EAST ASIA'S INTERNATIONAL RELATIONS IN THE IMMEDIATE POST-COLD WAR YEARS

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Introduction

Up to the end of the 1980s, relations among East Asian countries, like other parts of the world, were primarily determined by the Cold War. Until the Sino-Soviet split in 1960, most East Asian countries generally followed either pro-Soviet or pro-United States foreign policy. Japan's failed efforts to compromise with the Soviet Union in 1956 over the four southernmost islands of the Kurile chain in order to sign a peace treaty with the USSR due to US opposition exemplifies the strict Cold War factor in the shaping of international relations of East Asia at that time. For about a decade since the Sino-Soviet split in 1960, the People's Republic of China acted alone opposing both the Soviet Union and the US. That changed with the 1972 Nixon visit to China and the signing of the Shanghai Communiqué the same year and the establishment of Sino-US diplomatic relations in 1979. Chinese perception of growing Soviet hegemony in East Asia was exemplified by the 1969 Sino-Soviet border conflict, Soviet-Vietnam treaty in 1978, presence of Soviet bases in Vietnam and the Soviet-backed Vietnamese invasion of Cambodia that overthrew the pro-Chinese Khmer Rouge government in 1978.(1)

Since the early 1980s, China appeared to be a more cautious ally of the US in its opposition to the Soviets as the Soviet Union toned down its criticism of

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China, offered normalization of relations and stepped up detente with the US. The Sino-Soviet normalization efforts got momentum under Mikhail Gorbachev and it materialized in May 1989 after the Soviet Union met all three Chinese conditions for normalization.[2]

With the somewhat sudden demise of the East European Communist states, the Soviet-led Warsaw Pact, and ultimately the Soviet Communism and the Soviet state itself in late 1991, the Cold War has ceased to be a factor in shaping relationship in East Asia as elsewhere.

The end of the Cold War and the disappearance of Soviet threat were yet to produce a stable world of international relations. Moreover, there was no overwhelmingly powerful, comprehensive hegemonic force (with both economic and military dominance) in the world as the United Kingdom was for more than a century up to World War I. Even American victories in the Cold War and "hot battles" against Iraq in 1990-91 did not result into a comprehensive US-controlled unipolar world. One may suggest that the US was able to mobilize the forces against Iraq because others paid for it and it was mainly a coalition of former Western colonial powers against a former colony which dared to be recognized as a regional power of a vital region where existed the lifeline of the industrialized West — oil — and Israel. American inability to convince the same allies two years later even to agree to impose a little tougher sanctions against Serbia for its role in Bosnia reflected both the limit of US power and major power rivalries, however implicit that might be. Widespread perception of the economic problems of the US and trade frictions with its various major trading partners — with consequent rise of protectionism and nationalist passion in both the US and its partners — also undermined the assumption of a comprehensively US-controlled unipolar world. Even if that was what we were going to see in the near future, that did not come yet. Moreover, one visible aspect of the post-Cold War international relations had become economic relations. Thus the reconciling of economic relations with the politico-security relations had made the post-Cold war international relations further complicated.[3]

Any discussion on post-Cold War international relations of East Asia must be placed into this broader context of highly uncertain and transitional phase which, however, deprived us of a clear, stable and more predictable world that could provide us with an adequate framework to be employed for this purpose. This essay will discuss the developments in East Asian international relations during the early post-Cold war years covering the period from the late 1980s to the mid-1990s. That was a very crucial time for East Asia as well as for the rest of the world. It was the time that marked the demise of most of the East European Communist states and the end of the Cold War in 1989. The Union of Soviet Socialist Republics (USSR) as a country itself also disintegrated during this same period (in late 1991). The essay discusses various issues of the international relations of East Asia of this period with due attention to both economic and politico-security aspects. At the end, attempts have been made to outline a probable future trend of East Asian international relations on the basis of the discussion. For the sake of clarity and focus, the discussion has been divided into various sub-regions within this vast

region. The essay will show that many of the issues that dominated the international relations of East Asia in the early post-Cold War years still remain important issues. Thus, by knowing the formative phase of the issues guiding the international relations of East Asia, we can understand the present situation and make projections about the future. Here lies the significance of this effort.

Strategic triangle (+One): The US, USSR/Russia, China, (+Japan): Sino-Soviet/Russian relationship

With the Soviet Union meeting the Chinese demands for withdrawal of forces from Afghanistan, from Mongolia and China's northern border and convincing Vietnam to withdraw its forces from Cambodia in 1989, the two countries normalized their relations in May 1989. In the meantime, however, both countries expanded their economic and cultural contacts. For China, normalization of Sino-Soviet relationship was a major victory as it took place primarily on Chinese terms. While it secured its northern border, it also moved one step forward towards strengthening its presence in Indochina.

Sino-Soviet cooperation was soon reflected in the Soviet response to China's Tiananmen Square episode, which, compared to Western response, was mild with stress on the "internal" aspect of the event. Relations expanded to economic sphere, military security and cultural affairs. As of 1990, some 20,000 Chinese workers were employed in Soviet timber, agriculture and construction jobs. The Chinese province of Heilongjiang and the Russian Republic began diplomatic and economic contacts of their own which could be considered an element of a growing trend of broader regional economic cooperation. One among them was the "Greater North East Asian Circle," comprising the Russian Far East, Japan, Korea and northeastern Chinese provinces of Heilongjian, Jilian and Liaodong. Moreover, Li Peng, China's prime minister at the time, visited Moscow in April 1990. The two sides were also able to demarcate most of their disputed borders, opened border trades and tourism. They also signed military-technology sales contracts under which China was to purchase Soviet/Russian weapons and technology to upgrade and improve its military and technological capabilities with particular interest in expanding its naval and air forces to be able to project power in the sea.[4]

The disintegration of the Soviet Union and the ouster of the Communists from power in late 1991 came at a time when China was struggling hard to overcome Western sanctions and diplomatic isolation and hoped much help from its renewed relationship with the Soviet Union, shocked the Chinese at first. Soon, however, China adjusted itself to the new reality on its northern border. Both sides maintained business-like relations. Although at the beginning, Russia was putting too much emphasis on its new ties with Western countries, it lately (by the mid 1990s) appeared to have realized the value of its Eastern ties — presumably with the pushing from the "Asianists" and former Communists in the Russian foreign ministry and perhaps for attracting trade, investment and aid from East Asian countries. As recognition of that, President Boris Yeltsin of Russia visited Beijing, Seoul and Delhi in December 1992. A Russia with need for hard currency at that

time seemed to be pleased to have a buyer like China of its military resources — the resource Russia had in abundance. By late 1992, China had emerged as one of Russia's primary sources of inexpensive consumer goods.[5]

Sino-US relations

The Sino-US relations became problematic and strained since the 1989 Tiananmen Square crackdown. This deterioration in their relationship was, however, indicative of a contradicting reality of that complex time. It reflected, on the one hand, the fall of East European Communism, including the Soviet one, and, on the other, the continuation of the Communist regime (with economic-reform agenda) in China. Since the Cold War equation was an important reason for the Sino-US rapprochement in the 1970s and much of the 1980s, the end of the Cold War apparently left their relationship, at least for the time being, without any strong common foundation.[6]

Thus, the American imposition of economic sanctions on and suspension of high-level diplomatic contacts with China in response to the Tiananmen event was possible as well as "justifiable" since it did not see any major stake in angering, what many in the US Congress, media and policy realm viewed, the last Communist giant on the earth — China. The US also demanded China to observe human rights and missile non-proliferation regime, etc. Later on, the US raised questions about Chinese trade practice as China was charged with exporting goods to the US made by the "slave labours"; the prison labours. It got confounded with the growing trade deficit with China which according to US accounting, rose to more than $15 billion in 1992. Under pressure from the US, China agreed to look into the matter and, as a gesture to the new administration of President Bill Clinton, China bought $200 million worth of wheat and passenger jets from the US.

