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China's Rising Role, "Soft Power" and Influence in Asia

Much is being focused on the spectacular rise of China today, either its economic and financial emergence or its social and political transformation. Its impact on Asia and the world is reckoned to be tremendous.

But political observers are now focusing on the rise of China's role, "soft power" (according to the famous definition by Joseph Nye) and influence in Asia. The debate is whether China could become a dominant Asian power to rival within fifty years the United States, thereby changing the power structure and configuration in the Far East. What would be then the future role and place of Japan? How would Korea and Southeast Asia "submit" themselves to this rising colossus at their front-yard? What would Asia's future be like under the growing influence of China?

But China needs stability (both internally and externally around its periphery) for its continuous growth and development, namely its "three priorities of stability, development and reforms". Stability is thus the key to understanding both the internal socio-economic priorities and policies of China, as well as its policy of "peaceful rising" (or more lately, "peaceful development") in Beijing's external relations on its periphery.

For China to succeed, its leaders acknowledge that there is a close intrinsic link between the "internal challenges" of growth and social progress on one hand and the dire need for a stable peripheral environment around China on the other¹. The Chinese thus link "internal stability" with "external stability", like the "ying-yang" concept in Chinese philosophy; this thinking is ominous today in Beijing's contemporary regional relations.

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¹ E. Teo, *China Brief* (Jamestown Foundation), vol. IV, issue 18, "Asian Security and the Re-Emergence of China's Tributary System", 16 September 2004.

The Rise of China's Power in Asia: a Revival of the Chinese "Imperial Tributary System" Mentality?

In this regard, the geo-politics of Asia is being progressively shaped by two fundamental trends emanating from China. Firstly, there appears to be a "revival" of an ancient Chinese tributary system mentality in Asia, as a basis for Beijing's "new" security environment. Secondly, there is a rise of both Chinese "soft power" across Asia and the ethnic Chinese communities across Southeast Asia.

In fact, the increase of China's influence and power in South Korea, Southeast Asia, and even Japan, is remarkable. In fact, Professor Eisuke Sakakibara of Keio University and former Japanese Vice-Minister for Finance (otherwise known as "Mr Yen"), had highlighted at a Lecture in Kuala Lumpur in December 2003² the "re-emergence" of China, as China had already been the *de facto* pre-eminent power in Asia till the 1850s. In this regard, China could be also re-creating its "imperial" security system and environment in Asia, though in a more benign and discreet way today.

A June 2002 publication by BeiDa's (Beijing University) Institute of International Relations on "China's Security Environment"³ put forward a novel perspective of China's "new" security environment, which appears to have profound implications for Beijing's relations with its Asian neighbours and its emerging regional role. More importantly, the "tributary" mentality seems to be pervading China's Asian neighbours, and especially the former tributary states in East Asia.

From a historical perspective, Beijing's "new" security environment, or at least its thinking/mentality, could have been modeled after the tributary system, which was started under the Ming Dynasty and perfected under the Qing. In fact, China's Ming/Qing tributary system was based on three cardinal points, as follows:

- firstly, China considered itself the "central heart" (*zhongxin* in Mandarin) of the region; this tributary system assured China of its overall security environment.

² Speech at a conference organized by Institute of Strategic and International Studies (ISIS), Nikko Hotel-KL, 4 December 2003

- secondly, China needed a stable external environment, immediately surrounding the Middle Kingdom, to ensure its own internal stability and prosperity.
- thirdly, the Chinese emperor, at the “heart”, would in principle give more favours to tributary states or kingdoms than receive from them; for his “generosity”, the emperor gets their respect and goodwill.

In fact, from the royal Qing archives (according to BeiDa’s publication), the well-established system laid out meticulously tributes from regional countries to the Chinese court⁴. Korea had to pay tribute once a year, the Ryukyu Kingdom (present-day Okinawan islands) once in two years, Annam (Northern Vietnam) once in three years, Siam (Thailand) once in four years, Sulu (in Southern Philippines) once in five years, and Burma (Myanmar) and Laos, once every seven to ten years. The publication even calculated the number of times these kingdoms had effectively paid tribute to Beijing, from 1662 till early 1900s; it also listed some of the tributes paid, like elephant tusks (ivory) from Siam or precious stones from Burma.

