

China-Southeast Asia Relations: Thinking Globally, Acting Regionally

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Beijing's leaders and the supporting policy community are undoubtedly quite happy with the rhythm and trajectory of Chinese foreign policy, particularly as it relates to the nations of Southeast Asia. Indeed, from an outside perspective, it would seem that they have every reason to feel satisfied.

During the last quarter of 2004, Beijing leveraged previous gains made to use both the October Asia-Europe Meeting (ASEM) in Hanoi and the November Asia-Pacific Economic Cooperation (APEC) meeting in Santiago, Chile as platforms from which to enunciate the economic and strategic priorities now defining Chinese external policies. At these events, Beijing spoke from a global perspective.

Beijing then embedded its global stance within the context of Southeast Asian concerns at the 10th Summit Meeting of the Association of Southeast Asian Nations (ASEAN), which convened in Vientiane, Laos later in November. Also at the ASEAN meeting, Beijing held its own summit with ASEAN leaders (ASEAN Plus One) and joined Japan and the Republic of Korea in discussions with ASEAN leaders (ASEAN Plus Three). The summit provided a backdrop for the annual tripartite meetings with the leaders of Japan and the ROK.

Exhibiting what has become standard behavior, Beijing also mixed its multilateral diplomacy with bilateral efforts. These were aimed at improving and solidifying ties with Indonesia, the Philippines, Thailand, and Vietnam. With the possible exception of Vietnam, all of these activities were crowned by success.

All in all, it is arguable that, in light of the economic and political gains achieved during the quarter, China's overall strategic position within the region has never been stronger. Increasingly, the rhythms of Southeast Asian political and economic life are being defined by Beijing as the nations of the region place a new emphasis on analyzing, assessing, and ultimately factoring potential Chinese reactions into their respective foreign policy initiatives. Although the United States and, increasingly the European Union (EU) continue to be of vital importance, the almost daily manifestations of Chinese economic power, the effort to demonstrate commitment to the "new" principle that the economic development of individual nations is inseparable from the development

of the region as a whole, and the broad perception within the region that the Chinese are willing to engage actively in multilateral, cooperative policies have combined to provide Beijing with an unprecedented measure of influence and even clout.

ASEM

At the fifth summit of the Asia-Europe Meeting (ASEM) held in Hanoi in October, Beijing was for the most part successful in assuming the role of major advocate of Asian concerns. Chinese ability to influence and even define “Asian” positions was manifested in the friction surrounding the question of participation by Burma. Simply put, China secured membership for Burma. Already aware that the move to exclude the Burmese from membership in ASEAN failed owing to Chinese pressure, Southeast Asian representatives, even those who shared European concerns about the human rights record of the ruling junta, simply chose not to complicate matters and, therefore, opted to withhold their support for European efforts to exclude Burma from the ASEM process. Beijing’s position was almost certainly the determining influence in formulating what became the Asian position on the issue. It is worth noting that ASEAN representatives apparently felt it to be contrary to their interests to oppose China on this issue. After all, Beijing was simply advocating that Asian nations should determine who should or should not be admitted to the “Asian ambit.”

Perhaps more to the point, it seems clear that China will play a major role in advocating Asian interests in determining the future of the ASEM process. Despite solid progress since its founding in 1996, ASEM has yet to mature. For example, there are important questions involving the size of the membership. “Asia” is concerned that admission of a large number of European states with few or no interests in Asia might alter the ASEM focus. Such a development would not be in Chinese or ASEAN interest since it might erode the very European linkages Beijing and ASEAN are working actively to develop. Therefore, China is likely to position itself, and ASEAN, on the “deepening extant relations” (*approfondissement*) as opposed to the “expanding relations” (*elargissement*) side of the emerging debate over membership and priorities.