In its immediate response to the western position on China following the Tiananmen Square event, China, for some time, tried to demonstrate that it could not be ostracized by playing the "third world solidarity" and "socialist solidarity" cards by dispatching top officials in the capitals of various third world countries and still communist East European capitals throughout the rest of 1989 and early 1990. Chinese authorities also heightened their anti-US rhetorics accusing the US of trying to destabilize China and destroy socialism through the strategy of "peaceful evolution". It also retaliated by discontinuing some contacts with the US such as shelving plans to accept Peace Corps volunteers, jamming several channels of the Voice of America and reducing imports from the US. The futility of such efforts soon became evident with the rapid fall of East European Communist states and Soviet Union's internal troubles. The Third World countries had little to offer in China's drive for economic modernization.[7]

Thus, as Harry Harding[8] mentions, China faced its "America dilemma"; how to maximize its leverage on the US while not dismantling the relations so as to ensure success of its modernization programmes. China needed US technology, investment, aid and market. Despite the Chinese "ideological school's prescription for maintaining as little contact with the US as possible, modernization necessities obliged China to move toward normalizing relationship with the US and there was

a compromise between the "ideological" and "realist" views with a tilt towards the later. Moreover, in the internal debate of the Chinese Communist Party (CCP), the reformists, encouraged by Deng Xiaoping, the paramount leader of China, got the upper hand against the hardliners. While the hardliners were in favour of cautious approach to growth by setting a moderate 6 per cent growth rate for the rest of the 1991-95 Five-Year Plan, the reformers were able to carry through their proposal in the Party plenum in March 1993 for an ambitious 11 per cent growth rate which also required reconciliation with the US. The Politburo of the CCP, elected in 1993, was also dominated by economic reformists. The Chinese leadership allowed a leading dissident, Fang Ling Zhi to leave the country, and gave an assurance that it would take good care of specific political prisoners as requested by the US, and Chinese officials , at a meeting in Beijing in December 1989, with US deputy secretary of state Laurence Eagleburger and president Bush's national security adviser Brent Scowcroft, to engage it in negotiations on the transfer of missiles and missile technology. In exchange, the US agreed to continue for China its most-favoured nation (MFN) trading status, and subsequently relaxed some economic sanctions in 1990-91. In fact, in some sense, the sanctions were symbolic, and soon afterward the World Bank approved loans for China while other western countries resumed trade. The Democratic Party-dominated US Congress wanted to repeal the MFN status or, at least, to attach some stiff conditions to it but the move was vetoed by president Bush.

It is fair to suggest, however, that despite the deteriorating relationship, sanctions and public posture, the Bush administration was anxious not to sever ties with China; the reason being that the US also gave stability of the region a high priority and was apprehensive that China's isolation might lead it into unpredictable and, thus, destabilizing behaviour. It may be argued that the US needed a stable China as a check to the rise of any future Japanese militarism. It was on this assumption that the Bush administration, despite sanctions and outcry from the Congress and the media, followed the policy of keeping the line of contact open, by sending Scowcroft in July 1989, immediately after the Tiananmen crackdown, and vetoing congressional resolutions calling for an end to China's MFN status or for attaching conditions to it.[9]

On the other hand, although for the time being, "Suddenly China looked small in the world" as Nicholas Kristoff[10] put it, soon China found something to use to enhance its leverage in its dealings with the US. First such opportunity came as early as in late 1990 when, as a permanent member of the UN Security Council (UNSC) with veto power, its support was critical for the US in order to marshal legal basis for the use of force against Iraq following its invasion of Kuwait. Another opportunity came in the aftermath of the war as China's participation was necessary in the negotiations on curbing missile and missile-technology sale as China was an important supplier in the Middle East. China abstained from voting on the issue in the UNSC and agreed to participate in human rights negotiations and arms talks. In return, it earned diplomatic acceptability; its foreign minister Qian Qichen was received in the White House by president Bush.[11]

This measured and slow but cooperative and conciliatory approach met with a setback in September 1992 with president Bush's election-season announcement of $6 billion sale of 165 F-16 fighters to Taiwan which China considers an integral part of the country. Although the US pointed out the Chinese purchase of Russian weapons, 50 per cent increase in its defence expenditure since 1989 and Taiwan's security needs, China strongly protested the sale plan accusing the US of violating the 1982 Sino-US agreement calling for gradual reduction in American arms supply to Taiwan. It also accused the US of obstructing China's efforts for peaceful reunification of Taiwan with the mainland and vowed to retaliate if the sale went through. As part of this response, China withdrew from the human rights talks. However, it made progress in other respects, mainly in curbing missile sales in the Middle East. Moreover, China also noted with anxiety that the US made attempts to upgrade its diplomatic relations with Taiwan by sending trade representative Carla Hills to Taipei, the first ever visit of any US cabinet-level official to Taiwan since 1979.[12]

Sino-Japanese relationship in the early post-Cold War years

During this period, with a few exceptions, Sino-Japanese relationship [13] was relatively conciliatory and cooperative, mainly in the economic arena. Japan was not as critical of China as the US and other Western countries were over the Tiananmen Square crackdown. More than any other country, Japan wanted a stable China since it was perhaps Japan which had to face most of the problems stemming from instability in China. Although Japan suspended implementation of a long-term $5.2 billion loan for infrastructural development, it resumed the loan in late 1990 and in January 1991, Japan's finance minister was the first Japanese minister to visit Beijing underscoring the importance of Sino-Japanese economic cooperation.[14] Denied Western credits, China turned to Japan urging it to expedite resumption of loan in 1990. Prime minister Toshiki Kaifu of Japan visited China in 1991. Japan also argued for relaxing economic sanctions imposed on China. Speaking at the meeting of the heads of the seven industrialized countries, known as the G-7, in Houston, Texas, in July 1990, the Japanese prime minister called for allowing China to borrow money from multi-lateral financial institutions. Ultimately, long before the West relaxed the sanctions on China, Japan resumed credit for China in 1990. In exchange, China downplayed Japan's increasing defence expenditure and Chinese statements after the Tiananmen event emphasized appreciation for Tokyo's help in political rehabilitation and opening the windows of Japanese loan. Japanese traders and investors who were willing to visit China after the Tiananmen incident but could not go without the government nod, moved to China with governmental policy change to invest there. China's huge market and abundance of cheap labour made China a lucrative destination for investment and trade. Japanese investment in China in the first six months of 1992 was $830 million, twice as much as in the same period in the previous year. Two-way trade was worth $20.2 billion in 1991. In 1991, Japan announced it would go ahead with disbursement of $1.1 billion in loans as part of a $6.7 billion loan package.[15]

Beneath the cooperation, however, both had calculated interests and there are disputes and resentment causing troubles in their relations. Japanese interest in investing in China was definitely assured quick profit; it also wanted China to be economically strong enough to be able to balance the rising strength of South Korea as a rival of Japan. There was also the sense that in any post-Cold War power balance among the US, USSR/Russia and Japan, China would be a major influencing factor. It was particularly important for the Japanese in the context of gradual withdrawal of US troops and ongoing dispute with Russia. On the other hand, China's interest, for the time being, was to put contentious issues aside to keep the line of aid and investment open to cope with squeezed western aid and investment, which was essential for its modernization — a matter of highest priority with the Chinese leadership. However, China frequently complained about the Japanese inclination in investing more in hotels and construction projects and not in high-value-added manufacturing sectors.

Remove the Chinese distrust of the Japanese, a sentiment fed by bitter memories and perceptions of Japanese atrocities committed during the Japanese occupation of a large part of China in the 1930s and '40s. Out of that anti-Japanese nationalistic passion, many Chinese came to believe, rightly or wrongly, that China was experiencing the "second Japanese invasion"; this time through economic power. This sentiment was once again displayed by student demonstrations in 1990. Japan and China had long been claiming sovereignty over some small islands, 100 miles northeast of Taiwan, called Daoyuti in Chinese and Shenkaku in Japanese, which first cropped up as an issue in the 1970s and again in 1990. In both cases, the two sides put aside the issue for future settlement highlighting cooperative (economic) aspects of their relationship. But in 1990 when China was badly in need of Japanese economic cooperation, Beijing students demonstrated, demanding *Diaoyuti* not *Yen* — the Japanese currency. Similarly, during the first ever visit by any Japanese emperor to China in almost 2000 years in 1992, a large number of Chinese (90 per cent according to an opinion poll) expected Emperor Akihito to offer apology and reparations for Japan's atrocities during the occupation of China. The emperor did neither and the Chinese leadership downplayed those issues, saying that it was up to the Japanese to choose what the emperor would or would not say during his visit to China. Moreover, the Chinese authorities took steps to curb demonstrations against Emperor's visit. After all, for the Chinese leadership economic cooperation was more important than apology from a valuable guest like the Emperor of Japan—which came forward with financial help at a time when China was being pressurized by the West and needed money badly.[16]

Japan-US relationship in the early post-cold war years

While the end of the Cold War removed one rationale for strong US-Japan ties, there remained other important reasons such as economic and regional stability for the two to maintain strong ties. Despite their shared interests, they faced a

difficult test of transforming an unequal relationship into a relationship between two equals.

