

**China's foreign policy in Southeast Asia:  
Harmonious worldview and its impact on good neighbor diplomacy**

Tsai Tung-Chieh, Hung Ming-Te and Tony Tai-Ting Liu \*

With its rapid rise after the Cold War, China regards a peaceful and stable global environment not only as a stabilizer for development, but also as an important foundation for the country to promote connection and integration with the international political-economic system (Hsu, 2007). On the one hand, China promotes the concept of a "harmonious worldview" to counter the the impression of a "China threat," on the other hand, China hopes to improve its relations with neighboring countries through bilateral and multilateral approaches under the policy guidance of "good neighbor diplomacy," in order to reduce security threats and construct a regional environment favorable for economic development. Under the harmonious worldview concept, China has actively sought various bilateral and multilateral initiatives with ASEAN and the establishment of bilateral free trade agreements. With traditional security problems under control and temporarily resolved, China hopes to strengthen cooperation with Southeast Asia in the realm of non-traditional security.

This paper aims to provide a clear explanation of China's foreign policy in Southeast Asia in the post Cold War period and a rough sketch of future developments. This paper first discusses the meaning of the harmonious worldview concept and good neighbor diplomacy, laying a foundation for understanding China's foreign policy in Southeast Asia. The paper then details changes in Chinese foreign policy in Southeast Asia by analyzing China's strategic goals and policy accomplishments in the region.

**New security concept, harmonious worldview and China's new diplomacy**

*Emergence of the New Security Concept and Related Policy Development*

After China began to actively pursue multilateral diplomacy and issued its strategic

---

\* Tsai Tung-Chieh is professor of Graduate Institute of International Politics, National Chung Hsing University, Taiwan. Hung Ming-Te (corresponding author) is doctoral candidate at the Graduate Institute of International Politics (GIOIP), National Chung Hsing University. Tony Tai-Ting Liu is a doctoral student at GIOIP. An earlier version of this paper was presented at the International Studies Association's (ISA) 51<sup>st</sup> Annual Convention, New Orleans, USA, February 17-20, 2010. We thank the discussant and fellow panelists for their helpful comments.

declaration to “become a responsible stakeholder in the international community,” its desire and ability to undertake international responsibility has continued to increase. The country has clearly realized that participating in international institutions is an important requirement for breaking out of isolation and garnering international respect through responsible actions (Men, 2007). China has certainly helped to advance its image as a “responsible power” through such actions as preventing a decline in the value of its currency during the 1997 Asian financial crisis, providing economic aid to neighboring countries and advocating the establishment of formal regional economic cooperation mechanisms. As a result of such actions, positive benefits have accrued to China from Southeast Asia’s regained economic stability, as evidenced in China’s rising influence in the region (Lum et al, 2008).

In the same year, China proposed a “new security concept” at the ASEAN Regional Forum (ARF) and pointed out that, as a member of the Asia Pacific region, it had continued its efforts towards developing dialogue and cooperation with other countries and contributing to the facilitation of economic stability and prosperity in the region. Guided by a stated policy of “mutual trust, mutual benefit, equality and cooperation,” China has sought to improve its relationship with ASEAN and persuade countries in the region that the idea of a “China threat” is illusory (Sutter, 2005). It is clear that China has been taking a less confrontational, more sophisticated, more confident, and more constructive approach towards regional and global affairs, adopting a more measured, confident and constructive approach in foreign relations. Since the mid-1990s, China has expanded both the number and scope of its bilateral relationships, joined in various trade and security accords, deepened its participation in notable multilateral organizations and accepted many prevailing international rules. Thus, China has become a much more capable and adept player of the diplomatic game (Medeiros and Favel, 2003).

China’s adjusted approach towards bilateral relations, multilateral organizations and international security issues demonstrate the attempt by recent leaders to break out of its post-Tiananmen isolation and reconstruct China’s image while protecting and promoting its economic interests and national security (Medeiros and Favel, 2003). Since the 1990s, Beijing has been promoting new relations with other countries, establishing different levels of partnerships to balance the US alliance system in East Asia. China began to engage Southeast Asia by agreeing to hold an annual meeting with senior ASEAN officials in 1995, which further developed into an annual meeting between ASEAN and China’s premier. The ASEAN + 3 mechanism was initiated by China after its participation in ASEAN + 1, and China has also deepened its involvement in the Asia Pacific Economic Council (APEC), hosting the ninth unofficial summit in 2001.

It is clear that China is gradually changing its foreign policy practices and trying to utilize new methods for the promotion of security. In practice, China first emphasizes

commercial interactions, then displays flexible and diverse forms of dialogue, and finally searches for a win-win result (Wang, 2001). In concert with this approach, after proposing the new security concept, China proposed the good neighbor diplomacy based on the concept of “befriending and maintaining good relationships with neighbors” (*yi lin wei ban, yi lin wei shan*). It is guided by the ideal of “be harmonious, pacify and enrich thy neighbors” (*mu lin, an lin, fu lin*) and has “peace, security, cooperation, prosperity” as policy goals. This new approach is applied towards the pursuit of regional cooperation. Since China’s entry into the international system, it has gradually demonstrated and realized its vision of a harmonious worldview, a view that emphasizes multilateral negotiations.

