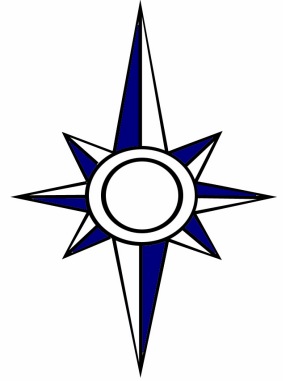


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



China-Southeast Asia Relations:

**Dancing with China:**

*(In a Psyche of Adaptability, Adjustment, And Cooperation)*

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Syntax and usage aside, the language of the subtitle of this analysis (paraphrased from an article in *People's Daily*) captures fully the thrust and character of Beijing's relations with Southeast Asia during the second quarter of 2005. Buoyed by a swift international response, a high level of assistance, and the success of their own hard work, the nations of Southeast Asia threw off the torpor induced by the tsunami of December 2004 and returned to business as usual. Beijing seized the opportunity and immediately reenergized plans placed in temporary, forced abeyance in the wake of the disaster. The result was yet another series of apparent Chinese successes in Beijing's continuing drive to gain acceptance as a good neighbor and further enhance its regional status.

## **The good neighbor I: the travels of Hu Jintao**

During the quarter, China's highest leadership made its presence felt in five of the six longest-standing members of the Association of Southeast Asian Nations (ASEAN). Australia and New Zealand, both of which seek a larger measure of economic interaction with Southeast Asia, also received attention. On April 20, President Hu Jintao began an eight-day journey that took him to Indonesia, Brunei, and the Philippines. Later, on May 19 National Peoples' Congress (NPC) Chair Wu Bangguo began a four-nation tour that included Singapore, Australia, New Zealand, and Malaysia. Regional media outlets gave both missions high marks.

President Hu's purpose was clearly strategic. By attending the Asia-Africa Summit and especially by participating in the activities marking the 50<sup>th</sup> Anniversary of the Asia-Africa Conference in Bandung/Non-Aligned Movement, Hu was able not only to reaffirm China's identification with other developing nations – and successfully at that – but also to meet and familiarize himself with their leaders. Parenthetically, the visit almost certainly had a domestic political purpose as well. Hu was able to demonstrate to his colleagues back in Beijing the utility and effectiveness of what is becoming a signature foreign policy rubric: “bringing harmony, security, and prosperity to neighbors.”

However, Hu's primary objectives were to advance China's ties with ASEAN as a whole, essentially by advancing China's bilateral relations with the individual nations of Indonesia, Brunei, and the Philippines. With respect to Indonesia, Hu remained in the country for a day after the conference closed to meet with Indonesian President Susilo Bambang Yudhoyono and to sign a Strategic Partnership Agreement between Indonesia and China. Under the terms of the agreement, Beijing will provide Jakarta with up to \$507 million to build a bridge in East Java as well as a dam in the western portion of the island. The two leaders also pledged to increase the value of bilateral trade from \$13.5 billion in 2004 to \$15 billion in 2005 and to \$20 billion in 2006. Chinese investment is also expected to grow significantly. Chinese investment in the energy sector already stands at \$1.2 billion and given China's requirements and Indonesia's resources, that figure can only grow. Then too, the accord between the two governments effectively paves the way for an increase in private investment by business circles in China itself. Reportedly, a Chinese business group is committed to investing up to \$10 billion in infrastructure and agricultural ventures.

As beneficial as the increases in trade and investment may prove to be, the larger and more significant effect of Hu's activities is to bring to an end, formally and officially at least, the influence on Indonesian policies of the mutual suspicion that has periodically poisoned the bilateral relationship since the attempted communist coup of 1965. Whether, as some aver, the agreement will enable Indonesia's overseas Chinese community to achieve the status of secure citizenship remains to be seen. In any case, by this action, Hu arguably succeeded in raising the quality of the relationship to a point at which it will be possible to broaden and deepen an array of economic, political, and cultural contacts between China and the world's largest Muslim nation – which is also the largest nation in the region and a leader of ASEAN.

It is worth noting that Southeast Asian analysts almost unanimously approved of the new strategic partnership on grounds that it would help to guarantee peace and stability by restructuring the friction out of the Beijing-Jakarta relationship. As a result, the personal status of both Hu and Yudhoyono was boosted significantly. It is also tempting to suggest that Beijing could not have failed to understand that by dealing with "questions of history" so effectively, Hu was able to present a favorable contrast with Japan, which appears in any case to have suffered a decline in regional esteem as a result of its perceived major role in the deterioration of relations with China.