Many in the US, either in academia or in the administration, viewed Japan as inherently incapable of having equal relationship and thus it wanted either to be subordinate or superior. They said that whenever Japan tried to create a "Japan-Centric" world, it brought disastrous consequences for itself as well as for others as happened in the 1930s and during WWII when it tried to create the Greater East Asian Co-Prosperity Sphere.

Drawing from Fukuzawa, a late 19th century Japanese thinker, some scholars, both Japanese and western, known as the followers of the "Casting off of Asia" thesis, viewed Japan as being safe when belonged to the west and not to Asia; while others, mostly Japanese, who drew their inspiration from another 19th century thinker, Areo Sei, known as the "Asianists," believed that Japan was first and foremost an Asian nation and must return to where it ultimately belonged; — Asia — as the West would shut its door on Japan when the West would find it necessary which it did in the 1930s and 40s. These debates and perceptions also largely shaped the US-Japanese relationship in the late 1980s and early 1990s.[17] With the Cold War over, the economic factor became a strong indicator of national strength. But while the Japanese had shown superiority in the economic arena, the US was very slow in appreciating that and adjusting its relations with Japan accordingly. Instead, for long, the US had blamed Japan for its own economic difficulties. Citing increasing Japanese trade surplus with the US, America would blame it on Japan's alleged unfair trade practices. They forced Japan to buy more US goods and implement Structural Impediment Initiative (SII) in order to stimulate the Japanese market. For long, Japan mostly complied. The situation was going to get worse when the incoming Clinton administration attempted with threats of retaliation, to have "managed trade" by placing condition on Japan to buy a certain amount of American goods. Some people had even cautioned that in case of unilateral US retaliation, Japan also had plenty of retaliation options.[18]

Already, more and more Japanese were feeling irritated for getting blamed for American economy's inherent problems such as less efficient workforce, lack of quality control, poor school system and, most importantly, its chronic budget deficit and poor savings.[19]

In 1990-91, Japanese position came into conflict with the US on its war efforts against Iraq. An overwhelming majority of the Japanese opposed any participation in that war while the US was insisting upon Japanese peacekeeping role. Finally, Japan sent a minesweeper team to the Gulf when the war ended. Then came the US demand that Japan pay several billion dollars for the war effort, which most Japanese opposed in the first place. Ultimately, Japan paid $13 billion taxing each Japanese $100. However, the decision to pay the $13 billion came after a heated national debate over the justification of the huge demand. Actually, doubts about the justification of the war itself informed Japanese opposition as a majority of the people — albeit a slim one — were vehemently opposed to it. On the other hand, the US viewed Japan's move as being very slow and criticized it for that. It

was in this context that terms like *kenbei,* a fundamental dislike for America, a phenomenon explicitly expressed in the Japanese media, for the first time, got popular. American heavy-handedness also caused a surge of anti-Americanism in the country, a sentiment captured in the titles of books like, *The Japan That Can Say No*, by conservative nationalist writer Sintaro Ishihara. However, it had its counterpart in the US such as *The Coming War With Japan*, by George Friedman and Mederith LeBard.[20]

The relationship worsened further when George Bush led a trade mission to Japan which most Japanese saw as a tactic to scapegoat Japan for America's own troubles. Particularly, the Japanese were resentful about the attitude of US auto industry executives and the secretary of commerce, Mosbaschar. The more the US tried to coerce Japan, the more that aroused nationalist (anti-American) sentiment there. The growing trade imbalance and formation of the European Community (EC), among other reasons, had led the US to form a "Free Trade Bloc" — the North American Free Trade Agreement (NAFTA) of three Pacific countries; Canada, Mexico and the US. These trends, which the Japanese considered protectionist, made many Japanese wonder if Japan was going to be barred from the North American-Pacific markets.[21]

It was in this context that, the "Asianists" in Japan were arguing for Japan's return to where it should have been — Asia. It was no coincidence that though Japan did not endorse Malaysian prime minister Mahathir Muhammad's call for the formation of a non-White East Asian Economic Group (EAEG) excluding the US, neither did it criticize the proposal as strongly as the US, particularly vice president Dan Quayle, did. In fact, Japan showed ambivalence towards the EAEG proposal. On the other hand, the issue also indicated that although there were differences between the two, the prosperity and well-being of the two sides required close cooperation between them instead of protectionism and trade war. After all, the two economies were so integrated that any disruption of relations would have created catastrophic global economic dislocations. At least for that moment, enlightened self-interest pressed the leadership of both countries into keeping that cooperative relationship.[22]

Japan-Soviet Union/Russia relationship

Unlike some other instances, post-Cold War changes were not so visible in Japan-USSR/Russia relationship by the mid-1990s. Apparently abandoning its long-held policy of separation of politics from economics, in its relations with the USSR/Russia, Japan took a principled position, giving politics priority over economics. Despite the prospect of economic benefits, Japan until then had been reluctant to invest in the Soviet Far East. A very small amount of Japanese money was invested in that region although Japan could be benefited from the development of the region's timber and other natural resources. And even though Japan pledged to lend $2.65 billion to Russia in 1992 as a part of the $24 billion aid package by the G-7 to help Russia meet its debt obligations and restructure its economy, a small fraction of that ($100 million) was actually disbursed by Japan. Before that pledge, Gorbachev attempted to cut a deal with Japan in 1990 in the

hope that normalized relations with Japan would attract Japanese aid, trade and investment to the ailing Soviet economy. After hours of talks during Gorbachev's 1990 visit to Tokyo, the two sides failed to reach any agreement. The issue blocking the normalization of relations was the transfer of four southernmost islands of the Kurile chain, namely, Etorofu, Kunashiri, Habomai and Shikotan which the Soviets captured in the last days of WWII.[23]

Japan considers the issue a matter of national prestige and was not interested in economic cooperation unless the other side (the Soviet Union/Russia) recognized Japanese sovereignty over these islands. Although it was a nationalistic position, some people argued that the islands were of strategic importance: they gave Russia a window into northern Japan and Russian military leaders were among those who were most resistant to returning the islands. But possession of them would have little effect on the strategic balance in the region for Japan. They would not give Japan the ability to block any major straits or project their naval power further northward. Similarly, the benefits for Russia were not irreplaceable, because it had other islands nearby from which it could conduct electronic surveillance and project its naval power. But Gorbachev's efforts came at a time when he was weak at home and was opposed on the issue not only by the rising nationalist tides but also by the Yeltsin-led Russian Federation and the military. Ironically, there was a repeat of the same thing in September 1992 when the Japanese side in the preparatory talks pushed for the return of the islands. Sensing the sensitivity of the issue and political risk involved in the handing over of the islands to Japan at a time of rising anti-Japan nationalistic sentiment in Russia, Yeltsin abruptly cancelled his planned trip just four days before the visit scheduled for 16 September 1992. While this sudden cancellation sent a shock wave through Japan, it damaged Russian credibility with the Japanese. The Japanese made it clear that they had no intention to ask for the resolution of the issue and signing of a peace treaty with Russia in the near future, indicating a stalemate in their relationship.[24]

Western media and governments, concerned at the time about the survival of Yeltsin and Russian "reform" and recovery, had generally blamed Japan for its "barren diplomacy" and "stepping ahead" of its Western allies. That might have sounded justified from the Western perspective, but from the Japanese perspective, its behaviour was quite understandable: it simply wanted to settle a long overdue score with its century-old rival from a position of strength. If a weak Russia showed no interest in giving up the islands, who would guarantee that a stronger Russia — partly with Japanese help — would give them up? Still, some Western powers, particularly France, were forcing Japan to be more forthcoming in its help to Russia. Under pressure from them, Japan had reluctantly agreed to invite Russian deputy prime minister Fyodorov to the meeting in March 1993 in Hong Kong for preparatory talks for the G-7 summit in Tokyo in the summer of 1993 while Japan wanted to invite Yeltsin to the Tokyo Summit.[25]