Then too, there are issues related to human rights, concepts of responsible/accountable governance, the need to balance trade and investment flows between Asia and Europe, and cooperation in nontraditional security areas. All of these will need to be managed if not actually solved and it is inevitable that Beijing’s voice will compel the attention of officials in Asia and in Europe. In sum, ASEM offers China both a framework for establishing and expanding its new European ties while simultaneously asserting and reinforcing its regional role and influence. In the future, Beijing will increase the breadth and depth of its activities because, in the Chinese calculus, strength in Europe provides the wherewithal to develop a leading position in Southeast Asia as well.

APEC

China's participation in the APEC meeting appears to be of a piece with its ASEM performance, although the scale and scope are obviously larger. President Hu Jintao used the occasion, not only to buttress his own position by public association with the leaders of the developed world, but also, and more importantly, to speak authoritatively to concerns in Asia and elsewhere about Beijing's priorities and objectives.

For example, in what was almost certainly a calculated preview of the Defense White Paper issued in December, Hu offered an assessment of the global security situation that emphasized peace and development as the defining forces within the global security system. The issues of concern cited by Hu comprised economic and political problems, terrorism and other nontraditional security challenges. Hu worked hard to present the threats to regional security as problems to be managed by multilateral effort rather than as sources of instability, much less conflict.

At the same time and clearly in yet another effort to establish China as a voice for Asia and especially for the nations of Southeast Asia who are deeply affected by APEC priorities, China's president defined the central task as maintaining a stable, peaceful security environment. His use of the meeting theme, "One Great Family, Our Future," as a metaphor for the Asia-Pacific region was highly significant in this regard. Finally, Hu devoted a considerable portion of his remarks to explaining China's economic circumstances and to reassuring the participants about the nation's continuing economic viability and stability.

By his remarks and especially by announcing the conclusion of a large number of business contracts with entities in Latin America, Hu set forth an image of China as a mature, responsible, economically progressive, and deeply engaged player in Asia-Pacific affairs that is clearly committed to the view that multilateral, cooperative effort represents the best way to produce a series of "win-win" outcomes. Put differently, Hu managed to reverse a perception long-held in certain quarters that China's rise signals a series of problems and potential instability. On the contrary, he managed to present China as part of the solution rather than as part of the problem. As will be seen below, his role at APEC played well in Southeast Asia and helped to set the stage for a bravura performance at the upcoming ASEAN summit.

Acting Locally: the Bilateral Dimension

Despite its other commitments and concerns, during the quarter Beijing did not fail to cultivate and improve its ties with individual nations of the region. On the contrary, the Chinese managed successfully to buttress their previously somewhat tenuous ties with Indonesia and the Philippines, to continue the expansion of relations with Bangkok, and to impart a measure of stability to their always nettlesome relations with Hanoi.

Former Foreign Minister, State Councilor, and Special Envoy of President Hu Jintao Tang Jiaxuan served as the main vector of Beijing's effort during his swing through the

region in late October and early November. In Jakarta, Tang met with Indonesian Foreign Minister Hassan Wirajuda to discuss the possibilities and potentialities inherent in the bilateral relationship and to develop the concepts required to establishing a framework for expanded relations.

After the required affirmation of Indonesia's "one China" policy and the announcement of Chinese support for Indonesia's hosting of the April 2005 African-Asian Summit and celebration of the 50th anniversary of the Bandung Asian-African Summit, Tang went on to express agreement that bilateral relations had reached a new phase and that it was now time jointly to develop the substantive interactions appropriate to that new political/diplomatic environment. In Tang's words: "(the time has come) ...to build the bilateral strategic partnership between the two countries."

The two sides agreed that the particularities of the new relationship would be developed and then discussed by their respective presidents at the APEC and ASEAN Plus One meetings. Significantly there was also general agreement that the new strategic partnership should also include a military dimension. The presidential discussions duly transpired as announced. Also, speaking at the IndoDefence Expo and Forum 2004, Indonesian Defense Minister Juwono Sudarsono announced that Jakarta had decided to enter into "military cooperation" with China and Russia.