But such a system would not have been envisageable in the 21st century, if it was not for China’s spectacular rise within the Asian system and if former “tributary” countries do not accept an eminent role for Beijing to play in the present-day system of trade, political influence and security.

In fact, the thinking or mentality behind this tributary system seems to be already bearing out on certain recent geo-political trends, four of which are already apparent on the current Asian horizon.

Firstly, the stabilization of China’s immediate external environment is proceeding at an impressive pace, ranging from its entente with Vladimir Putin’s Russia, rapprochement with India, naval exercises with both India and Pakistan separately in the South China Sea to an active diplomatic role on the Korean Peninsula (“six-party” talks), a common declaration with ASEAN on the South China Sea territorial dispute and ongoing negotiations for an ASEAN-China Free Trade Agreement (FTA) by 2010. In this regard, China realizes that it needs an external environment for its own internal growth and development, whereas China’s

³ Prof. Zhang X., “China’s Security Environment” (in Chinese), published by the China International Publishing Agency, Beijing, June 2002.

neighbours realize that they need stability from China as well as trade and economic growth prospects. Such a “shared interest” was also the basis for the former imperial tributary system with China at the *zhongxin*.

Secondly, this mammoth ASEAN-China FTA project⁵, scheduled to be implemented by 2010, could also be perceived as a “continuation” of China’s tributary system across Southeast Asia, or at least in its thinking. Beijing is now “giving more than it receives”, via either an “early harvest” in agriculture, or the Most Favoured Nation (MFN) clause accorded to Vietnam, Laos and Cambodia even before they join the WTO. A “privileged” fruits and vegetable FTA with Thailand is such an example *par excellence* of the privilege that Beijing accords to its smaller neighbours, especially after the visit to Beijing of Thai Prime Minister Thaksin Shinawatra in August 2003; this appears reminiscent of the two elephant tasks from the King of Siam as a tribute to the Emperor of China, who reciprocated with bales of Chinese silk for the royal Siamese Court then.

Thirdly, China has “conceded” trade surpluses to all its smaller Southeast Asian and Korean neighbours⁶, in line with the tributary principle of “give more, take less”; it is these trade surpluses that are funneling regional economic growth, thus confirming China as the “heart” of the present Asian economic system. Beijing’s “generosity” was previously at the heart of the imperial tributary system, which was *de facto* Asia’s trading system and WTO of that time. There are no doubts that China is reportedly “according” these trade surpluses to secure the goodwill and respect of its smaller Asian neighbours, especially after resisting attempts to devalue the RMB during the 1997 Asian Crisis, for which China’s neighbours thanked Beijing enormously.

Fourthly, China seeks to become a “brotherly example” to Vietnam, just as it had been culturally in the past. Today, Vietnamese leaders’ *doi moi* reforms are inspired by China’s *kaifang* reforms; it is even rumoured that the former are also studying China’s “Three Represents” theory for their own ultimate political reforms. Other Southeast Asian countries are also following China’s socio-economic developmental model based on stability before

⁴ E. Teo Chu Cheow, “An ancient model for China’s New Power”, *International Herald Tribune*, 21 January 2004.

⁵ E. Teo Chu Cheow, “China’s Rising Soft Power Rising in Southeast Asia”, PACNET, Pacific-Forum CSIS, 3 May 2004.

development and reforms; Beijing intends to show them the way towards a “peaceful development”, but within the context of political and social stability. Similarly, India appears to be inspired by China’s “external stabilization” thinking, ie to put its own South Asian region in order and focus on economic reforms *à la chinoise*. China’s “brotherly example” would surely emanate outwards from Beijing’s *zhongxin*.