South-East Asia: Indochina and ASEAN:
Indochina: Changes in power equation

During the first four years of the 1990s, Indochinese nations went through relational changes with each other and with the rest of East Asia which became visible first in 1989 with the Vietnamese decision to withdraw its forces from Cambodia by September of that year. This happened due to Soviet pressure on Vietnam, partly in order to satisfy Chinese condition for normalizing relations with the USSR and, partly, to stop costly assistance to Vietnamese invasions and occupation without which Vietnam could never have maintained its occupation of Cambodia. Moreover, by that time, the Soviet Union gave up its superpower role in Asia. Furthermore, the USSR also first reduced and finally stopped giving Vietnam aid and forced it to pay for imports in hard currency. These factors, and the no-win situation in Cambodia, and the collapse of East European Communist states made the Vietnamese vulnerable and without any foreign source of aid and support as they had already antagonized China and were, virtually, totally dependent on the USSR. Vietnam, thus, had to give up its hegemonic ambition in Indochina. Instead, it had to make peace with its giant neighbour — China — an option Vietnam found no alternative to, given its isolation and vulnerability. Moreover, this "truce" with China helped release some tensions along its northern border, where China frequently made incursions inside Vietnamese territories. Vietnam had to make this peace with China, however, almost entirely on China's terms. Vietnam even had to remove its "Sinophobe" foreign minister, Nguen Co Thac, from all party positions. A process of rapprochement since the late 1980s culminated on 10 November 1991 with a meeting of party and state leaders in Beijing where agreements were signed on trade and border cooperation including border trade. In 1991, the border trade just between China's Guangxi province and Vietnam accounted for about $165 million.[26]

This improved Sino-Vietnam relationship was not, however, totally devoid of disagreements and disputes. Besides some border disputes, the two have overlapping claims, along with Brunei, Malaysia, the Philippines and Taiwan, over the Spratly Islands in the South China Sea — believed to be rich in oil, gas and phosphorous. In February 1992, China's People's Congress had adopted a law claiming them as its own. At the same time, China was calling for joint development of the islands, putting aside the sovereignty issue for the time being. Under the law, China can enforce its claim over the islands. Between 1991 and 1995, there were, at least, 15 clashes over these islands. China established control over some of them claimed by Vietnam and had built a runway on one of them. It is very important to note that despite the announcement of this law, China did not capture any of the Spratlys claimed by countries other than Vietnam while it signed a contract with Denver-based Crestone Energy Corporation to explore oil and natural gas in 25,000 square kilometres of what Vietnam claims as its Tu Chinh bank on its territorial shelf.[27]

On its part, although Vietnam came to realize that it would have to live with China on its north, it was, however, trying hard to reach out to other capitals in

the region and beyond to diversify its relationship in an effort to minimize the danger of being manipulated by the Chinese. It tried to befriend the ASEAN and Japan. Importantly, since Vietnam had embarked on economic reform policies — called Doi Moi — designed after the Chinese reforms, it needed technological support, capital and investment, trade and aid which the ASEAN, and Japan could provide better than China. In fact, Vietnam, invited as a dialogue-partner at the July 1992 meeting of the ASEAN foreign ministers in Manila, had agreed to the 1976 Treaty of Amity and Cooperation. Though China did not endorse the treaty up to the mid-1990s, it does not consider the treaty incompatible with its principles. Japan and others began investing in and giving aid to Vietnam. Vietnam had already signed a joint venture agreement with Malaysia, and Singapore had become the second largest investor there. Thailand was also investing in Vietnam.[28]

For sometime, Vietnam was trying to normalize relations with the US and there was a favourable mood in US Congress. In 1990, the then US secretary of state James Baker announced US willingness to enter into dialogue with Vietnam over the Cambodian issue. In fact, by that time preventing the Khmer Rouge from returning to power in Cambodia became more important for the US which was reflected in the softening of US attitude towards Vietnam. US Congress also adopted resolutions to make sure that US military aid to the Cambodian resistance would not go to the Khmer Rouge. In January 1991, the US opened a missing in action (MIA) office in Hanoi and, in turn, Vietnam began to show increased interest in the search for MIAs. In April the same year, Richard Solomon, then assistant secretary of State for East Asian and Pacific affairs, set out a "road-map" according to which normalization of relations with Vietnam would take place after the resolution of the MIA issue and the holding of elections and inauguration of a new assembly in Cambodia. Vietnam had shown a great deal of forthcoming attitude in clearing the highly emotional MIA/POW issue during the visit of factfinding mission of US senators in October 1992. Later, the US ambassador to the UN had a farewell meeting with Vietnam's outgoing representative to the UN, which was construed as a softened US attitude. It is worth noting that because of its economic embargo the US used its veto against any aid proposal from any multilateral international financial institutions which was essential for Vietnam's infrastructural and other developmental activities. In the mid — 1990s, there was talk of letting multilateral institutions lend money to Vietnam although repeal of the US-imposed economic embargo on Vietnam was not on American agenda at the time. For both security and economic considerations, normalization of relations with Vietnam was beneficial for the US as it was only Vietnam that could play a positive role in any future South-East Asian security arrangement and its untapped market of 70 million people and natural resources might benefit American businesses.[29]

Another change was that Laos and Cambodia no longer remained a part of the Vietnamese-dominated Indochina as Vietnam withdrew its forces from Laos in 1988 and from Cambodia in 1989. Sino-Lao relationship improved significantly afterwards. Lao Communist Party secretary visited Beijing in October 1989 for the first summit since the 1970s and prime minister Li Peng visited Laos in December 1990. The two sides signed an interim border agreement and agreed to cooperate in

the development of an airfield in the 1990s. Laos was being economically courted by Thailand. It was likely that once the crisis was over, Cambodia would also improve economic ties with Thailand. There was a possibility of Thailand-centred continental South-East Asian economic zone.[30]

As for Cambodia, following the Vietnamese withdrawal, a treaty was signed in Paris in 1991 (the Paris Treaty) which assigned the sovereignty of Cambodia to a unique body — the Supreme National Council (SNC) — composed of all four factions (Khmer Rouge led by Kheiu Shampan, Vietnamese-installed government of Hun Sen, the Sihanouk group, and the ultra-nationalist anti-communist Buddhist Liberal Democratic Party, led by former prime minister Son San). Day-to-day administrative job was assigned to the UN Transitional Authority in Cambodia (UNTAC) with the responsibility of demobilizing all Cambodian factions, holding elections in May 1993 with the participation of all four factions and transferring power to the winning party. Although China did not get what it would have liked, that is the Khmer Rouge back in power, it was quite content that the Soviet-backed Vietnamese dominance in Indochina was over, and the Khmer Rouge was part of the SNC. It also set up relations with the Hun Sen government and was on good terms with Prince Norodom Sihanouk.[31]

The chances of peace in Cambodia, in the mid-1990s, however, appeared cloudy with the Khmer Rouge and Son San group's anti-Vietnamese campaign and claim about the presence of Vietnamese military personnel and about two million Vietnamese "settlers" in Cambodia and, in particular, the Khmer Rouge's refusal to demobilize its forces and participate in the elections scheduled to be held in May 1993. It is important to note that Cambodia's weakness and smaller population relative to Vietnam had pushed some sections of its leadership to raise the fear of Vietnamese "demographic" penetration in Cambodia. In their verification, the UNTAC, however, found only three Vietnamese personnel in the Cambodian army who the UNTAC termed to be involved in "lowly" capacity.[32]

Meetings in October and November 1992 failed to resolve the issue. Despite the UNSC's imposition of economic sanctions on the Khmer Rouge-held areas (15 per cent of Cambodia) and Sihanouk's and the UN's calls for holding elections as scheduled in May 1993 even without the Khmer Rouge participation, it was not certain if that would have brought peace to Cambodia. Killing of 33 ethnic Vietnamese, allegedly by the Khmer Rouge guerrillas, that provoked criticism from most East Asian besides American and Chinese capitals, further worsened the situation. Thus, despite change and hope for stability in the region, there continued to remain the antagonism and distrust that went back centuries. Another new phenomenon regarding Cambodia was that for the first time since WWII, the Japanese Diet adopted the peacekeeping Operation Bill in June 1992 enabling Japan to send 80 observers and 500 peacekeepers in Cambodia for non-combat services which drew little criticism in Phnom Penh and other capitals of the region, except for Singapore whose leader Lee Kuan Yew formulated the "chain reaction" thesis suggesting that Japanese peacekeeping role might lead to renewed militarism in Japan.[33]

