



**China- Southeast Asia Relations:
Building Integration?**

Ronald N. Montaperto
Consultant on Asian Affairs

China's relations with its Southeast Asian neighbors moved along at a steady pace during the third quarter of the year. In the political sphere, Aug. 20 marked the first meeting of the China-ASEAN Eminent Persons Group in Qingdao. Initiated by Premier Wen Jiabao last year, and eagerly anticipated by ASEAN, the meeting put the very important ceremonial seal of approval on the growing relations between China and ASEAN. The Chinese side was led by no less a personage than former Foreign Minister Qian Qichen. The group agreed to hold a second meeting in Kuala Lumpur next year.

In the political/economic sphere, what could have been a major economic issue with significant negative impact on Chinese relations with ASEAN – regional concerns about Beijing's decision to change its policy of pegging the value of the yuan to the U.S. dollar in favor of allowing the yuan to float – failed to materialize in any politically meaningful way.

The absence of neuralgia within Southeast Asian financial and trade circles probably had three sources. First, the Chinese invested significant time and energy in preparing both governmental and private economic centers from Thailand to Singapore to Indonesia for their action; second, regional financial circles were clearly convinced that some action was essential; and third, correctly or not, the action, which allows only the most limited room for fluctuation in value, was broadly perceived as a reasonable first step toward dealing with an issue that is likely to be present for a considerable period of time. In this context, and despite significant concerns about the future, the Chinese decision was seen as prudent, responsible, and reasonable.

Indeed, in coming to terms with the inevitable, business, financial, and government leaders in Bangkok, Jakarta, Kuala Lumpur, Manila, and Singapore, all declared in so many words that a floating yuan is a good thing that is likely to enhance the value of their own respective currencies. It is worth noting that Kuala Lumpur implemented a similar policy with respect to the ringgit.

Although in one sense Beijing merely took a sideways step and succeeded in deferring the time at which the issue of the value of the yuan relative to the dollar and regional currencies will have to be truly resolved, the positive regional reaction augurs well for future economic relations

between Beijing and Southeast Asia. Regional economic leaders probably feel more confident about Beijing's awareness of the impact of any change in the value of the yuan.

Stirrings on the Southeast Asian peninsula

Capitalizing on the goodwill he earned as a result of his travels in the region earlier this year, Premier Wen Jiabao lent added credibility to Beijing's drive to present itself as an economic good neighbor when, on July 5, he delivered a keynote address to the Second Summit of the Greater Mekong Subregion (GMS) that convened, significantly, in the capitol of China's Yunan Province, Kunming. Initiated in 1992 by the Asian Development Bank (ADB) and the six nations sharing the Lancang-Mekong River – Cambodia, China, Laos, Myanmar, Thailand, and Vietnam – the GMS has thus far played less than a vital role in the economic life of Southeast Asia.

That may be about to change, however. In what was almost certainly an attempt to breathe new vitality into the organization, address concerns about potential degradation of riverine environments, and most importantly preempt and define the GMS agenda, Premier Wen reviewed and reaffirmed China's financial and moral contributions to ADB/GMS programs and announced the granting of preferential tariffs to Cambodia, Laos, and Myanmar. He then offered a seven-point plan to increase economic cooperation and support among the nations comprising the "GMS community."

All in all, the premier outlined and pledged Chinese support for a program devoted *inter alia* to building infrastructure, establishing complimentary legal procedures, taking steps to help the GMS nations to participate fully in the ASEAN Free Trade Area (AFTA), protecting the environment, and generally to raising the living standard of the agricultural populations of the GMS members.

Wen offered concrete manifestations of China's interest in the affairs of the GMS in sideline meetings with Myanmar Prime Minister Soe Win, Lao Prime Minister Bounngang Volachit, and Vietnamese Prime Minister Phan Van Khai. In these sessions, he agreed to speed up assistance to Myanmar as well as to grant preferential tax privileges to Chinese firms that invest in that country. He and Prime Minister Phan agreed to work more closely with the Philippines to implement the agreement on joint oil exploration in the South China Sea. He also promised more Chinese investment in Laos and Cambodia. In as much as the economic development of the GMS constitutes a major economic and political interest for Beijing, it is likely that the newly announced Chinese focus and priorities will not only remain in place, but also grow in importance. Beijing's foundation for doing so is most secure.

