

# CHINA AND THE EAST ASIAN SUMMIT: MORE DISCORD THAN ACCORD

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## Overview

- The recent East Asian Summit (EAS) was hyped as a precursor to a larger East Asian Community (EAC), something in the mold of an Asian version of the “European Union.” Instead, the first EAS brought historic strategic rivalries and conflicting geopolitical interests of the major powers into sharp relief.
- This paper examines China’s stance toward the EAS, providing insights into Beijing’s insecurities regarding the gathering momentum for a broader EAC that could shift power alignments within Asia.
- Membership remains a contentious issue. Wary of India, Australia and Japan, China proposed on the eve of the summit that the existing ASEAN Plus Three (APT: 10 Association of Southeast Asian Nations plus China, South Korea and Japan), and not the new 16-member East Asia Summit, control the formation of any EAC-building exercise. This proposal to divide EAS into two blocs—the core states with China as the dominant APT player, and the peripheral states with India, Australia and New Zealand—led to a major rift.
- Although China won a partial victory when it was announced that APT would be “a vehicle for realizing the dreams of forming the East Asian Community,” Beijing was disappointed with the final decision to make ASEAN the hub of the EAS by holding all future summits alongside the ASEAN Summit and in Southeast Asian countries only.
- In the absence of a genuine thaw in Sino-Japanese and Sino-Indian relations or great power cooperation, the EAC is unlikely to take off because multilateralism is a multi-player game. At best, the EAS will be just another “talk shop” like the APEC or the ARF where leaders meet and declarations are made, but little community building is achieved.

The long-awaited East Asia Summit (EAS) held in mid-December in Kuala Lumpur brought together Asia’s two fastest growing economic giants, China and India, together with Japan, South Korea, Australia and New Zealand, and the 10 Association of Southeast Asian Nations (ASEAN) nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam). Optimists see the EAS as the first step toward establishing an East Asian Community (EAC) along the lines of the European Community. However, competing geopolitical interests, strategic rivalries and deep-rooted suspicions make the goal a laudable and lofty, but an unrealistic one for the foreseeable future. Even an Asian free-trade zone to rival the European Union or the North American Free Trade Agreement (NAFTA) seems too far-fetched for now. This group is a motley combination of 16 countries, eight of which are democracies, others are dictatorships—either of the military or of the proletariat—and the rest lie in between. Some are economic giants (Japan) while others are less developed countries (Cambodia and Myanmar), some with large population and territory

(China), others small in both (Brunei), some pro-China and others pro-West. Another reason is that the Asia of the early 21<sup>st</sup> century, home to several rising and contending powers, bears more resemblance to Europe of the 19<sup>th</sup> and early 20<sup>th</sup> centuries than to Europe of the early 21<sup>st</sup> century.

The EAS began with a backdrop of intense diplomatic maneuverings and shadow boxing, and ended with the power games being played out in the open. China and Japan were locked in a bitter struggle for supremacy, with Beijing attempting to gain the leadership position in the planned EAC, and Tokyo trying to rein in its rival with the help of other “China-wary” nations in the Asia-Pacific. Although the leaders agreed that the EAS be held regularly on the margins of the ASEAN Summit, the Sino-Japanese feud and the Sino-Indian rivalry, discord over the membership issue, geopolitical fault lines, and wariness about China’s emerging power saw some publicly playing down its significance while others wondered aloud if there was much ado about nothing. Nothing illustrates this better than the refusal of Chinese and Korean leaders to hold bilateral or trilateral talks with their Japanese counterpart in Kuala Lumpur or China’s proposal for dividing the EAS members into core and secondary categories on the eve of the summit, which cast a dark shadow over its future. In fact, China’s stance provides valuable insight into Beijing’s insecurities and fears regarding the gathering momentum for a broader EAC that could shift power alignments within Asia.

The summit was a culmination of an idea first mooted by former Malaysian Prime Minister Mahathir Mohamad in 1991. However, Mahathir’s original proposal for an “East Asian Economic Caucus” did not take off, largely because it was seen as an East Asian caucus without Caucasians (the Americans and Australians), who countered it with a proposal for an Asia-Pacific Economic Cooperation (APEC) forum, which came into being in 1993 with a major role for the United States and its Asia-Pacific allies.

