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SOUTHEAST ASIAN COUNTRIES' PERCEPTIONS OF CHINA'S MILITARY MODERNIZATION

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KOONG Pai Ching

The ASEAN states do not share a uniform perception of China's growing military power.[1] This diversity in perception has stymied a concerted Southeast Asian commitment to the official ASEAN strategy of engagement toward China, anchored on the multilateral ASEAN Regional Forum (ARF). This paper describes ASEAN's engagement strategy, the individual perceptions of the Southeast Asian countries toward China's military modernization, the similarities and differences in these perceptions, and the strategies adopted or preferred by the individual countries to cope with China's increasing military power. The paper concludes that while ASEAN's engagement strategy is important in maintaining solidarity of the Southeast Asian countries and promoting regional economic and diplomatic relations with China, it is essentially inadequate to meet the differing security concerns of these countries in regard to China.

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[1] Nine of the ten Southeast Asian countries are members of the Association of Southeast Asian Nations (ASEAN). They are Indonesia, Malaysia, the Philippines, Singapore, and Thailand, the five founding members (1967), Brunei (1984), Vietnam (1995) and Laos and Myanmar (1997). Cambodia will be admitted into the organization when its domestic political situation stabilizes and an elected government is established.

ASEAN and the Strategy of Engagement

The grouping of nine out of the ten Southeast Asian countries within the Association of Southeast Asian Nations (ASEAN) has allowed for a collective ASEAN strategy of engagement toward China. This strategy is motivated by three important factors. First, the acknowledgment that China will become a major power and that its attitude toward Southeast Asia will be crucial to the region's peace and stability.[2] Second, the attraction of China's tremendous economic potential and the expansion of economic relations between the Southeast Asian countries and China.[3] Third, the hope that interaction and the entwinement of mutual interests between China and the Southeast Asian countries will raise China's stake in the region and encourage it to become a responsible regional status quo power.

Engagement

ASEAN's strategy of engagement focuses on the constructive conditioning of China's rise in the region, primarily, by involving it in regional activities and institutions, in the areas of politics (as an ASEAN dialogue partner), economics (membership in the

* The views published here are strictly those of the author and do not necessarily reflect the views of the Sigur Center for Asian Studies, The Elliott School of International Affairs, or The George Washington University.

[2] Interview with Singapore's Foreign Minister, Prof. S. Jayakumar, "The way we work," Asian Affairs, Vol. 1, No. 2, ASEAN, (Winter 1997/98), p. 13.

[3] Table 1 in the Appendix shows the volume of trade between regional countries and China.

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Asia Pacific Economic Cooperation forum and the Pacific Economic Cooperation Council), and security (participation in the ASEAN Regional Forum and the Council for Security Cooperation in the Asia Pacific).[4]

List of Abbreviations

ABRI	Indonesian Armed Forces
AFP	Armed Forces of the Philippines
APEC	Asia Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
CBMs	Confidence building measures
CPM	Communist Party of Malaya
CPT	Communist Party of Thailand
EEZ	Exclusive Economic Zone
FPDA	Five Power Defense Arrangement
MCP	Malayan Communist Party
NPA	New People's Army – Philippines
PKI	Indonesian Communist Party
PLA	People's Liberation Army (China)
PAVN	The People's Army of Vietnam
RMAF	Royal Malaysian Air Force
RMN	Royal Malaysian Navy
SEANFZ	Southeast Asian Nuclear Weapons Free Zone
UNCLOS	United Nations Convention on the Law of the Sea
VFA	Visiting Forces Agreement
ZOPFAN	Zone of Peace, Freedom, and Neutrality

ASEAN is currently not a major source of trade or investment for China.[5] Cooperation within the Asia Pacific Economic Cooperation (APEC) forum in the reduction of economic barriers and the facilitation of economic relations within the region, however, serves to widen and reinforce economic and political linkages.[6]

Preservation of good regional atmospherics constitutes the political aspect of engagement.[7] ASEAN avoids making public criticism of Chinese security policies, even when they affect the rest of the region. While this practice derives partly from the intrinsic ASEAN emphasis on consensus and diplomacy, it also seeks to avoid turning the 'Chinese threat' into a self-fulfilling prophecy.

On the security front, the ASEAN Regional Forum (ARF) takes centerstage in engaging China. The admission of China into the ARF was intended to embed China within a multilateral framework and raise its consciousness of the sensitivities and interests of regional countries. The ARF also seeks to sustain American strategic interests in the region, as well as give Japan a role in regional security discussions for the first time. The forum serves as a multilateral body to discuss Asia Pacific security issues and its first meeting was held in 1994. According to the ARF's *Concept Paper* adopted in 1995, a gradual evolutionary approach to security cooperation was to be planned in three stages: promotion of Confidence-Building Measures (CBMs); development of Preventive Diplomacy Mechanisms and Development of Conflict-Resolution Mechanisms.[8] Several CBMs have been created, including the publication of Defense White Papers, aspects of maritime

[4] For further elaboration of ASEAN's engagement strategy, see Wanandi, J., "ASEAN's China Strategy: Towards Deeper Engagement," Survival, Vol. 38, No. 3, (Autumn 1996), pp. 117-28.

[5] ASEAN's total trade with China in 1995 was US$13.33 billion, equivalent to a modest 4.75% of China's total trade volume of US$280.76 billion that year. (http://www.ASEAN.or.id./stat/extra5.htm and Barclay Country Report, *China*, Barclay Economics Department, Feb 1997).

[6] During the 1994 APEC summit in Indonesia, industrialized and industrializing member countries made pledges to liberalize their trade and investments by 2010 and 2020, respectively, in what became known as the Bogor Declaration.

[7] The approach was highlighted by Da Cunha, D., in "Southeast Asian Perceptions of China's Future Security Role in its "Backyard," in Pollack, J. D. and Yang, R. H. (eds.), In China's Shadow: Regional Perspectives on Chinese Foreign Policy and Military Development, (Santa Monica, CA: RAND 1998).

[8] See Ball, D., "Multilateral Security Cooperation in the Asia Pacific Region: Prospects and Possibilities," Notes prepared for a seminar at the Institute of Defence and Strategic Studies (IDSS), August 31 1998, for a detailed discussion.

cooperation and reciprocal visits by defense officials among the ARF members, and the process is currently working toward preventive diplomacy. Ultimately, it is envisaged that these three mechanisms will help to foster a more peaceful and stable environment in the Asia Pacific.

The desire to establish friendly diplomatic and mutually beneficial economic relations with China has effectively translated into restraint on the part of the Southeast Asian countries to project negativity about the rising influence of China. Reticence, however, does not imply that such concerns do not exist. The next section discusses the perceptions of the Southeast Asian countries regarding China's incipient military power and its potential impact on their national and regional security interests.

Southeast Asian Countries' Perceptions of China's Military Modernization

In this section, historical, territorial and military dynamics most pertinent to shaping the Southeast Asian countries' interpretation of China's military modernization are identified. The individual perceptions of six influential ASEAN countries: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Vietnam only joined ASEAN in July 1995, but its unique relationship with China, compared to the other ASEAN countries, provides an important perspective on China's strengthening military.

Historical dynamics

Historically, three essential developments after World War II influenced Southeast Asian countries' perceptions of China and its military power. These were: 1) Chinese support for communist insurgent movements in Southeast Asia, particularly during the 1950s and 1960s; 2) the outbreak of the Cambodian conflict in late 1978; and 3) the economic opening of China in the late 1970s.

Chinese Support for Communist Insurgent Movements in Southeast Asia

After the de-militarization of Japan, China emerged as the dominant power in Asia. During the 1950s to the late 1980s, Beijing supported Communist insurgent groups in Indonesia (the Indonesian Communist Party, PKI), Malaysia and Singapore (the Malayan Communist Party, MCP), Thailand (the Communist Party of Thailand, CPT) and the Philippines (the New People's Army, NPA). With the exception of Thailand, which had not been colonized, the other Southeast Asian countries gained independence only shortly after the end of World War II. Amid regional political unease and economic poverty, the survival of the fledging democratic regimes was seriously threatened by Beijing-sponsored communist insurgency during those early years.

Indonesia, under its first President, Sukarno, was partial toward Beijing and was the first Southeast Asian country to establish diplomatic relations with the People's Republic of China, in 1950. Sukarno's ouster in 1966 and the establishment of Suharto, an anti-Communist, as the new leader of Indonesia ended the friendly bilateral Sino-Indonesian relationship. Aside from ideological enmity, Beijing's earlier intercession on behalf of ethnic Chinese merchants in Indonesia, after they were banned from trading in the villages in 1958, and alleged Chinese complicity in the 1965 abortive coup by the PKI, also aroused Indonesian suspicions about China's interests in Southeast Asia and overseas Chinese. Diplomatic relations between Jakarta and Beijing were duly suspended in 1967.

Vietnam and China

Historically, Vietnam's relationship with China dates back to 3 BC, when it came under direct Chinese rule for more than one millennium, until 1000 AD. After the Second World War, Communist North Vietnam enjoyed close ties with China. In the late 1960s, the widening schism within the socialist bloc and Vietnam's subsequent alignment with the Soviet Union, however, led to the deterioration in Sino-Vietnamese relations. Two rival socialist camps were subsequently formed in Southeast Asia, with the Soviet Union and Vietnam on one side and China and the Khmer Rouge of Cambodia, on the other.

In the 1980s, a confluence of developments encouraged the amelioration of relations between China and the Southeast Asian countries.

China's military predominance, its support for communist insurgent groups in the region, and its fallout with Vietnam, therefore resulted in the general perception of China as a powerful destabilizing and disruptive actor in the region, which posed both an ideological and security threat.

The Cambodian Conflict and Cooperation Between ASEAN and China

Vietnam's invasion of Cambodia in 1978 brought about a convergence in interests between the Southeast Asian countries and China. The occupation of Cambodia brought Vietnamese forces too close for the comfort of the Southeast Asian countries, which were fearful of perceived Vietnamese expansionism and the corresponding extension of Soviet influence in the region. ASEAN knew that the combined forces of the member states were no match for the experienced, war-beaten and massive Vietnamese military. China, on the other hand, wanted to halt any augmentation of Vietnamese influence in Southeast Asia, which might tilt the balance of influence in the region in Moscow's favor. Beijing therefore desired closer links with the Southeast Asian countries to oppose Vietnam.