The ASEAN: Challenge of a new environment

The ASEAN member states pursue their own foreign policies in accordance with their own national interests. Despite their differences, the Vietnamese invasion of Cambodia, for the first time, enabled the ASEAN to come up with more or less a coherent response. Basically, most ASEAN states' threat perception used to be centred around the internal regime legitimacy, which was constantly being threatened mainly by the pro-Chinese guerrillas and/or ethnic Chinese minorities.[34]

With the 1989 Vietnamese withdrawal from Cambodia and the 1991 Paris Peace Treaty, the situation had changed and the ASEAN states shifted their attention elsewhere. The major emphasis was being given to the economic sector. Both Malaysia and Indonesia were attracting huge investments from both Japan and other East Asian Newly Industrialized Countries (NICs). Malaysia and Thailand were about to join the rank of the NICs. Singapore's new leader, Goh, had suggested the formation of a "growth triangle" comprising Singapore, Malaysia and Indonesia and the ASEAN had accepted the idea. Thailand, as mentioned earlier, was expanding economic ties with the rest of the continental South-East Asia including Laos and Cambodia.[35]

Relations between ASEAN countries and Japan had been generally cooperative although some had expressed concern over Japan's ferrying of plutonium through the Straits of Malacca. Many ASEAN members, mainly Malaysia and Indonesia (along with Vietnam), were pleased to see a limited role of Japan in the regional affairs (under UNTAC in Cambodia) as a counter to China's growing military power. This issue was also shaped by their own threat perception and national interest. Malaysia and Indonesia — both with influential and sizable Chinese minorities, and past experience of pro-Chinese guerrilla activities — view the Chinese power as a greater threat than the Japanese one though Mahathir Muhammad thought that Japan might replace the Soviet Union as a threat to the region. Both Malaysia and Vietnam had overlapping territorial claims with China which made the situation more complicated. Interestingly, although Indonesia is the farthest of all ASEAN countries from China and has no territorial dispute with it, its Suharto regime opposed Chinese influence most vehemently. It came from their past experience of alleged Chinese meddling in Indonesia's domestic politics by using the local Chinese Communists. Besides, Indonesia perceived China as a threat to its aspiration for leadership of South-East Asia. On the other hand, Singapore, Thailand and the Philippines were not as worried about the Chinese as they were about the Japanese influence even though the Philippines has territorial dispute with China over the Spratlys. Philippines, however, was uncertain as to how China would deal with it in future.[36]

ASEAN states' relationship with the US had been in transition since the end of the Cold War. The Filipino senate, in 1992, voted against the renewal of US military base facilities ending a long presence in that former US colony. However, the US had come to an understanding with Singapore which offered to host base facilities. But a dramatic development took place when Mahathir Muhammad,

suggested in 1990, formation of an exclusively non-white EAEG, partly, in response to the growing bloc-building and protectionist trend in Europe and North America, exemplified by the formation of the EC and NAFTA. The proposal did not get much support from other ASEAN capitals, for there was no prior consultation. In particular, the Indonesians thought that if the proposal materialized it might undermine the regional leadership ambition of its leader, Suharto. Singapore did not support it out of concern that it might isolate the US. There was also a feeling that it was a repetition of other East Asian economic organizations like the Asia Pacific Economic Council (APEC) and Pacific Economic Cooperation Council (PECC). Although Japan refused to endorse the proposal for the exclusion of the US, it did not criticize the move. In fact, Japan took an ambivalent position. The strongest opposition came from the US. Although the EAEG proposal could not earn endorsement from others in the region, it certainly highlighted a slow but growing trend of the necessity of a separate regional trading/economic arrangement. It happened at a time when the share of East Asian countries' total export to the US was dropping, while the total US exports to the region had been on the rise, indicating more US dependence on East Asian market than the other way round. Thus, it is now in the US interest to remain involved in East Asian economic arrangement more than it is East Asian countries interest, due, mainly, to increasing intraregional economic interactions.

As mentioned earlier, Vietnam had got observer status in the ASEAN meetings and it had acceded to the 1976 ASEAN Treaty of Amity and Cooperation. There was an agreement in principle to give Vietnam ASEAN membership after it implemented the required economic reforms to be eligible for membership. Despite suspicions of China's intentions in the region, there were some improvements in relationship between China and ASEAN members. Indonesia, the most anti-Chinese ASEAN country, and Singapore resumed and established diplomatic relations with China in 1990. Malaysia's relations with China improved following the surrender of pro-Chinese Malay guerrillas. Thailand's relationship with the Chinese had been improving since the 1978 Vietnamese invasion of Cambodia. Even after the end of the Vietnamese occupation of Cambodia, Thailand was maintaining good relations with China and was purchasing arms from China at a price lower than the market price. In exchange, China hoped Thailand to express China's concerns and perspective on the ASEAN forums.[37]

However, China's relationship with those member states of ASEAN which had overlapping claims over the Spratlys, had become troublesome and complicated. The islands were important for their economic as well as strategic value since these islands could provide a country with an important foothold to establish dominance over the sea lanes of communications (SLOCs) in the South China Sea. The Spratlys straddle strategic sealines through which 50 per cent of Asia's oil (70 per cent of Japan's) and 80 per cent of its strategic materials passed. For the Chinese, in addition to natural resources, they were important because the control of these islands in South China Sea would give China a belt surrounding its seashores. China's adoption of a law, mentioned above, claiming sovereignty over these islands, and expressing determination to use force to enforce its sovereignty

had further compounded the situation and heightened tension between China and other claimants. Thus, despite China's call for joint development of the islands putting the question of sovereignty aside for the time being, did not get any warm reception from other South-East Asian claimants. In fact, this suited China's long-term strategy of not creating instability in the region, at least in the rest of the decade which China needed to modernize itself and continued with its peaceful rise. Chinese claim on the Spratlys prevented other claimants from exploring the islands and benefiting from them since the Chinese did not have the capability of exploring them at that time while the others had.[38]

In the meantime, China was building and expanding its naval and air forces and procuring modern technology for catching up with the modern weapon systems and building power projection capabilities with aircraft carriers, submarines, etc. This build-up alarmed the ASEAN states. Now that the Cold War was over, the ASEAN had been focusing on economic cooperation and regional security arrangements which would have given them increasing deterrent power and negotiating capabilities vis-a-vis other major regional powers. As a result, the ASEAN states increased their defence expenditures considerably. Most of these countries had concentrated on upgrading and improving their naval and air power given the dispute over the Spratly islands, to ensure the security of fishing zone and maintain security of the SLOCs. Japan sent troops to Taiwan and Brunei for joint exercises and, in 1991, Indonesia and Singapore began joint air exercises over Indonesian territory. Singapore had increased its defence budget by 40 per cent in the early 1990s. What was troubling for China was that the disputes over the Spratlys had come up at a time when China was in a position to provide either Vietnam or any other ASEAN countries with what they needed — economic assistance. They found Japan, the NICs and the US better able as provider of such aid. It certainly put limits on the Chinese influence in the region at least for the moment.[39]

One explanation of the increasing defence expenditures by the countries of the region might be found in the assumed phased reduction of US military presence in the region and the shift in US role from a leading to a supporting one in the region. In a dramatic shift from the Bush administration policy of not allowing the ASEAN countries to form any security arrangement of their own, the Clinton administration hinted its eagerness not only to accept but encourage such a security arrangement with which the US would be involved. Another explanation might be their worry over the rearming of Japan and China's military build-up which went up 50 per cent since 1989 while there remains dispute over the Spratlys in the South China Sea which it considered its natural sphere of influence. China's claim on the Spratlys came from its need to consolidate the country's borders in the modern era and promote the integration of Hong Kong and Taiwan with the mainland. China attended the Bandung Conference on the South China Sea in 1991, with the ASEAN member states together with Vietnam, and Taiwan. China, however, made it clear that its participation did not mean any change in its claim of sovereignty over the islands. Importantly, both Taiwan and China opposed inclusion of Japan in the conference.[40]

On the other hand, the ASEAN wanted to engage in security dialogue with Japan which might get concerned about SLOC's security in the prospect of US withdrawal of forward deployment from the region and China's growing military build-up in the region. But there were worries about too much Japanese involvement in the regional affairs manifested in the "chain reaction thesis" of Mahathir Muhammad as mentioned earlier.