Owing perhaps to the fact of a lower baseline in bilateral relations, Hu's achievements in Brunei were less dramatic than the gains in Jakarta. Indeed the dynamics of the visit reflected a symmetry that suggested an element of the perfunctory. Nonetheless, the visit did serve to demonstrate Beijing's interest in developing the relationship and, more important, to establish a basis for future evolution. During the two-day visit, Hu met with Sultan Haji Hassanal Bolkiah and other leaders and persons of note and, in the words of the communiqué, "reached a common understanding on bilateral relations and international and regional issues of common interest."

Such parlance usually translates into an admission that although matters may have lagged in the past and are not likely to expand dramatically in the immediate future, both sides are committed to positive interaction. Accordingly, the two leaders announced the founding of the Brunei-China Friendship Association, promised to increase tourism, agreed to cooperate in energy and telecommunications ventures, and welcomed the Exchange of Notes on Mutual Visa Exemption for Diplomatic, Official, and Service Passport Holders. Hu affirmed Chinese support of ASEAN as the leading force in regional cooperation in return for which the sultan acknowledged Beijing's positive approach to regional relations, and of course strongly affirmed the one China principle.

Hu received a warm welcome in the Philippines. He met with President Gloria Macapagal-Arroyo in an effort to maintain the newly established positive momentum of bilateral ties. Hu acknowledged the constructive nature of relations with Manila and promised to continue to implement that spirit. Perhaps to reinforce his promise, Hu also predicted that bilateral trade would more than double and reach \$30 billion within the next five years.

The larger significance of Hu's visit lies in the context in which it occurred. Relations between Beijing and Manila are expanding rapidly with the visit to China of President Macapagal-Arroyo earlier in the year, announcement of a strategic partnership, agreements on joint exploration and development in the South China Sea, and new trade agreements (all reported in previous editions). Significantly, in May, President Macapagal-Arroyo met with People's Liberation Army Deputy Chief of Staff Xiong Guangkai who was in Manila to conduct the first of what are billed as regular dialogues on defense and security. Xiong also invited the Philippine Navy to participate in upcoming search and rescue exercises later in the year.

Observers in the Philippines and no doubt in the region as a whole will probably not fail to notice that the high-level military and civilian interlocutors that Beijing deploys to Washington and Manila are one and the same. Hu's presence in the Philippines serves to confirm both the high salience of Philippine relations to Chinese interests and the willingness of Chinese leaders to work actively to pursue them.

### **The good neighbor II: on the road with Wu Bangguo**

Wu Bangguo's status as the chair of the National People's Congress meant that the sectors he met with differed from those that met with Hu Jintao. However, the purposes of Wu's travels were much the same as those of the president. One objective involved fence mending. Relations between China and Singapore have been strained by Singapore's reported continued use of Taiwan territory for military training, by Singapore's reaction to the default under suspicious conditions of China's Aviation Oil Company, and to the apparently intractable friction attendant to the operation of the Suzhou Industrial Park, which from the perspective of Singapore's business community has proven to be a fiscal and financial liability, despite the efforts of both governments. Allegedly, there is also some disagreement on the issue of Washington as a power in Asia.

The atmosphere was effectively and efficiently cleared, at least for the moment, at Wu's meeting with Singapore President S.R. Nathan on May 19. Both officials agreed that differences in view between nations at different stages of development were inevitable and acceptable as long as recognition of common interests sustained dialogue and communication. In a subsequent meeting with Minister Mentor Lee Kuan Yew, he reiterated this theme and combined it with a call for a concerted effort by both sides to expand all aspects of their relations. Prime Minister Lee Hsien Loong echoed this theme in his meeting with Wu and also announced that he will pay an official visit to China later this year. In essence, through Wu, Beijing once again wrapped itself in the banner of patience, forbearance, practicality, and reason: Wu and China emerged putatively as the *compleat* good neighbor.

In fact, major if not vital Chinese interests are at stake in China's relations with Singapore. Politically, despite the current somewhat fractionalized nature of ASEAN's leadership, Singapore views continue to function as a compass for the organization. Beijing is well aware that success in maintaining good relations with ASEAN is impossible in the absence of smooth ties with Singapore. Thus, for Wu, leveling the bumps was an obvious high priority. Also, economically, China has become the fourth-largest trading partner of Singapore and Beijing understands the relationship between politics and trade.