While the Cambodian conflict marked a turning point in ASEAN's relations with China, it also exposed the depth of distrust some Southeast Asian countries felt toward Beijing. Malaysia and Indonesia saw China as a greater security threat to the region than Vietnam. China's subsequent border war with Vietnam in 1979 over Cambodia added to their suspicions of China.[9] In 1980, both countries affirmed the Kuantan principle, which called for a compromise with Vietnam over the Cambodian issue. Singapore and Thailand, on the other hand, believed that China would serve as a buffer against perceived Vietnamese regional ambitions. Bangkok also shared Beijing's interests in preventing the consolidation of an Indochinese bloc led by Vietnam. Eventually, the importance of preserving solidarity within ASEAN and the accordance of due consideration to Thailand's position as the frontier country, led to a firm ASEAN backing for Thailand's policies toward Vietnam. ASEAN abandoned its neutral stance and collaborated with China in support of the Khmer Rouge resistance to the

[9] Buszynski, L., "China and the ASEAN Region" in Harris, S. and Klintworth, G. (eds.), China as a Great Power: Myth, Realities and Challenges in the Asia-Pacific Region, (New York, St. Martin's Press: 1995). A common view held in these countries was that the problem of Soviet intrusion into the region was linked to China's rejection of a newly re-unified and independent Vietnam. p. 168

Vietnamese.[10] The Kuantan principle was never adopted. With the re-establishment of diplomatic relations between Thailand and China in 1979, Beijing terminated its support for the CPT.

Economic opening of China

In the 1980s, a confluence of developments encouraged the amelioration of relations between China and the Southeast Asian countries. Firstly, the death of Chairman Mao in 1976 and the subsequent ascendancy of Deng Xiaoping led to the initiation of China's economic open door policy. With the largest population in the world, cheap labor and vast natural resources, China offered tremendous economic opportunities for trade and investment to its neighboring countries. Secondly, joint efforts to end Vietnamese occupation in Cambodia finally paid off. The departure of Vietnamese troops from Cambodia in 1989 and the final resolution of the Cambodian conflict in 1991 removed a major obstacle to improved Sino-Malaysian and Sino-Indonesian relations. Thirdly, the surrender of the MCP in 1989 eliminated the long-standing security threat posed by communist insurgents in Malaysia and Singapore and a thorn in the bilateral relations of both countries with China.

As the regional countries experienced rapid economic development in the early 1990s, economic considerations assumed primacy and Cold War perceptions of China took a back seat. Bilateral economic relations between the Southeast Asian countries and China grew, with a concomitant decline in public pronouncements of China as a potential threat to regional security.

In effect, by the mid-1980s, Malaysia's perceptions of China were already being influenced by the economic opportunities available in post-Mao China. After the resolution of the Cambodian conflict, Sino-Malaysian relations expanded. Exchanges of delegations increased at all levels with the growth of bilateral trade and investments. In November 1985, Malaysian Prime Minister Mahathir Mohamad visited Beijing for the first time, to promote bilateral economic relations. During the visit, Malaysia and China reached agreement on joint trade ventures and the formation of a Sino-Malaysian trade council. Malaysia even requested special consideration of 'indigenous' Malaysian businesses.[11]

The re-establishment of diplomatic relations between Jakarta and Beijing in 1990 was also partly motivated by the desire to benefit from economic interaction with the fast growing Chinese economy. Jakarta realized that keeping Beijing at bay would only work to its own disadvantage. In 1996, China featured among Indonesia's top ten trade partners. Another consideration was Indonesia's assumption of the chairmanship of the Non-Aligned Movement; Jakarta felt that the continued suspension of Indonesian-Chinese relations would be detrimental to its office. A third consideration was Jakarta's involvement in the resolution of the Cambodian conflict, which required Beijing's cooperation.

As early as 1975, the Philippines established diplomatic relations with China for two main objectives: to end Chinese fraternal and financial support for the NPA and to tap the economic offerings of China,

[10] In 1971, ASEAN symbolically broke away from a pro-Western alignment. It announced that the new objective of the organization was to seek international recognition and respect for Southeast Asia as a Zone of Peace, Freedom and Neutrality (ZOPFAN), without any form or manner of interference from external powers. Cited from Wurfel. D. and Burton, B. (eds.), The Political Economy of Southeast Asia, (New York: St. Martin's Press, 1990), pp. 60-1.

[11] Buszynski, "China and the ASEAN Region," p. 168.

in terms of its crude oil, superior technology and sizable domestic market. After the Cold War, friendly relations were maintained between Manila and Beijing. President Aquino (1986-92) made China one of the first destinations of foreign visit during her presidency.

With the opening of China's economy, Sino-Thai bilateral economic relations also expanded. Bilateral trade was US$541 million in 1980 and rose to US$1,376 in 1990.[12] China presently shows much enthusiasm in cooperating with Thailand, Cambodia and Laos over the use of the Mekong River.[13] Since early 1998, the "Action Agenda for China-Thailand Cooperation in the 21st Century," covering transportation, telecommunication, infra-structure, finance and banking, and tourism, has been under discussion.

Singapore was among the earliest countries to take advantage of China's economic opening in 1979. Total trade volume between both countries amounted to US$7.83 billion in 1996.[14] Singapore's foreign direct investment in China at the end of 1995 was equal to US$1.98 billion[15] and was the largest among the ASEAN countries. Due to ethnic and regional sensitivities, Singapore, the smallest regional country and with a majority Chinese, population refrained from establishing diplomatic relations with China until October 1990, after Indonesia, the largest regional country and with a predominantly Muslim population, had done so.

In the 1990s' climate of outstanding regional economic prospects, there was optimism that economic interdependence would increasingly underpin regional peace and stability, rather than traditional concepts of territorial gains and military prowess.

The End of the Cold War and Vietnam

Sino-Soviet rapprochement and Vietnam's withdrawal from Cambodia in 1989, provided the main impetus for the normalization of relations between Hanoi and Beijing in November 1991. In spite of its vicissitudes, Vietnam's bilateral relationship with China remains its most important. Vietnam's close proximity to China, and the vast disparity between both countries' size and resources render Vietnam directly vulnerable to China's growing power.[16]

Vietnam's pillars of security were severely curbed after a series of events in the late 1980s and early 1990s: the end of the Cold War, the fall of communism in Eastern Europe and the subsequent disintegration of the Soviet Union.[17] During the Cold War, Hanoi's alignment with Moscow won Soviet support for the "liberation" of South

[12] Figures extracted from Barclays Country Report: Thailand, (Barclays Economics Department, Feb 1997) and Key Indicators of Developing Asian and Pacific Countries, Economics and Development Resource Center, Asian Development Bank, Vol. 28, (1997), pp. 334-7.

[13] See "Surin to discuss wide-ranging cooperation," The Bangkok Post (BP) (July 18, 1998), and Nanuam, W., "Chavalit and Li Peng sign 5 deals to strengthen relations," The BP (April 3, 1997).

[14] Annual Report for Total Trade: Singapore's Top 40 countries, http://www.ntu.edu.sg/library/statlink/tt40.htm.

[15] "Foreign Direct Investment Activities of Singapore Companies, 1995," Occasional Paper Series, Department of Statistics. Singapore's direct investment in Asia in China at the end of 1995 was S$2,968.2 million or US$1,978.8 million (at exchange rate US$1.0 = S$1.5).

[16] Turley, W. S., "Vietnamese Security in Domestic and Regional Focus: The Political-Economic Nexus," Ellings, R. J. and Simon, S. W. (eds.), Southeast Asian Security in the New Millennium, (The National Bureau of Asian Research, 1996), pp. 175-220.

[17] Ibid., p. 175.

Vietnam. It also provided military aid for Vietnam's occupation of Cambodia. Soviet military and economic assistance was vital to Vietnam's national interests and survival. Further, communist regimes in Eastern Europe created a reassuring perception of a socialist community.

After the end of the Cold War, the significance of superpower patron-client relationship dissipated. Moscow suspended military aid to Hanoi in 1991 and began denominating bilateral trade in hard currency. Socialist solidarity also crumbled as East European communist countries democratized. Meanwhile, China's outstanding economic growth, military modernization and perceived hegemonic aspirations presented lasting threats.[18]

Since normalization, improvement in relations between Vietnam and China has been marked by high-level exchanges of visits, including annual meetings between the Vietnamese and Chinese top leaders since 1991.[19] Trade between both countries rose from virtually nothing in 1989, to US$12.4 million in 1990, and US$ 1,206.9 million in 1996.[20]

During the early 1990s, China and the Southeast Asian countries were all experiencing rapid economic growth rates.[21] Up until 1997, China was predicted to become the second largest economy in the world by 2020 and East Asian countries were expected to account for one-third of the global production by 2010.[22] In the 1990s' climate of outstanding regional economic prospects, there was optimism that economic interdependence would increasingly underpin regional peace and stability, rather than traditional concepts of territorial gains and military prowess.

Territorial dynamics

The general improvement of China's image in Southeast Asia, as a result of its economic liberalization has, however, been qualified by the emergence of territorial disputes between China and five Southeast Asian countries. These disputes are mainly centered in the South China Sea, where China has rival claims with Brunei, Malaysia, the Philippines and Vietnam over the Spratly Islands, and with Indonesia over the territorial waters of the Natuna Islands. Additionally, China has unresolved historical border disputes with Vietnam.

The Paracels, the Spratlys and the Natunas

Four major territorial issues between Vietnam and China remain unresolved: the demarcation of the land boundary and the Tonkin Gulf, the Paracel Islands and the Spratly Islands.[23] Both countries appear to be committed to reaching agreements on the land boundary and the delineation of the

[18]Turley, "Vietnamese Security in Domestic and Regional Focus," p. 180.

[19]In 1991, 1995 and 1997, Du Muoi, Secretary-General of the Vietnamese Communist Party, made official visits to Beijing. President Le Duc Anh visited China in 1993; this was the first presidential visit since 1955. These visits were returned by Chinese Premier Li Peng in 1992 and 1996, and by President Jiang Zemin in 1994.

[20] Key Indicators of Developing Asian and Pacific Countries, Economics and Development Resource Center, Asian Development Bank, Vol. 28, (1997), pp. 372-3.

[21] Table 2 in the Appendix provides the real growth rates of selected Southeast Asian countries and China between 1991-5.

[22] Cited from "World Bank 2020 Vision," China Economic Review, (November 23, 1997) and from keynote address by Singapore's Defence Minister and Deputy Prime Minister, Dr. Tony Tan, at the first general meeting of the Council for Security Cooperation in the Asia Pacific, June 4, 1997.

[23]See Ang, C. G., "Vietnam-China Relations Since the End of the Cold War," (Asian Survey: Vol. 38, No. 12, December 1998) pp 1122-41.

Tonkin Gulf by the year 2000.[24] The question of the islands, however, appears less tractable. Vietnam is the only Southeast Asian country that has experienced direct military confrontation with China over the South China Sea disputes. In 1974, one of the Paracel Islands (Hoang Sa) was taken by the Chinese from the South Vietnamese forces. In 1988, Vietnam and China clashed again, when China seized seven more Paracel islands. The Paracels are strategically important for the security of the long Vietnamese coastline and approaches to Vietnam's main ports.[25] China continues to occupy the captured islands, perpetuating a source of insecurity for Vietnam.