The new Chinese leadership under Hu Jintao is undoubtedly sparking a new regionalism *à la chinoise*, not dissimilar to the traditional Ming/Qing system, but with one fundamental difference. The new Chinese leaders are definitely more humble and down-to-earth than the great Ming/Qing emperors; China’s “new” security environment and regionalism could thus be more effectively hinged on the current Chinese belief of “more confidence, more cooperation”, with China at the region’s “central heart” once again. Ethnic Chinese communities in Southeast Asia have also risen in influence and stature, commensurate with China’s emergence and the rise of its “soft power” across Asia⁷, which in turn would help further enhance Beijing’s security environment.

Rising Chinese Influence in Northeast Asia

Historically, the well-established tributary system underscored the centrality of the Chinese emperor and his empire to the whole Asian region; cultural affinities were stressed. Japan was historically linked to the system, but Korea was an integral part of it. Beijing’s present relations with Tokyo, Seoul and Pyongyang could be traced to History.

In fact, it was Japan, which was the first indigenous Asian power to “upset” China’s tributary system⁶, by “annexing” the Ryukus in 1879 and then defeating a weakening China in 1895, thereby forcing Beijing to “grant” independence to its vassal-state, Korea. (As a subsequent humiliation to Beijing, Japan then invaded and annexed the “independent” Korea 15 years later in 1910.) These “inroads” were the first challenge by an Asian country to the “central heart” in Beijing, and the first tussle between the Northern and Eastern Cities (as Beijing and Tokyo are respectively known in Chinese script) for Asian leadership and supremacy. But

⁶ E. Teo Chu Cheow, “China Revives Tributary Ties in Regional Ties”, *Straits Times* (Singapore), 27 November 2003.

⁷ E. Teo Chu Cheow, “China-Southeast Asia Relations Blossom”, *The Japan Times*, 1 February 2004.

this tussle subsided, as the Chinese empire declined and was “carved” out subsequently by Western powers (and Japan) from the later half of the 20th century. Today, the rise of China has serious implications for Tokyo, as the former makes a political comeback to perhaps “reverse history”, thus heightening Sino-Japanese rivalry in the region. China’s firm decision not to allow Japanese PM Junichiro Koizumi to visit Beijing until he renounces his visits to Yasukuni Shrine is an ominous reminder of this historical legacy; the Japanese leader is denied the honour of “paying tribute” to Beijing till he effectively *kowtows* to China over Yasukuni. The 7 April 2004 ruling by the Fukuoka District court on Koizumi’s Yasukuni shrine visit as unconstitutional and Koizumi’s outright rejection of this ruling not only stirred domestic controversy, but fuelled Sino-Japanese and Korean-Japanese relations.

But interestingly Japan may be coming to terms with its history and geography, thus acknowledging China’s role and influence in East Asia out of economic common sense. As Japan’s economic recovery takes off, thanks to a massive wave of Japanese exports to China (which now accounts for almost half of its exports and GDP growth), Tokyo is torn between economic perceptions of China as a threat and an opportunity. In fact, Japan chalked up in February 2004 its first trade surplus with China, the first time since Mar 1994; this trade surplus with Beijing was US\$5.6 billion. Even more spectacular in Japan’s export-led recovery, China accounted for 42% of Japan’s overall February 2004 trade surplus of US\$13.25 billion. (In 2003, China’s trade with Japan was US\$133.5 billion, surpassing US-China trade of US\$126.5 billion⁹.) Japanese companies and brands are now targeting the fast-growing Chinese consumer market, and not just producing in China for re-exports. This dependence-cum-rivalry between Tokyo and Beijing is therefore confirmed by Japanese business’ “necessary” thrust into China to seek cheaper production bases, large consumer markets and tap the rising level of technological research, which the Chinese offer; the Japanese government discreetly applauds this re-location. Therefore, the Japanese know that Asia’s trade-cum-investment-led regionalism will provide Japan the necessary impetus towards future Asian economic integration, and China is key to this budding regionalism. Economically, Japan is “riding the Chinese wave”, as China offers opportunities to Japanese business, production and investments.