Relations with ASEAN

In contradistinction to its effort to expand its role in GMS councils, Beijing's actions with respect to ASEAN seemed, as in the last quarter, directed more toward consolidation than toward breaking new ground. Nonetheless, the Chinese sustained a pattern of diplomacy that was as rapid in tempo as it was broad in scope.

Although he left early for a state visit to Myanmar, Foreign Minister Li Zhaoxing led the Chinese delegation to the annual ASEAN meetings that convened in Vientiane, Laos July 26-Aug. 1. These comprised the ASEAN Ministerial Meetings, the Post Ministerial Meetings, and the ASEAN Regional Forum. Representatives of China, Japan, and the Republic of Korea also met with ASEAN representatives in the context of the ASEAN+3 (A+3).

Beijing maintained a relatively low profile throughout the week of meetings, a stance made possible in part by the absence of any issues of major disagreement. In fact, the only issue with potential for disruption involved Myanmar's scheduled, alphabetical assumption of the ASEAN chair in 2006, an action opposed by both the U.S. and the EU on human rights grounds. In the end, the delegates were able to finesse the problem by announcing that Myanmar had decided to "relinquish" its occupation of the chair so that it could better concentrate on development programs.

Considering its close relations with Myanmar, it is virtually certain that Beijing played a major role in brokering the compromise. If so, the action must have provided yet another example of Chinese forbearance and reason in the estimation of ASEAN diplomats. It also probably called attention to the absence from the meeting of the U.S. secretary of state who, according to Philippine Foreign Secretary Romulo, refused to attend because of the Myanmar issue. [*Editor's note: This assertion was strongly denied by Washington, which had reportedly been informed more than a month in advanced that Myanmar would skip its turn.*]

Despite the risk of exposure to charges of special pleading, it should be noted parenthetically that this bit of diplomatic kabuki illustrates the significant progress that has occurred in Beijing's relations with Manila since the beginning of the year. The imputation of meaningless gesturing indicating lack of interest in the affairs of ASEAN is patently unfair. Washington was represented by the U.S. deputy secretary of state who has assumed the Asia portfolio and who has also received high marks within the region for his efforts thus far. And yet it is instructive that the Philippines foreign secretary, a U.S. ally, should have been the instrument by which the negative inference was made. Clearly, Beijing has great credit in Manila.

If the Chinese retained a low profile during the formal ASEAN sessions, their work within the A+3 and other ASEAN groups was much more visible. For example, in early July, the A+3 agreed to increase rice reserves within the region. Later, on July 14 the second A+3 meeting of energy ministers convened in Siem Reap, Cambodia to discuss the probable direction and behavior of global energy markets and to explore ways and means of establishing regional energy cooperation. Although no really concrete measures were announced, all agreed to take additional steps to identify areas for future cooperation.

Just after the conclusion of the regular ASEAN meetings, the A+3 Ministers Responsible for Culture and Arts met to explore commonalities in their respective cultural heritages. They also considered programs for exploring them cooperatively. China's position as the source of Confucian thought, and its contribution to the evolution of Buddhism undoubtedly enabled its representatives to remind their colleagues of the importance within Southeast Asia of all things Chinese.

On the sidelines of the meeting, the Chinese delegation signed a Memorandum of Understanding (MOU), allegedly the first Beijing has ever signed with a regional bloc, pledging to develop and implement programs to raise consciousness of and appreciation for the achievements of the diverse cultures of the region. Interestingly, the MOU also called for the encouragement of collaborative creative activities among artists, musicians, and writers and promised to develop a mechanism to support such activities.

The A+3 did not ignore the more immediately practical side of their activities. On Aug. 17, in Beijing, the group convened the long-anticipated and long-planned Workshop on Policing Exchange and Cooperation among Capital Police Agencies from ASEAN, China, Japan, and the ROK.

Prominent on the agenda were problems in policing the upcoming Olympic Games and protecting the security of foreign nationals in the participants' respective capitals. Additionally, the meeting also provided a venue at which serving police officials could interact and establish the informal personal contacts to supplement and energize the large number of formal agreements already on the books.