Even though there is undoubtedly more rhetoric than substance involved in this new strategic partnership, the announcement of the new relationship is significant. First, it damps down and may even put something of a seal on years of mutual suspicion and mistrust between the two nations. Publicly at least, Jakarta is accepting Beijing's *bona fides*. Second, in a region where hierarchy based upon size and tradition is important, Indonesia, despite its difficulties, carries no little weight. Therefore, by expanding its ties with Indonesia, China acquires a measure of legitimacy and acceptance for its growing presence within the region. Finally, there is the question of ASEAN leadership. Until the onset of its present difficulties, Indonesia, by virtue of its size, its clear identification with market economics, and its support for regional stability and economic development, was regarded as the leader of ASEAN. In recent years, a leadership vacuum has been apparent within ASEAN and the new strategic partnership may well be seen by future analysts as a major step in a Chinese effort to fill that vacuum.

Tang Jiaxuan also stopped in Thailand and Malaysia (as well as in India and Pakistan), primarily to see to the maintenance of what all sides consider to be well-established, flourishing relations. While in Bangkok, Tang used the upcoming 30th anniversary of the establishment of diplomatic relations with Thailand as a platform from which to call for moving the "existing strategic cooperation with Thailand to a new height." Although no official agreements were signed, the two sides did agree to increase the number of people-to-people exchanges and to improve their cooperation in the fields of resource development, energy and telecommunications. While in Malaysia, Tang acknowledged the positive growth in bilateral relations and expressed support for Kuala Lumpur's commitment to host the first East Asian Summit scheduled for December 2005.

Beijing's relations with Manila took a significant turn for the better during the quarter. Philippine President Gloria Macapagal-Arroyo's September state visit apparently fulfilled at least some of its promise for extended and expanded consultation and coordination as well as increases in trade and other activities.

In November, the defense ministers of the two nations agreed to establish a mechanism for annual defense talks. While it is true that Beijing conducts many such sessions with Asian nations as well as countries in Latin America, competing Chinese and Philippine claims in the South China Sea and the history of tension between the two nations over their actions there endow this particular mechanism with some significance. At a minimum, the establishment of the discussion mechanism is designed to reinforce within the region the perception of Chinese reasonableness when addressing the South China Sea territorial issue. It also lends credence to Beijing's announced intention to remain true to its code of conduct agreement with ASEAN as a whole.

It is worth noting that the agreement on the defense discussion mechanism could not have been reached in the absence of an upturn in the overall relationship. That such an upturn has occurred was signaled by a series of telephone discussions between Philippine Foreign Secretary Alberto Romulo and Chinese Foreign Minister Li Zhaoxing during which the two sides discussed "bilateral issues between the two nations."

Again, it is important to keep this development in proper perspective. Substantively, the interactions probably do not amount to very much. However, symbolically, in a region in which symbolism is extremely important, foreign ministerial telephone conversations inevitably carry weight. That Li also regularly conducts such discussions with the U.S. secretary of state will not go unnoticed, either in Manila or in other ASEAN capitals. In sum, as with Indonesia, the quarter saw a successful effort to soften and smooth out some of the rougher edges that had characterized the bilateral relationship.

The only possible exception to Beijing's record of positive bilateral relations during the quarter concerned its ties with Vietnam. The quarter began with the optimistic sound of gongs and cymbals as Premier Wen Jiabao paid an official visit to Hanoi. The purpose of the visit was to consolidate the gains achieved the previous June when the Beibu Gulf Fishery Cooperation Agreement finally became operative. Considering the troubles of the past, the Beibu Agreement, along with another informal, but publicly announced, agreement to speed the process of border demarcation was regarded as a highly significant step by both sides and by the region as a whole. Both Beijing and Hanoi gained considerable credit for their perceived willingness to work cooperatively to solve problems and disagreements that had erupted into conflict in the past. Accordingly, both sides treated the visit as an effective means of encouraging the continuation of the positive trajectory of bilateral ties.