The Spratlys are a group of approximately 400 small islands, reefs, shoals and sandbanks in the South China Sea, believed to sit atop large reserves of oil and gases. They are also strategically located close to lines of maritime communications between the Indian and Pacific Oceans. 70 percent of Japan's oil imports are transported through nearby sea-lanes, as does much of intra-ASEAN trade.[26] Hanoi, like China and Taiwan, has staked sovereignty over all the Spratly Islands, Malaysia claims 12 of them and the Philippines, eight.

A series of Chinese initiatives regarding its maritime claims provoked much apprehension among the Southeast Asian countries. In 1992, China passed the Law on Territorial Waters, which staked claim over the Paracel and Spratly Islands. The next year, it published a map encompassing part of the Exclusive Economic Zone (EEZ) of the Natunas, owned by Indonesia, within its territorial sovereignty. Since then, Indonesia has sought in vain to seek clarification with China over this claim. The dispute over the islands became more complicated, when in 1996, China ratified the UN Convention on the Law of the Sea (UNCLOS), but in so doing, extended its maritime jurisdiction from 370,000 square kilometers to 3,000,000.[27] The new claims derived from baselines drawn by Beijing around the Paracel Islands, archipelagic claims to which China had no right. Both Manila and Hanoi protested against the Chinese action.

The Philippines and the Mischief Reef Incident

Perhaps the most provocative Chinese move was its occupation of the Mischief Reef in the Spratlys, also claimed by the Philippines as part of their Kalayaan group of islets. In February 1995, the Philippines discovered Chinese military structures around Mischief Reef, as well as warships on guard. According to Beijing, the structures provided shelter for Chinese fishermen and were non-military in purpose.[28] The proximity of the reef,[29] the weakness of the Armed Forces of the Philippines (AFP), the most vulnerable among the six contesting claimants of the Spratly Islands, and Chinese violation of the spirit of the 1992 ASEAN Manila Declaration,[30] however, reflected the gravity of the situation. The Philippine Navy retaliated by destroying Chinese markers around some other reefs and atolls and subsequently captured 60 "fishermen" from Chinese trawlers,[31] but was essentially helpless to militarily counter

[24]Ibid..

[25]Turley, "Vietnamese Security in Domestic and Regional Focus," p. 188.

[26]*Strategic Comments* published in The Straits Times (ST), (March 25, 1995).

[27]Sukma, R., "Indonesia Toughens China Stance," Far Eastern Economic Review (FEER), Vol. 159, No. 36, September 5, 1996, 28.

[28] Tasker, R., "A Line in the Sand," FEER, Vol. 158, no. 14, (April 6, 1995), p. 4 and Foreign Broadcasts and Information Service (FBIS)-EAS-95-080, (April 24, 1995).

[29] The Mischief Reef is approximately 250 km from Palawan, the Philippines' closest land mass.

[30] The ASEAN Manila Declaration of 1992 called for a peaceful settlement of the Spratlys conflict.

[31] Tasker, R., "A Line in the Sand."

the Chinese over Mischief Reef. During this episode, the Philippines National Security Council (NSC) regarded China's action as "a forceful demonstration of [Beijing's] claim over the entire South China Sea."[32] Two years after the Mischief Reef incident, President Ramos, in his 1997 State of the Nation address, expressed similar concerns: "China's rapidly expanding economy will unavoidably press politically and militarily on East Asia.... How China exercises its potential political, economic and military clout must concern all countries of the Asia Pacific... and none more so then we who are among its closest neighbors."[33]

The publication of the controversial 1993 Chinese map, laying claims to part of the territorial waters of the Natunas, however, directly involved Jakarta in the South China Sea disputes.

More recently, tension between both countries mounted over the Scarborough incident, when Chinese armed naval vessels were stationed near two Spratly Islands claimed by the Philippines.[34] The Philippine Navy subsequently forced Chinese fishing boats approaching Scarborough Shoal to leave and drove away Chinese amateur radio enthusiasts.[35]

Vietnam and the Kan Tan 3 Affair

Vietnam has also had its brushes with China. A systematic approach to handling territorial disputes between Vietnam and China was established in 1993, comprising the Three Expert Working Groups and associated Vice-Ministerial level talks. In October that year, the deputy foreign ministers of Vietnam and China both agreed on three fundamental principles for resolving the territorial disputes. They agreed not to use or threaten to use force, to separate differences, as far as possible, from the development of bilateral relations and third, to act with restraint over the territorial disputes.[36]

However, in March 1997, China operated an exploration oil rig, the Kan Tan 3, in disputed waters.[37] Hanoi called for the halting of the drilling which it claimed was taking place within Vietnam's EEZ.[38] Eventually, after a series of claims and counter-claims, the Chinese vessels finally withdrew from the disputed area on 1 April, and both countries held a meeting requested by Hanoi a few days later. The meeting resulted in "greater understanding" but remains unresolved.[39]

Indonesia and the Natunas' Territorial Waters

Indonesia does not claim any of the Spratly Islands in the South China Sea. In fact, it has used its neutrality on the issue to host the annual "Workshop on Managing Potential Conflicts in the South China Sea" since 1990, which is aimed at resolving the territorial disputes peacefully. The publication of the controversial 1993 Chinese map, laying claims to part of the territorial waters of the

[32] "Prepare for 'Worst' over Spratlys," *Philippine Daily Enquirer*, in FBIS-EAS-95-034, (February 16, 1995).

[33] *Manila Bulletin*, "President Delivers State of Nation Address" in FBIS-EAS-97-212, (July 31, 1997). President Ramos made very similar remarks earlier in 1995 at a symposium in Hawaii, see Villegas, Business World, (October 18, 1995).

[34] According to Beijing, the ships were on a research mission and were withdrawn after a week.

[35] Chavez, G., "Manila Between a Rock and a Hard Place," Asia Times, (June 3, 1997).

[36] Ang, "Vietnam-China Relations Since Normalization of Relations," p. 4.

[37] The drilling took place in an area 119km from the Vietnamese coast and 130km from China's Hainan Island.

[38] Ang, "Vietnam-China Relations Since Normalization of Relations," pp. 7-8, and Strategic Survey 1996/97, p. 264 (map).

[39] Ibid., p. 8. A deep sense of distrust remains. For example, even as progress was being made in the land boundary issue, Vietnam established military facilities along the border and tightened border control (Ang, "Vietnam-China Relations Since Normalization of Relations," p. 4).

Natunas, however, directly involved Jakarta in the South China Sea disputes.

The Natunas are a chain of 300 islands and atolls, located halfway between Kalimantan and the Malay Peninsula, and just south of the Spratly Islands. Significantly, the EEZ of the Natunas contains one of the world's largest offshore gas fields, with an estimated capacity of 46 trillion cubic feet, equivalent to 40 per cent of all Indonesian gas reserves.[40] The Natunas lie well within Indonesia's EEZ and a $US35 billion joint venture agreement to develop the gas field was signed between Indonesian state oil company, Pertamina and American company, Exxon, in 1995. Beijing's application of archipelagic principles to the Paracels in 1996 worried Jakarta, that these principles might also be applied to the Spratly Islands, thereby laying Chinese claims over the territorial waters of the Natunas, including the natural gas field.[41] Jakarta warned China that "such a move would be considered provocative" by Indonesia.[42]

Publicly, the Southeast Asian countries assert that diplomacy is their principle weapon against perceived Chinese growing assertiveness in the South China Sea. This partly draws from the fact that their individual armed forces cannot stand against the People's Liberation Army (PLA), and partly from their desire to preserve regional peace and stability, so as to avoid costly disruption to their own economic development.

[40] Refer to Dupont, A., "Indonesian Defense Strategy and Security: Time for a Rethink?" Contemporary Southeast Asia, Vol. 18, No. 3, (December 1996), pp. 275-97 and McBeth, J., "Deep Background: Indonesia is betting billion on Natuna as its gas field of the future. That may explain why it doesn't want to talk about ARCO's huge new find." FEER, Vol. 159, No. 37, (September 12, 1996), p. 54.

[41] See Sukma "Indonesia Toughens China Stance," and Whiting, A., "ASEAN Eyes China: The Security Dimension," Asian Survey, Vol. 37, No. 4, (April 1997), pp. 299-322.

[42] Dupont, "Indonesian Defense Strategy and Security," p. 289.

Military dynamics

According to a scholar on regional security, the current military acquisition programs of East Asian countries can be attributed to the requirements of self-reliance "in the context of a rapidly changing and increasingly uncertain regional security environment," rather than an arms race.[43]

It would be a mistake to suppose that the high defense expenditures of the Southeast Asian countries, from the mid-1980s, were entirely attributable to their fear of China, but the orientation of their military modernization programs and defense policies suggest that growing Chinese military power and apprehension about its implications was an important influence. Bold Chinese actions in the region, such as the publication of the 1993 map, the capture of Mischief Reef and the PLA's belligerent missile testing in the Taiwan Strait during Taiwan's presidential electoral process in 1996, have focused attention on maritime security and defense.

In studying the military dynamic, the interpretation of Southeast Asian leaders and officials of China's increasing military strength and Southeast Asian countries' responses to Chinese actions are discussed.

Philippines

After the end of the Cold War, for political and social reasons, the Philippines, despite having the weakest regional military, decided to expel all US bases in the country by 1992.[44] Considering that the US forces have traditionally taken care of the Philippines'

[43] Ball, D., "Multilateral Security Cooperation in the Asia Pacific Region."

[44] Grievances concerning social costs, such as prostitution and sexually transmitted diseases, as well as inadequate jurisdiction over US military personnel by local authorities, garnered support for the closure of the American military bases in the Philippines.

external defense, while the AFP dealt with the insurgent movements within the country,[45] this move reflected, to some degree, the optimistic assessment of the Filipino people in regard to the external environment and China. The Chinese seizure of Mischief Reef in 1995, however, caused a drastic change in perceptions.

That same month, the Philippine Congress passed a 15-year military modernization bill, providing 331.6 billion peso for the modernization program.[46] The main beneficiaries would be the Air Force, followed by the Navy, and then the Army.[47] At the graduation ceremony of the Philippine Military Academy, President Ramos called for a shift in the military's role from a counter-insurgency force to a modern external defense force.[48]

...five threat perceptions formed the basis of Indonesian contingency planning. Notably, three featured China and two concerned the South China Sea disputes.