During the past 18 months or so, Beijing has been involved in at least five formal meetings with members of ASEAN police forces. Those meetings, in combination with its leading role in the A+3 efforts, make the Chinese major players in regional police circles. Those meetings also mark a change in the center of gravity of police cooperation. Twenty years ago, Chinese police agencies were seeking advice from counterparts throughout the region, especially Singapore and Malaysia. Now they appear at least to hold their own and in not a few cases, to play a leadership role.

In addition to its work with the A+3, Beijing was also careful to tend to the myriad details of its own direct relations with ASEAN. For more than a year, Beijing's top economic priority with respect to ASEAN has been the implementation of the ASEAN-China Free Trade Zone. On July 20, this objective moved closer to reality as China, Brunei, Malaysia, Myanmar, Singapore, and Thailand implemented reciprocal tariff reductions on over 7,455 types of goods and commodities. The mutual tariff reduction from an average of 9.9 percent to an average of 8.1 percent grew out of the Trade in Goods Agreement which in turn was part of an overall Framework Agreement on Trade between China and ASEAN signed last November. These reductions, in combination with a series of other agreements with specific countries, are the earliest in a planned sequence of reductions designed to prepare the region for the formal implementation of the China-ASEAN Free Trade Zone scheduled for 2010.

Beijing also kept progress toward the Free Trade Zone in mind when on Aug. 3 the president of the China Cereals Association announced priorities for agricultural cooperation with ASEAN along with a series of research projects to be undertaken with ASEAN organizations. The priorities and plans are to be further explained and illustrated at a China-ASEAN Agricultural Exposition set for late November in Kuala Lumpur.

In addition to economics and agriculture, Beijing's relations with ASEAN during the quarter also included legal and parliamentary issues. On Sept. 3, participants in the China-ASEAN Forum on Legal Cooperation and Development which met in Nanning, signed the "Nanning Declaration" which commits all the parties to implement programs designed to identify potential problems related to trade that are likely to require legal solutions. A preview of what such issues might be was observed three days later at a China-ASEAN Symposium on Intellectual Property held in Beijing. It is not surprising that intellectual property should be singled out for special attention.

The declaration also envisages a series of workshops and seminars at which legal personnel from various nations will develop familiarity with the legal systems of their neighbors and the establishment of a research and training center. Eventually, according to the plan, dialogue will broaden to include "legal issues in the fields of politics, economy, society, and culture."

This combination of the practical and the theoretical received official confirmation of sorts at the meeting of the ASEAN Inter-Parliamentary Organization (AIPO) that convened in Vientiane on Sept. 19. In his address, Vice Chairman of the Foreign Affairs Committee of the National People's Congress Wang Yingfan declared that the steps that ASEAN and its dialogue partners (that is China) have taken toward integration are irreversible and that, accordingly, the only possible course was to proceed without delay. Arguably, and despite the low rank of the speaker, Wang's words correctly sum up the thinking of the Chinese leadership on relations with ASEAN.

Bilateral relations

Beijing's region-wide priorities by no means detracted from effort and attention to detail devoted to its bilateral relations with the nations of the region.

Cambodia. For example, on Aug. 12, Premier Wen Jiabao met with Cambodia's King Norodom Sihamoni who made his first trip to Beijing since his coronation last October. In what was largely a ceremonial affair, the leaders affirmed the close ties between the two nations and pledged further economic cooperation. This materialized later on Aug. 22 when Beijing announced a grant of \$10.1 million for infrastructure development. Cambodia also received a number of patrol boats for use in marine security operations.

Indonesia. The Chinese continued their wooing of Indonesia during the state visit of President Susilo Bambang Yudhoyono on July 27-30. Ever mindful of Indonesia's importance within ASEAN and anxious to put the seal on the Strategic Partnership announced in April of this year when President Hu Jintao visited Jakarta, the Chinese worked assiduously to structure the bilateral relationship in ways that provide maximum advantage.

President Yudhoyono met with Hu, Premier Wen, and Vice Premier Zeng Peiyan who hosted a luncheon for Chinese and Indonesian business leaders. Significantly, Yudhoyono returned to Indonesia by way of Shenzhen where, once again, he met with a wide range of business leaders. Indonesian Vice President Jusuf Kalla no doubt tied up any loose ends when he visited China at the end of August on his way to Japan.