⁸ E. Teo Chu Cheow, “China On Their Minds”, Commentary in *Today* (Singapore), 24 May 2004.

⁹ C. Chandler, “Inside the New China”, *Fortune*, n° 17, October 2004.

But on the strategic front, Koizumi's greatest challenge is undoubtedly to contend with a rising China on its immediate flank and Tokyo's greatest geo-political challenge, in the midst of its largest on-going economic, financial, social and political revolution in decades, is to work out a new *entente* with China and resolve outstanding bilateral issues, ranging from the Senkaku/Diaoyu Islands dispute to war reparations. The Taiwanese and North Korean issues could "add more fuel to fire", just as the Theatre Missile Defence (TMD), initiated by Washington, and the growing Sino-US rivalry in the region¹⁰, could prove as controversial to China as to Japan. China thus continues to represent, for Japan, both an economic opportunity and a strategic threat, as well as a formidable security "challenge". But China may also present a silver lining to Japan; their traditional rivalry may in fact constitute for Japan its best opportunity and impetus to put aside domestic squabbles in order to strengthen itself and "lead" Asia economically and financially again. Japan's ultimate challenge may be to take on the "China challenge" from without in order to "re-vitalize itself from within"!

Just as Japan's "China dilemma" is a toss-up between economic and security/strategic imperatives, China represents an economic and strategic necessity for South Korea today, though not necessarily on the same grounds as Japan.

In fact, Korea used to be China's premier vassal state and had looked to Beijing for political, economic and cultural lead all the way to the Chosun Dynasty of Korea. Beijing in fact represented the cultural, *mode* and lifestyle model *par excellence*, much like Paris in the previous century or New York in the last, when compared to the Western world; Beijing was the referral point and leading light for the arts and culture in Korea till its occupation by Japan in 1910. This "return" of Beijing's place in the South Korean psyche could be attributed to three present day facts and trends, which in turn is placing South Korea again under some Chinese political, economic and cultural influence.

Firstly, South Korean politics have become tumultuous and uncertain, which underscores the utmost need for stability on the Korean Peninsula; China appears today to be the best regional and international actor to guarantee its stability, just as it was historically till 1895. President Roh Moon Hyun's unprecedented impeachment and the legislative polls had

¹⁰ E. Teo Chu Cheow, "Rising Sino-US Rivalry", *Taiwan Perspective*, n°41, INPR (Taipei), 30 September 2004.

constituted a real test for South Korean democracy at a crucial time of the “six-party talks”. Seoul knows that Beijing would be the best mediator to get the North moving and thus looks to China to “provide” this intra-Korean stability. Furthermore, aggressive American policies worldwide is alienating a widening cross-section of South Koreans, who are rejecting American imperialism and switching to Chinese culture for realpolitik considerations. But in future, if South Koreans were to choose between Washington and Beijing, it could no longer be a given that they would automatically back America, as has been the case.

Secondly, the economic factor is also binding South Korea to China. Major Korean corporations have invested heavily in China over the past five years. LG, Hyundai, Samsung and YBS have huge investments and production plants from Nanjing to Qingdao. In 2003, South Korean companies invested US\$4.4 billion into China¹¹, versus US\$4.2 billion by US companies. Exports to China hit US\$47.5 billion versus US\$36.7 billion to the US; South Korea’s trade surplus with China last year amounted to US\$13 billion. China has also emerged as the biggest importer of South Korean products, its largest investment destination and its biggest tourist destination. But China may also be becoming a threat to Korean workers, who see jobs shifting to China, thanks to Korean MNCs shifting their production bases and even R&D facilities there. This mix of opportunity-cum-threat of China in South Korea’s economic and social psyche would probably grow, just as Korea’s “China challenge” grows too.