### *Connotation of Harmonious Worldview and Its Practice*

In 2003, China proposed the “peaceful rise” policy. Despite the assertion of peaceful intent in this proposal, the proposal generated negative responses from the international community and neighboring countries. The term “rise” carries the implication of the growth of relative power and further implies potential pressure and threat towards neighboring countries, especially during periods of civil unrest or political instability. At such times, when a state may need to pursue self interest and security, any state’s sudden increase in power inevitably results in other states’ insecurity and the rise of a security dilemma (Waltz, 1979). As Herz points out, a state that seeks to increase its security has the unintended effect of decreasing the security of others (Jervis, 1998). When a state pursues power and security, a security dilemma is fostered as other states’ pursuit of power and security is threatened (Buzan, 1991). This may be the very reason for China’s proposal of the “harmonious worldview” in place of the “peaceful rise” (Chao and Hsu, 2009).

At the 2005 Asia-Africa Summit in Jakarta, Chinese president Hu Jin Tao pointed out that Asian and African countries should “promote good friendship, equal dialogue and the development of prosperity among civilizations, and jointly construct a harmonious world,” which was the first appearance of the “harmonious world” concept. Following the summit, former foreign minister Li Zhao Xin, during a meeting of foreign ministers at the Asia-Europe Meeting (ASEM), asserted that countries should continue to strengthen cultural exchanges, promote equal dialogue, accommodate each other, develop prosperity and jointly construct a harmonious world. Hu’s speech “Making Great Efforts to Build a Harmonious World with Long-lasting Peace and Common Prosperity” at the United Nations 60<sup>th</sup> anniversary summit capped China’s introduction and explication of its harmonious worldview concept. Following Hu’s lead, Chinese politicians and diplomats have enunciated the harmonious worldview concept on many occasions in a variety of international forums.

Following the introduction and promulgation of this new foreign policy concept, Hu Jin Tao made the following explanations regarding the harmonious worldview. First, *China would maintain multilateralism and realize common security*. Countries should join hands to deal with global security threats, forgo Cold War thinking, erect new security concepts of mutual trust, mutual prosperity and mutual cooperation, construct equal and effective collective security mechanisms and maintain world peace and security together. *China would maintain mutual benefit and cooperation and realize common prosperity*. China would actively push for the construction of a complete, open, equal and non-discriminatory multilateral trade system, and pursue further refinement of the international financial system. China would do its best to contribute to the joint development of nations. Third, *China would maintain the spirit of accommodation and jointly construct the harmonious world*. Based on the spirit of equality and openness to maintain respect for diversity among nations, China promotes the diminishment of mutual suspicion and separation, the facilitation of democracy and the construction of a harmonious world accommodating different civilizations (Chao and Hsu, 2009).

The practice of the harmonious worldview policy includes the following objectives:

- (1) *active and voluntary multilateral diplomacy*: Since the 1990s, China has hoped to expand its global maneuvering space through active participation in multilateralism. Today, China is a member of more than 130 international organizations and has signed more than 250 multilateral treaties (Tsai, 2008). The rate of China's participation in international intergovernmental organizations is 61.19%, ranking 27<sup>th</sup> among all nations, and 58.14% in nongovernmental organizations, ranking 31<sup>st</sup> among all nations. From this perspective, China's participation in world affairs is increasing (Men, 2007). Multilateral diplomacy not only benefits the construction of a positive Chinese image, it also increases China's influence (Medeiros and Fravel, 2003).
- (2) *promotion of a harmonious environment*: After the "befriend thy neighbor" proposal was made during the 16th National Congress of the Communist Party of China, Chinese premier Wen Jia Bao further proposed the "three neighbor" (*san lin*) policy of "be harmonious, pacify and enrich thy neighbors."
- (3) *emphasis on culture in foreign relations*: Culture has become an important channel for China to promote the harmonious worldview concept. China has placed more importance on other cultural values and used cultural identity to strengthen belief in and realization of the harmonious world. The fourth generation leadership has tried to utilize cultural diplomacy such as the establishment of the Confucius Institute in 2004 and the promotion of Chinese language study to advance its foreign policy objectives.

### *Transformation and Adjustment of the Good Neighbor Diplomacy*

Since the end of the Cold War, the trend of multipolarity has developed in both global and regional affairs. The result has not only caused relations among large countries to undergo major adjustment, various forces have also recombined to produce new phenomena, especially the continuing development of economic globalization and interdependence among states. In contrast to traditional security concerns such as geopolitics, military security and ideology, economics now plays a major role in international relations. The rapid and efficient integration of China with its neighbors and the international community is critical for future economic security and international strategic planning.

Since stability and prosperity in the Asia-Pacific region is most relevant to the development of its national interests, China must endeavor to maintain and ensure regional stability as a foundation for economic development. Politically, China is pursuing 'harmonious neighbor' cooperation and friendly and equal relations with neighboring countries to achieve this goal. Economically, China has worked hard towards improving relations with East Asian countries by implementing regional trade agreements that benefit both China and its neighbors. China promotes cooperation and dialogue among states and peaceful resolution of conflicts to maintain domestic and regional stability. China's good neighbor policy includes the following objectives:

- (1) *peaceful negotiation to resolve border conflicts and improve relations*: Resolution of territorial disputes is an important element of good neighbor diplomacy and peaceful negotiation towards this end is one of China's primary goals in border conflict resolution.
- (2) *construction of companion and cooperative relations and bilateral dialogue*: The purpose of constructing multiple companion relationships is to advance bilateral relations. The promotion of interactive cooperation is an important element of good neighbor policy.<sup>1</sup> The creation of companion relationships with neighboring countries helps to resolve potential conflicts.
- (3) *participation in multilateralism and promotion of joint conflict resolution*: In the post Cold War period, China moved away from suspicion and anxiety towards multilateral diplomacy and began to participate in the functioning of relevant mechanisms (Johnston and Evans, 1999). China has moved from the isolationist policy of its past towards active participation in multilateral security dialogues (Fukushima, 2002). China has not only participated more actively in regional organizations such as ASEAN, it has also initiated the Shanghai Cooperation Organization and the Boao Forum for Asia.
- (4) *improvement in economic and trade cooperation*: Strengthening economic and

trade cooperation and interaction with neighboring countries is also an important part of China's good neighbor diplomacy. China strengthens economic and trade exchanges through bilateral cooperation while making use of existing international mechanisms at the same time.

China's pursuit of these objectives make it clear that the 'good neighbor' approach to diplomacy encompassed in its 'harmonious world' concept has become the basic blueprint for its international strategy. At the 15<sup>th</sup> Party Congress in 1997, this policy was more clearly iterated (Chao and Hsu, 2009). For example, Jiang Zemin stated that, "affirming to good neighbor is this country's chronic stance, it will not change; regarding conflicting issues between this country and its neighbors, one should keep eye on maintaining peace, stabilizing the overall situation and seeking resolution through friendly negotiations. If it is not possible to be resolved at once, it may be temporarily put aside; find common ground and save the differences." The working report of the 16<sup>th</sup> Party Congress also points out that, "(China) must continue to strengthen good neighbor and friendship, affirm to good relations and companionship, strengthen regional cooperation and strengthen exchange and cooperation with neighboring states." It is also the first time the slogan of "befriending and maintaining good relationship with neighbors" (*yi lin wei ban, yi lin wei shan*) was articulated, deepening the policy meaning of good neighbor diplomacy. Hu Jin Tao also stated during the 17<sup>th</sup> Party Congress that China will continue to carry forth the good neighbor diplomatic policy of "befriending and maintaining good relationship with neighbors" and actively expand regional cooperation. Good neighbor diplomacy has become the primary impetus in Chinese diplomacy after Deng Xiaoping.

## **China-ASEAN Relations in the Post Cold War Period**

### *Period of Passive Participation (1990 - 1995)*

China's perception of multilateral institutions largely remained cautious and suspicious throughout this period. Since China thought multilateral security agreements might be detrimental to its national sovereignty, China did not respond positively to the proposal for creating a multilateral security forum in the Asia-Pacific region that was first put forward in the early 1990s. Although China finally agreed to join in the ARF in 1994 and agreed to participate in annual consultations on political and security issues at the senior official level, China's involvement in these institutions was passive and apprehensive. The main intention of China's engagement with ASEAN was to ward off any developments that might jeopardize its national interests (Kuik, 2008).

Despite these various concerns,<sup>2</sup> China ultimately decided to participate in the

ARF. A report from the Institute of Asia-Pacific Studies at the Chinese Academy of Social Science points out that China's decision was "a product of careful calculation over strategic benefits and political costs." The report also recognized that the emergence of multilateral security mechanisms in the region was an unstoppable trend, and that China had to involve itself in the multilateral process in a pragmatic way. Specifically, the report stated that China should proactively shape the development of security mechanisms to ensure a favorable position in a fluid and complex security environment. In contrast, non-participation might risk arousing ASEAN suspicions about China's intentions in the region.

#### *Period of Active Participation (1996 - 1999)*

After several years of cautious participation and watchful observation, China gradually changed its perception of multilateral cooperation, and realized that multilateral forums may not necessarily be harmful to its national security. Instead, China came to conclude that multilateral cooperation could be used as a diplomatic platform to promote China's own foreign policy agenda. While bilateral diplomacy has remained the mainstay of China's ASEAN policy, multilateral diplomacy has slowly begun to play a supplementary role (Kuik, 2008). China gradually participated in ARF activities and other forums for multilateral cooperation in the region. As an extended model of ASEAN, the ARF works as an informal, consultative, consensus building mechanism. The ARF enables China to participate in regional diplomacy in a way it is comfortable with. Furthermore, in contrast to ASEAN's unique role in maintaining balanced relations with major powers, the ARF assuages China's suspicion towards multilateral institutions. Through participation in various confidence building measure (CBM) activities, China hoped to reassure its neighbors and dampen the perception of China as a threat (Kuik, 2008). At the same time, China persistently stressed the new security concept through ARF and other multilateral occasions. China's intentions have been to promote the most appropriate means for organizing post-Cold War security relations in the Asia Pacific (Capie and Evans, 2002).

#### *Period of Active Proposition (2000 - )*

China's embrace of multilateral diplomacy reached new heights in 2000 when it proposed the establishment of a free trade area between China and ASEAN. Leaders from the two sides reached an agreement in the following year to establish free trade within the next ten years. Unlike earlier stages in which Beijing merely responded to ideas put forward by ASEAN, Beijing now entered a new phase in which it was beginning to initiate bold proposals. Multilateral forums have since been used as valuable diplomatic platforms aimed at transforming foreign policy propositions into long term strategic re-

ality (Kuik, 2008). It is clear that China's understanding of multilateral mechanisms and policy has markedly advanced from caution and suspicion to positivity and activity. China has now begun to move towards a diplomatic strategy of multilateralism, actively promoting security dialogue in the Asia Pacific region and consolidating regional security through multilateralism.