Thus it was that on May 18 the two sides signed a pact to use the China-Singapore Bilateral Investment Promotion Committee, which is chaired by the respective trade ministers, to identify ways and means of expanding commerce between the two nations. In support of this initiative, Wu also offered a four-point plan designed to bring the total value of bilateral trade to over \$50 billion by 2010. Basically, Wu advocated allowing economic priorities to serve as a guide for policies in the political sector. He proposed *inter alia*: reinforcing the political basis for bilateral trade; reducing the role of government and increasing the role of enterprises; actively exploring and identifying new areas for economic cooperation; and, creating new institutions for coordinating multilateral economic cooperation. Whether the Singaporeans will pick up the cards that Wu dropped on the table remains to be seen. From the Chinese perspective, the next play is up to Singapore; and both parties understand that the region will be monitoring developments very closely indeed.

At the end of the month, after stops in New Zealand and Australia, Wu concluded his swing through the region with a visit to Malaysia. As with Hu Jintao in Brunei, the Chinese probably did not expect and indeed did not achieve any major new gains, beyond agreements to produce Malaysian automobiles in China and to encourage greater private investment. Rather, in addition to continuing its courtship of Malaysia, Beijing wanted to assuage its concerns about the potential for friction arising from economic competition. This will be a difficult problem to solve since the largely similar comparative advantages of the two mean that the competition is structurally based. Also, it may have seen an opportunity to pass beyond the constraints of the Mahathir era by using the ascension of Prime Minister Abdullah Ahmad Badawi as an opportunity to develop relations with

Kuala Lumpur more aggressively. Certainly, Beijing would assume it would be easier to deal with the low-key Badawi than with the more imperious Mahathir.

In any case, Wu met with Malaysian Supreme Head of State Syed Sirajuddin, perhaps to reminisce about the leader's March visit to China, but most likely in the hope of securing a high-level expression of support for his call for the two nations to put differences aside and achieve new success in their relations. He expanded on this theme in a speech entitled "Deepening Good-Neighborly Friendship in a Joint Effort for Asian Prosperity." Wu used the speech as an opportunity to recapitulate the evolution of China's relations with Malaysia and the region to its present positive state and then to suggest that the store of historical experience could serve as the basis for new efforts. He simply dismissed the problem of economic frictions by asserting that the two national economies are actually complementary. Finally, in a direct appeal to Malaysian economic interests, Wu highlighted China's daily double-like function within the region by pointing out that its status as the largest import market in Asia combined with its ever-increasing foreign direct investment (FDI) made it a true engine of economic growth. An obvious subtext is that Beijing will continue in this fashion and it would be in the interests of Malaysia to cultivate ties with Beijing.

### **Other bilateral developments**

The headline producing activities of the senior leaders did not slow the rhythm and pace of business at the working level. China's relations with Bangkok (and ASEAN) no doubt received yet another boost as Beijing announced its support for Thailand's bid to see Deputy Prime Minister Surakiart Sathirathai succeed Kofi Annan as UN secretary general. The deputy prime minister is also the choice of the ASEAN membership and if he were to be elected, he would be the first Asian to hold that high position since the days of U Thant more than 30 years ago.

Also, early in May, Thai Deputy Foreign Minister Preecha Laohanpongchana announced Bangkok's intention to prepare for the implementation of the ASEAN-China Free Trade Area (FTA) by opening up to four new consulates in China. Presumably Beijing will open an equal number within Thailand. The intention to get the FTA off to a good start was confirmed by the deputy prime ministers of the two nations when they met May 20 in Beijing to pledge efforts to establish and upgrade mechanisms for economic cooperation and tourism. Finally, in what must surely be one of the more idiosyncratic barter deals in recent years, Beijing and Bangkok agreed to swap a quantity of dried fruit (longans) for an unspecified number of rubber-wheeled armored vehicles.

These events suggest that with the possible exception of Singapore and China, the China-Thailand dyad is more highly evolved than any other in the region. Reflecting the difference in development between the two ASEAN members, the dynamic is different. Beijing-Singapore ties are more complex, more technical, and more conditional. However, the relationship between Beijing and Bangkok is arguably broader, more basic. The relationship also penetrates more deeply into Thai society and into the society of southwest China. That both capitols seem committed to using the process of preparing for

the 2010 commencement of the ASEAN-China FTA to advance their overall level of economic relations raises the possibility that the integration of the two economies may evolve to a point at which even the historically supple diplomats of Thailand would find it difficult to effect a reversal should they feel a need to do so.