The PRC, Taiwan and Hong Kong

Economic interaction between Taiwan and the PRC had increased dramatically in the early 1990s. Taiwanese businessmen and investors had particularly filled in the vacuum created by the departure of some western investors following the Tiananmen event and consequent western sanctions. In 1991 about a million people from Taiwan visited mainland China. Taiwanese athletic team participated in the 1990 Beijing Asian Games under the banner of Taipei-China. The two-way trade — still unofficial and indirect — had gone up from $2 billion in 1989 to $4 billion in 1990. In 1991, it reached nearly $6 billion, 43.26 per cent increase over the previous year. Taiwanese investment in the mainland also went up during this time. At the end of 1989, Taiwan's cumulative investment in China was about $1 billion, out of Taiwan's total $20 billion foreign investment. By 1991 about 3,000 Taiwanese companies invested around $1.5 billion in China. In fact, an invisible economic zone had been formed with Taiwan, Hong Kong and two Chinese provinces — of Fujian and Guangdong. By 1992, China became Taiwan's second largest trading partner.[41]

China had been calling for some time for extended contacts between the people and authorities of the two sides which would be useful for the ultimate "reunification" and dropped the idea of "liberating" Taiwan. It had also been calling for "three contacts" — mail, trade and air shipping services — to this end. The Chinese government frequently invited intellectuals and journalists from Taiwan to cultivate relations and disseminate its own views on unification. It had also been urging reunification on the basis of "one country, two systems."[42]

Taiwan's position had long been one of strong opposition to the "three contacts" proposal and "no talks with the Communist regime" though it continued to claim the mainland as "a part of China," which needed to be freed from the Communists. But in the light of the reality of increasing unofficial and indirect contacts across the Taiwan Strait, Taiwan's "no contact" policy became untenable. This brought about some changes in Taiwan's policy towards China by the mid-1990s. It recognized the reality of de facto contacts between the two sides and allowed indirect trade as already seen earlier. In May 1990, the new Taiwanese president, Lee Teng-Hui, announced his desire to establish channels of communication on an equal basis and opening up academic, cultural and economic exchanges completely. In fact, it accepted the idea of "three contacts" on certain conditions. In October 1990, the Lee Teng Hui government established three important institutions — the National Unification Council, the Straits Exchanges Foundation, and the Mainland Affairs Council — to handle relations between the two sides. In 1991, it formulated the National Unification Programme in which it

agreed to establish direct correspondence, air and shipping services and trade, and to promote the exchange of visits of high-ranking officials. On 1 May 1991, it terminated the anachronistic 42-year-old declaration of the "period of suppression of the Communist rebellion". Despite these positive developments their relationship was fraught with dispute and by the mid-1990s it was getting more complicated in the political and diplomatic arena for several reasons. By the mid-1990s, air and shipping services were yet to open. Moreover, though China did not impose restrictions on Taiwanese coming to the PRC, the Taiwanese had imposed a strict restriction regime on people coming from the other side. Despite being happy with positive Taiwanese moves, the Chinese leaders were frustrated with the unofficial nature of contacts, slow pace of unification and continued ban on air and shipping services. Moreover, the Chinese found the conditions put forward by Taiwan for unification such as the democratization of the Chinese political system and Taiwan's continuation of the "dual recognition" policy by establishing diplomatic relations with Liberia, Belize and Grenada unacceptable and counterproductive.[43]

A worry for China was the fast disappearance of the older generation nationalists from the political scene and the gradual loss of the Kuo Min-Tang (KMT) dominance in the Taiwanese politics. Although the KMT won the last elections, the share of its vote dropped significantly in that elections from the previous one. Importantly, the new KMT president and Prime Minister were "native" Taiwanese who had no personal attachment to the mainland China. Another ominous sign for the PRC was the increasing voice of the "pro-independence" forces; especially growing strength of the Democratic People's Party (DPP) and the "Taiwanization" of the island's politics and identity. In the late 1980s and early 1990s, the DPP and other "pro-Taiwanese-independence" groups had speeded up Taiwan's independence activities and begun lobbying seriously in the US. A growing number of native Taiwanese were becoming convinced and confident of Taiwanese independence despite the KMT government's announcement to continue with the previous policy of the "reunification" of the two sides of China. The PRC was, no doubt, troubled by this trend, particularly, because of what it viewed as Taiwan authorities' acquiescence of pro-independence activities of the DPP. The Chinese leadership had, however, made it clear that while it now preferred peaceful reunification, it would be obliged to use force should Taiwan decide to declare independence.[44]

In September 1992, China-Taiwan (the PRC-ROC) and China-United States (PRC-US) relations took another downturn resulting from America's seemingly changed policy towards the region, manifested in as mentioned above, George Bush's announcement of the sale of F-16 fighters worth $ 6 billion to Taiwan and sending of Carla Hills, the US trade representative, to Taiwan. Understandably, an angry China retaliated by withdrawing from the human rights talks and warning of further retaliatory measures if the sale went through. In this regard, China blamed the US for obstructing its efforts for peaceful unification by arming Taiwan in violation of the 1982 Sino-US agreement — under which Washington agreed to reduce its arms supply to Taiwan — and by upgrading diplomatic relations with Taiwan with cabinet-level official's visit. Moreover,

China's suspicion grew further by observing pro-independence activities of important former US officials such as James Lilley Natale Bellochi and Ramsey Clerk. Despite that threat, China sent a conciliatory signal to the in-coming Clinton administration by purchasing $200 million worth of US agricultural goods and passenger jets from the US.[45]

China and Hong Kong had been found to be more and more economically integrated in the late 1980s and early 1990s. Attracted by cheap labour more Hong Kong concerns had moved into the mainland whose exports to America explained the huge Chinese trade surplus vis-a-vis the US. Virtually, around Hong Kong and southern Chinese provinces of Fujian and Guangdong had formed a "zone of development." China had received nearly 30 per cent of its annual foreign exchange from exports to and through Hong Kong and investments from there.[46]

Despite such economic integration and cooperation, tensions arose between the two over the internal democratic movement in China and many Hong Kong residents' response to that, the pace and scope of democratization in Hong Kong by Christopher Patten, the new and last British colonial governor in Hong Kong, transfer of authority to the PRC and the multi-billion dollar ($16 to $23 billion) airport construction project in Hong Kong. The tension arose in 1989 when many Hong Kong residents supported the pro-democracy demonstrators in Tiananmen Square and protested against the crackdown on them in June 1989. Such developments in Hong Kong alarmed the Chinese leadership about the effect of a "different" Hong Kong on China's own political situation. China even replaced the chief of the CCP-controlled newspaper, Wen Wei Po, for his soft attitude to political liberalization in the PRC. While Chinese efforts were well under way to court the Hong Kong intellectuals and others, the situation seemed to have become more complicated with the vigorous democratization efforts by governor Christopher Patten, and by his push for the construction of the airport. Despite support for democratization from many Hong Kong residents, for obvious reasons, the Chinese authority did not like the ideas of both democratization and airport construction. After the Tiananmen crackdown, China put pressure on Hong Kong's colonial authorities to disband a number of pro-democracy organizations and to arrest or repatriate Chinese dissidents for they provided the dissidents with shelters and smuggled them out of China. On colonial authorities refusal, the Chinese Authority for Hong Kong suspended Sjeto and Lee Martin, leaders of the "Hong Kong Alliance In Support of The Patriotic Democratic Movement In China", from the Basic Law Drafting Committee in October 1989 for raising money for the dissidents and smuggling them out. Such a situation had caused apprehension among many Hong Kong residents about its future in view of flight of capital and brain drain. About 45,000 Hong Kong residents left the territory annually from 1988 to 1990. China resented the British moves, saying that they were in violation of the 1984 Sino-British agreement and the Basic Laws guiding the policies regarding Hong Kong during the transitional phase. According to the Basic Law, formulated in June 1990, elected members to the Hong Kong legislature during the transfer of authority would be 18 out of 60 and would increase to 30 in the year 2003. The Chinese side also argued that if the UK could run Hong Kong without

democracy for about 150 years, there was no reason to rush to democratize Hong Kong now as it would no longer remain a British territory after 1997 and get transferred to China. As for the construction of the airport, while the Chinese authority acknowledged the necessity of an airport, they just did not see any reason to start building such a huge airport at a time of British departure. They suspected that the project was designed to benefit British contractors and tighten the screw around the post-transfer Hong Kong economy. Thus, China had refused to accept the responsibility of contracts for the construction. It also rejected Patten's democratization efforts coinciding with British departure as being aimed at sowing the seeds of tension between the Hong Kong residents and the Chinese government. Raising stakes in Hong Kong over the democratization issue, China threatened to retaliate against Britain economically. Simultaneously, China speeded up its transition activities in Hong Kong by announcing the setting up of "a new kitchen", a rival or shadow authority in Hong Kong which China was previously expected to set up in 1996. This decision alone indicated the seriousness with which China had taken the matters regarding Hong Kong.[47]