However, the gains of the early October meeting were negated to some extent later in the month when the Chinese Foreign Ministry felt it necessary to express "serious concern" about the Vietnamese call for bids to explore potential oil and gas fields in areas of the South China Sea over which both nations claim sovereignty. Significantly, the Chinese

statement interpreted the action as a repudiation of earlier commitments that had been reaffirmed by both sides barely two weeks previously. For its part, Hanoi simply continued to call for bids and showed little sign of willingness to compromise.

It is not likely that the incident will have any real negative impact on the overall peaceful climate of the sub-region. Neither China nor Vietnam has any interest in allowing their ties to deteriorate. Accordingly, the demarcation of the land border is likely to continue at a measured pace, the Beibu Gulf will remain basically peaceful, and economic relations will continue to develop. In fact, in November, Beijing announced that it would allocate additional funds for improvements in the rail line connecting Kunming and Hanoi.

However, within the region, it is clear that relations between the two sides are inherently flawed and that probably no amount of negotiation will provide a permanent solution. There is, therefore, concern in ASEAN capitals that Chinese-Vietnamese tensions could act as a force that undermines the willingness of all of the parties to the South China Sea territorial dispute to put their disagreements aside and focus on other matters of greater import, such as trade and economic development. The Beijing-Hanoi divide also has the potential to undermine ASEAN unity as individual nations develop their respective calculuses of national interest.

The Multilateral Dimension: China and ASEAN

If the Chinese government were to choose a slogan to convey the organizing principle and the substance of the multilateral component of its policy throughout the region, that slogan would undoubtedly be something like “Building the East Asian Community.” The idea of community has been a staple of the Southeast Asian political scene for many years. In fact in November 2002, China and ASEAN negotiated a Framework Agreement on ASEAN-China Comprehensive Economic Cooperation, as a prelude to subsequent negotiations on establishing an ASEAN-China Free Trade Area (FTA). Progress on implementation had been slow and uneven, the major achievement being the so-called Early Harvest Agreement signed with Thailand in January 2004. The agreement focused on trade in fresh fruit and other categories of agricultural products.

It is now clear, however, that all of the parties concerned made a deliberate decision to speed up the process of implementing the framework and establishing a true FTA. It also seems clear that the two sides also wish to explore and identify additional areas of joint activity and cooperation in order to broaden and deepen the quality of the overall multilateral relationship.

On Sept. 4, Chinese and ASEAN economic and trade ministers met in Jakarta to discuss ways and means of achieving the new objectives. The meeting produced an agreement in principle on the initial elements of the FTA: trade and the settlement of disputes. Three working groups were established to draft rules on the origin of goods and regulations on trade in goods and trade in services, which were to be formalized at the upcoming ASEAN and ASEAN Plus One meetings scheduled for the last week of November.

This action duly transpired Nov. 29 with the signing of agreements on trade of goods and on dispute settlement. With the objective of establishing the FTA by 2010, China and the core members of ASEAN (Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) will begin immediately to reduce tariffs on a selected range of goods and remove certain restrictions on trade in services. Similar arrangements are to come into effect with the “new” members of ASEAN (Cambodia, Laos, Burma, and Vietnam) no later than 2015.

Although the economic agreements were the core achievements of the meeting, China and ASEAN also agreed to develop and make available an action plan for advancing the strategic partnership. Premier Wen probably provided a preview of the substance of this action plan in remarks offered at the ASEAN Plus Three sessions. The areas identified for ASEAN Plus Three cooperation and, therefore, for ASEAN activities with China were: establishing the FTA, deeper cooperation in investment and finance, expanded security dialogue and cooperation, expanded cultural exchanges, periodic reviews of progress toward developing cooperation for developing an East Asia Consensus, and assigning larger numbers of personnel to supporting joint activities.