Beijing was careful to set realistic priorities for the visit. The focus was on trade and investment and arrangements in other areas were kept in a low key. In all, five documents were signed, including MOUs on defense technological cooperation; the activities of Chinese nongovernmental organizations in regard to tsunami relief; grants for civilian economic and technical cooperation; loan for buyers agreements; and, the teaching of Chinese in Indonesia. The unremarkable nature of the agreements no doubt results from the fact that the higher profile energy agreements were concluded in April and because, despite the optimistic, positive words at the official level, Indonesian relations with China remain sensitive. The sensitivity increased as a result of an alleged Indonesian Navy attack on Chinese fishing vessels in the Arafura Sea on Sept. 21. According to reports, one crew member was killed and two were wounded.

Nonetheless, observers in both nations evaluated the visit in extremely positive terms and it is not likely that the incident will have a major negative impact. For Beijing's part, the value received involved access to energy resources, positive contacts with what will probably emerge as a profitable market for its goods and services, and a burnishing of its image as a constructive member of the regional community. The gains were as significant as the costs were minimal.

Malaysia. Interaction between Beijing and Kuala Lumpur during the quarter was highly personalized and involved visits to China by two high-profile representatives. The first began on Sept. 1 when Malaysian Deputy Prime Minister Najib Tun Razak met with his Chinese host, Deputy Prime Minister Huang Ju. According to published reports, the deputy prime ministers reviewed the considerable progress in bilateral relations and agreed that new (but unspecified) efforts should be made to expand the strategic partnership. Razak also met with Chinese Defense Minister Cao Gangchuan, who declared China's willingness to advance strategic cooperation between the two nations.

Later, on Sept. 5, Chinese State Councilor Tang Jiaxuan met with former Malaysian Prime Minister Datuk Seri Mahathir bin Mohamad. As with the deputy prime minister, the emphasis of the talks appeared to emphasize atmospherics, which by any standard remain quite positive. That said, there are latent tensions in the bilateral relationship involving both the South China Sea and lingering concern about looming economic competition. While neither of these visits achieved much in the way of substance, they probably underscored for both sides the value of a stable relationship.

The Philippines. As noted above, Philippine Foreign Affairs Secretary Alberto Romulo appeared to carry at least a small bit of China's water at the ARF meetings. However, the inclination to be friendly did not prevent him from once again pressuring the Chinese to move rapidly to turn the Declaration on the Conduct of Parties in the South China Sea into a full-fledged, formal, and binding Code of Conduct. Romulo spoke at a press conference following the conclusion of the first meeting of the ASEAN-China Joint Working Group on the Implementation of the Declaration.

At this time, it is not likely that Romulo's remarks amount to anything more than a tip of the hat to Philippine public opinion. Manila must have something to show for its rather dramatic opening to Beijing and Chinese actions in the South China Sea are an obvious litmus test.

However, as long as Beijing remains at the table and willing to move ahead on specific issues other than ownership of the disputed islands, it is not likely that the result of the test will be scrutinized with great intensity. Moreover, the implementation of the FTA means that the level of Philippine trade with China is likely to continue its steady rise and this is of major importance to Manila. Under these circumstances, neither side has any incentive to change the status quo. Accordingly, relations will continue on their present stable course.

Singapore. Chinese relations with Singapore were sustained by the visit of Vice Premier Wu Yi who visited the country in her capacity as co-chair of the China Singapore Joint Council for Bilateral Cooperation (JCBC). She also met with Prime Minister Lee Hsien Loong, Senior Minister Goh Chok Tong, and Singapore President S.R. Nathan.

Wu's visit produced no major developments; nor was it meant to do so. Rather, the JCBC meeting reviewed bilateral relations during the past year and approved what amounted to an identical agenda for the coming year. Her other meetings were similar in nature.

One item of interest and significance concerned the affirmation by all the interlocutors of Singapore's intention to participate fully in the reconstruction of China's northeast. This is remarkable considering the lingering Singaporean disappointment over the failure of the Xuzhou Industrial Park to reach its full potential. It is also of interest to note that for the first time this year a statement marking the visit to Singapore of a Chinese official contained no reference to Taiwan. One is tempted to suggest that this is not the first time that the northeast has figured prominently in China's foreign policy. In any case, the recent perturbation in bilateral relations over Taiwan seems to have been set right.