Elsewhere on the Southeast Asian Peninsula, relations with Myanmar, Laos, Cambodia, and Vietnam moved at a measured pace. For example, on June 6, China and Myanmar signaled the durability of their close relations with the opening of the first meeting of the Joint Committee for Economic Trade and Technical Cooperation (JCETTC). The JCETTC represents the means by which Beijing intends to shape and manage its economic ties with Rangoon.

On May 6, the People's Supreme Courts of Laos and China convened a seminar on law and governance while on May 17, Vice Chairman of the Chinese Communist Party's Central Military Commission and Defense Minister Xu Caiho and his Cambodian counterpart Hak Savuth announced their willingness to establish a program of military exchanges.

Further east, Beijing and Hanoi managed to avoid yet another outbreak of unpleasantness as Vietnam's Foreign Ministry announced that the Chinese were in no way responsible for the sinking of a Vietnamese vessel. In an earlier meeting with Chinese and Philippine counterparts, Hanoi officials pledged to uphold the code of conduct for the South China Sea and to work actively with Beijing and Manila to achieve peaceful development in the area of conflicting claims in the Spratly Islands.

The routine, almost mundane character of these activities attests to the success China has achieved in establishing itself as the major external influence within peninsular Southeast Asia. Myanmar, Laos, and Cambodia have no sources of support other than China. More significantly, successive governments of Thailand seem to have made a conscious choice to work closely with Beijing despite the potential difficulties the expanded Strategic Partnership might face with respect to Chinese dominance in the longer term. Finally, the Socialist Republic of Vietnam clearly has been neutralized as a force on the peninsula, partly by its own record but also as a result of Chinese actions.

### **The multilateral arena**

April 29 saw the convening of the 11<sup>th</sup> ASEAN-China Consultation at the ASEAN Senior Officials Meeting (SOM). Vice Foreign Minister Wu Dawei led the Chinese delegation. Despite the formality of the occasion, the SOM has the important function of reviewing progress in implementing the ASEAN agenda and identifying issues that might rise to importance in the future.

Following the lead of Hu Jintao while simultaneously preparing the ground for Wu Bangguo, Wu focused on two major themes: the China-ASEAN Strategic Partnership is crucial to regional stability and China affirms that ASEAN plays the leading role in regional multilateral cooperation. Other topics included the agenda of the upcoming

ASEAN-China Eminent Persons Group meeting, UN reform, and the impending East Asian Summit. China also reiterated its willingness to join the Protocol of the Southeast Asia Nuclear Weapons Free Zone Treaty and agreed to join a meeting of the Working Group on Implementing the Declaration on the Conduct of Parties in the South China Sea.

Early in May, the finance ministers of ASEAN, China, Japan, and the Republic of Korea met as the ASEAN Plus Three on the sidelines of the Asian Development Bank meeting in Istanbul. The ministers agreed to improve the effectiveness of the Chiang Mai Initiative by expanding the system of bilateral currency swaps in times of financial stress; an action that promises to address a real need and, incidentally, relieves a bit of the pressure Beijing is facing to revalue the yuan.

A few days later, as the ASEAN Plus Three Foreign Ministers prepared to meet their European counterparts at the Asia Europe Meeting (ASEM), they effectively affirmed the deliberations of the SOM and exchanged views on the Korean Peninsula and UN reform. More important, they discussed criteria for deciding which nations would be invited to participate in the East Asian Summit scheduled to convene in December in Malaysia.

The Chinese finessed this difficult issue, saying in so many words that the summit was an ASEAN show and that Beijing would support whatever course the foreign ministers thought best. Since ASEAN favors the participation of India, but is somewhat reluctant to allow Australia, New Zealand, and the U.S. (the putative hang-up focuses on the requirement that all participants have acceded to the ASEAN Treaty of Amity and Cooperation) and since Beijing is of an identical cast of mind, the Chinese action was eminently sensible from every point of view. It takes the edge off public friction with Washington over the charge of exclusion, it puts Japan on the horns of a dilemma involving its interests with the U.S. and with its Asian neighbors, and it affirms Beijing's ties with ASEAN. A final decision is scheduled for July at the ASEAN Ministerial Meeting set to open in Vientiane.