In other ASEAN-related activities, in early November the first China-ASEAN Expo convened in Nanning, the capital of the Guangxi Zhuang Autonomous Region. The first China-ASEAN Business and Investment Summit was held on the sidelines of the Expo.

In addition to the signing of contracts and investment deals, both events were intended to impart substance to Guangxi’s effort to become an “International Channel” between China and ASEAN. Accordingly, much was made of continuing program commitments to building the railroads, roads, airports, and seaports required to fulfill that function. Significantly, representation was at a high level: the Chinese vice premier represented his boss, Wen Jaibao, who is intimately associated with the project. Not surprisingly, given the proximity of their respective nations to Guangxi, the prime ministers of Cambodia, Laos, and Burma were welcomed as honored guests.

Although the total value of contracts concluded was relatively low, around \$5.75 million, politically, the event was almost certainly a major success. Beijing was able to add substance and heft to its ties with the three nations of ASEAN with which it has special influence and interests. Then too, it was able to demonstrate further its commitment to developing economic and infrastructural connections with the least developed nations of the sub-region. Finally, the Chinese were able to claim the expo as a first example of the benefits to be gained by implementing the agreement on the FTA.

Finally with respect to ASEAN, in early November, Beijing hosted the first Security Policy Conference of the ASEAN Regional Forum. In yet another demonstration of Chinese commitment to multilateral cooperation, Premier Wen opened the meeting. The (military officer) delegates observed an anti-hijack drill and agreed to identify and open up new channels of communication to deal more effectively with nontraditional security threats. In addition to establishing yet another linkage with the military establishments of the region, the Chinese probably also scored some points by leading the meeting to affirm

the importance of cooperation in countering terrorists while simultaneously pointing up the need to do so in ways that were consonant with the provisions of international law.

While the diplomats and national leaders were approving the details of various economic, political, cultural, and security agreements, members of regional academic, diplomatic, and business sectors were actively engaged in setting forth different theoretical/intellectual and financial/commercial concepts to guide future planning for the proposed "East Asian Community."

On Oct. 14, former Chinese Foreign Ministry Spokesman, Ambassador to France, and now President of the Chinese Foreign Affairs University Wu Jianmin used the closing of the annual meeting of the Network of East Asian Think Tanks (NEAT) to assert in an interview with *People's Daily* that "The concept of East Asian Community has been accepted by the 13 East Asian countries and become a common understanding." NEAT is an ASEAN Plus Three creation whose mission is to provide conceptual and practical advice on developing regional cooperation. Wu also announced that the 13 East Asian countries have agreed to hold the first East Asian Summit in Malaysia in December of this year. Citing the impact of globalization, a growing recognition with the region of the need for greater economic unity, especially with regard to currency and fiscal policies, and the positive results of cooperation achieved thus far, Wu provided what most regional security experts apparently regard as a solid rationale for proceeding with the meeting.

Consensus on the desirability of convening an East Asian summit was authoritatively affirmed when, on Dec. 6, Malaysian Prime Minister Abdullah Ahmad Badawi outlined a seven-point roadmap to chart the course of the East Asian Community and measure its progress. At this writing it is, of course, impossible to describe the goals and the agenda with any degree of specificity. Prime Minister Badawi's "Roadmap" amounts, understandably, to little more than a series of extremely general "shoulds and oughts" designed to stimulate the thinking of the various organizers and program developers. However, it can be said that, despite the lack of specifics, the concepts, definitions, and methods suggested by Prime Minister Badawi appear to follow quite closely the terms of discourse on regional cooperation that have been enunciated by Chinese officials since the beginning of 2002.

Responding to Disaster

China responded rapidly to the call for relief for victims of the tsunami disaster. Premier Wen Jiabao, who appears to be assuming the role of China's point man on all aspects of relations with ASEAN, arrived in Jakarta Jan. 5 to attend a special ASEAN summit called to discuss how best to respond to the overwhelming demand for relief of all kinds. Although Wen met with the Maldivian president and the Thai and Sri Lankan foreign ministers, it seemed apparent that the bulk of Chinese aid would be directed toward Indonesia, which did suffer the greatest damage. The total Chinese aid commitment at the time was said to amount to just over \$80 million and Premier Wen indicated that more would be forthcoming.