The overall relationship between China and ASEAN has been transformed from one of suspicion and fear, driven at first by ideology and then largely by ongoing territorial disputes, to one of increasing cooperation and collaboration, particularly in terms of trade. This shift in the geopolitical orientation of Southeast Asia is part of what some see as a larger shift in the international balance of power that puts the rise of Asia in general, and China in particular, on a scale equivalent to the rise of Europe in the 17th century or the rise of the United States at the beginning of the 20th century (Vaughn and Morrison, 2006).

### **China's Strategy and Foreign Policy in Southeast Asia**

#### *China's Strategic Interests and Goals in Southeast Asia*

Promoting stable security relations with its neighbors is the basic starting point of Chinese policy; to have a peaceful and stable regional environment is a key aspect of China's security strategy and core interest.<sup>3</sup> The 1998 National Defense Whitepaper summed up the country's desire for an international environment of long term peace, especially a favorable peripheral environment (Bert, 2003). The establishment of long-standing and stable relations with ASEAN is now a primary focus of China's foreign policy. Regarding Southeast Asia, China retains several strategic objectives: (1) reduce great power influence in the region, especially the US; (2) create a strategic buffer zone through friendly state(s) in the region; (3) protect Chinese territory in the South China Sea. Furthermore, as China rises to become a major trading state with an ever increasing demand for imported oil and natural gas, and with most of its energy imports transiting through the Strait of Malacca, the security of Southeast Asian sea lanes is critical for China's security (Khalilzad et al, 2001).

As the next 15-20 years is deemed to be a period of strategic opportunity for China to increase economic development and achieve great power status, China hopes to create a safe and secure regional environment (Chambers, 2008; Yuan, 2006). Accordingly, Southeast Asia is one of the most important factors that may influence China's rise to great power status. In terms of balance of power, China's strategic goal is to diminish US influence in the region, especially through curtailing US military deployments in the region and through counteracting the encircling chain of bilateral security arrangements

the US has formed with many of China's neighbors. Another Chinese aim is to effectively turn the South China Sea into an 'inner lake' and have this accepted as such internationally, gradually subordinating Southeast Asia to Beijing's strategic interests and putting in place a kind of Chinese Monroe Doctrine to avoid potential strategic containment. China's objectives in maintaining a secure neighboring environment include facilitating economic growth; strengthening economic and commercial relations beneficial to China's economic modernization and stability; encouraging the idea among Southeast Asian states that China is the most important power in Asia; maintaining and expanding trade routes; developing trade relationships for economic and political purposes; and gaining access to regional energy resources and raw materials (Vaughn and Morrison, 2006; Ott, 2006; Percival, 2007).

#### *China's Policy Actions towards Southeast Asia*

Following the guidance of the harmonious worldview concept, China has adopted a good neighbor policy towards its surrounding regions. China abides by the "five principles of peaceful coexistence" (*he ping gong chu wu yuan ze*) as its policy foundation for shaping a peaceful international environment to the benefit of China's economic advancement (Bert, 2003). Under the guidance of the "five guidelines of regional cooperation" (*qu yu he zuo wu xiang zhi dao*), China has set out to resolve residual historical problems in Southeast Asia through negotiations. At the same time, China supports regional integration and through the principle of using "great power as key, neighboring states as priority," (*da bian shi guan jian, zhou bian shi shou yao*), it has strengthened its regional leadership role (Tsai, 2008).

China's policy goal is to facilitate growth and stability in domestic economics and establish an environment for realization. As Chinese foreign minister Qian Qi Chen points out, the top priority of China's foreign policy is to maintain a stable peripheral environment to safeguard normal economic circumstances at home. China regards the establishment of stable relations with ASEAN as an important factor in achieving this goal; ASEAN provides the critical support needed for the realization of Chinese policy (Bert, 2003). China's harmonious worldview policy may be examined in four aspects: politico-security, economics, multilateral diplomacy and soft power.

#### (1) politico-security

China has improved its relations with other states through the establishment of various kinds of cooperation partnerships and adopted peaceful negotiations as a mean to resolving border disputes. Qian Qi Chen's appearance at ASEAN's foreign minister meeting in 1991 represents the first formal contact between China and ASEAN. After the establishment of the ARF in 1994, China entered ASEAN as a consulting partner

and gradually advanced to the status of full dialogue partner in 1995. In 1997, ASEAN set up a “joint cooperation committee” between China and ASEAN. Also in 1997, China and ASEAN issued a joint declaration at the first ASEAN-China unofficial leadership summit to promote mutual interaction.

In 2003, ASEAN and China established the “strategic partnership for peace and prosperity” and agreed to jointly pursue political, social, security and regional cooperation and interaction. At the same time, China and ASEAN also signed a mutual non-aggression pact; China became the first non-Southeast Asian state to sign the treaty with Southeast Asia, a sign of improvements in politico-security relations between China and ASEAN. At the 2004 ASEAN-China summit, both parties agreed on the “Plan of Action to Implement the Joint Declaration on Strategic Partnership for Peace and Prosperity” as a comprehensive plan for 2005-2010. Both parties further issued a joint statement at the 15<sup>th</sup> commemorative summit between ASEAN and China in 2006, titled “Towards an Enhanced ASEAN-China Strategic Partnership,” in hopes of strengthening cooperation on politico-security, economic, sociocultural and regional issues.

