China as an emerging regional leader?

Analyzing China's leadership projects in Southeast Asia

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List of Abbreviations

ADB	Asian Development Bank
ASEAN	The Association of Southeast Asian Nations
ARF	ASEAN Regional Forum
ASEAN+1	ASEAN plus China
ASEAN+3	ASEAN plus China, Japan and South Korea
AMRO	ASEAN+3 Macroeconomic Research Office
AMF	Asian Monetary Fund
ABF	Asian Bond Fund
APT	ASEAN-Plus-Three
BSAs	Bilateral swap arrangements
CAFTA	China-ASEAN Free Trade Agreement
CMI	Chiang Mai Initiative
CMIM	Chiang Mai Initiative Multilateralization
CGS	China Southern Power Grid Company
EVN	Viet Nam Electricity
CNOOC	China National Offshore Oil Corporation

COC	Code of conduct in the South China Sea
CLCS	Commission on the Limits of the Continental Shelf
DOC	Declaration on the Conduct of Parties in the South China Sea
EHP	Early Harvest Program
FDI	Foreign direct investment
EEZ	Exclusive Economic Zone
IMF	International Monetary Fund
JMSU	Joint Marine Seismic Undertaking in the Agreement Area
GATT	The General Agreement on Tariffs and Trade
GMS	Greater Mekong Sub-region
EU	The European Union
EMU	The Economic and Monetary Union
EAS	East Asian Summit
SEA	Southeast Asia
IR	International Relations
IPE	International Political Economy
PRC	The People's Republic of China

ODA	Official development assistance
WTO	World Trade Organization
PNOC	Philippine National Oil Company
Petro Vietnam	Vietnam Oil and Gas Corporation
PLAN	People's Liberation Army Navy
RCEP	Regional Comprehensive Economic Partnership
TAC	The ASEAN Treaty of Amity and Cooperation
TPP	The Trans-Pacific Partnership
UNCLOS	The United Nations Convention on the Law of the Sea 1982
ZoPFF/C	Zone of Peace, Freedom, Friendship and Cooperation
NSEC	The North-South Economic Corridor
EWEC	The East-West Economic Corridor
SEC	The Southern Economic Corrido
MRC	The Mekong River Commission
SOE	State-owned enterprises

Deutsche Zussammenfassung

Einleitung

Der Aufstieg der Volksrepublik China verändert die internationale Machtstruktur und ist eines der Phänomene, welche die globale Entwicklung im 21. Jahrhundert entscheidend beeinflussen werden. Ausgehend von verschiedenen Datenkörben wie Statistiken und Indikatoren der wirtschaftlichen Entwicklung und der militärischen Ausgaben sowie den Bemühungen, chinesische „Soft Power“ zu erzeugen, stellt sich die Frage, ob China eine internationale Führungsrolle einnimmt oder weltweite Regeln aufstellt. Einige sprechen von einem „Chinese exceptionalism“, welcher alle bisher geltenden Normen und Regeln in den internationalen Beziehungen ändern und durch chinesisch geprägte Werte ersetzen will. Andere vertreten die gegensätzliche These und erwarten einen Kollaps der Volksrepublik. Auch ist von einer chinesischen Bedrohung, der „China Threat Theory“, und von einer kommenden chinesischen Hegemonie die Rede. Der mögliche Einfluss der chinesischen Führung würde sich vielfältig darstellen und von der inneren Stärke und den Kapazitäten der Volksrepublik abhängen. Tatsächlich hängt die mögliche Führungsposition Chinas auch von der chinesischen Fähigkeit ab, Macht ausüben und die Interaktionen zwischen Peking und anderen Staaten beeinflussen zu können.

Die Beziehungen zwischen China und den Staaten Südostasiens (SEA) wird in dieser Arbeit als Fallstudie ausgewählt. Beantwortet werden soll die Frage, wie China nach Macht strebt und ob die Volksrepublik die Qualitäten einer internationalen Führungsmacht aufweist. Im Ergebnis soll diese Untersuchung in unterschiedlichen Kategorien „leadership theories“

zusammenführen und jenseits der klassischen Faktoren neue Erkenntnisse rund um den chinesischen Aufstieg hervorbringen, die Anstoß für mögliche weitergehende Untersuchungen sein können. Der Fokus richtet sich dabei aufgrund der strategischen Bedeutung auf die Rolle Chinas in Südostasien. Die chinesische Präsenz reicht von ökonomischen über militärische Bereiche bis hin zu einer möglichen regionalen Einflusssphäre, in der Südostasien als Chinas „Hinterhof" angesehen werden könnte. Für viele Beobachter konstituiert sich die regionale Führungsrolle Chinas durch die außergewöhnlich hohe chinesische Wirtschaftsleistung und wird als unaufhaltsam angesehen. Zudem waren die südostasiatischen Staaten in der Vergangenheit einem chinesischen Tributsystem unterworfen.