The Chinese response involved the participation of many different sectors, including the People's Liberation Army, the Chinese Red Cross, government employees, and the full spectrum of state-owned and private enterprises. In addition to providing immediate relief in terms of food, water, and shelter, Premier Wen indicated that Beijing was committed to involvement over the long haul, including the participation of Chinese construction companies in efforts to provide housing, schools, hospitals, and to rehabilitate destroyed infrastructure. Beijing also announced the convening of a meeting of representatives of China, ASEAN, and other countries that suffered destruction later this month in Beijing. The meeting will consider ways and means of creating a region-wide warning system capable of alerting the populations of threatened areas to the possibility of major disaster.

Conclusion

Several observations can be made on the current state of Chinese "connections" with Southeast Asia. In one sense, the events of the last quarter of 2004 represent the culmination of trends set in motion a little over two years ago with the publication by Beijing in 2002 of its Defense White Paper. Two of the defining features of that document were the emphasis on the dominance of peace and development as forces driving global development and a corollary imperative toward implementing external policies based upon multilateral, cooperative approaches. The most recent Defense White Paper, published in December of 2004, does not stray from that path.

This suggests, in turn, that Beijing's overall approach to Southeast Asia and Asia in general, is not likely to change very much in the near term. The reality is that Beijing has come to be perceived within the region as being willing to bring its considerable and rapidly growing comprehensive national power to bear in favor of adopting cooperative approaches to the solution of regional issues and problems. Beijing believes that this is in its interest and sees no reason to change its posture.

Second, arguably Beijing is now exerting more influence than any other external power over the Southeast Asian economic, political, and diplomatic agenda. For example, the decision to proceed with the FTA suggests that in the last five years or so, China has elevated the ASEAN Plus One process to an unprecedented height. It has also played a central role in creating, virtually from whole cloth, the ASEAN Plus Three processes and begun a regular series of meetings with Japan and the Republic of Korea. All of this is at the heart of the regional agenda.

Third, these associations, agreements, and processes involve a restructuring of regional relations, both among the nations of ASEAN and between ASEAN and the nations outside the sub-region. Internally, the communiqué of the last ASEAN summit suggests that the organization is determined to achieve a new level of unity as well as an expansion of its activities. Whether it will be possible for ASEAN to deal effectively with its internal stresses and strains is an open question. It is a safe bet, however, that there will be considerable pressure for change. Externally, in the eyes of the region, innovation and relevance appear to emanate from Beijing while Japan, the ROK, and India only attempt to match the pace. Increasingly, Australia, India, Japan, the Republic of Korea,

and the United States are finding themselves in a position of having to react to trends that are established in large measure by the Chinese.

Fourth, and admittedly only impressionistically, the nations of Southeast Asia appear to regard China with less suspicion and more trust than in the past. This is not to suggest that there is any less willingness to welcome Washington, Tokyo, and New Delhi now than in the past. But, it is to suggest that ASEAN is growing more confident of its own ability to manage the challenges of an emerging China.

In the past, Asian nations responded to Beijing largely on the basis of its potential. There was a measure of ambiguity in Southeast Asian perceptions of China and its behavior and, arising from that sense of ambiguity was an observable tendency to hedge against a downturn in bilateral ties. At present the need for hedging appears to have lost some of its urgency.