The Korean Peninsula: Uneasy stalemate

A gradual shift in the region began to be detected since the mid-1980s with the Soviet Union's intention to come closer to the Republic of Korea (RoK — South Korea). This was consistent with Gorbachev's "new thinking" in foreign policy; dismantling of the Cold War and coming close to the West. Moreover, he also saw the prospects of South Korean investment and trade in an ailing Soviet economy. Also, more importantly, the domestic economic problems were not allowing the Soviet Union to carry the "burden" of maintaining "friendly" relationship with the "Stalinist" Democratic People's Republic of Korea (DPRK — or North Korea). In 1990, DPRK's imports from the Soviet Union fell by 14.6 per cent. Nonetheless, during his visit to Pyong Yong in September 1990, Sheverdnadze, the Soviet foreign minister, reiterated support for the DPRK's position on peaceful reunification of Korea, a nuclear-free zone and the withdrawal of foreign forces, i.e, the US troops deployed in South Korea. Even up to January 1991, the Soviet Union continued to supply arms of "defensive nature" to North Korea. Change in their relationship was manifested in various Soviet pressures on the DPRK regime of president Kim Il Sung, ultimately terminating Soviet economilitary aid and asking for trade through hard currency. There was no visit by Gorbachev to the DPRK since 1989 while he visited the RoK and met its president Roh Tae Woo several times. While the two-way Soviet-RoK trade doubled in 1990 to $889 million that between the Soviet Union and DPRK dropped considerably. Economic cooperation committees were established on both sides, the Soviet Union and South Korea, to promote mutually beneficial projects. In January 1991, Seoul agreed to give Moscow $3 billion in loans. On the other hand, the DPRK criticized Gorbachev's political reforms and foreign policy agenda as something that undermined the "communist systems." In this context of deteriorating Soviet-DPRK relations and Soviet Union's domestic economic troubles, president Roh formulated his well-known "Nord Politic" policy toward South Korea's northern countries such as China, the Soviet Union and the DPRK. The main target of the

policy was to establish direct contacts with DPRK's two giant allies to persuade it to accept the idea of simultaneous entry of both the Koreas into the UN and to accept RoK's approach to gradual reunification of the Korean peninsula. When the issue of entry in to the UN came up in 1991, China made it clear to the DPRK that it would not veto RoK's request for joining the UN against the will of the other permanent members of the UNSC. The primary goal of the "Nord Politik" of Roh was, however, to maximize RoK's diplomatic leverage vis-a-vis on the DPRK by isolating it from its two longtime benefactors. Thus, the DPRK had no other choice but to accept simultaneous entry when the two Koreas entered the UN on 28 May 1991.[48]

After disbursement of a portion of its $3 billion loan package to the Soviet Union, the RoK stopped disbursing money when the Soviet Union itself disintegrated in late 1991. Moreover, the Soviet Union and its inheritor, the Russian federation, failed to pay interests on the already disbursed loan. The South Koreans also did not invest that much money in the Soviet Union/Russia considering political uncertainty, economic chaos and dislocation as also Japanese reluctance to invest there. Though the RoK resumed disbursement of the rest of the $3 billion aid package after Russia's payment of $40 million as interest, and Russian acceptance of responsibility for the aid utilized in other republics of the former Soviet Union. There arose, however, questions about the usefulness of the heavy cost of president Roh's "Nord Politik." After all, with the disintegration of the Soviet Union, there was virtually very little influence of Russia on the DPRK. Interestingly, it was the USSR/Russia which ignored the necessity of maintaining ties to the DPRK assuming that the Kim regime in North Korea was about to collapse. History, however, proved it otherwise.[49]

In this connection, China seemed to have managed the inter-Korean relations more skilfully by following a "dual track" policy separating politics from economics. It had no doubt that its relations with the RoK were vital to its drive for economic modernization. It understood, however, the value of keeping influence on the DPRK as its immediate neighbour which shared some of its ideological traits. Moreover, maintaining stability in the peninsula was vital to China's economic modernization. Thus, instead of pushing the DPRK hard, China took a measured policy of persuading the Kim regime to gradually open up and reform its economy after the Chinese model, which the DPRK had done to a limited extent. China also persuaded the DPRK to accept simultaneous entry of both Koreas into the UN. More importantly, China encouraged both Koreas to increase their bilateral contacts which was perhaps the most positive aspect of the inter-Korean relations up to the mid-1990s. China's dealing with South Korea was motivated primarily by economic necessity and stability of the region. Apparently, both China and the RoK had acknowledged that sudden collapse of the DPRK or unification of the peninsula would not be in the best interest of either side. China thus waited full one year to recognize the RoK then did it only after the Soviets recognized the RoK though it did not reduce Sino-RoK economic interaction. In 1991, total Sino-South Korean trade was $5.6 billion and by 1992, China became South Korea's fifth largest trading partner and the total trade amounted to about $19 billion. A "Yellow Sea

Economic Zone" comprising the west coast of Korea and two Chinese provinces — Liaodong and Shandong — was being contemplated. The RoK also mediated the entry of China in the Asia Pacific Economic Forum (APEC), along with Taiwan and Hong Kong in 1991. China's diplomatic relationship with the RoK, on the one hand, increased the diplomatic vulnerability of Taiwan in the region and, on the other, provided a check on future Japanese dominance in North-East Asia.[50]

The prime ministers of both the Koreas met several times during the late 1980s and early 1990s. They signed two important documents in December 1991. The first, at the fifth round of their talks on 13 December 1991, adopting the "Agreement On Reconciliation, Non-aggression and Exchanges and Cooperation", known as, the "Basic Agreement." The second, the same day (31 December 1991), adopting the "Joint Declaration of the Denuclearization of the Korean Peninsula" under which both sides agreed to mutual inspection of each other's nuclear sites and not to possess nuclear arms. While the DPRK demanded inspection of US bases in the RoK, the US let the RoK announce the removal of American nuclear weapons from its bases in South Korea. These talks, despite the signing of these agreements, achieved very little tangible improvement in their relationship. The two sides were yet on agree even to allowing the families separated by the border to meet. But these agreements and the meetings themselves were indicative of movement in the somewhat positive direction. Out of concern for the stability of the region, both Japan and the US speeded up their relations with the DPRK in the late 1980s.[51]

By the mid-1990s, the situation got further complicated and strained. First, the US intelligence reports suggested that the DPRK was secretly engaged in developing nuclear weapons and was very close to build bomb(s) and the International Atomic Energy Agency (IAEA) demanded "special" inspection to two nuclear waste centres to determine the amount of fuel, necessary for making a bomb, the DPRK was able to acquire. The DPRK responded to these demands rhetorically, citing the acquisition of a huge amount of plutonium by Japan which could be used to make hundreds of nuclear weapons. In its response to the IAEA's demand for special inspection, however, the DPRK altogether withdrew from the Nuclear Non-proliferation Treaty (NPT) in March 1993 which it had signed in 1985. It also asked the US to stop the joint military exercises with the South Koreans, codenamed "Team Spirit," to open its bases for inspection, and to begin direct talks with North Korea. Some American opinion-makers urged the US government to consider these demands. Interestingly, while the West was inclined to take tough measures, as US secretary of state at the time, Christopher Warren, had suggested to deprive the DPRK of "oil and food" and Japan had expressed its willingness to go along with the West, it was the RoK (and, of course, China) which urged all concerned forces (US, Japan and others) to act cautiously in dealing with the DPRK and expressed its opposition to the idea of economic sanctions on North Korea. Instead, both China and South Korea had urged others to persuade and entice the North Koreans through economic incentives out of fear of North's unpredictable response to the sanctions, lashing out against the South and/or the disastrous consequences of the sudden collapse of the North Korean regime,

particularly, after seeing the economic consequences of the disintegration of the Soviet Union and the reunification of East and West Germany. Some opinion-makers in the US also suggested that the US stop the "team spirit" exercises to avoid provoking the North and to start direct talks with North Koreans. Moreover, given the Chinese objective of keeping its independence in the region, it was highly unlikely that China would allow the west-dominated UN to get involved again in the affairs of the DPRK where it fought a deadly war to keep the West at bay. It is no co-incidence that China had already vetoed a resolution designed to take tougher measures against the DPRK for its failure to allow the IAEA inspectors to give "special" inspection right in two of North Korea's nuclear waste sites.(52)

Future: What next?