Indonesia

During an interview with senior serving and retired Indonesian officials and Indonesian Armed Forces (*Angkatan Bersenjata Republik Indonesia* – ABRI) officers by a scholar of Indonesian affairs, it was privately revealed that five threat perceptions formed the Indonesian contingency planning.[49] Notably, three basis of featured China and two concerned the South China Sea disputes. For the first scenario, ***A limited strike against Indonesian land or territorial waters as a result of a dispute with adjacent states over unresolved borders or contested resources***, it was noted that: "There are several bilateral disputes with ASEAN neighbors which have the potential to lead to hostilities.... China is an altogether different matter. The armed forces' long-standing suspicion of China has been awakened in recent years by the perception that Beijing's growing assertiveness and incipient great power status will increasingly challenge Indonesia's strategic interests, especially in the area around the Indonesian-owned Natuna Islands."[50] In the second scenario, ***External interference in Indonesia's internal affairs for political, strategic or ideological reasons***, ABRI "remains alert to the possibility that Beijing may seek to promote its interests through the small, but influential Chinese community in Indonesia." Scenario three envisages ***A conflict between other states in Indonesia's strategic neighborhood which could "spill over" into Indonesian territory or affect indirectly, Indonesia's security interests***. It was noted: "The area of greatest current

[45] The AFP currently has one fighter squadron with five F-5 jets (3–A, 2–B), one frigate and 63 patrol and coastal combatants, with which to patrol the country's 7000 islands. Refer to Military Balance 1997/98, (Oxford Press for the Institute of International Strategic Studies, 1997). Vessels in the fleet average 45 years old (See Tasker, R., "Manila plans an expensive military upgrade" in FEER, Vol. 158, No. 19, (May 11, 1995), p. 28 and "Defense Capability Called Pathetic" *Manila Business World*, in FBIS-EAS-98-167, (June 16, 1998).

[46] See "Defense Capability Called Pathetic," and Tasker, R., "A Line in the Sand." Philippine armed forces chief of staff, General Arturo Enrile denied that the Spratlys issue had any bearing on the AFP's military modernization but other officials believe otherwise.

[47] Refer to Carol B.N. Carlos "AFP modernization pushed in view of regional threats," Business World.

[48] "Ramos: Shift Military Role to External Threats" *Agence France-Presse*, in FBIS-EAS -95-043, (March 4, 1995).

[49] See Dupont, "Indonesian Defense Strategy and Security," pp. 277-80.

[50] In Indonesia's 1995 Defence White Paper, alluding to the 1992 Chinese Law on Territorial Waters, which staked claim over the Paracel and Spratly Islands, it was written: "This situation provides the potential for military conflict to emerge with other countries which also have claims in the area with consequent disturbance to regional stability." (Cited from Whiting, "ASEAN Eyes China," p. 306).

concern is the possibility that tensions over the disputed Spratly Islands in the South China Sea could lead to military hostilities between China and one or more of the ASEAN claimant states."

Within this context, the PLA's modernization is watched with trepidation.[51] Moreover, Indonesia's military strategy of Total People's Defense and Security akin to the Maoist concept of People's Warfare, is anachronistic and almost irrelevant to future conflicts involving modern weapons and quick response.[52] According to defense analysts, the Indonesian armed forces have the essence of a conventional force, but are not ready for conventional operations on a major scale.[53]

Vietnam

Vietnam has noted the modernization of regional naval capabilities and encroachment into Vietnamese territorial waters.[54] Lacking the economic resources to increase its own military capabilities, China's military modernization looms large. Military cooperation with Russia and Eastern Europe has been hampered by debts owed by Vietnam to these countries. The termination of Russian military aid, coupled with the sale of Russian military aircraft to China, dealt a blow to Vietnam's military modernization program. In 1992, the Vietnamese government decided to increase defense spending in response to tension in the South China Sea.[55] In 1993, the military budget was raised from 6.6 to 8.4 percent of GDP.[56] However, Vietnam's modest GDP (US$13.01 billion) means that its defense expenditure is still small.[57] Further, in the early 1990s, concerned by political instability in Eastern Europe and China, improving the well being of the military was prioritized above military modernization.[58] The People's Army of Vietnam (PAVN) remains a credible force for home defense, but it is incapable of challenging China at sea.[59]

Malaysia

At the 1995 ASEAN Defense Technology Exchange, Malaysian defense experts commented about the PLA's modernization: "[Beijing] has ordered 72 Russian SU-27s to expand [the] operational range of its navy and to provide air cover for its fleet. Moreover, China is training highly mobile airborne troops seeking to acquire amphibious offensive capability by organizing a marine corps. In the long run, China's strategic outlook is global rather [than] regional. By the year 2005, the PRC would probably have developed the capability to project its military presence as

[51] The Indonesian armed forces recently acquired German naval vessels, as well as aircraft from Australia. 12 Russian Sukhoi Su-30K and eight Mi-17 helicopters were also expected to join the Indonesian air force soon, but these and other proposed acquisitions have been deferred due to Indonesia's current economic difficulties. For further details see "Defense Implications of East Asia's Crisis," Strategic Comments, Vol. 4, Issue 6, (July 1998).

[52] Dupont, "Indonesian Defense Strategy and Security," pp. 280-1.

[53] See Lowry, B., "Indonesia plans its Defense," Asia-Pacific Defense Reporter, (December 1997-January 1998), pp. 8-10 and Dupont, "Indonesian Defense Strategy and Security," p. 290.

[54] *Tao chi Quoc phong Toan dan* in FBIS-EAS-94-213, (November 4, 1994).

[55] Thayer, C., "People's War and All-People's National Defense: the Vietnam People's Army under Doi Moi," paper presented at the Workshop on Arms and Defence Planning in Southeast Asia, Institute of Southeast Asian Studies, Singapore, June 18-19, 1993, p. 42, cited in Turley, "Vietnamese Security in Domestic and Regional Focus," p. 187.

[56] Turley, "Vietnamese Security in Domestic and Regional Focus," p. 187.

[57] GDP figure obtained from Key Indicators of Developing Asian and Pacific Countries, (1997) pp. 366-7 and Military Balance 1994/95, p. 192.

[58] Turley, "Vietnamese Security in Domestic and Regional Focus," p. 187.

[59] Ibid., p. 190.

far as the South Pacific and Indian Ocean."[60]

Malaysia's 1997 defense paper reported that in the 1980s, the Royal Malaysian Navy (RMN) underwent further expansion in its manpower and naval capability, so as to meet its expanded tasks, after the establishment of the EEZs and the rise in national offshore economic activities.[61] In the late 1980s, Malaysia shifted its defense focus from a land-based doctrine to a more flexible conventional defense, emphasizing maritime defense.[62] This was partly a strategic adjustment to the end of the communist insurgency threat, and partly a result of the new strategic environment, following unrealized fears of Vietnamese expansionism, diminished American military presence in Asia and increasing Chinese assertiveness in the South China Sea.[63] Malaysia's involvement in the Spratlys dispute seemed to highlight the need for maritime forces.[64]

Thailand, has become "attentive" to the maritime disputes in the Asia Pacific region and rivalry over maritime resources.

The RMN and Royal Malaysian Air Force (RMAF), especially, benefited from the Malaysian Armed Forces' modernization program. In December 1990, the Malaysian government ordered ten BAe Hawks 100s and 18 BAe Hawk 200s trainer/attack aircraft, at a cost of RM 1.2 billion, as an interim measure for "air defense and defense of the maritime regime."[65] In 1991, Prime Minister Mahathir announced a RM 8.4 billion budget to upgrade Malaysia's "defense requirements," out of which the MAF received RM 6 billion. The RMAF's main function was expanded from army support to include maritime-oriented roles.[66]

After China's attempt at staking archipelagic claims, Malaysia also warned of its implications and the potential for military conflict in the South China Sea.[67]

Thailand

Thailand's current relationship with China is free from the fetters of territorial disputes. In fact, China became a major arms supplier to Thailand in the late 1980s. Some of Thailand's naval equipment, such as frigates and missiles, originate from China. One of the main motivations for Thai acquisition of Chinese arms is the price, which at a friendship rate, could reportedly go as low as 20 percent of the price of a European model. Another motivation is the personal links between the Thai leaders and China.[68]

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[60] "US Support for Regional Security in Doubt," *Manila Business World*, in FBIS-EAS-95-080, (April 24, 1995).

[61] Malaysian Defense: Towards Defense Self-Reliance, (1997), p. 6.

[62] Mak, J. N., "The Modernisation of the Malaysian Armed Forces," Contemporary Southeast Asia, Vol. 19, No. 1, (June 1997), pp. 29 -51.

[63] Ibid., pp. 36-41. In 1979, when Malaysia published a map of its continental shelf, it laid claim to 12 of the Spratly Islands, six of which it currently occupies.

[64] Ibid..

[65] Ibid., p. 41.

[66] Ibid..

[67] Malaysia's 1997 Defense White Paper said: "Assertion of claims to islands, and seabed resources based on the archipelagic concept and overlapping Exclusive Economic Zones (EEZ) claims could result in significant change in the geopolitical configuration of the South China Sea and affect shipping and trade patterns. The Mischief Reef incident in early 1995 underscored these concerns. In this regard, the ASEAN Declaration on the South China Sea in July 1992 was an attempt to restrain the use of arms to enforce individual claims in the disputed areas.... Nevertheless, the potential for military encounters cannot be ignored" (Malaysian Defense: Towards Defense Self-Reliance).

[68] Prime Minister Banharn Silpa-archa's parents were immigrants from China. His successor, Prime Minister Chavalit Yongchaiyudh, was in the army during the Cambodian conflict. China was the first non-ASEAN country Prime Minister Chavalit visited

In response to China's actions in the Taiwan Strait in March 1996, Thai Foreign Minister Kasem Kasemsiri asked: "When a country conducts exercises in its own territory to deter a province from breaking away, do you oppose it?"[69] Apart from affirming the "one-China" policy, the response displays the relative nonchalance with which Bangkok views Beijing's military might. A Thai scholar noted that Thai leaders presently consider external military threats to Thailand's survival, remote.[70]

Thailand's concerns about its external security environment are centered on its neighboring countries, rather than on China. Although the Vietnamese threat was largely removed after the end of the Cambodian conflict, there are still unresolved disputes between Hanoi and Bangkok over territorial waters. Thailand also has border disputes with its four immediate neighbors, Laos, Cambodia, Myanmar and Malaysia. These disputes have been exacerbated by border incidents involving illegal entry, cross-border smuggling, weapons trade, drug trafficking, prostitution and the inflow of refugees into Thailand, particularly from Myanmar.[71] In the long-term, it is believed that these problems would threaten Thailand's security.[72]

That said, Thailand, has become "attentive" to the maritime disputes in the Asia Pacific region and rivalry over maritime resources. This is due to its fear of conflict in the region, heavy dependence (95 percent) of Thailand's trading activity on sea-lanes and the growing importance of international trade on the Thai economy.[73] With regard to China, Thailand is also concerned about Beijing's massive arms sale to Myanmar. Chinese reassurances and the decline in Chinese arms exports to Myanmar have alleviated these worries.[74]

Thailand has responded to the uncertainties of the regional environment by building up its military capabilities.[75] Among its most controversial acquisitions, was a US$257 million Chakri Naruebet aircraft carrier. According to defense experts, however, its high defense spending in the early 1990s was motivated more by prestige and political consideration than by an objective evaluation of security threats.[76]

Singapore

While China does not currently pose a direct security threat to Singapore, the worry lies with the impact of China's rising military strength on China's future conduct and how this may in turn affect regional peace, stability and economic viability.