Finally, it is essential to recall that the way ahead will not be smooth, nor will it always be possible for Beijing to maintain its positive stance. Trade in fruit and vegetables between Bangkok and Kunming is one thing. Removing tariffs on automobiles is quite another. Increasingly China is impinging on certain niche markets that the nations of ASEAN have traditionally regarded as their own. The Chinese will continue to face conflicting pressures on currency revaluation and this could force choices that will not play well in Southeast Asia. The South China Sea territorial disputes involve issues of nationalism and national pride and underestimating the creativity and resilience of Tokyo, Seoul, and New Delhi and their ability to compete effectively with China would be a mistake of grave proportions. Nonetheless just now, the connections between China and Southeast Asia are stronger and more diverse than at any time in the past. Whether they will weaken, grow stronger, or remain more or less the same depends on many things, some of which have been noted above. However, as the region moves into 2005, the smart money seems to be on China.

Chronology of China-Southeast Asia Relations October-December 2004*

Oct. 4, 2004: Thailand reports 11th death from bird flu.

Oct. 4, 2004: Singaporean Foreign Ministry warns Taiwan not to “belittle Singapore.”

Oct. 6, 2004: Chinese Premier Wen Jiabao arrives in Vietnam for fifth Asia-Europe Meeting (ASEM) summit in Hanoi to be held Oct.78-9.

Oct. 7, 2004: Asian and European nations gather in Hanoi to accept Burma and 12 other countries into ASEM.

* Compiled by Lena Kay, Vasey Fellow, Pacific Forum CSIS.

Oct. 14, 2004: Wu Jianmin, former Chinese Foreign Ministry spokesman, ambassador to France, and now president of the Chinese Foreign Affairs University, used the closing of the annual meeting of the Network of East Asian Think Tanks (NEAT) to assert in an interview with *People's Daily* that "The concept of East Asian Community has been accepted by the 13 East Asian countries and become a common understanding."

Oct. 15, 2004: Senior Chinese leader Wu Guanzheng meets Indonesia President-elect Susilo Bambang Yudhoyono.

Oct. 17, 2004: Chinese President Hu Jintao meets with new Cambodian King Norodom Sihamoni.

Oct. 21, 2004: China protests Vietnam's oil bid in disputed Spratly Islands in the South China Sea, saying move violated China's territorial sovereignty and rights.

Oct. 22, 2004: Chinese State Councilor Tang Jiaxuan meets Malaysian PM Badawi to discuss China-Malaysia relationship. Malaysia reiterates adherence to the "one China" policy.

Oct. 26, 2004: State Councilor Tang meets Thai PM Thaksin to discuss Thailand-China diplomatic ties and bilateral strategic cooperation. Thaksin reiterates "one China" policy.

Nov. 3, 2004: China, and the Association of Southeast Asian Nations (ASEAN) launch the first China-ASEAN trade fair (CA-Expo) in Naning.

Nov. 4-6, 2004: Beijing hosts First Security Policy Conference of the ASEAN Regional Forum (ARF) attended by defense officials from 24 ARF countries.

Nov. 5, 2004: State Councilor Tang meets Indonesian Foreign Minister Hasan Wirayudha to enhance bilateral relationship. Wirayudha reaffirms "one China" policy.

Nov. 19, 2004: Philippines Defense Secretary Avelino Cruz and Chinese Defense Minister Gen. Cao Caochuan agree to set up mechanism for annual defense talks.

Nov. 21, 2004: Chinese Foreign Minister Li Zhaoxing holds phone conversation with Philippine Foreign Secretary Alberto Romulo to discuss bilateral issues.

Nov. 24, 2004: Defense Minister Juwono Sudarsono says Indonesia has elected to enter into military cooperation with Russia and China at the IndoDefence Expo and Forum-2004.

Nov. 28, 2004: Asian health ministers meet in Thailand to discuss bird flu.

Nov. 29, 2004: ASEAN holds 10th summit in Vientiane, Laos. ASEAN Leaders sign the Vientiane Action Program, and the ASEAN Framework Agreement for the Integration of Priority Sectors. ASEAN economic ministers sign the ASEAN Sectoral Integration Protocol and ASEAN Protocol on Enhanced Disputes Settlement Mechanism.