Other business involving China and ASEAN during the quarter was more workmanlike and far less attention grabbing. It was also more substantive. Beijing announced the opening of the second China-ASEAN Business Summit in the southwestern city of Nanning, thus serving its interest in seeing more integration of the economies of Thailand, Laos, and Cambodia. The Chinese also hosted a workshop for senior ASEAN police officer, reminded the region about the Nautical Rescue Exercise scheduled for July, and signed an agreement with the ASEAN trade negotiating committee to begin the process of implementing the ASEAN-China FTA by reducing tariffs on more than 7,000 items and commodities.

## **Conclusions**

In assessing the impact and effectiveness of Beijing's activities in Southeast Asia during the second quarter, a number of observations emerge. First, from the perspective of policy formulation, it is essential to recognize that much of what may have been

presented here as solid accomplishment may be understood more accurately to amount to a series of initial, or second, third, or fourth steps in an incremental process that could still go wrong. Also, other factors could supervene to erode much of the credit Beijing has gained.

The following two examples are illustrative. With regard to Strategic Partnership with Indonesia, it is difficult to believe that the declaration of a strategic partnership and more coordinated economic activities can have a major immediate effect and help to overcome the years of resentment and suspicion that have been part and parcel of Jakarta's relations with Beijing. It is equally difficult to believe that negative attitudes toward Indonesia's Chinese community will change anytime soon. Then too, the region is deeply concerned about the Korean Peninsula, Taiwan, and the general pattern of China-Japan relations. Beijing will be judged not just by its actions in Southeast Asia but also by its success in managing problems of Asia as a whole. Should Beijing be perceived to be anything other than helpful in managing larger issues, it probably would lose ground in Southeast Asia.

Second, it is essential to guard against a tendency to become swept up in what might be termed the rhetoric of reason emanating from sources in Chinese official and academic circles. Increasingly, Chinese officials speak with a measure of almost breathless optimism more appropriate to the ever-optimistic Dr. Pangloss rather than decision makers who have a firm footing in the world of *realpolitik*.

And yet, Chinese rhetoric is arguably having some effect. Such terms as adjustment, peace, adaptability, stability, harmony, opportunity, win-win, cooperative, multilateral, and so on, appear to have come to dominate and define the regional discourse on interstate relations. This is not to suggest that such concepts are uniquely Chinese or even that they have Chinese sources. It is, however, to suggest that owing to China's size, location, and record of development, when Beijing expresses itself in these terms, the region cannot but listen. Indeed, how could such concepts be opposed? In effect, Beijing has captured the regional discourse and the governments of Southeast Asia are clearly jumping on board.

Finally, Chinese actions also contribute to its ability to define the discourse of the region. Beijing has taken the initiative in restructuring relations with Indonesia and Malaysia; it follows the lead of ASEAN and offers it deference in the multilateral councils of the region; and, Beijing does accommodate and demonstrate sensitivity to the individual concerns of the nations of the region.

Initially, China's new vocabulary and behavior patterns provoked suspicion and concern as regional analysts debated the reality of Chinese priorities and motivations. However, if the events of the past quarter – which at the end of the day are at one with the events of the last two years or so – suggest anything, it is that, correctly or not, the region has become increasingly accepting of China's changing role and position. There is an admission that the rise of China has challenged and changed both the internal relations of the region and the relations of the region with the rest of the globe. There is also a willingness to admit that that challenge and change has thus far been positive.



## **Chronology of China-Southeast Asia Relations April-June 2005 <sup>1</sup>**

**April 5, 2005:** Six Asian nation leaders agree to establish Asian Parliament within five years at the senior advisory council of the Association of Asian Parliaments for Peace.

**April 11, 2005:** China and Vietnam hold first consultations on defensive security in Beijing.

**April 11, 2005:** Philippines and Vietnam work with China on offshore resources dispute in the South China Sea.

**April 12, 2005:** Philippine President Gloria Macapagal-Arroyo says Manila will continue to “aggressively seek” business partnerships with China at the Filipino-Chinese Chamber of Commerce.

**April 14, 2005:** Singapore Business Federation and Hong Kong General Chamber of Commerce sign memorandum of understanding to enhance bilateral economic ties.