Territorial sovereignty, domestic

after he took office. During his visit, he brought along an entourage of top-ranking military men, to introduce them to their Chinese counterparts.

[69] Michael Vatikiotis, "Sounds of Silence," FEER, Vol. 159, No. 13, (March 28, 1996), p. 24.

[70] Wattanayagorn, P., "Thailand: The Elite's Shifting Conceptions of Security," in Alagappa, M. (ed.), Asia Security Practice: Material and Ideational Influences, (California: Stanford University Press, 1998), p. 436.

[71] Ibid., pp. 437-8.

[72] At a brainstorming session among top Thai military officials, it was predicted that Thailand's security would be threatened by disputes with neighboring countries. See "Government advised to Buy Hi-Tech Weapons From China" *Thailand Times*, in FBIS-EAS-97-119, (April 29, 1997).

[73] Wattanayagorn, "Thailand: The Elite's Shifting Conceptions of Security" p. 438. In 1996, Thailand's total trade volume amounted to US$ 123.2 billion, equivalent to 23.9% of its GDP at purchasing power parity (http://www.odci.gov/cia/publications/hies97/b/tab4.htm).

[74] See Whiting, "ASEAN Eyes China," pp. 314-5 and "China Reassurance," FEER, Vol. 158, No. 45, (November 9, 1995), p. 15.

[75] Wattanayagorn, "Thailand: The Elite's Shifting Conceptions of Security," p. 441.

[76] See "Arms Rush: No Help to Region's Security," The International Herald Tribune (IHT) in The ST, (August 15, 1997), "Defense Implications of East Asian's Crisis," Strategic Comments, (IISS, July 1998), and Nanuam, W., "Chavalit Visits China," The BP, (April 1, 1997).

political order and sustained high economic growth constitute the three core values of Singapore's security.[77] There are no specific issues of contention between Singapore and Beijing. Singapore has no territorial quarrel with China and the CPM is now defunct. However, China's involvement in two "areas of potential conflict": the territorial disputes in the South China Sea and the Taiwan issue can potentially destabilize the region and turn military, with adverse consequences for the regional economies.[78] Any impingement on Singapore's economic interests strikes at the heart of the country's economic security.

Singapore has no natural resources. It is highly dependent on international trade and investments. Its total revenue derived from trade-related activities is three times the value of domestically generated revenue.[79] Regional conditions conducive to economic development and the freedom of navigation are vitally important to Singapore.[80] Singapore's Defense Minister, Dr. Tony Tan said: "...whether or not the Asia Pacific fulfills its potential depends on whether there is a stable and secure international and regional environment. Countries cannot concentrate on economic development unless there is peace and stability."[81]

On the Spratlys issue, Singapore has two concerns. First, that the rival claimants resolve the disputes in a peaceful manner, without tension or conflict. Second, that the freedom of navigation in established routes is not affected by the final outcome of the dispute and that the International Law of the Sea is upheld.[82] On the Mainland-Taiwan conflict, aside from economic repercussions as a result of regional instability, military confrontation in the Taiwan Strait may also invoke Japanese extra-territorial military action, with significant consequences for the strategic balance in the region.

The Singapore Armed Forces possess the most sophisticated weapons system in Southeast Asia[83] but their principal purpose is for deterrence. Moreover, Singapore's primary security concern is centered in the Malay Archipelago, where Indonesia is the dominant power and Malaysia is the medium power,[84] and not China.

How military prowess will influence the way China conducts itself in the region and, over the longer term, in the world, underlines Singapore's concerns regarding China's military modernization. To some degree, these concerns are alleviated by Singapore's belief that at this nascent stage of China's development, China's mindset is malleable. China is forging a new identity and it is not predestined to be one of a bellicose regional hegemon. Singapore's Prime Minister Goh Chok Tong has cautioned against drawing premature conclusions about China's military modernization. He said: "In Asia, China's

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[77] Ganesan, N., "Singapore: Realist cum Trading State," in Alagappa, M. (ed.), Asia Security Practice: Material and Ideational Influences, (California: Stanford University Press, 1998), pp. 579-607.

[78] Quoted from keynote address by Singapore's Defense Minister and Deputy Prime Minister, Dr. Tony Tan, at the first general meeting of the Council for Security Cooperation in the Asia Pacific, (June 4, 1997).

[79] Ganesan, "Singapore: Realist cum Trading State," p. 594.

[80] The Singapore Strait is about 11km wide. 400 ships passed daily through the narrow Singapore Strait in 1994, of which 80 per cent called at the port (Whiting, "ASEAN Eyes China," p. 308).

[81] Dr. Tony Tan, keynote address, (June 4, 1997).

[82] See "The Way We Work," Asian Affairs, Vol. 1, No.2, *ASEAN*, (Winter 1997/8), p. 14.

[83] Acharya, A., "A Survey of Military Cooperation Among the ASEAN States: Bilateralism or Alliance?" Center of International and Strategic Studies, (Toronto: York University Press, 1990), cited in Ganesan, "Singapore: Realist cum Trading State," p. 597.

[84] Alagappa, M., "The Cambodian Conflict: Changing Interests," Pacific Review Vol. 3, No. 3, (1991), pp.266-71, cited in Ganesan, "Singapore: Realist cum Trading State," p. 591.

rising power and arms build-up has stirred anxiety. It is important to bring into the open this underlying sense of discomfort – and even insecurity – about the political and military ambitions of China. Nevertheless, it's not preordained that China's military power will turn into a threat. China must show through its attitude and actions that, big as it is, it intends to be a responsible member of the international community."[85] The international community, too, has a role and stake in providing the appropriate environment and opportunities for China to assimilate into the global system and transform into a responsible international actor.[86]

> ***"China must show through its attitude and actions that, big as it is, it intends to be a responsible member of the international community."***
> ***Goh Chok Tong***

Singapore's Senior Minister Lee Kuan Yew has sought to advocate how China can become a powerful but responsible member of the international community. In a recent interview with a Taiwan paper, he said: "China will learn that her influence on tomorrow's world does not rely on her gross domestic product and military power, but on other people's perception of the Chinese society and their reverence for things about China, especially the 'soft strength,' which is the Chinese society's attraction, and not the hard strength."[87] On another occasion, he remarked: "[Chinese leaders] will modernize their forces not to challenge the US, but to be able to pressure Taiwan by a blockade, or otherwise to destabilize the economy." Instead, he suggested that China's expansive market is where China could increase its influence over the countries in East and Southeast Asia.[88]

Strategies of Southeast Asian Countries Toward China's Military Modernization

Similarities and Differences in the Southeast Asian Countries' Perceptions of China's Military Modernization

To the extent that the Southeast Asian countries share fundamental similarities in their perceptions of China, there is consensus and support for ASEAN's strategy of engagement toward China. All the Southeast Asian countries acknowledge that sustained economic development and modernization of the PLA would make China a major regional power in the future. They also see China as an engine of economic growth and dynamism for the region. In this regard, good political and diplomatic relations with China are important, not only to facilitate greater bilateral or regional economic cooperation, but also to cultivate a future regional power which would be well disposed to the regional countries, and whose interests are anchored in the well-being of the region.

Perceptions about the security implications to national and regional interests, as a result of China's military modernization, however, differ. To the

[85] "Treading Softly: Asia's fledging security forum grapples with a dilemma – How to contain China without appearing to be ganging up against the communist giant," FEER, Vol. 158, No. 31, (August 3, 1995), p. 15.

[86] In 1993, Singapore Senior Minister Lee cautioned Western countries that reducing their investments in China would turn the country into a "xenophobic, chauvinistic force, bitter and hostile to the West because it tried to slow down or abort its development." Quote cited from Roy, D., "The China Threat: Major Arguments," Asian Survey, Vol. 36, No. 8, (August 1996), pp. 766-77.

[87] "Full text of "Special" interview with Singapore's Senior Minister Lee Kuan Yew," *Chung-Kuo Shih-Pao*, in FBIS-EAS-98-017, (January 17, 1998).

[88] "Free Trade with ASEAN can help US maintain its economic position," The ST, (October 27, 1997).

extent that China's territorial, economic and population size far outstrips that of all of Southeast Asia put together, the augmentation of Chinese military strength poses a security concern for all the Southeast Asian countries. However, the degree of suspicion about belligerent Chinese regional ambitions and the perceived urgency of the Chinese military threat differ among the six Southeast Asian countries.

Vietnam, China's former Cold War rival and the last country to normalize relations with Beijing, arguably carries the heaviest historical baggage. Its deep-rooted distrust of China, loss of allies in the post-Cold War global strategic environment, potentially explosive bilateral maritime disputes, and common border with China make it highly skeptical and anxious about China's incipient military power. The Philippines also perceives an urgent Chinese military threat to its strategic interests but this is focused on the territorial disputes over the Spratlys and is not built on deep-seated historical enmity. The Philippines' enfeebled post-1992 external defense capabilities, the Chinese naval seizure of Mischief Reef, and continued Chinese incursions in the South China Sea highlight its vulnerability to Chinese military power vis-à-vis the other Southeast Asian countries in the region. Indonesia and Malaysia have traditionally harbored distrust and suspicions of China. Expanding economic relations between these countries and China have added a positive dimension to their respective bilateral relationships with China and neither has experienced any military confrontation with China over conflicting territorial disputes. Nonetheless, both Kuala Lumpur and Jakarta are keenly wary of rising Chinese military power and assertiveness, especially over its claims in the South China Sea.

Singapore and Thailand are the strongest proponents of the engagement strategy.

Singapore perceives the Chinese military modernization as a potential source of instability for the region, particularly in the medium and long-term, such as in case of heightened tension in the South China Sea or the Taiwan Strait, which might disrupt important sea routes in the region and adversely affect its strategic economic interests. Singapore's apprehensions about China are partly alleviated by its convictions that with the appropriate international attitude toward China, greater Chinese integration with the world community will over time transform it into a responsible international actor. Thailand has by far the most benign and accommodating perception of the rise of Chinese military power. It is geographically buffered by its Indo-Chinese neighbors, has no territorial disputes with Beijing and enjoys relatively good relations with the Chinese military and leadership, compared with the rest of the region. Thailand is concerned about China only to the extent that Beijing is involved in potentially destabilizing regional territorial disputes and has been a major arms supplier to Rangoon. However, Thailand does not see China as a principal or direct threat to its national security, nor does the PLA's modernization bear particular significance to Bangkok.