China’s efforts to improve its security environment can also be seen in actions taken towards the peaceful resolution of border conflicts. An example of China’s efforts in this regard is its handling of longstanding disputes with Vietnam. Traditional territorial disputes between the two states include issues with the common border between the two states, the Beibu Gulf (Northern Bay) and the Spratly Islands. An improvement in bilateral relations began in 1999 when both countries signed a land border treaty, which paved the way for an agreement on the demarcation of territorial waters, the establishment of economic zones and the continental shelf of the two countries in the Beibu Gulf and the Beibu Gulf Fishery Cooperation Agreement in the following year. The agreements resolved border issues and demarcation problems in the Beibu Gulf; however, a dispute over the Spratly Islands is a subject of ongoing negotiations.

Despite the fact that South China Sea disputes with both Vietnam and the Philippines remain unresolved, China has come to adopt a policy of “leaving conflicts aside and jointly develop.” In 2002, China agreed on the Declaration on the Conduct of Parties in the South China Sea, temporarily halting all current territorial disputes while promoting cooperative confidence building measures. It is clear that China is emphasizing the resolution of disputes in the South China Sea through bilateral and multilateral negotiations (Hsu, 2007). ASEAN countries welcomed this act as evidence of China’s good will in pursuing friendly regional relations.

## (2) economics

Since the end of the Cold War, economics has been the primary driver of China’s

relationship with Southeast Asia. The region is of prime importance for China because it harbors a rich supply of the natural resources necessary to fuel China's rapid industrial growth, and also because the region represents a market of 500 million people (particularly for cheaper and lower-quality goods that are not traded with Western markets), and finally because ASEAN states have invested heavily in China since the early 1980s (Story, 2007). The combination of these three factors has led to a large increase in two-way trade from \$25 billion in 1997 to \$231 billion in 2008. In contrast to trade with the US, China's trade with ASEAN over the last ten years has increased rapidly. In the period from 1997-2008, China's exports to ASEAN grew from 799% to 847% in terms of import from ASEAN.

For ASEAN, China's economic significance lies in continuing trade and investment, as the China-ASEAN FTA and the completion of other agreements cement bilateral economic relations. China's total imports from ASEAN have grown from \$12.4 billion in 1997 to \$116.9 billion in 2008 and its total exports to ASEAN have also grown from \$12.7 billion in 1997 to \$114.1 billion in 2008. Even though China was only ASEAN's fifth largest trading partner, fifth largest export market and third largest source of import in 2005, total bilateral trade (\$202.5 billion) surpassed that between the US and ASEAN (\$171.7 billion) for the first time in 2007. It is clear that China and ASEAN have moved closer in terms of economic relations. Not only has China become ASEAN's largest trading partner, it has also become one of ASEAN's main sources of foreign direct investment. Southeast Asia's considerable economic importance has driven China to actively pursue bilateral and multilateral cooperation with ASEAN.

Since 1999, China has made joint statements with ASEAN on individual issues, demonstrating a gradual expansion in bilateral cooperation on trade related issues with Southeast Asia. China and ASEAN made a joint statement at the commemorative summit in 2006, agreeing to further advance mutual trust and understanding and strengthen strategic partnership. In the following year, China and ASEAN signed an agreement on trade in service, laying the foundation for the establishment of free trade. Building on these bilateral relations, China has widened its scope of engagement to embrace multilateralism, and its official goal is to strengthen economic cooperation and consultation with ASEAN. China and ASEAN have already established five parallel dialogue mechanisms: senior elite consultation, business council, joint cooperation council, trade council and joint technology council. In the fourth ASEAN + 3 summit in 2000, China's ex-premier Zhu Rong Ji proposed joining with ASEAN to expand China's global political and economic influence. Following up on the proposal at the fifth ASEAN + 3 summit, both sides agreed to establish a FTA within ten years and in 2002, the signing of the Framework Agreement on Comprehensive Economic Cooperation officially put the China-ASEAN FTA (CAFTA) in motion.

In 2003, China signed the Treaty of Amity and Cooperation in Southeast Asia and the Joint Declaration on Strategic Partnership for Peace and Prosperity. Following these signings, and coupled with the Early Harvest Programme (EHP) put in place by the declaration, China and ASEAN finally signed the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-Operation and the Agreement on Dispute Settlement Mechanism of the Framework Agreement on Comprehensive Economic Co-Operation by the end of 2004. Accordingly, CAFTA abolished all tariffs between China and Southeast Asia and formalized complete cooperation in politics, security, military, transport, tourism and other areas. The CAFTA market has a population of two billion people and a total sum of production of \$2.4 trillion. The region is the largest free trade area in terms of population while trailing only NAFTA and the EU in terms of economic scale.