Nov. 29, 2004: China and ASEAN hold eighth summit. They sign pact aimed at creating world's largest free trade zone. They also agree to expand Framework Agreement for the Integration of Priority Sectors to create an ASEAN community with a common market and common security goals. Premier Wen reiterates that "China is willing to accede at an early date to the Protocol of the Treaty on the Southeast Asia Nuclear Weapon-Free Zone," and is willing to "shelve disputes while going in for joint development" with regards to the South China Sea.

Nov. 29, 2004: ASEAN Plus Three agrees to hold East Asia Summit in Malaysia in 2005.

Nov. 30, 2004: Premier Wen meets President of Lao National Assembly Saman Vignaket and says "China will stick to its friendly policy toward Laos no matter how the world situation changes."

Nov. 30, 2004: China Aviation Oil chief executive officer Chen Jiulin leaves Singapore after company discloses it lost \$550 million on speculative trading in derivatives.

Dec. 6, 2004: Malaysian Prime Minister Abdullah Ahmad Badawi outlines a seven-point roadmap to chart the course of the East Asian Community and measure its progress.

Dec. 8, 2004: Highway linking China and Burma to be rebuilt to boost exchanges between China and Southeast Asia.

Dec. 8, 2004: Chen Jiulin, chief executive of embattled China Aviation Oil Singapore Corp. Ltd., arrested in Singapore.

Dec. 11, 2004: Court documents show that China Aviation Oil is \$152 million in debt since losing \$550 million from trading in oil derivatives, and owes money to 12 banks.

Dec. 16, 2004: China Vice Premier Hui Liangyu meets Thailand Deputy Prime Minister Chaturon Chaisaeng to promote strategic partner relationship.

Dec. 14, 2004: East Timor-Leste embassy opens in China.

Dec. 18, 2004: Cambodia's Senate President Chea Sim and Prime Minister Hun Sen meet visiting Chinese delegation led by Chen Haosu, president of the Chinese People's Association for Friendship with Foreign Countries. Hun Sen reaffirms that "Cambodia always pays great attention to strengthen the friendly relations with China."

Dec. 19, 2004: President Hu meets Chief Executive of the Macao Special Administrative Region (SAR) Edmund Ho Hau Wah, to celebrate Macao's fifth anniversary. Hu reiterates that "one country, two systems" is the fundamental guarantee of Macao's sustained development and its long-term prosperity and stability.

Dec. 20, 2004: President Hu tells Hong Kong Chief Executive Tung Chee-hwa that the Hong Kong government "must be more concerned with the people of Hong Kong."

Dec. 22, 2004: Burma's Prime Minister Lt. Gen. Soe Win, and Mayor Brig. Gen. Aung Thein Lynn meet Chen Haosu, president of the Chinese People's Association for Friendship with Foreign Countries to enhance bilateral relations, and to discuss issues of common interest.

Dec. 22, 2004: Ministers of six Mekong River countries sign documents to ease cross-border goods transport and travel at the 13th Greater Mekong Subregion (GMS).

Dec. 24, 2004: Thailand opens first Regional Operation Center (ROC) – the Khon Kaen University, which will serve as technical coordinator to link provincial strategies with foreign policy in handling relations with neighboring countries.

Dec. 26, 2004: Powerful earthquake shocks South and Southeast Asia and Africa, with total death to exceed 150,000. China offers emergency humanitarian aid to India, Indonesia, Sri Lanka, Maldives and Thailand.

Dec. 27, 2004: China publishes Defense White Paper, stressing a government security strategy to build a streamlined military with "Chinese characteristics." In the paper, China attaches importance to the role of the ASEAN Regional Forum (ARF), and is devoted to its development.

Dec. 29, 2004: China offers \$2.7 million (Yuan 21.63 million) as emergency humanitarian aid to India, Indonesia, Thailand, Sri Lanka, and Maldives.