Thailand. Premier Wu also visited Thailand where she co-chaired the second meeting of the Thailand-China Joint Committee on Trade, Investment, and Economic Cooperation. She was joined there by a group of 50 Chinese entrepreneurs who participated in a Sino-Thai Economic and Investment Partnership Seminar. As in Singapore, the meetings were not designed to move the relationship to a different level but rather to keep things on track and possibly set the stage for future developments. From that point of view, both sides judged the visit a success.

And that track had been established at a high level. On June 30, Thai Prime Minister Thaksin Shinawatra began a three-day visit to China designed to mark the 30th anniversary of the establishment of bilateral relations. Significantly, a group of some 50 Thai businessmen accompanied the prime minister to attend a China Thailand Investment Seminar. While the businessmen were making plans to use preferential tax policies and the prospect of lower tariffs to increase the volume of two way trade, Thaksin and Premier Wen discussed ways and means of building on 30 years of bilateral relations to "enrich the strategic partnership between China and Thailand."

Later, on Aug. 26, Foreign Minister Li met with his Thai counterpart, Kantathi Suphamongkohn, to maintain the momentum established during the Thaksin visit and to flesh out the joint commitment to move ahead. Although few details are available, the topics discussed reportedly included biotechnology, environmental protection, quarantine inspection, financial cooperation, and poverty relief.

It can be argued that in many respects, Beijing is more closely integrated, albeit informally, with Thailand than with any other nation in Southeast Asia. The most important element is trade with infrastructural coordination rapidly rising in importance. Politically, the combination of Thai suppleness and Chinese realism makes for a complementarity of external policies. The diplomacy of the past three months suggests that the bilateral relationship is growing ever more tightly knit.

Vietnam. The often volatile relationship between China and Vietnam took an unusually positive turn during the quarter. Things began modestly enough with the opening of a new highway connecting the city of Nanning with the Youyiguan Pass and Vietnam's storied Highway 1. This joint project was announced as the first freeway connecting China and ASEAN and, atmospherics aside, is expected to facilitate greatly the passage of goods between the two countries.

However, activities swung into truly high gear July 18 when Vietnam's President Tran Duc Long began a five-day state visit to China. The high saliency of the event for Hanoi was evident from the beginning as Vietnamese civilian and military media outlets acknowledged the long record of accomplishment and positive cooperation achieved by the two nations over the years. The Vietnamese press also hailed the "peaceful rise" of China in positive terms, noting the role of the Chinese economy as a force in Vietnam's economic development and the aid that China has provided to Vietnam despite its status as a developing country. Significantly, the Chinese national media featured the Vietnamese editorials prominently in their own coverage of the visit.

Tran Duc Long's discussions with Hu Jintao, Wen Jiabao, and other officials were also very positive, although they lacked the effusiveness of the Vietnamese editorial commentary. Generally speaking, the two presidents expressed pleasure that bilateral relations were expanding; pronounced the status of economic and trade relations to be satisfactory; agreed to implement seriously a process for confirming a Code of Conduct and for enhancing cooperative development of the South China Sea; acknowledged that some work remained to be done with respect to border demarcation and on implementing the fishing and other agreements relevant to the Beibu Bay; and, committed the two sides to addressing these concerns by means of friendly cooperation. A concrete benefit for Hanoi was a promise of Chinese support for Vietnam's entry into the World Trade Organization. The usual number of entrepreneurs signed the usual number of contracts at the usual Trade and Investment Seminar. Both sides evaluated the visit as a major success.

As if to underscore the positive effect of the state visit, on Sept. 2, Vietnam's Ambassador to China Tran Van Luat struck a positive tone in a *Xinhua* interview on bilateral relations. The ambassador averred that no problem between the two nations was unsolvable. Noting that President Tran's visit had breathed new life into the relationship, he pointed to the three-way cooperation between China, Vietnam, and the Philippines on the South China Sea as a model for the future. All in all, the visit, the comments of the ambassador, the opening of the highway, and continually increasing levels of investment suggest that both Beijing and Hanoi have once again decided to emphasize the positive dimensions of their relations and to refrain from raising any issue that might diminish a positive atmosphere.

Conclusion

As the title of this chapter suggests, the theme of Beijing's Southeast Asian diplomacy during the quarter reflects its desire to nurture the seeds of integration it began to plant in the early months of the year 2000. China's work with the Greater Mekong Subregion provides a microcosm of the evolution of its ties with ASEAN. China's economic success provides a measure of hard and eventually soft power sufficient to compel attention. There is then an observable pattern of supportive interaction between initiatives in the political and economic sectors, and as time passes, in the cultural sector as well.