### (3) multilateral diplomacy

Institutions are an important pillar of soft power; from the perspective of international relations history, global leaders are often the creators of institutions (Men, 2007). For China, “multilateral diplomacy” points the way towards shaping a peaceful environment to promote peaceful development through the initiation of international cooperation based on the exploitation of international organizations and non-state actors. “Oppose hegemonism and great power politics” and “maintain the wide interests of developing states” are the principles that China emphasizes in multilateral activities. China not only actively participates in existing regional multilateral organizations consisting of neighboring states, it also voluntarily initiates multilateral cooperative mechanisms. In 1996, China became ASEAN’s full dialogue partner, and in 1997 China strengthened cooperation with Southeast Asia through ASEAN + 1 and ASEAN + 3 (Hsu, 2007). Furthermore, China held the first annual China-ASEAN Expo in 2004, participated in the ARF, the Greater Mekong Subregion Summit and the East Asian Summit, and established the China-ASEAN FTA.

### (4) soft power

Aside from China’s rapid rise in military and economic power, its increase in soft power should be noted, as Chinese soft power is now being exercised in all parts of the world. Yanghong Huang and Sheng Ding argue that the rise of China is not simply an hard power expansion. It is accompanied by tremendous efforts to develop soft power, which inevitably reduces US influence (Huang and Ding, 2006). An increasing number of US scholars have given attention to China’s growing soft power and how it threatens US national interests. As China specialist David Shambaugh points out:

“China’s engagement with ASEAN reflects an increased appreciation by the Chi-

nese government of the importance of norms and ‘soft power’ in diplomacy. Chinese print media, television, music, food, and popular culture are spreading around Asia as never before. Beijing’s growing appreciation of soft power diplomacy is also evident in China’s efforts to popularize Chinese culture throughout the region and to train future generations of intellectuals, technicians, and political elites in its universities and technical colleges. China increasingly sees higher education as an instrument of statecraft” (Shambaugh, 2004/2005)

As the scholar who popularized the term “soft power,” Joseph Nye observes that China’s soft power is slowly growing while US soft power is diminishing (Nye, 2005). In another observation regarding China’s soft power, Joshua Kurlantzick describes how China expresses global influence through its soft power and asserts that the US needs to face up to China’s soft power challenge (Kurlantzick, 2007).

China’s effective role in maintaining economic stability in Southeast Asia during the 1997 Asian Financial Crisis greatly increased Chinese influence in the region (Goldstein, 2001; Chew, 2004; Garrison, 2005). The “Chinese model” is now deemed more glamorous than the American model and has become a recognized new political/economic phenomenon. The Beijing Consensus (an ideological framework for guiding the organization and growth of developing nations) in some ways may already be more popular than the Washington Consensus, as it hints at the possibility of leaders pursuing economic growth and maintaining political authoritarianism at the same time (Sutter, 2006; Sutter, 2008; Cho and Jeong, 2008). Many developing states also accept China’s concept of “eradicating poverty and securing the right to survive as the ultimate respect of human rights,” a concept that challenges the traditional American concept of “no liberal democracy, no economic development” (Tsai, 2008). In other words, even if China has not openly promoted its model, its emphasis on the diversity of developmental experiences already challenges the American model and the rising popularity of the China model is a clear demonstration of the growth of China’s soft power.

Accompanying the rise of China, studies on Chinese history, culture and language have gained popularity worldwide. China has begun to use this new wave of popularity or *zhong guo re* to improve its international image. Establishment of the Confucius Institute is an often cited example of increasing popularity of China studies. More specifically, promotion of the Chinese language has become a critical part of China’s public diplomacy (Kurlantzick, 2007). Imitating the experiences of other nations in promoting national culture and language, the Office of Chinese Language Council (*guo jia han ban*) was established in 1987 and the first Confucius Institute was established in 2004 (Ding and Sauders, 2006). The institute is headquartered in Beijing and acts as a functioning model for foreign cooperation through establishing branch institutes abroad.

The main framework is the “Chinese Bridge Project” passed by China’s Department of State in 2004, including the establishment of Confucius Institutes abroad and the development of multimedia teaching resources such as “Chengo Chinese” and “Great Wall Chinese” (Ding and Sauders, 2006).

Since the establishment of the first foreign Confucius Institute in Seoul in November 2004, the Chinese government established 554 institutes in 88 countries and regions by 2009. Currently, China has 34 Confucius Institutes in Southeast Asia. It may be said that the Confucius Institute is a clear expression of China’s soft power, especially in Southeast Asia. As the *New York Times* points out, the Chinese government’s establishment of these institutes is not only intended to capitalize on the newfound popularity of all things Chinese but also to exploit this as a way of extending international influence and good will towards other countries. By using the cautiously chosen name, “Confucius Institute,” Beijing clearly demonstrates its intention to increase its soft power while avoiding connections with state ideology in order to curb worries about its rapid rise (French, 2006).

### **Conclusion: The Future of China’s Foreign Policy in Southeast Asia**

To achieve its strategic developmental goals, China not only needs a peaceful and stable domestic and external environment, it also needs to help create a harmonious world in favor of economic development and increased international status. The harmonious worldview concept and good neighbor diplomacy are the primary policies being pursued to achieve these goals. For China, Southeast Asia is clearly one of the most cherished regions. Southeast Asia is an arena of opportunity: geographically proximate, economically attractive, historically subordinate and harboring an influential Chinese population. Southeast Asia sits astride sea lanes that are rapidly becoming China’s energy lifeline. Chinese security analysts see Southeast Asia as the weak link in any US effort to contain China (Ott, 2006). Due to Southeast Asia’s strategic importance, China wants to achieve predominance in the region and see a sharp diminution of US influence, “especially in terms of its military deployments to the region and its encircling chain of bilateral security arrangements with many of China’s neighbors” (Banlaoi, 2003). It is clear that Southeast Asia has strategic value and rich natural resources; ten countries and five hundred million people have probed China to prioritize the consolidation of its influence in the region.