Lastly, Chinese culture and “soft power” are rising in South Korea, as Koreans look back to their common Confucianist and Buddhist roots with China; these roots are being revived in recent Korean films. There is also a resurgence of interest for Chinese language and culture, as young Koreans flock to study in China. The prestigious Seoul National University announced that since December 2003, Chinese had already replaced English as the most popular major among liberal arts students. 35,000 South Korean students now study in China, constituting the largest group of foreign students there; furthermore, the number of students taking entrance exams to enter Chinese universities increased threefold since 2000, whereas student visa application to the US dropped 10% on the last year. Moreover, South Koreans do not have the same cultural “hang-ups” against the Chinese as they had against Japanese culture, owing to the harsh Japanese occupation of Korea for 35 years. In fact,

¹¹ C. Chandler, “Inside the New China”, *Fortune* n° 17, October 2004.

psychologically, Korean-Chinese rapprochement should be easier than Korean-Japanese or Sino-Japanese rapprochement.

China is thus increasingly “dominating” both the Japanese and South Korean psyche¹², especially as China’s economic, political, cultural and strategic role becomes even more determinant in Northeast Asia.

But bilateral historical problems still exist between China and Japan and China and Korea, which will undoubtedly limit the extent of Chinese soft power in these two countries. China’s historical feuds with Japan are numerous¹³, ranging from the scars of the rape of Nanjing to the frequent visits of Yasukuni Shrine by PM Koizumi and his Cabinet ministers; as long as Japan’s “class A criminals” from the last War are not interned elsewhere, the Yasukuni controversy would continue to stir on with neighbouring China and the Koreans. China has itself ignited a new historical front with South Korea in claiming that the Koguryo Kingdom (in the BC era) belonged to the Chinese, as would be defined in Chinese textbooks next year; Seoul is trying its level best to prevent this, just as the Japanese textbook crisis over its action during World War II had ignited protests from China and the Koreans previously. Korean nationalism is on the rise against China, just as its past seems to have been pacified with Japan. The re-writing of history of textbooks in Northeast Asia is indeed a very sensitive issue for the region.

The Emergence of a “Benign China” Perception in Southeast Asia

ASEAN-China relations are consolidating, as Beijing “advances” into Southeast Asia to “balance” the region’s relations with Japan and the United States. This successful strengthening of ASEAN-China relations, despite recent historical animosities and initial economic “hang-ups”, could be attributed to China’s successful political, economic and cultural cultivation of ASEAN. But more importantly, China’s “soft power” has risen substantially in Southeast Asia, which in turn has boosted Beijing’s clout, influence and standing in ASEAN countries. At the close of the annual parliamentary (NPC-CPPCC)

¹² E. Teo Chu Cheow, “China’s Increasing Soft Power in Northeast Asia”, *Taiwan Perspective*, n° 16, INPR (Taipei), 31 March 2004.

¹³ E. Teo Chu Cheow, *China Brief* (Jamestown Foundation), vol. IV, issue 20, 14 October 2004.

session in Beijing in early March, Chinese Premier Wen Jiabao described China as “a friendly elephant”, which poses no threat to ASEAN.

From a historical perspective, China used to pose two sorts of threats to Southeast Asia, viz Beijing’s “communist threat” in the 1960s/1970s (as experienced by Indonesia, Thailand, Malaysia, Singapore, Philippines and Burma), as well as a “war threat” to Vietnam in 1979, when Chinese troops crossed the Sino-Vietnamese border to “teach Vietnam a lesson” after its “invasion and occupation of Cambodia”.

Today, all ASEAN countries embrace unequivocally and acknowledge publicly the “one-China” policy and engage Beijing fully in all aspects of regional cooperation.

Added to this historical dimension, Southeast Asian countries have also witnessed a major perception change of China¹⁴, from what was termed a “China threat” (in economic, trade, investment, social/job terms) just three years ago, to one of a “benign China with opportunities (for ASEAN)”, thanks to three factors.

Firstly, Beijing’s pragmatic policy of “political stabilization” has assured ASEAN countries, instead of its previous “ideological destabilization” of the region through communism. Pragmatically, Beijing has successfully negotiated the fixing of its maritime boundaries with Vietnam in June 2003 and is making progress in agreeing to a joint development of the overlapping territorial and maritime jurisdiction with the Philippines, which have assured both Hanoi and Manila to a huge extent.

