web of economic, technological, and other ties being forged among Asian nations in the era of accelerating globalization. The core actor in this area is not the nation-state, but a plethora of nonstate actors and processes—many of which are difficult to measure with any precision—that operate at the societal level. These multiple threads bind societies together in complex and interdependent ways. Indeed, they point up another significant way in which the Asian region is changing: its traditional geographic subcomponents—Northeast Asia, Southeast Asia, South Asia, Central Asia, and Oceania—are no longer useful intellectual constructs for dividing or distinguishing the macro processes occurring throughout the region. In the twenty-first century, these five subregions are all interconnected and interdependent at numerous levels.

Regional interdependence is a rapidly accelerating trend, it serves as a powerful deterrent to conflict, and it is conducive to peace and stability (including across the Taiwan Strait). Yet as profound as this dynamic is, interdependence by itself is insufficient to establish a dominant regional system in Asia. It does not operate at the nation-state level, nor does it necessarily require the creation

of security arrangements—features that any truly regional system must exhibit.

One key dimension of this interdependence not often considered by analysts is the impact of China's internal stability on regional stability; that is, if China's domestic reforms stall, or if there is significant domestic social upheaval,[101] the results would have major—and decidedly negative—implications for the region. Over the next two decades, the principal challenge for the Chinese leadership will be to provide a range of public goods to the populace and improve the nation's quality of life. Indeed, much of China already resembles a newly industrialized country where public demand is no longer focused solely on basic consumer durables or disposable income, but has grown to include a range of quality-of-life issues. The current Chinese government, under the leadership of President Hu and Premier Wen, is acutely attuned to the importance of meeting these challenges and is beginning to devote government attention and resources accordingly.[102]

China's governance challenges will also increasingly become the responsibility of China's neighbors, as well as other nations and international organizations. If they collectively fail, widespread unrest within China will result, which could then spill over China's borders and destabilize the regional order. Thus, more than ever before, the rest of the region (and the world beyond) has a major stake in the success of China's domestic development and reforms. It is very much in their national interests for China to succeed in meeting these internal challenges through strengthening its state capacity in critical areas such as public health, environmental protection, the rule of law, civil society, government transparency, poverty alleviation, and nuclear nonproliferation. The European Union and Japan have long established such policy priorities in their relations with China and have contributed a great deal of assistance and resources toward achieving these ends (China is the single largest recipient of overseas development assistance from both the EU and Japan).[103] Rising levels

101. See David Shambaugh, ed., *Is China Unstable? Assessing the Factors* (Armonk, N.Y.: M.E. Sharpe, 2000); Murray Scot Tanner, "Cracks in the Wall: China's Eroding Coercive State," *Current History* (September 2001), pp. 243–249; and Murray Scot Tanner, "China Rethinks Unrest," *Washington Quarterly*, Vol. 27, No. 3 (Summer 2004), pp. 137–156.

102. See Wen Jiabao, premier of the State Council of the People's Republic of China, "Report on the Work of the Government," delivered to the Second Session of the Tenth National People's Congress, Beijing, March 16, 2004, http://news.xinhuanet.com/english/2004-03/16/content_1368830.htm.

103. See, for example, Marie Söderberg, "Japan's ODA Policy in Northeast Asia," in Masako Ikegami, ed., *New Northeast Asian Initiatives: Cooperation for Regional Development and Security* (Stockholm: Stockholm University Center for Pacific Asia Studies, 2003); and Commission of the

of aid and development assistance in these areas are desirable from other Asian governments and private sector agencies. Such assistance to China will be an investment in their own futures and in regional stability.

Conclusion

All Asian nations and the United States must adjust to the many new realities presented by China's regional ascent. China need not be feared or opposed, although some states may hedge against the potential for Chinese dominance. China's interests and regional preferences may well coincide with those of its neighbors and the United States, providing opportunities for collaboration. The nascent tendency of some Asian states to bandwagon with Beijing is likely to become more manifest over time.

Integrating China into the regional order has been a long-standing goal of ASEAN, Japan, and the United States. Now that this is occurring, the United States and China's neighbors should welcome China's place at the regional table and the constructive role that Beijing is increasingly playing multilaterally in addressing regional challenges. If U.S. influence declines in Asia while China's rises relatively in regional problem solving, it will more reflect Washington's aloofness than Beijing's assertiveness.

Asia is a region undergoing fundamental change. While China's rise is clearly one of the principal catalysts to the emerging regional order, other factors—some new and some old—are also playing a role. Unfortunately, there is no single conceptual metamodel sufficient to describe the evolving Asian system; one size does not fit all. Analysts and policymakers therefore need to employ multiple analytical tools and policy instruments to effectively understand and navigate the Asian region in the coming years. Realist theory seems particularly incapable of explaining such a complex and dynamic environment, and it thus tends to offer oversimplified (and sometimes dangerous) policy prescriptions. Nor does liberal institutionalism fully suffice as an analytic paradigm. There are phenomena in Asia today that neither realist nor liberal international relations theory is able to capture, thus requiring deep grounding in area studies to be comprehended.

European Community, "Commission Policy Paper for Transmission to the Council and the European Parliament: A Maturing Partnership—Shared Interests and Challenges in EU-China Relations," Brussels, Belgium, October 9, 2003.