Although China makes great effort to promote the harmonious worldview concept, pronouncing itself as a responsible great power and eliminating worries of any perceived China threat, it does not mean that Southeast Asian states have no fear of China, as China’s rise entails important political, military and economic implications for the

region. Although China has signed the Declaration on the Conduct of Parties in the South China Sea, Vietnam and the Philippines still fear the possibility of Chinese invasion. On the other hand, any Sino-US conflict may cause China to adopt an aggressive policy in terms of territory and resources, leading to instability in Southeast Asia. Economically, China's rise may be both beneficial and detrimental for ASEAN, as ASEAN may suffer in the face of China's vigorous competition in terms of cost (Cooney and Sato, 2009). In other words, even though China's status in Southeast Asia is gradually improving and changing perceptions towards China in the region, worries remain and states still hope the US can act as a balance against Chinese power.

In response to such fears, China may adopt the following policies to improve its international image and eliminate any perception of China as a threat. First, China may continue to promote the concepts of harmonious worldview and peaceful development in order to avoid the impression among Southeast Asian states that China is hoping to become the dominant influence in the region. Second, China may highlight the common strategic and economic interests between China and the US in order to maintain peace and stability in the region. Third, China may seek to strengthen relations with ASEAN by increasing mutual trust and settling differences cooperatively. To this end, China may continue to strengthen bilateral and multilateral cooperation with ASEAN states, reinforcing its leading role in regional economic integration. Finally, China may endeavor to strengthen its soft power influence in Southeast Asia.

## References

- Banlaoi, Rommel (2003). "Southeast Asian Perspectives on the Rise of China: Regional Security after 9/11." *Parameters* (Summer), pp.98-107.
- Bert, Wayne (2003). *The United States, China and Southeast Asian Security: A Changing of the Guard?* New York: Palgrave Macmillan.
- Buzan, Barry (1991). *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*. Boulder: Lynne Rienner.
- Capie, David & Paul Evans (2002). *The Asia-Pacific Security Lexicon*. Pasir Panjang: Institute of Southeast Asian Studies.
- Chambers, Michael (2008). "China's Military Rise to Great Power Status." In Evelyn Goh & Sheldon Simon eds., *China, the United States, and Southeast Asia: Contending Perspectives on Politics, Security, and Economics*. New York: Routledge, pp.167-184.
- Chao, Chien-Min Chao & Chih-Chia Hsu (2009). "zhong guo di si dai ling dao ji ti de he xie shi jie guan: li lun yu yi han." (China's Harmonious World: Theory and Significance) *Yuan Jing Ji Jin Hui Ji Kan (Prospect Quarterly)*, Vol.10, No.1, pp.1-44.
- Cheng, Joseph Y.S. & Zhang Wankun (2002). "Patterns and Dynamics of China's International Strategic Behaviour." *Journal of Contemporary China*, Vol.11, No.31, pp.235-260.
- Chew, Eric Teo Chu (2004). "China's Rising Soft Power in Southeast Asia." *PacNet*, No.19a (May 3), pp.1-2.
- Cooney, Kevin & Yoichiro Sato (2009). *The Rise of China and International Security: American and Asia Respond*. New York: Routledge.
- Ding, Sheng & Robert Saunders (2006). "Taking Up China: An Analysis of China's Rising Cultural Power and Global Promotion of the Chinese Language." *East Asia: An International Quarterly*, Vol.23, No.2, p.3-33.
- French, Howard. "Another Chinese Export is All the Rage: China's Language." *New York Times*, January 11, 2006.
- Fukushima, Akiko (2002). "Multilateralism and Security Cooperation in China." In Benjamin Self & Jeffrey Thompson eds., *An Alliance for Engagement: Building Cooperation in Security Relations with China*. Washington DC: Henry Stimson Center, pp.165-188.
- Garrison, Jean (2005). "China's Prudent Cultivation of 'Soft' Power and Implications for U.S. Policy in East Asia." *Asian Affairs : An American Review*, Vol.32, No.1 (2005), pp.25-30.
- Goldstein, Avery (2001). "The Diplomatic Face of China's Grand Strategy: A Rising Power's Emerging Choice." *The China Quarterly*, No.168 (December), p.835-864.<sup>1</sup>
- Cho, Young Nam & Jong Ho Jeong (2008). "China's Soft Power: Discussion, Resources, and Prospects." *Asian Survey*, Vol.48, No.3, p.453-472.
- Hsu, Chih-Chia (2007). "zhong guo xin mu lin wai jiao zheng ce: zhang lue yi han yu zuo wei." (China's New Good Neighbor Foreign Policy: Strategy and Behavior) *Yuan Jing Ji Jin Hui Ji Kan (Prospect Quarterly)*, Vol.8, No.3, pp.43-90.
- Huang, Yanghong & Sheng Ding (2006). "Dragon's Underbelly: an Analysis of China's Soft Power." *East Asia: An International Quarterly*, Vol.23, No.4, pp.1-28.
- Institute of Southeast Asian Studies (2004). *Developing ASEAN-China Relations Realities and Prospects: A Brief Report on the ASEAN-China Forum*. Singapore: Institute of Southeast Asian Studies.