**April 20-28, 2005:** Chinese President Hu Jintao visits Brunei, Indonesia, and Philippines.

**April 22-24, 2005:** Over 1,200 senior politicians, scholars, and business people attended the Annual Conference 2005 of Boao Forum for Asia (BFA) with the theme “Asia searching for a win-win deal: new role of Asia.”

**April 22, 2005:** President Hu meets with Brunei’s Sultan Haji Hassanal Bolkiah and signs deals to boost cooperation.

**April 26, 2005:** Indonesian President SBY and Hu sign joint declaration on strategic cooperative partnership.

**April 27, 2005:** President Hu and President Macapagal-Arroyo discuss bilateral relations and regional and international issues. Hu predicts China-Philippine trade volume to reach \$30 billion in five years, more than double the present level.

**May 2, 2005:** Singaporean FM George Yeo says China’s economic explosion is transforming Asia’s political landscape, posing problems and opportunities for its neighbors and for the U.S.

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<sup>1</sup> Compiled by Hyun Jung Jo Choi, 2005 Vasey Fellow, Pacific Forum CSIS.

**May 2, 2005:** Deputy FM Preecha Laohapongchana reveals Thailand will open at least four more consulates in China, and is accelerating the development of logistics operations with China in anticipation of the birth of the Chinese-ASEAN Free Trade Area in 2010.

**May 5, 2005:** Finance ministers from China, Japan, South Korea, and ASEAN agree to expand their bilateral currency swaps under the Chiang Mai Initiative to a more multilateral system.

**May 6, 2005:** Lao and Chinese People's Supreme Courts hold seminar in Vientiane entitled "Governance of the State by the Law" with the aim of increasing cooperation.

**May 9, 2005:** China says it backs Surakiart Sathirathai of Thailand to succeed Kofi Annan as UN secretary general when Annan's term ends next year.

**May 12, 2005:** Vietnam Foreign Ministry Spokesman Le Dzung confirms that the Vietnamese cargo ship that sunk off the coast of Shanghai was not fired upon by Chinese naval ships during their military drill.

**May 17, 2005:** Xu Caihou, vice chairman of the Chinese Central Military Commission, tells visiting Secretary of Cambodian Ministry of National Defense Hak Savuth that Chinese armed forces are ready to enhance close exchanges with the Cambodian army and their friendly cooperative ties.

**May 17, 2005:** Supatra Thanaseniat, deputy permanent secretary for agriculture, and director general of China's Department for International Cooperation, sign a memorandum of understanding (MOU) which will see 67,479.75 tons of dried longans go to China in exchange for *Type WMZ 551B* rubber-wheeled armored vehicles.

**May 17-19, 2005:** Wu Bangguo, chairman of the standing committee of China's National People's Congress (NPC), visits Singapore for a three-day official goodwill visit.

**May 18, 2005:** Singapore and China announce a pact to strengthen economic ties. Under the China-Singapore Bilateral Investment Promotion Committee, officials will discuss policies and issues to boost commerce between their economies.

**May 18, 2005:** At the China-Singapore Economic and Trade Cooperation Forum held in Singapore, NPC Chairman Wu says China aims to double its bilateral trade with Singapore to \$50 billion in five years.

**May 19, 2005:** Negotiators conclude details on customs procedures and reductions in import tariffs on 5,000 items under the ASEAN-China free trade area (FTA) agreement.

**May 23, 2005:** Philippine President Arroyo meets visiting PLA deputy chief, Xiong Guangkai, who is to attend the first dialogue on defense and security between China and the Philippines. Xiong says China has invited the Philippines to participate in multilateral maritime exercises focused primarily on maritime search and rescue operations

**May 30, 2005:** Malaysia signs deal with China's biggest private automaker Geely Group to build cars in Malaysia, during a visit by Chinese lawmaker Wu Bangguo.

**May 30, 2005:** Malaysia and China strengthen economic relations with the signing of four agreements involving private companies.

**May 30, 2005:** During his speech titled "Deepening Good-Neighbourly Friendship in a Joint Effort for Asian Prosperity," visiting Chinese legislator Wu Bangguo reaffirms China's consistent stand for strengthening political dialogue, expanding economic cooperation, and enhancing security cooperation with other Asian countries.

**May 31, 2005:** Vietnamese Ministry of Trade warns that Vietnam's trade deficit with China could reach \$2 billion this year, and is expected to continue increasing for the next five years.