Almost a decade later, the EAS proposal was resurrected by Mahathir’s successor Prime Minister Abdullah Badawi at the 2004 ASEAN Plus Three (China, Japan and South Korea) meeting, and immediately won strong backing from China’s Premier Wen Jiabao. Perceiving declining U.S. power due to preoccupation with the War on Terrorism, a confident and assertive China saw in the proposal an opportunity to steer East Asian multilateralism along the lines of the Shanghai Cooperation Organization (SCO) to serve Beijing’s broader strategic goals and further weaken U.S. influence in East Asia. Beijing’s enthusiasm for an “Asians only” regional grouping, however, alerted those countries that remain wary of the region being divided into Chinese and American blocs and/or falling under an “East Asia Co-Prosperty Sphere” with Chinese leadership. Concern about China’s ambitions thus led to a campaign to include India, Australia and New Zealand and to ensure that ASEAN remained at the center of a future EAC. Even after ASEAN decided to make the EAS more broad-based, the membership issue remained a major bone of contention well into 2005 with China (keep it closed) and Japan (open it up) on opposing sides.

China, in particular, strongly disapproved of India and Australia’s inclusion in the proposed EAS. In early 2005, Beijing dispatched diplomats to Laos (then “country convener for India” within the ASEAN regional grouping) and other Southeast Asian countries to dissuade them from lobbying for India and Australia’s membership (albeit unsuccessfully). With the exception of Kuala Lumpur, however, Beijing did not find any takers for its stance. Nearly all Southeast Asian countries supported India’s participation in the EAS, seeing it as a useful counterweight to China’s growing power, and backed Australia’s participation provided Canberra acceded to the ASEAN Treaty of Amity and Cooperation, which it did. Australia and New Zealand nonetheless remained

targets of derisive barbs by Malaysian leaders, who called them “U.S. proxies” and ethnically or culturally unfit to be part of the Asian community.

Having failed to keep India, Australia and New Zealand out of the EAS, the Chinese Foreign Ministry then came up with another proposal to keep them down. On the eve of the summit, Beijing proposed that the existing ASEAN Plus Three (APT), and not the new 16-member EAS, should be in the driver’s seat for the formation of a future community-building exercise. After arriving in Kuala Lumpur for the summit, Premier Wen Jiabao insisted that “[t]he East Asian Summit should respect the desires of East Asian countries and should be led only by East Asian countries.” China wanted membership of such a group restricted, because a regional grouping that included U.S. friends and allies was seen as diluting China’s emerging voice. In other words, having lost the battle to keep the Indians and Caucasians out of the EAS, Beijing insisted that they must not play any role in the formation of an EAC, which should remain the responsibility of the core group comprising APT (that is, ASEAN plus China, South Korea and Japan) within the EAS. This proposed division of the EAS into two blocs—the core or primary states with China as the leading and dominant APT player, and the peripheral or secondary states of India, Australia and New Zealand (“outsiders,” as one *People’s Daily* editorial described them)—snowballed into a major rift and drew criticism as “a ploy to manipulate, divide and dominate the evolving East Asian Community.”

A *People’s Daily* commentary entitled “East Asia Summit: in the shadow of sharp divisions” on Dec. 7, 2005 criticized Japan for “trying to drag countries outside this region such as Australia and India into the Community to serve as a counterbalance to China.” From China’s perspective, Japan, Australia and India represent America’s influence and interests in the grouping. And Beijing feared that they would “dish out the ‘human rights’ issue. . . . to build up U.S., Japan-centered western dominance. . . in an attempt to. . . weaken Chinese influence in East Asia.” China’s antipathy toward Japan and India is substantial, not least because these two Asian giants are China’s principal peer competitors in East Asia and South Asia, respectively. China-Japan relations, always prickly, have worsened in recent years due to Beijing’s opposition to a permanent United Nations Security Council seat for Japan and rival claims to petroleum deposits and islands in the East China Sea, not to mention the ongoing differences over Prime Minister Koizumi’s visit to the Yasukuni Shrine commemorating Japan’s war dead. Beijing’s opposition stems as well from Tokyo and Canberra’s status as long-standing American allies.