The discussion above has dealt with the relational situation among East Asian nations in a very uncertain and transitional period. Any clear "world order" was yet to shape up following the end of the Cold War structure of international relations and the disintegration of the Soviet Union in this region. Hence, it was difficult to predict with greater confidence about what would happen in the future. For instance, what is the prospect of Japan becoming militarized again should the US reduce its involvement significantly in the region? At the moment, the answer would be: we believe, that we do not know exactly what would happen. That does not, however, allow us to escape the search for the answer to this question altogether.

First, it can be said that in the short term, the move toward economic integration and stability would be the dominant trend in relations among East Asian nations. That is because the economic systems of all these nations, and thus their boom or bust, are interconnected through aid, investment, market, etc. Increased trade and investment within the region and possibility of emergence of a number of economic zones indicated that. It is, therefore, likely that these countries would put aside military or irredentist claims at least for the time being in the interest of economic cooperation and regional stability. This has been reflected in China's calls for peaceful settlement of the disputes over the Spratly Islands and putting aside the question of sovereignty for the time being. Sino-Japanese agreement to put aside the Diayouti/Shenkaku dispute for the time being, virtual end of Malaysia-Philippines dispute over Sabah and the South Korea, and Chinese concern over North Korea, and Japanese concern over China's stability bring home that point. In fact, the "Flying Geese" theory of the chain of economic development in the region, which suggested that while Japan had helped develop the NICs, the NICs would help develop the ASEAN (minus Singapore, for Singapore itself is an NIC, and Brunei) countries and China and they would, in turn, help develop the Indochinese economies, itself discouraged political instability and hostility. This required a stable environment where capital as well as goods could flow without any fear of political disruption and instability.(53)

Moreover, still there was substantial US presence in the region which was enough to keep the key East Asian powers in check. It is also expected that the US withdrawal if ever happened would be slow and gradual providing enough time and

space for the Asians to develop their own multilateral security arrangement and power balance. The Clinton administration's hint at allowing the South-East Asian countries to form a multilateral overarching security arrangement of their own was indicative of that. In the late 1980s and early 1990s, it was difficult to ponder how effective such a security arrangement would be given the divergence of interests and powers of East Asian countries. But it would definitely increase the ASEAN's deterrent power and negotiating capabilities.

This did not mean that there was no danger of instability in the region. That might come from three sources. One would be the declaration of independence by Taiwanese and western attempt to upgrade diplomatic relations with Taiwan forcing China to do something about that as China has already threatened to attack Taiwan should it decide to declare independence. This might provoke US participation in Taiwan's favour, which was obliged to maintain Taiwan's security under the 1978 Taiwan Relations Act. The second danger of instability would be the mishandling of the North Korean situation. If the UNSC or the West tried to push the DPRK hard, China and the RoK would oppose that out of fear of North Korean lashing out against South Korea and/or the disastrous consequences of the collapse of the DPRK regime resulting from the UN sanctions. Moreover, there was no incentive for China to let the West under UN authorization or any other pretext to interfere in the internal affairs of North Korea. On the other hand, if the DPRK went nuclear, it would leave Japan extremely vulnerable. Maybe it would then be a matter of time that Japan might also be left with the choice of either to go nuclear or not given the nationalistic antagonism between the Japanese and Koreans. If Japan decides to go nuclear that would certainly arouse anti-Japan sentiment all over the region reviving the memories of Japanese atrocities during WWII. So, much would depend on how the North Korean nuclear issue was going to be handled.

There was a fear that the Cambodian agony would linger and elections without Khmer Rouge participation might not bring a lasting peace there. It was unlikely, however, that that would create any region-wide instability. Even if the nationalistic antagonism between the Vietnamese and Cambodians had festered and continued, neither would Vietnam be willing to get embroiled again in the affairs of Cambodia nor would the Cambodians (particularly, the Khmer Rouge and the Son San group) have the will and/or ability to spread it beyond their territory. Even if Vietnam did something, this time without any (Soviet)/Russian support, it would not get as much attention as its Soviet-backed invasion did in the past. In any case, reaction of others to renewed crises and/or fighting there would be one of resignation, letting the situation deteriorate there in that "box."

Importantly, despite increasing military spending by most East Asian countries, no particular country was yet to emerge as a comprehensive hegemonic power in the region. Although China was militarily more powerful than other countries in South-East Asia, certainly, its economic power was not that great in the late 1980s and early 1990s so as to make it a comprehensive power. While it was able to disrupt the stability, it was not yet able (or one can say willing) to impose its will on others; especially, outside Indochina. Almost in the same manner, while

Japan's economic power was beyond any doubt, domestic anti-war mood in Japan, serious resentment in the region about Japan's militarization and defensive nature of Japan's weapons system, put a limit, at least for the moment, on Japan's ability to become a comprehensive hegemonic power from a uni-dimensional (economic) power, though Japan could achieve offensive military capabilities on a short order. At best, Japan would be concerned with the security of the SLOCs through which it imported almost half its petroleum and exported its goods.

Moreover, the increasing defence expenditures by the ASEAN member states signal the urgency for providing an overarching multilateral security arrangement with US involvement, and would make ASEAN (with Vietnam) an effective deterrent to any regional power's attempt to establish hegemony in the region.

Thus, in the near future, with still considerable presence of US forces, possibility of the rise of any comprehensive hegemonic power was limited. Disputes over irredentist claims and islands in the South China sea and East China Sea or the Cambodian agony, the Kurile Islands stalemate might continue for some time. They were, however, not likely to disrupt the regional stability. Moreover, the disappearance of military dictators from the RoK and the disappearance of Kim Il Sung from DPRK's political scene, would, hopefully, give rise to the pragmatic new-generation leadership which might work out some compromise and gradual reunification of the peninsula. The DPRK might be lured through the offer of economic benefits and by the ascendancy of the economic reformist leaders in China. A similar situation can be expected in PRC-Taiwan relationship.

In the medium-to-long-run, however, with the substantial withdrawal of US forces (while it still remained involved with the ASEAN security arrangements and other engagements), there would emerge a group of powers balancing each other. Russia's eventual return, to a certain extent, to the East, as it had already realized the lopsidedness of its "Atlantic-centric" policy in the "Pacific Century", would make it a major player in this power equation. Russian foreign minister's request to the Vietnamese foreign minister after the July 1992 ASEAN meeting to allow Russia to use the Cam Rahn Bay for its Far Eastern fleet showed Russia's interest in the region. In this scheme, in North-East Asia, any three or two powers — China, Japan, South Korea and Russia (with US) — would keep the other one or two powers in check. Similarly, in South-East Asia and in the South China Sea, while China, South Korea and the emerging South-East Asian security arrangement (with the US) would keep Japanese military ambitions in check, and Korea, Japan and South-East Asian security arrangement (with the US) would check any Chinese hegemonic aspirations in the region. Also, China, South Korea and Japan (with the US) would act together to ensure the security of the SLOCs in case of any attempt by the South-East Asian security arrangement to block the SLOCs. In any equation, US involvement would be a key factor in maintaining stability in the region.[54]

This group of balancing actors would provide a structure for stability which, in turn, would provide the regional countries the scope for continuous economic growth, with Japan, the US (to a lesser degree), the NICs and the

"Greater China" and ASEAN states becoming key players and Russia with a marginal role (depending upon its recovery) in economic relations.

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