Not surprisingly, Singapore and Thailand are the strongest proponents of the engagement strategy. In the absence of perceived immediate or direct Chinese threat to their strategic interests, they are supportive of a conciliatory and evolutionary process, which is seen as offering good prospects of dealing successfully with China's emergence in the long-term.

In the post-Cold War era, Thailand believes that alliances or alignment with major powers are less important than during the Cold

War period.[89] The Thai government's emphasis has been on cultivating friendly relations with Cambodia, Laos, Myanmar, and Vietnam. To some extent, Thai support for ASEAN's engagement of China is also prompted by its gratitude to the grouping for its cooperation during the Cambodian conflict.[90]

Supporters of the engagement strategy are not pessimistic about the ability of outsiders to shape China.[91] In fact, the strategy is premised on the belief that outsiders and the external environment will effect changes in China and it is persuaded that cooperation and encouragement are more potent than confrontation and punishment in bringing about desired results.

Engagement and Supplementary Strategies

Because of the spectrum of variation in the regional countries' perceptions of China's increasing military power, the strategy of engagement and the ARF have assuaged the security concerns of the Southeast Asian countries to varying degrees.

China has attended all the ARF meetings and has undertaken various CBMs, including the publication of two White Papers since 1994.[92] To this extent, China has shown some commitment to the ARF and the multilateral approach to regional security it represents. However, on the two major regional security issues – territorial disputes in the South China Sea and the Mainland-Taiwan conflict – the ARF has made virtually no progress in finding a resolution. On the first issue, China continues to resist multilateral negotiations, despite the fact that some of the contested islands have more than two claimants. China has proposed joint development of the disputed areas and setting aside the sovereignty issue, but nothing has as yet materialized. Instead, Beijing and Hanoi have gone ahead with provocative individual exploration efforts and Chinese forays into disputed territorial waters continue. On the cross-Strait situation, ASEAN concedes with China's stance that Taiwan is China's internal affairs, which has left little leeway for any discussion of the Mainland-Taiwan conflict. Taiwan has also been excluded from the ARF. Beijing refuses to join any regional security forum in which Taiwan is a participant and will resist the inclusion of the Mainland-Taiwan conflict on any multilateral agenda.[93]

While staunch supporters of the engagement strategy may be encouraged by the progress made in creating CBMs and China's willingness to participate in a multilateral forum, countries with closer and more pressing concerns of China are apt to demand more concrete results and on a shorter time frame. The occupation of Mischief Reef and the Taiwan Strait crisis, both having taken place after the ARF was formed, was a major setback for the multilateral

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[89] Wattanayagorn, "Thailand: The Elite's Shifting Conceptions of Security," pp. 434-5 and pp. 442-3. The scholar writes: "Alignment and alliances have always been an important element in the elite's approach to security. Now that the conflicts with neighboring countries have ended, the elite believes it will not gain significantly from being heavily dependent upon major powers, such as the United States or China. Although the elite still intends to continue its alliance with certain powers, Thailand will not be as accommodating in those relations as before."

[90] Whiting, "ASEAN Eyes China," p. 314.

[91] Roy, D., "The China Threat: Major Arguments," p. 766. Roy describes the Southeast Asian position towards the Chinese threat as one of appeasement. In his view: "... the appeasement position is pessimistic about the ability of outsiders to shape China, and places its faith in Chinese self-restraint rather than outside pressure to ensure good international behavior by Beijing."

[92] For details, see China's National Defense, 1998, (China: Information Office of the State Council of the People's Republic of China, 1998), pp. 34-7.

[93] Garrett, B. and Glaser, B., "Beijing's Views on Multilateral Security in the Asia-Pacific Region," Contemporary Southeast Asia, Vol. 16, No. 1, (June 1994), p. 27 and p. 32.

forum. The limited effectiveness of the ARF in dealing with regional security concerns has thus lent support to supplementary strategies, namely, regional balance of power, counter-dominance, assertive engagement, and containment.

Singapore and the Triangular Balance of Power

Singapore favors an engagement approach in dealing with China, but it is also a strong advocate for American military presence in Asia. The vulnerability of its strategic economic interests and its realist thinking argues for prudence in seeking a balance of power among the three major regional players: the US, Japan, and China. Moreover, Singapore leaders believe that Southeast Asia's stability cannot be divorced from the stability of the Asia Pacific region and this is anchored in the balance of power within the US-Japan-China strategic triangle.[94]

Singapore leaders believe that Southeast Asia's stability cannot be divorced from the stability of the Asia Pacific region and this is anchored in the balance of power within the US-Japan-China strategic triangle.

The strategy of the triangular balance of power acknowledges the inevitable rise of China, which is acceptable, as long as it is balanced by other regional powers, namely, the US and Japan. In this respect, it is more assertive than the engagement strategy in conditioning China's ascendancy in the region. Notably, it does not seek to limit or forestall China's rise.

Singapore appreciated America's intervention in Vietnam during the 1960-70s, because it granted the newly-independent Southeast Asian countries time and a peaceful environment for nation-building and economic development. In today's context, the US is seen as the linchpin in balancing a strengthening China and forestalling the re-militarization of Japan through the US-Japan security treaty. As such, the Seventh Fleet, the 100,000 US troops, and the access arrangements between the US and the Asia Pacific countries are seen as key stabilizing factors for the Asia Pacific region, including Southeast Asia. At no other time has the Asia Pacific region accommodated both a strong China and a strong Japan.[95] While the US-Japan security pact cannot be indefinite as the region undergoes fundamental changes, not only in China, but potentially also on the Korean Peninsula, the US buffer allows time for the formulation of longer-term arrangements.

The ARF and APEC serve as useful venues for dialogue between the US, Japan and China. Singapore has also urged the US for ASEAN-US trade pacts, which would not only be mutually beneficial, but also ensure US engagement in Southeast Asia.[96] In 1990, Singapore formalized a Memorandum of Understanding with the US, under which terms Singapore would host the Logistics Command of the US Seventh Fleet. Importantly, the Seventh Fleet performs the vital function of keeping commercial sea-lanes open between the Indian and Pacific Oceans.

If ASEAN's engagement strategy may be considered the carrot, the triangular balance-of-power serves as the stick, constraining China in the way its asserts its power. Indeed, Singapore has also publicly

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[94] In a speech in 1997, SM Lee said that: "... it would be a mistake not to engage [China] across the board.... However, prudence dictates that there be a balance of power in the Asia Pacific region." See "Why the China-US-Japan balance of power is so vital," The ST, (September 13, 1997).

[95] Ibid..

[96] "Mr. Lee calls for ASEAN-US trade pacts," The ST, (October 25 1997).

stated the possibility of a united ASEAN counter-balancing force, if China is not "prudent and tactful."[97] Indirectly, Singapore's support for the US military presence also helps to alleviate regional sensitivities concerning Singapore's majority Chinese ethnic composition and its strong economic links with China.

Malaysia and Counter-dominance[98]

Malaysia has adopted a strategy of counter-dominance, which takes the middle road between engagement and containment. Containment, with its attendant patron-client relationship, is undesirable to Malaysia. Even collectively, the ASEAN countries' military power may be insufficient to stand against an increasingly competent PLA. This being the case, balancing or containing China will necessarily entail a greater ASEAN reliance on American power. Malaysia values its independent and non-aligned international posture, and is loath to perceived US-dominance in the region.[99] Additionally, as long as the turmoil in the Middle East persists, Islamic states, such as Malaysia and Indonesia, will be reluctant to openly align themselves with the US or the West.[100] The proposed ASEAN concepts of neutralization and the Southeast Asian Nuclear Weapons Free Zone (SEANFZ) were indeed Malaysia's initiatives, intended to curb superpower infringement upon the region.

At the same time, the power asymmetry between Malaysia and China, or even between ASEAN and China, suggests that an engagement strategy would likely devolve into one of appeasement of China. The impotence of the ARF in addressing regional security issues pertaining to China seems to testify to this danger.

In order to avoid the risk of turning into either a subordinate power or a walkover state, Malaysia's strategy of counter-dominance seeks to draw the best from both engagement and containment, from the standpoint of a weaker country. It is characterized by the following main features: there will be no single dominant power in the region; the regional countries will preserve their autonomy and have a credible say in the region; and they will continue to build up their individual and collective military power. The emphasis is thus on self-reliance, individual and regional, and support for, but limited, dependence on the US, or other foreign power as counter-balancing forces.

Building up its defense capabilities will strengthen Malaysia's deterrence against any potential untoward Chinese intentions. At the same time, however, external powers or defense arrangements serve to check any Chinese pretensions or propensity for regional dominance. Despite personal acrimony between Prime Minister Mahathir and Australian Prime Minister Paul Keating, lingering memories of Indonesian aggression against Malaysia during the 1960s and its principle of nonalignment, Malaysia approved of the Indonesian-Australian security agreement signed in December 1995.[101]

A significant shift in Kuala Lumpur's position toward defense cooperation with the US has also been observed.[102] Hitherto a vociferous opponent

[97] "Why the China-US-Japan balance of power is so vital," The ST, (September 13, 1997).

[98] Malaysia's strategy towards China was conceptualized as 'counter-dominance' by Acharya and is discussed in detail in his paper, "Counter-dominance, Engagement or Counter-dominance?" in Johnston, A. I. and Ross, R. J. (eds.), Engaging China: The Management of a Rising Power (New York: Routledge, forth coming).

[99] Ibid., p. 16.

[100] "Why the China-US-Japan balance of power is so vital," The ST, (September 13, 1997).

[101] Whiting, "ASEAN Eyes China," pp. 312-3.

[102] "Port Calls by US Ships 'no change of defence

of American military presence in the region, in April 1997 Malaysia allowed the US aircraft carrier USS Independence, to call at Port Klang. This is the first time an American aircraft carrier has called at a Malaysian port. This incident and the observed rise in traffic of US warships in Malaysian waters are notable, taking into consideration Malaysia's rejection of American requests for naval and other facilities after the closure of the US naval base at Subic Bay in 1992.

That said, the Five Power Defense Arrangement (FPDA), created in 1971, which comprises Singapore, the United Kingdom, Australia, New Zealand, and Malaysia, is currently the only formal defense arrangement which Malaysia has with extra-regional powers. Moreover, the FPDA is seen as a transitory and formative mechanism, through which Malaysia could develop its own defense capabilities. Ultimately, Malaysia believes "self-reliance should continue to be the cornerstone of its defense."[103]

Indonesia and Assertive Engagement

Assertive engagement is essentially engagement with greater assertiveness. This entails willingness on the part of Indonesia, to accompany diplomatic efforts with explicit demonstrations of its determination to protect national interests. This has been manifested in the modernization and showcasing of its military power, as well as the abandonment of its traditional non-aligned stance and the establishment of an extra-ASEAN bilateral security agreement. This strategy contrasts with Malaysia's more subtle approach toward Beijing.