The impetus toward integration in Southeast Asia began long before Beijing achieved its present level of power and influence. However, the Chinese are achieving significant success in assessing the defining aspects of that trend and incorporating themselves into the rhythm of its development. The economic, political, and cultural linkages are coming to mean that, nationalisms notwithstanding, in functional terms, China has become an indispensable member of the Southeast Asian Community.

Chronology of China-Southeast Asia Relations July-September 2005¹

July 1, 2005: Chinese Premier Wen Jiabao tells Thai counterpart Thaksin Shinawatra that China wants to use the 30th anniversary of the founding of China-Thailand ties as an opportunity to strengthen strategic cooperation with Thailand.

July 1, 2005: Malaysian International Trade and Industry Minister Datuk Seri Rafidah Aziz says tariff liberalization program under the ASEAN-China Free Trade Area takes effect today.

July 4, 2005: Chinese Minister of National Defense Cao Gangchuan says Chinese armed forces are ready to join with the Thai army for bilateral friendly military cooperation.

July 4, 2005: About 200 business people and trade officials convene at China-ASEAN Business Forum in Beihai; Siva Yam, president of the U.S.-China Chamber of Commerce says ASEAN will benefit much more from the Free Trade Area arrangement than China.

July 4, 2005: Thailand's Minister of Defense Oud Buangbon holds talks with deputy chief of the General Staff of the Chinese People's Liberation Army in Beijing.

July 4, 2005: Cheng Siwei, vice chairman of the Standing Committee of the National People's Congress, meets delegation of young Philippine political leaders in Beijing.

July 4, 2005: At the second summit of the Greater Mekong Subregion Economic Cooperation, China continued its support of the region with infrastructure, development, and energy projects.

¹ Compiled by Claire Bai, 2005 Vasey Fellow, and Jo Choi, Summer 2005 Vasey Fellow, Pacific Forum CSIS.

July 4, 2005: Myanmar and China sign \$290 million worth of contracts and memoranda in Kunming.

July 5, 2005: Beijing-backed Citic Resources says it is no longer pursuing a stake in Thai Petrochemical Industry, citing delays and unexpected complications.

July 6, 2005: ASEAN+3 agree to increase rice reserves to 200,000 metric tons from 87,000 MT to establish food security in the region.

July 9, 2005: Delegation of the Chinese Communist Party (CCP) led by Xi Jinping, member of the Central Committee of the CCP and secretary of the Zhejiang Provincial Committee of the CCP, visits Laos, DPRK, and ROK.

July 12, 2005: Taiwan donates 100 doses of vaccine to Vietnam to help fight avian flu.

July 13, 2005: Second ASEAN, China, Japan, and South Korea Ministers on Energy Meeting (AMEM+3) held in Siem Reap, Cambodia.

July 13, 2005: Officials from ASEAN, China, Japan, and South Korea meet in Vientiane to discuss national anti-poverty programs.

July 14, 2005: Wang Zhaoguo, vice chairman of the Standing Committee of China's National People's Congress, meets Philippine youth delegation visiting China July 11-18, and says will further enhance exchanges between youths of China and the Philippines.

July 15, 2005: Malaysian government bans Falun Gong related publication *Epoch Times* for carrying negative reports about China and affecting bilateral relations.

July 18, 2005: Vietnam President Tran Duc Luong pays five-day official visit to China.

July 18, 2005: CCP delegation led by Hu Jiayan, deputy secretary of the CCP Xinjiang Uighur Autonomous Regional Committee, visits Singapore. Afterward, Hu attends a conference of the United Malays National Organization in Malaysia and visits Thailand.

July 19, 2005: Chinese and Vietnamese businessmen sign 14 deals totaling \$1.071 billion at a Beijing business forum during President Tran Duc Luong's visit to China.

July 20, 2005: An 11-member delegation from Taiwan's Legislative Yuan, led by Legislative Deputy Speaker David J.C. Chung, heads for Southeast Asia to step up parliamentary exchanges with several countries in the region.

July 20, 2005: China and ASEAN grant each other most favored nation status and start operation of the planned ASEAN-China Free Trade Area.