Dennoch ist die chinesische Fähigkeit, Machtressourcen in reale Macht umzusetzen und die daraus hervorgehenden Ergebnisse wirklich kontrollieren zu können, zumindest fragwürdig. Empirisch feststellbar ist ein variierendes strategisches Verhalten der Staaten Südostasiens in multilateralen Fragen zwischen Kooperation und Verweigerung im Angesicht der chinesischen Machtansprüche. Diese Varianten bilden die Darstellung regionaler Dynamik nur unvollständig ab, falls ein mächtiges China in der Lage wäre, den schwachen südostasiatischen Nachbarn die eigenen Zielvorstellungen aufzuzwingen und sich von ihnen als regionale Führungsmacht anerkennen zu lassen.

Ein nicht ausreichend erforschtes Rätsel ist die Frage, warum die Staaten Südostasiens in bestimmten Fällen die regionale Führungsrolle Chinas akzeptieren und in anderen nicht. In welchem Ausmaß könnte die Volksrepublik zum neuen Führer in der Region aufsteigen?

Die Hauptargumente

Die Dissertation zeigt vier zusammenhängende Argumente in Bezug auf die internationale Führungsrolle der Volksrepublik China auf.

Zum einen wird die internationale Führungsrolle als Prozess definiert. In diesem Prozess kann ein Staat mithilfe mobilisierter eigener Ressourcen und durch Beeinflussung einer Gruppe andere Staaten zur Erreichung eines gemeinsamen Zieles bringen. Der Prozess ist dabei eine dynamische Interaktion und eine langanhaltende Beziehung zwischen den Staaten und nicht etwa eine statische Situation oder einfach nur ein politisches Ergebnis. In diesem Ansatz einer internationalen Führungsrolle als Prozess können drei Schlüsselkonzepte ausgemacht werden: die Verteilung relativer Machtressourcen, Führungsprojekte sowie Gefolgschaft. Die Studie geht von der Grundannahme aus, dass eine gute Darstellung der eigenen Fähigkeiten eine zwar notwendige, aber nicht hinreichende Bedingung für Anstieg und Erhalt von Führung in internationaler Politik ist.

Zweitens konzeptualisiert Führung als Prozess verstanden die Wege, durch die relative Macht verteilt und wie diese hergestellt und akzeptiert wird. Versteht man Führung in diesem Sinne, dann katalogisiert die Volksrepublik die wachsenden materiellen Ressourcen, die alleine China nicht als regionale Führungsmacht qualifizieren. Ausgehend von dem Verständnis von Führung als Prozess, der verschiedene Stufen durchläuft, wird in dieser Arbeit die Auffassung vertreten, dass China anhand der Untersuchung des wirtschaftlichen Aufstiegs in den vergangenen dreißig Jahren als „Führungsmacht im Werden“ bzw. „Führungsmacht in Vorbereitung“ angesehen werden muß. Anstatt nur auf materielle Machtressourcen abzustellen, analysiert diese Dissertation die Anwendung von Macht durch die chinesische Regierung. Zusätzlich untersucht sie die Reaktionen möglicher Anhänger der chinesischen Führung