- Jervis, Robert (1998). "Realism, Game Theory and Cooperation." *World Politics*, Vol.40, No.3, pp.317-349.
- Johnston, Alastair Iain & Paul Evans (1999). "China's Engagement with Multilateral Security Institutions." In Alastair Iain Johnston & Robert Ross eds., *Engaging China: The Management of An Emerging Power*. New York: Routledge, pp.241-278.
- Khalilzad, Zalmay et. al. (2001). *The United States and Asia: toward a New U.S. Strategy and Force Posture*. Santa Monica: RAND.
- Kuik, Cheng-Chwee (2008). "Multilateralism in China's ASEAN Policy: Its Evolution, Characteristics and Aspiration." *Contemporary Southeast Asia*, Vol.27, No.1, pp.102-122.
- Kurlantzick, Joshua (2007). *Charm Offensive: How China's Soft Power Is Transforming the World*. New Haven: Yale University Press.
- Lum, Thomas, Wayne Morrison & Bruce Vaughn (2008). *China's "Soft Power" in Southeast Asia*. Washington DC: US Senate Committee of Foreign Relations.
- Medeiros, Evan & Taylor Fravel (2003). "China's New Diplomacy." *Foreign Affairs*, Vol.82, No.6, pp.22-35.
- Men, Hong-Hua (2007). "zhong guo ruan shi li pin gu bao gao (shang)." (Assessment Report on the Soft Power of China (Part 1)) *Guo Ji Guan Cha (International Review)*, No.2, pp.37-46.
- Men, Hong-Hua (2007). "zhong guo ruan shi li pin gu bao gao (xia)." (Assessment Report on the Soft Power of China (Part 2)) *Guo Ji Guan Cha (International Review)*, No.3, pp.15-26.
- Nye, Joseph. "The Rise of China's Soft Power." *Wall Street Journal*, December 29, 2005.
- Ott, Marvin (2006). "Southeast Asian Security Challenges: America's Responses?" *Strategic Forum* 222 (October), pp.1-8.
- Percival, Bronson (2007). *The Dragon Looks Southeast Asia: China and Southeast Asia in the New Century*. Westport: Praeger Security International.
- Shambaugh, David (2004/2005). "China Engages Asia: Reshaping the Regional Order." *International Security*, Vol.29, No.3, pp.64-99.
- Story, Ian (2007). *The United States and ASEAN-China Relations: All Quiet on the Southeast Asian Front*. Carlisle Barracks: Strategic Studies Institute.
- Sutter, Robert (2005). *China's Rise in Asia: Promises and Perils*. Maryland: Rowman & Littlefield.
- Sutter, Robert (2006). *China's Rise: Implications for U.S. Leadership in Asia*. Washington DC: East-West Center.
- Sutter, Robert (2008). "China's Rise, Southeast Asia and the United States." In Evelyn Goh & Sheldon Simon eds. *China, the United States, and Southeast Asia: Contending Perspectives on Politics, Security, and Economics*. New York: Routledge.
- Tsai, Tung-Chieh (2008). *Dang Dai Zhong Guo Wai Jiao Zheng Ce (China's New Diplomacy: Interpreting its Connotation and Tendency)*. Taipei: Wunan Book.
- Vaughn, Bruce & Wayne Morrison (2006). *China-Southeast Asia Relations: Trends, Issues and Implications for the United States*. New York: Council on Foreign Relations.
- Waltz, Kenneth (1979). *Theory of International Politics*. New York: McGraw-Hill.
- Wang, Kun-Yi (2001). "zhong guo de he xie wai jiao yu dui nan tai ping yang de kuo zhan." (China's "Harmonious Diplomacy" and its Diplomacy Expansion to the South Pacific) *Tai Wan Guo Ji Yan Jiu Ji Kan (Taiwan International Studies Quarterly)*, Vol.3, No.3 (2001), p.70.

Yuan, Jing-dong (2006). *China-ASEAN Relations: Perspectives, Prospects and Implications for U.S. Interests*. Carlisle Barracks: Strategic Studies Institute.

## Notes

<sup>1</sup> Motivations for China's engagement include: 1. desire to secure a peaceful and stable international environment for domestic economic development; 2. desire for multipolarization and due recognition of China as an important pole in a multipolar world; 3. new strategic thinking and ideological positions in support of China's emergence as a major power in the coming century. See Joseph Y.S. Cheng and Zhang Wankun, "Patterns and Dynamics of China's International Strategic Behaviour," *Journal of Contemporary China*, Vol.11, No.31 (2002), pp.255-256.

<sup>2</sup> China's concerns lie in four specific areas: 1. the proposed forum would be dominated and used by Washington to interfere in other country's international affairs; 2. the likelihood that ASEAN might use the forum to internationalize the Spratly Islands dispute and pose a united challenge against China. 3. the possibility that the Taiwan issue might be included in the ARF agenda. 4. the problem of military transparency.

<sup>3</sup> Other aspects include: 1. defending core interests such as domestic stability and national unity, territorial integrity, social prosperity, regional peace and stability; 2. defending global interests, even though it is still quite limited at present. See Institute of Southeast Asian Studies, *Developing ASEAN-China Relations Realities and Prospects: A Brief Report on the ASEAN-China Forum* (Singapore: Institute of Southeast Asian Studies, 2004), p.7.