To start with, Indonesia was not an enthusiastic supporter of the engagement strategy. By the time the ARF was formed in 1994, Jakarta-Beijing diplomatic relations were only four years old. Aside from abiding memories of past hostility with China, Jakarta's skepticism about engagement and the ARF was partly attributable to its "incipient geopolitical rivalry with China."[104]

Indonesia's strategic location, geographic and population size, economic potential and national revolutionary tradition accords it a pre-eminent position in Southeast Asia, which is tacitly accepted by the other regional countries. The rise of China, Indonesia's counterpart in Northeast Asia and China's admission into the ARF, appeared to pose some challenge to Jakarta's regional status and entitlement.

Further, the presence of Asia Pacific powers, including the US, Japan and China within the ARF, suggested that ASEAN's primary role and correspondingly, Jakarta's unofficial leadership of the grouping, would be undermined within a multilateral framework of regional security. Indonesia has traditionally been averse to having regional security underwritten by exogenous powers. The concept of ZOPFAN, adopted collectively by ASEAN countries in 1971, was an Indonesian counter-proposal to Malaysia's proposition for the neutralization of Southeast Asia, which had counted on the guarantee of the global powers.

The overriding motivation for Indonesia's endorsement of the ARF was its calculated assessment that the US was essential for a balance of power in the region, which will prevent the emergence of a hegemon. The ARF was a good way to keep the

policy'," The ST, (May 24, 1997). Malaysia prefers the euphemism "liberal stand." Among the US warships observed in Malaysian waters were the Seventh Fleet Command ship, the USS Blue Ridge and USS Fort Fisher.

[103] Malaysian Defense: Towards Defense Self-Reliance, p. 24.

[104] See Leifer, M., "Indonesia's Encounters with China and the Dilemmas of Engagement," Engaging China.

US engaged in the region.[105] Jakarta also saw the economic benefits of promoting economic and diplomatic relations with Beijing.

Perceived impotence of ASEAN and the ARF in dampening China's irredentist claims, however, has since prompted a discernibly more assertive Indonesian posture towards China.[106] In significant aberration from its principle of non-alignment, Indonesia signed a security agreement with Australia on 18 December 1995, promising to consult regularly at a ministerial level on matters affecting their common security and to promote beneficial cooperative military activities.[107] The agreement included a clause stipulating that both countries will consult "in the case of adverse challenges to either party or to their common security interests and, if appropriate, consider measures which might be taken either individually or jointly and in accordance with the processes of each party."[108] The agreement unofficially serves as a form of discouragement against any Chinese militaristic approach from the South.

After Beijing expanded Chinese sovereignty claims in the South China Sea in May 1996, ABRI conducted its most massive joint exercise in Natuna and Riau Island waters, involving approximately 20,000 personnel, 40 aircraft and 50 warships.[109]

Indonesia's offer of limited port facilities to the US and its substantive defense acquisitions in the early 1990s also injected substance into Indonesia's assertive stance. In the words of an Indonesian specialist on regional security who believes that Indonesia would continue its policy of engaging China, in the hope that it would lead to peaceful coexistence: "On the other hand, …China respects strength. If they see you are weak, they'll eat you up."[110]

The Philippines, Vietnam and Containment

Manila and Hanoi prefer a strategy of containment, which is characterized by a willingness to depend on outside military powers to cope with China, as well as the desire to forestall or curtail the rise and expansion of China. The drastic orientation of this approach reflects the gravity of their perceptions of China and the depth of their sense of vulnerability.

Both countries are committed to the strategy of engagement in the diplomatic and economic spheres but with respect to security, they seek to build a credible cohesive force among Asia Pacific countries to counter-balance China.

After the Mischief Reef incident, President Ramos said that dealing with China required a strategy of engagement or containment, the appropriate one to be applied as each situation necessitated.[111] In the 1997 State of the Nation address,

[105] Indonesian scholar, Jusuf Wanandi said that: "A cooperative security arrangement is only possible if there is a balance of power in the region. Such a balance of power… would involve the low-key presence of four or five great powers in the region – the US, China, Japan, Russia, [and] India – to prevent a hegemon emerging. In this context, the US – which the region's states accept as a benign great power – is vital to the regional balance of power." (Wanandi, "ASEAN's China Strategy," p. 120).

[106] See Sukma, R., "Indonesia Toughens China Stance," FEER, Vol. 159, No. 36, (September 5, 1996).

[107] "Minister on Security Agreement with Australia," *Jakarta Antara* in FBIS-EAS-95-240, (December 14, 1995) and McBeth, J., "Personal Pact: Suharto, Keating surprise ASEAN with security deal," FEER, Vol. 159, No. 1, (December 28/January 4, 1996), p. 18.

[108] Cited from McBeth, "Personal Pact."

[109] See Dupont, "Indonesian Defense Strategy and Security," p. 289 and "South China Sea: Natuna Exercise: Not Provocation," *Radio Republic of Indonesia, Republica, Wen Wei Po and Radio Australia* in Summary of World Broadcasts (SWB), (SWB FE/2692, 2708, 2711, 2719).

[110] Richardson, M., "China's Expansionist Claims Unsettle Its Asian Neighbors; But ASEAN Wants to Engage Not Contain China," The International Herald Tribune, (November 25, 1996).

[111] Villegas, P. N., Business World, (October 18, 1995).

President Ramos outlined four features in the Philippines' foreign relations:

- to strengthen bilateral relations with every friendly country and to strengthen commitment to ASEAN and other international fora;
- to join "middle forces" in the Asia Pacific, that is, ASEAN partners, Australia and New Zealand, in moderating and calming the regional security environment;
- to support the continued presence of the US in the Asia Pacific as a force for stabilizing the regional power balance; and
- to shift the AFP from counter-insurgency to external defense and to develop a credible air and maritime capability to the fullest extent possible.[112]

The first course of action has achieved little in regard to the South China Sea. The strongest reaction from ASEAN yet was a joint statement of ASEAN foreign ministers expressing "concern over serious developments which affect peace and stability in the South China Sea" after the Mischief Reef incident.[113]

Visit and dialogue exchanges between Manila and Beijing advocated by the engagement strategy have also not produced any substantive progress in the resolution of the territorial disputes. Since 1995, China and the Philippines have exchanged annual high-level visits by military leaders.[114] On the diplomatic front, both Beijing and Manila agreed to address the sovereignty issue through bilateral and multilateral fora and prepared to talk about confidence-building measures and joint development efforts.[115] In late 1995, Beijing agreed to undertake bilateral discussions with Manila based on UNCLOS. It also agreed to abide by a code of conduct obliging both countries to refrain from using force or threat of force to resolve the dispute.[116] These developments, however, did not prevent the Chinese from building additional structures on the Mischief Reef, nor did they pre-empt the Scarborough Shoal episode.

Action two has seen efforts by President Ramos to garner support for the combined economic clout of ASEAN, Australia and New Zealand, to act as a counter-balancing force to regional powers, including China,[117] which have not come to fruition.

Financial difficulties and corruption have crippled the modernization of the AFP.[118] The present decrepit state of the AFP was

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[112] "President Delivers State of Nation Address," *Manila Bulletin*, in FBIS-EAS-97-212.

[113] International Security Review 1996, The Royal United Series, (London: Institute of Defense Studies, 1996), p. 315.

[114] In 1995, Xiong Guangkai, deputy Chief of the PLA General Staff Department visited the Philippines. In 1996, Defence Secretary Renato de Villa visited Beijing. In 1997, Defence Minister Chi Haotian visited Manila and Vice-Admiral Yang Yushu met with Undersecretary of Defence, Feliciano Garcis. During these visits, they worked on formalizing military relations and discussed about the removal of Chinese military structures on Mischief Reef. In March 1997, the AFP announced the appointment of the first-ever military attaché to China. "DFA supports RP military attaché to China," Business World, (March 7, 1997).

[115] "Confidence-building up in RP-China meet," Business World, (August 10, 1995).

[116] The principles of the code of conduct are: Both parties agree not to allow territorial disputes between them to affect the normal development of their bilateral relations; undertake confidence-building measures to promote trust between the two; enhance an atmosphere of peace and stability in the region and refrain from using force or threat of force to resolve disputes; settle bilateral disputes in accordance with recognized international law such as UNCLOS; participate in joint development endeavors; and refrain from hampering freedom of navigation in the South China Sea. "RP to talk with other claimants except Taiwan," Business World, (August 14, 1995).

[117] See "Combined Economic Clout 'Key to Security'," The South China Morning Post, (August 23, 1995).

[118] "Defense Capability Called Pathetic" *Manila Business World*, in FBIS-EAS-98-167, (June 16, 1998).

clearly illustrated with the publication of the 1998 Defense White Paper, in which the AFP recognized its limited capability in terms of military equipment, and devised a retrogressive "people-based strategy," which hinges primarily on manpower. A "ground-based strategy" was also adopted to counter potential aggressors, due to the lack of fighter planes and warships.[119] In fact, President Estrada suspended the military modernization program when he took office this year, due to the lack of funds.[120] This leaves action three as the only viable way to go.

The Philippines sees the US as the countervailing force to China, which is capable of containing Beijing's expansion of power and influence in the region.

The Philippines sees the US as the countervailing force to China, which is capable of containing Beijing's expansion of power and influence in the region. The proposed submission to the Philippine Senate, of the Visiting Forces Agreement (VFA), which provides the legal framework for the conduct of joint military training exercise between Filipino and American military troops in the Philippines, demonstrates that Manila's threat perception of China remains fundamentally unchanged since the Mischief Reef incident.[121] President Estrada remarked in an interview: "In case of further dispute over the Spratly Islands and if the People's Republic of China invades us, how do we defend ourselves?"[122] The implementation of the VFA will depend on the Philippine Senate ratification.[123]

Significantly, if ratified, the VFA paves the way for the return of American troops to the Philippines. To muster support for the VFA, Washington has promised to provide American assistance to the Philippines in the event of an attack on the AFP in the disputed territories in the South China Sea, based on the US' interpretation of the 1951 Mutual Defense Treaty.[124] Unlike Malaysia and Indonesia, the Philippines had previously received almost a century of American protection and its attendant shadow of influence. In any case, Manila has no viable alternative. Only an alliance with the US can contain China, protect the Philippines against potential Chinese military bellicosity, and allow the Philippines time to build up its own military capabilities.[125]

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[119] "White Paper Outlines Philippine Defense Posture," *Manila Business World*, in FBIS-EAS-98-201, (July 20, 1998).

[120] See "Estrada Reports on the 'State of the Nation'" *GMA-7 Radio-Television Network*, in FBIS-EAS-98-209, (July 28, 1998).