Secondly, China is perceived today as an economic opportunity for ASEAN, thanks first to Beijing’s “political” decision not to competitively devalue the RMB during the 1997-98 Asian Crisis, and then, to trade surpluses “accorded” to ASEAN countries by Beijing. ASEAN countries attribute their continued economic growth in 2002-2003 to China’s generosity in importing massively ASEAN’s products, thus funneling growth and development there.

Lastly, this reduced threat perception of China is also due to Beijing’s new and active “sophisticated diplomacy”, from Deng Xiaoping through the Jiang Zemin-Zhu Rongji team to

¹⁴ E. Teo Chu Cheow, “Solidifying China’s Regional Partnerships”, *China Daily* (Beijing), 15 May 2004.

the present Hu Jintao-Wen Jiabao leadership. ASEAN countries are constantly and actively assured of a “benign China”, in its outlook and national strategy, which subsequently reduced the “China threat”.

Key to this perception shift in ASEAN has been China’s strategic policy of “down-playing ideology, moving towards pragmatism”, which ASEAN countries have detected in both China’s domestic policies and external relations; ASEAN countries appreciate the “normalization” of Beijing’s relations with the region¹⁵. With greater “sophistication”, Beijing is deliberately practising strategic engagement with ASEAN and has extended a hand of “strategic friendship”. Ideology has been abandoned both domestically and externally, thus assuaging the fears and concerns of ASEAN countries. A more pragmatic and “normalized” China has therefore helped re-define the geo-political relationship between Beijing and ASEAN, as both seek stability for economic development. The common feeling in ASEAN is that they could now do business with a more pragmatic generation of Chinese leaders and the “new” China of “peaceful rising”.

Economically, the ASEAN-China Free Trade Agreement (FTA) or “10+1” has effectively bound China closer to ASEAN; furthermore, China is “according” unprecedented surpluses to ASEAN economies and increasing Chinese investments to ASEAN, like in oil and gas in Indonesia (through CNOOC) or in manufacturing in Vietnam and Thailand¹⁶. Potentially, Chinese investments could fuel further economic growth in ASEAN, but competition could also increase for natural resources world-wide, thanks to China’s growing appetite for oil, gas, steel, minerals and agricultural products, with potential negative repercussion on world prices, especially for non-commodity-producing ASEAN economies¹⁷. Similarly, China’s human resources are moving to Southeast Asia in a progressive, but not insignificant way. Chinese tourists, students, expatriates and lower-level workers are flocking to ASEAN countries, bringing new opportunities and revenue to their economies. Chinese growing presence could thus have an increasing financial and social impact on ASEAN. Moreover, Chinese economic and social assistance will increase to the region, like in the Greater Mekong Sub-Region (GMS), or in the “regional fight” against SARS and avian flu.

¹⁵ E. Teo Chu Cheow, “Beijing’s Go-South Policy: Improving ASEAN-China Relations & A Challenge to Taiwan”, *Taiwan Perspective*, n° 7, INPR (Taipei), 8 March 2004.

¹⁶ E. Teo Chu Cheow, “Towards an East Asian Community”, *Internationale Politik und Gesellschaft*, 4/2002, Friedrich-Ebert Stiftung (Berlin).

The Rise of China's "Soft Power" and the Chinese Diaspora in Southeast Asia

Commensurate with China's rise as an economic and political power, there has been a concurrent rise in China's "soft power" in Southeast Asia. Chinese culture, cuisine, calligraphy, cinema, curios, art, acupuncture, herbal medicine and fashion fads have penetrated into regional culture. Fascination for popular Chinese culture amongst ASEAN youth in film, pop music and the television has been noticeable, even though such popular culture may in fact emanate from Hong Kong (films, actors, actresses and "canto-pop") or Taiwan (like the "Meteor Garden" television series or boy-bands, such as F4 or 5566), and not necessarily, China.