**May 31, 2005:** Wu Bangguo meets with Yang di-Pertuan Agong (Paramount Ruler) Tuanku Syed Sirajuddin of Malaysia and says China-Malaysia relations have reached maturity and entered a new period of all-round development.

**June 1, 2005:** Malaysian Prime Minister Abdullah Ahmad Badawi warns Japan and China must use diplomacy to quell heightened bilateral tensions or the region and the world will face "catastrophic" consequences.

**June 3-5, 2005:** During his keynote speech at the fourth Shangri-La Dialogue in Singapore, PM Lee Hsien Loong says China's emergence as a major trading partner and a fast growing source of tourists and investments is the central reality in Asia.

**June 4, 2005:** Four senior officers from China's Xiamen Airlines visit Brunei to conduct marketing research on the potential of Borneo as a tourist hub.

**June 6, 2005:** China and Myanmar hold first meeting of Joint Committee for Economic, Trade and Technical Cooperation (JCETTC) in Rangoon, to promote economic and trade relations and good neighborly ties.

**June 8, 2005:** President Hu and Chairman of the Myanmar State Peace and Development Council Than Shwe exchange congratulatory messages on the 55<sup>th</sup> anniversary of the establishment of diplomatic ties between the two countries.

**June 8, 2005:** Singaporean authorities arrest suspended chief executive of China's main jet fuel supplier and the president of its mainland parent company, Chen Jiulin, who is linked to risky oil trades that pushed the company to the brink of bankruptcy with losses of over half a billion U.S. dollars.

**June 8, 2005:** China Culture Month is formally inaugurated in celebration of the 55<sup>th</sup> anniversary of the establishment of diplomatic relations between China and Myanmar.

**June 8-10, 2005:** At a panel of the 15<sup>th</sup> Asian Corporate Conference, Thailand's Minister of Commerce Thanong Bidaya says China's fast economic growth will benefit ASEAN.

**June 9, 2005:** Zhang Shaogang, an official of the Ministry of Commerce, says China and ASEAN have agreed to reduce duties on more than 7,000 kinds of products.

**June 9, 2005:** President Hu exchanges congratulations with President Macapagal-Arroyo on 30<sup>th</sup> anniversary of establishment of diplomatic relations between their two countries.

**June 9, 2005:** President Macapagal-Arroyo says Philippine trade with China exceeded \$13 billion in 2004 and the future of their trade partnership looks even brighter.

**June 9, 2005:** Indonesian Coordinating Minister for the Economy Aburizal Bakrie says a group of Chinese investors have committed to investing up to \$8.6 billion in Indonesia's palm oil sector over the next five years.

**June 13-17, 2005:** Chinese Ministry of Public Security hosts a week-long workshop for more than 30 senior officers from ASEAN.

**June 14, 2005:** Chinese Defense Minister Cao Gangchuan meets Thai Army Commander-in-Chief Prawit Wongsuwon and exchange views on relations between the two countries and their armed forces.

**June 14-20, 2005:** Han Qide, vice chairman of the Standing Committee of the NPC, meets a delegation from the Philippine House of Representatives.

**June 21, 2005:** Statistics compiled by Financial Supervisory Commission under the Executive Yuan show Vietnam has emerged as a hot market for Taiwan's finance industry.

**June 21-23, 2005:** 10<sup>th</sup> round of negotiations to discuss maritime issues between Vietnam and China begins in Beijing.

**June 22-23, 2005:** China and ASEAN hold 19<sup>th</sup> meeting in Beijing, recognizing that the tariffs reduction plan will start at the beginning of July.

**June 24, 2005:** Singapore FM Yeo says it is in Singapore's and ASEAN's interests to have all the big powers, like the U.S., China, and Japan, engaged in the region.

**June 28, 2005:** China's state-run CITIC Resources Holdings Ltd. announces plans to buy control of Thai Petrochemical Industry, operator of Asia's largest petrochemical complex, for \$900 million, and aims to double its capacity to tap the lucrative refining and chemical business.

**June 28, 2005:** Finance Minister Jusuf Anwar discloses that China has pledged an additional soft loan of \$200 million to finance three infrastructure projects in Indonesia.

**June 29, 2005:** The second power transmission channel from Yunnan Province in Southwestern China to Vietnam is put into operation officially.

**June 30-July 2, 2005:** Thailand Prime Minister Thaksin Shinawatra makes an official visit to China.