July 20, 2005: Indonesian government expands number of product categories in the Sensitive Product and Highly Sensitive Product in the China and ASEAN Free Trade Area agreement.

July 21, 2005: After China moves to a managed floating exchange rate regime, Monetary Authority of Singapore says it will not have a major impact on the Singapore dollar or the country's exchange rate regime; Malaysia scraps ringgit peg to U.S. dollar and opts for a managed float system; Bank of Thailand says China's decision will help the global economy and reduce pressure on the baht.

July 22, 2005: Philippine President Gloria Macapagal-Arroyo meets delegation from China Shenyang International Economic and Technical Cooperation Corp (CSIETCC) at the Malacanang presidential palace. CSIETCC plans to construct and develop a \$100 million freeport zone in Ilocos Sur Province in the northern Philippines.

July 22, 2005: Indonesian Coordinating Minister for the Economy Aburizal Bakrie says China's revaluation of the yuan will have a minor impact on the Indonesian economy.

July 22, 2005: Taiwanese Cabinet-level Council for Economic Planning and Development Chairman Hu Sheng-cheng, accompanied by Overseas Chinese Affairs Commission Vice Minister Liao Sheng-hsiung, heads to Bangkok for 15th annual meeting of a federation of Taiwanese associations in Asia July 22-25.

July 24, 2005: Delegation of CCP Central Committee Office, led by Mao Linkun, visits Vietnam and Laos.

July 26, 2005: ASEAN foreign ministers endorse establishment of ASEAN-China Joint Working Group to study and recommend measures to translate provisions of the Declaration on the Conduct of Parties in the South China Sea into cooperative activities.

July 26, 2005: Philippines government and business leaders say China's move to let market forces determine the value of its currency strengthen the peso against the U.S. dollar, which will have positive effects on the Philippine economy.

July 26-Aug. 1, 2005: Chinese Foreign Minister Li Zhaoxing visits Vientiane for the ASEAN+3 (A+3) Foreign Ministers' Meeting, ASEAN Post Ministerial Conference, and the 12th Regional Forum Foreign Ministers' Meeting. On July 27, he leaves Vientiane for a state visit to Myanmar, which is initially scheduled to start only after the ARF ends.

July 27, 2005: Indonesian President Susilo Bambang Yudhoyono (SBY) arrives in Beijing for a four-day state visit. Accompanied by a 100-member delegation, he will also visit Shenzhen in Guangdong Province.

July 28, 2005: Presidents Hu Jintao and SBY oversee signing of five agreements, ranging from defense cooperation to Chinese language teaching, on the 55th anniversary of establishment of diplomatic relations between the two countries.

July 28, 2005: Chairman of the Myanmar State Peace and Development Council Senior Gen. Than Shwe and Prime Minister Gen. Soe Win meet with visiting Chinese FM Li. Both sides express wishes to further develop friendship, and economic and trade ties.

July 29, 2005: Chinese Science and Technology Minister Xu Guanhua signs agreement with Thai counterpart Korn Dabbaransi to push cooperation in science and technology.

July 30, 2005: In a speech read by representative Liu Yongxing, Chinese ambassador to Laos, at the 12th ASEAN Regional Forum Ministerial Meeting, Chinese FM Li urges Asia-Pacific countries to hold to the goal of common security.

Aug. 3, 2005: Chairman of the National Committee of the Chinese People's Political Consultative Conference Jia Qinglin says China is ready to work with Vietnam to promote bilateral ties, in a meeting with Do Duy Thuong, vice chairman of Presidium of Central Committee of the Vietnam Fatherland Front.

Aug. 5, 2005: Philippine Foreign Affairs Secretary Alberto Romulo calls for claimants to territories in the South China Sea should adopt a formal Code of Conduct.

Aug. 5, 2005: China loans money and technology to Cambodia for a CDMA2000 (Code Division Multiple Access) phone system.

Aug. 10-14, 2005: Cambodian King Norodom Sihamoni Cambodian pays a state visit to China at the invitation of Chinese President Hu. It is Sihamoni's first state visit abroad and his visit to China as a king. He also meets Premier Wen.

Aug. 11, 2005: Hainan Natural Rubber Industry Corporation, China's No.1 rubber producer, signs framework cooperation agreement with Vietnam General Rubber Corp.