Likewise, Beijing remains leery of India’s great power pretensions and attempts to extend its influence in China’s backyard, regarding New Delhi’s “Look East” policy as part of a wider “congeal China” strategy unveiled by the perceived Washington-Tokyo-New Delhi axis. The thrust of Chinese diplomacy is to confine India to the periphery of a future EAC and foil India’s efforts to break out of the South Asian straitjacket. Even though East Asia has emerged as India’s largest trading partner, ahead of the European Union and the United States, China does not view India as part of the East Asian region. The *People’s Daily* commentator reacted sharply to India’s proposal for an Asian Economic Community: “India hopes to build a free trade area extending from Bombay to New Zealand’s Christchurch, and finally expand the area, which covers 3 billion people, into the world’s largest of its kind. But India’s proposal is not warmly responded [to] as each country has its own considerations.” Apparently, China’s “own considerations” are primarily geo-strategic in nature. Beijing fears that India’s participation in the core group would shift the balance of power and make the EAC less susceptible to domination by China. So, in the run-up to the EAS in Malaysia and days after

obtaining observer status in the South Asian Association for Regional Cooperation (SAARC), China's message to India was crystal clear: "You're not welcome here. East Asia isn't big enough for the two of us." China's proposal for keeping the APT as the core group in a two-tiered EAS structure found some support from South Korea, Burma, Thailand, and more importantly, the host country Malaysia, albeit for varying reasons.

Leading the charge on the other side were Japan, India and Australia, which opposed the creation of a two-tiered, exclusionary and discriminatory EAS structure, seeing it as an attempt to neutralize Japan and relegate its allies (India, Australia and New Zealand) to secondary status. They claimed that ASEAN Plus Three (China, South Korea and Japan) and ASEAN Plus One (India) dialogues (both of which take place alongside the ASEAN summit) had outlived their utility and ought to be subsumed into the new EAS. Japan, for its part, remains wary of China's growing dominance within the APT, especially Beijing's attempts to play "the history card" so as to isolate and marginalize Tokyo in that forum. Believing that the EAS, with more countries participating, would provide a counterbalance to China's growing influence, Japan supported equal opportunity for India, Australia and New Zealand. In this endeavor, Japan won backing from Singapore and Indonesia for its open, inclusive approach to community building by all 16 EAS members. This view was also endorsed by Washington.

In the end, China won a partial but pyrrhic victory when Badawi announced that APT, which originally proposed the idea of an EAS, would be "a vehicle for realizing the dreams of forming the East Asian Community." However, this support came with one important caveat: ASEAN spurned Beijing's offer to host the second summit, and decided that the EAS will be held annually alongside the ASEAN Summit in Southeast Asian countries only. This meant that ASEAN will be the hub of the EAS and the key driver within the APT. The reaction was mixed. An Indian diplomat expressed his disappointment over the decision to entrench the ASEAN+3+3 framework within the EAS: "To state that ASEAN is in the driver's seat, the passengers have a right to know where they are going." Indian Prime Minister Manmohan Singh, however, welcomed the ASEAN initiative to convene the EAS, hoping that a "safe and experienced driver" would take the forum to its destination. Finding Australia relegated to the outer circle, Prime Minister John Howard downplayed the Summit's significance relative to the APEC. And Japan made clear its preference for the newcomers—India, Australia and New Zealand—to be more than mere passengers on the road to an EAC.

Realizing that China's original goal of establishing an East Asian version of SCO to counter Washington was a non-starter, Beijing's enthusiasm for the new grouping waned fast. Sensing the setback, the Chinese immediately made a complete U-turn and started singing a new tune calling for an open and inclusive grouping. As a distant superpower, the United States remains the balancer of choice for countries on China's periphery. Of the 16 EAS members, Japan, Thailand, the Philippines, Australia and South Korea are military allies of the United States, while New Zealand, Singapore, Indonesia, Vietnam, and India are hedgers that worry more about China than America. Besides, given China's own dependence on the USA for its economic growth, investment, technology and markets, Beijing's claims to regional economic leadership are hardly convincing. So on the last day of the summit, the Chinese diplomats suggested that anyone with interests in the Pacific—Russia, perhaps, or even the United States—could eventually take part, a move that would make the EAS indistinguishable from the ASEAN Regional Forum or the APEC.

Clearly, in the absence of a genuine thaw in Sino-Japanese and Sino-Indian relations or great power cooperation, there is little prospect of the EAC taking off because multilateralism is a multi-player game. If anything, the first EAS may well have had the opposite effect: instead of creating a common bond, it may have intensified China's rivalry with Japan as both sought to use the EAS to undercut the other (with Japan backing India and Australia, and China throwing its weight behind the APT and Russia). The summit also forced smaller Asian nations to choose sides. Should this rivalry intensify, there is every risk that the community building exercise will be fatally compromised. At best, the EAS will be just another "talk shop" like the APEC or the ARF where leaders meet and declarations are made, but little community building is done.