[121] Foreign Secretary Siazon reported to the two Filipino Senate panels that the Chinese occupation of Mischief Reef had changed the parameters of the dispute and posed a "real security concern to the territorial integrity of the country." "Officials Say Manila's Claims to Spratlys Stronger than PRC's," *Manila Standard*, in FBIS-EAS-97-168, (June 17, 1997).

[122] Quiambao, C., "Analysis/ US-Philippine Military Ties: Estrada hopes to renew bonds of the past," The Bangkok Post (BP), (August 5, 1998).

[123] Main concerns over the VFA are jurisdiction, potential social repercussions and the risk of having nuclear arms or weapons of mass destruction being brought into the Philippines.

[124] "Siazon: US to 'Aid' Manila in Event of Spratlys Attack" *Manila Business World*, in FBIS-EAS-98-218, (August 6, 1998). The Mutual Defence Treaty is an agreement between the Philippines and the US on military assistance in the event of attack or aggression by any foreign power. Article IV of the treaty states that "Each Party recognizes that an armed attack in the Pacific area on either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common dangers in accordance with its constitutional processes." Article V states that "For the purpose of Article IV, an armed attack on either of the Parties is deemed to include an attack on the metropolitan territory of either of the Parties, or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific."

[125] US officials noted a new pragmatism in the Philippines. Before, the Philippines was contented with relying on the US for external defense, but now

It has been noted that membership in ASEAN and diplomatic recognition from the US delivered Vietnam from the worst options of either submission to or confrontation with China.[126] Left in a vulnerable position in the post-Cold War global strategic environment, Vietnam adopted a pragmatic approach in its foreign relations, to make "more friends, fewer enemies."[127] Normalization of relations with China, focus on economic development and trade expansion, and entry into ASEAN constitute important elements of this approach.

But Vietnam's strategy toward China has traditionally been one of containment. Without the patronage of Russia, Hanoi's main approach has been to draw in as many major regional actors as possible to counter-balance China's rise. These include ASEAN, Japan, the US and even India in the longer term.[128]

Hanoi's concerns about China's growing military power and regional influence, as well as the economic opportunities offered by ASEAN membership, made Vietnam an enthusiastic applicant to the grouping. Vietnam is tired of warfare. Between 1985 and 1996, its armed forces were reduced by almost half[129] and in 1986, the Party leadership initiated the drive for economic development of the country. Hanoi had hoped that ASEAN's economic leverage could be used to exercise some control over China's behavior[130] and that solidarity and vested interests of certain member states might bolster Vietnam's position against Chinese rival claims in the South China Sea. However, Vietnam's containment mentality does not find support in ASEAN. In fact, ASEAN is keen to ensure that "ASEAN does not turn into an anti-China club."[131] Before Vietnam's admission into ASEAN, both Hanoi and Beijing were informed that ASEAN would not serve as a counter-weight to China on Vietnam's behalf.[132] The oil-drilling disputes between Beijing and Hanoi has won expressions of sympathy from the ASEAN countries, but the formal position of ASEAN is that the issue should be settled between the two parties.[133]

Vietnam has also pursued closer relations with other regional powers, such as the US and Japan, both of which are perceived as possible candidates for counter-balancing China.[134] Hanoi's search for friends among major regional powers and former enemies suggest the perception of a greater danger from China.

Vietnam's relationship with Japan has improved substantially, especially on the economic front. Japan is expected to eventually become Vietnam's most important trading partner.[135] However, Japan is seen primarily within the context of the US-Japan security alliance, as Hanoi does not want

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the country wants the US to help it help itself. See Holloway, N., "Jolt from the Blue," FEER, Vol. 158, No. 31, (August 3, 1995), p. 22.

[126] Whiting, "ASEAN Eyes China," p. 318.

[127] Turley, "Vietnamese Security in Domestic and Regional Focus," p. 188.

[128] Ibid., pp. 178-88 and p. 206.

[129] The Vietnamese forces were reduced from 1,027,000 in 1985 to 572,000 in 1996. See The Military Balance, 1997/98, The Institute of International Strategic Studies, (Oxford University Press, 1997), p. 295.

[130] "A New 'Anti-China' Club?" Newsweek, (July 17, 1995), p. 30, United States Edition. An official in Hanoi argued that if Beijing "misbehaves," it should "lose its access to important ASEAN markets."

[131] Ibid..

[132] Richardson, M., "China-Vietnam Dispute Revives Regional Fear," The IHT, (April 14, 1997).

[133] Ibid..

[134] Turley, "Vietnamese Security in Domestic and Regional Focus," pp. 178-82 and Whiting, "ASEAN Eyes China," pp. 317-8.

[135] In 1996, Japan was the principal destination of Vietnam's exports. These exports amounted to US$1.83 billion or 27.91% of Vietnam's total exports in 1996. See Key Indicators for Developing Asian and Pacific Countries, pp. 372-3.

to risk domination by a re-armed Japan.[136]

Like the rest of the region, Vietnam sees the US military presence in Asia as a vital countervailing force against China and is anxious to keep America engaged in the region. Vietnam's 1996 agreement with Conoco, an American company, for exploration efforts in the disputed waters of the South China Sea, in response to China's 1992 deal with Crestone, another American company, was a calculated move. Hanoi has also considered allowing American use of the naval base at Cam Ranh Bay, as a means to "make the Chinese more responsible."[137] The fear of ideological "contamination," however presents an important barrier to the development of a closer relationship between the US and Vietnam. Memories of the Vietnam war, over which ideology was fought, makes this an even stickier issue.

The Southeast Asian countries' ... perceptions vary in gravity and urgency according to their past historical experiences with China, territorial considerations and individual defense capabilities.

CONCLUSION

The Southeast Asian countries do not have a uniform view of China's military modernization. Their perceptions vary in gravity and urgency according to their past historical experiences with China, territorial considerations and individual defense capabilities. The engagement strategy advocated by ASEAN, which is based on accommodation and conditioning, established some common ground in these perceptions and has been useful in providing a cohesive regional approach in relations with China. Engagement has also served the regional countries' economic interests in China, as well as strengthened their respective diplomatic relations with Beijing.

The diversity in perceptions among the Southeast Asian countries, however, does not lend complete support to one single approach toward China's growing power. ASEAN and the ARF have generally been found inadequate in addressing the security concerns of the Southeast Asian countries regarding China's incipient military power and its potential implications for regional and national strategic interests. This has especially been the case for countries with territorial disputes with China in the South China Sea. Supplementary strategies, such as counter-dominance and balance-of–power do not necessarily oppose the tenets of engagement, but the need for them fundamentally compromises conviction and commitment to the ARF. The pending re-invocation of the bilateral alliance between the Philippines and the US, on the other hand, blatantly violates the spirit of multilateralism embodied by the ARF.

The current Asian financial crisis has seriously affected most Southeast Asian economies and precipitated major political changes in Indonesia. These developments may have repercussions on the military and territorial dynamics in the relationships between the regional countries and China. Firstly, economic constraints may compel reduction in defense acquisitions. The purchasing power of defense procurement funds has been severely curbed in most of the Southeast Asian countries due to substantive

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[136] Turley, "Vietnamese Security in Domestic and Regional Focus," p. 180.

[137] See "A New Anti-China Club?" Newsweek, (July 17, 1995). In October 1995, it was reported that Secretary-General Do Muoi said Vietnam would not allow foreign fleets to use Cam Ranh Bay (Ang, "Vietnam-Chins Relations Since Normalization of Relations"). In October 1998, however, Russian Defence Minister Igor Sergeyez visited Vietnam to re-negotiate Russia's lease of Cam Ranh naval base, which expires in 2004, see "Russia wants new Cam Ranh Lease," The ST, (October 21 1998).

depreciation of local currencies.[138] Secondly, a protracted recuperation period for regional countries, paired with continued high Chinese economic growth and a sustained pace of modernization of the PLA will likely widen the difference in relative military strength between the PLA and the Southeast Asian armed forces. Thirdly, ASEAN's economic leverage over China may diminish with the contraction of regional economies and investment funds. Fourthly, political changes, particularly in Indonesia, and modifications in the relative political role of the military, create uncertainty about the direction of foreign and defense policies.

These developments have bearing on economic interdependence, self-reliance, the willingness to accept dependence on foreign powers and the ability to exercise assertiveness. There is also the potential danger of China exploiting the weakened state of the Southeast Asian countries to advance its own interests. Beijing has so far acted responsibly, promising to maintain the value of the Chinese *yuan* and offering economic aid to the region.[139]

Whether the strategies of the regional countries will change as a result of the Asian financial crisis will likely hinge on the length of the Asian financial crisis, the extent of political changes occurring in the regional countries and Chinese political and military behavior during this crisis period. A short crisis is unlikely to effect any major change. An extended crisis, amid serious regional political changes and heightened security concerns, on the other hand might prompt more radical counter-measures against a greater perceived Chinese threat.

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[138] During the period between late June 1997 and late June 1998, the rupiah depreciated by 82%, the baht, 38%, the peso, 36% and the ringgit, 36%, against the US dollar. (*Source*: Strategic Comments, Vol. 4, Issue 6, [Jul 1998].)

[139] Beijing has affirmed its "strong commitment" to supporting Thailand, offering US$1 billion, as part of the IMF US$17 billion bail-out package, as well as trying to buy more from Thailand; see "Beijing vows to purchase more produce here: Vice minister assures PM aid will continue," The BP, (February 5, 1998). It has also extended trade credit and offered humanitarian aid during this crisis period in Southeast Asia.

APPENDIX

Table 1
Trade Relations between Six Southeast Asian countries and China.

Year	1980	1996
Country	(US$ billion)	(US$ billion)
1. Indonesia	0.20	3.65
2. Malaysia	0.47	*3.74
3. Philippines	**0.22	**1.12
4. Singapore	0.61	7.83
5. Thailand	0.54	*3.74
6. Vietnam	0	1.21

* 1995

** data for imports only

Source: Key Indicators of Developing Asian and Pacific Countries, 1997, Vol. 28, (Economics and Development Resource Center, Asian Development Bank).

Table 2
Real GDP Growth Rates for Selected Southeast Asian countries and China between 1991-5

Real GDP growth rate					
Country	**1991 (%)**	**1992 (%)**	**1993 (%)**	**1994 (%)**	**1995 (%)**
Philippines	-	-	-	4.30	4.80
Indonesia	6.62	6.10	7.25	7.48	8.20
Malaysia	8.65	7.80	8.30	8.70	9.50
Singapore	6.72	6.04	10.10	10.10	8.80
Thailand	7.89	7.40	7.80	8.80	8.60
China	8.00	13.20	13.50	12.60	10.20

Source: Political Economic and Risk Consultancy, Ltd. (PERC) (http://www.asiarisk.com/perc.html).