Aug. 12, 2005: China and Myanmar sign agreement on nickel mineral exploration and feasibility study.

Aug. 12, 2005: China and Singapore start a cooperation program to build Asia's largest desalination plant in north China's port city Tianjin.

Aug. 17, 2005: Workshop on Policing Exchange and Cooperation begins in Beijing. More than 80 police officers from 10 ASEAN countries, China, Japan, and South Korea discuss enhancement of exchanges and cooperation, as well as security measures for the 2008 Olympic Games in Beijing.

Aug. 19-20, 2005: First meeting of China-ASEAN Eminent Persons Group ends in Qingdao. Participants including Chinese former FM Qian Qichen and other eminent persons from ASEAN countries, look at progress in China-ASEAN dialogue, confer on the situation and future prospects of Sino-ASEAN relations.

Aug. 21, 2005: Singapore PM Lee Hsien-loong reiterates his country's adherence to the one-China policy.

Aug. 22, 2005: The Chinese government provides Cambodia with goods and materials worth more than RMB 81.8 million (about \$10.1 million) to improve infrastructure.

Aug. 26, 2005: An ASEAN Centre for Contemporary Chinese Studies will be established as part of the group's long-term strategy of promoting ties with China and increasing the region's role in the international arena.

Aug. 27, 2005: China begins cooperation with the Philippines and Vietnam in a joint marine seismic undertaking in the South China Sea.

Aug. 30, 2005: Indonesian Vice President Jusuf Kalla leaves for China and Japan in an effort to get new investment for Indonesia.

Sept. 1, 2005: Chinese government donates six patrol vessels to Cambodia to help it strengthen marine security.

Sept. 2, 2005: Chinese Minister of National Defense Cao Gangchuan says Chinese armed forces hope to advance strategic cooperation with Malaysia, at a meeting with Malaysian counterpart Najib Tun Razak.

Sept. 2, 2005: Vietnamese ambassador to China Tran Van Luat plays down South China Sea disputes between Vietnam and China.

Sept. 2, 2005: Participants at the China-ASEAN forum on legal cooperation and development adopt the "Nanning Declaration."

Sept. 4, 2005: China and Malaysia sign MOU on defense cooperation, covering training agreements, information exchanges and framework for bilateral defense activities.

Sept. 5, 2005: China and ASEAN hold in Beijing an intellectual property symposium.

Sept. 8-9, 2005: Pacific Rim finance ministers meet and call for greater exchange rate flexibility in the region to address global current-account imbalances and increased policy coordination between oil producers and consumers to rein in crude oil prices.

Sept. 15, 2005: Trade volume between China and ASEAN grew 25 percent in the first half of this year to \$59.76 billion, making ASEAN the 4th largest trade partner of China.

Sept. 15, 2005: Xu Caihou, vice chairman of China's Central Ministry Commission says that China will work with Thailand to promote development of relations between the two armed forces.

Sept. 17, 2005: Ambassador to Indonesia Lan Lijun donates \$1.5 million on behalf of the Chinese Government to the Aceh and Nias Rehabilitation and Reconstruction Agency.

Sept. 19-25, 2005: Vice Premier Wu Yi takes a three-state trip to Singapore, Thailand, and Brunei and meets Singapore President S.R. Nathan, Thai PM Thaksin in Bangkok, and pays an official visit to Brunei.

Sept. 20, 2005: Wang Yingfan, vice chairman of the foreign affairs committee of China's National People's Congress, meets with ASEAN legislators at the 26th ASEAN Inter-Parliamentary Organization (AIPO) General Assembly, held in Laos.

Sept. 21, 2005: Chinese Embassy in Jakarta expresses dissatisfaction over Indonesian navy ship's shooting on a Chinese fishing boat allegedly poaching in the Arafura Sea off Papua Island. The shooting killed one and wounded two crew members. On the 26th, China sends a working group to Indonesia to deal with the shoot-out.

Sept. 22, 2005: China and Vietnam agree to boost economic and trade cooperation, and fulfill the two-way trade target of \$15 billion by 2010 at a meeting of the China-Vietnam Joint Committee on Economic and Trade Cooperation.

Sept. 28, 2005: Chinese Huawei Technologies, a leading telecom equipment supplier, signs commercial contract amounting to \$30 million with Cambodia's mobile operator AZ Communication Company Ltd.