Mainland Chinese consumer brands (like Hai-er, TCL or Huawei) are becoming increasingly popular in ASEAN societies too, especially in lower-end electronics and telecommunication products in Indonesia and Philippines. The rise of Chinese consumer products in Southeast Asia, especially amongst its poor indigenous population, would undoubtedly lessen the "China threat" further, as well as to help spread Chinese "soft power", like the existing American and Japanese "soft power", thanks to the worldwide branding of consumer products.

But more importantly in Southeast Asia today is the rise in the role and influence of ethnic Chinese¹⁸. Formerly, resolute anti-communist and anti-Beijing, this group has swung towards a "more benign China", as these communities ride on the coat-tails of this emerging China. In Thailand, there is undoubtedly a rise in Thai-Chinese power and influence, not only in commerce and business (as it had always and traditionally been the case), but also in politics (with PM Thaksin Shinawatra and his ruling Thai Rath Thai Party), the bureaucracy and intelligentsia. Indonesia has "rehabilitated" its Indonesian-Chinese community, as the Lunar New Year or "Imlek" has since 2003 been designated an official Indonesian public holiday; public "Metro TV" has even some of its news bulletins ("xin wen") read in Mandarin. In the Philippines, Filipino-Chinese movies have captured top prizes in the annual Metro-

¹⁷ E. Teo Chu Cheow, vol. IV, issue 15, "China As the Centre of Asian Economic Integration", *China Brief* (Jamestown Foundation), 22 July 2004.

Manila Film Festival for the past two years. There are also more “chinovelas” (Chinese serials) on local television stations in the afternoon, and Taiwanese boy band F4 is currently Philippines’ biggest craze, as its songs fill Manila’s mega-malls. Vietnam is undoubtedly following the “China model” economically and even politically, as returning *viet kieu* (or overseas Vietnamese) are leading Vietnamese economic recovery, like overseas Chinese fifteen years ago.

In Southeast Asia, the “pai hwa” (or anti-Chinese) sentiment has undoubtedly subsided to a large extent, and many ethnic Southeast Asian Chinese now want to “re-discover” their (Chinese) culture and identity, in line with the emerging China to the north; Mandarin classes have thus boomed in ASEAN countries.

One of the most significant changes in Southeast Asia has thus been the attitude of ethnic Chinese, who have become less biased, less anti-communist and less anti-Beijing. But an “over-play” of their “China connection” could be a double-edged sword, if they do not “share” or better distribute their acquired wealth locally, especially if they are perceived to have prospered thanks to their “China connection”. Therein lies a potential danger for both the ethnic Chinese (if they do not seek a better integration with their Southeast Asian “homeland”) and Beijing, which must be aware of such a potential “ethnic Chinese” danger in ASEAN.

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As China defines and implements its biggest economic, social, cultural and political transformation in its History, its leaders are mindful of the fragility of its revolutionary experience; for that reason, stability is deemed the key to its success or failure. Internal stability is needed to continually develop its economy, reform its wobbly sectors and re-distribute wealth urgently, especially to its 900 peasants and rural poor; on the other hand, external stability is needed to help guarantee internal stability and development, especially in terms of a stable external environment on China’s periphery, for FDIs to continue flowing in and exports to flow outwards. The “prosper thy neighbour” policy is thus actively sought after

¹⁸ E. Teo Chu Cheow, “The Rise of China’s Soft Power in ASEAN”, Commentary in *Today* (Singapore), 5 May 2004.

by Chinese leaders, within the context of a “peaceful rising” of China, which Beijing’s neighbours all seem to ascribe to and support.

China’s influence, clout and “soft power” have undoubtedly grown in both Northeast and Southeast Asia. This could be a prelude to the dawning “China century”, especially as China takes on the United States in international geo-politics and geo-economics. But the “battle-ground” for China versus the US would still be East Asia itself, as the Americans have to decide to either concede to growing Chinese “soft power” or challenge it discreetly. China’s “peaceful rising”, if indeed successful, would clearly consolidate Beijing’s place as a regional and international power in Asia, thanks to the firm support and even present complicity of its Asian neighbours.