angesichts unterschiedlicher chinesischer Führungsprojekte. Unter den chinesischen Führungsprojekten ist zu verstehen, dass die Volksrepublik die freiwillige Mitwirkung anderer Staaten zur Erreichung gemeinsamer Ziele und damit auch willige Anhänger sucht. Die Untersuchung der Führungsprojekte vermittelt Einblicke in Mentalität und Aktivität der chinesischen Entscheidungsträger über einen längeren Zeitraum. In einzelnen Fällen variiert die Bereitschaft der Staaten Südostasiens im Angesicht der chinesischen Vorschläge. Im Falle des „Joint Development in the South China Sea“ von 2005-2008 oder des „China-ASEAN Free Trade Agreement“ im Jahr 2002 akzeptierten sie die chinesischen Anregungen. In anderen Fällen wie dem der Teilnahme am „East Asian Summit“ 2005 oder auch dem „Joint Development in the South China Sea“ in den Jahren 2009-2013 verweigerten die südostasiatischen Staaten die Zusammenarbeit mit Peking. Nach wiederholten chinesischen Initiativen für gemeinsamen wirtschaftlichen Erfolg im Falle der „Greater Mekong Subregion“ seit 2008 unterstützten sie wiederum die Einrichtung des Nord-Süd-Korridors oder die Entwicklung von Hydropower-Projekten. Andererseits verliehen die kleineren Staaten am Mekong ihrer Besorgnis über die Wassernutzung und den Dammbau Pekings am oberen Mekong Ausdruck. Mitglieder der „ASEAN“ nehmen auch unterschiedliche Positionen gegenüber chinesischen Initiativen ein.

Drittens ist es notwendig, den Unterschied zwischen Machtressourcen und den Ergebnissen von Macht zu verstehen. Es gibt chinesische Führungsprojekte, die ineffizient und sozial illegitim organisiert sind. Die Dissertation stellt die Hypothese auf, dass in Bezug auf Führung unterschieden werden muss zwischen inklusiven und extrahierten Formen. Die Führung einer neu aufsteigenden Macht bestimmt die politischen Ergebnisse durch die Beeinflussung zwischenstaatlicher Interaktionen durch die neue Macht. Gründe für die Entscheidung von Staaten, der Führungsmacht nicht zu folgen, können auf Veränderungen bei der Führungsmacht

selbst zurückgeführt werden, ihren „Führungstypen“. Solche Veränderungen bedingen dann auch folgende Änderungen in der Struktur, der Motivation und den Prinzipien der eigenen Außenpolitik. Sollte die chinesische Macht weltweit mehr mit inklusiven anstelle von extrahierten Führungstypen wahrgenommen werden, ist die Wahrscheinlichkeit höher, dass andere Staaten die chinesischen Führungsprojekte akzeptieren. Die Unterscheidung zwischen inklusiven und extrahierten Führungstypen wird definiert durch die drei Faktoren Macht-, Motivations- sowie Visionsteilung. Die Bereitschaft der Staaten Südostasiens, sich der chinesischen Position anzuschließen, besteht vor allem dann, wenn (i) Möglichkeiten zur Machtteilung zwischen ihnen existieren, beispielsweise Mitsprachemöglichkeiten, wenn (ii) die Kosten, die bei verweigerter Zusammenarbeit mit China entstehen, erkennbar zu hoch sind und wenn (iii) die chinesischen Visionen mit den Vorstellungen der südostasiatischen Eliten übereinstimmen. Kurz gesagt, sekundäre Staaten tendieren eher dazu, Projekte größerer Staaten zu akzeptieren, wenn sie keine Ängste vor dem großen Staat verspüren, ein gemeinsamer Profit erkennbar ist und betrachten Beitritt als angemessen. Für diese These sprechen die Ergebnisse von fünf detaillierten Fallstudien im Rahmen der sino-südostasiatischen Beziehungen.

Viertens ist die Bereitschaft sekundärer Staaten, der Führungsmacht zu folgen, eine evidente Bedingung für den Erfolg der Projekte der Führungsmacht. Auch die neuen Führungspositionen von Entwicklungsländern spielen eine Rolle. Mangelnde Unterstützung chinesischer Projekte und verweigerte Gefolgschaft könnten in der Zukunft ein Hindernis für einen erfolgreichen Aufstieg der Volksrepublik zur neuen regionalen Führungsmacht in Asien darstellen. Es ist also für neu entstehende Mächte wichtig, (i) eine neue politisch-militärische Allianz sowohl auf multilateraler Ebene, wie in internationalen Organisationen, als auch auf einer bilateralen Ebene zwischen einzelnen Staaten abzuschließen. Es ist (ii) wichtig, den Aufbau

eines verbundenen Netzwerkes in der Region voranzutreiben, wobei die aufsteigende Macht das „Zentrum eines Rades“ bildet und die anderen Staaten die Rolle der „Speichen des Rades“ einnehmen, und (iii) den Einfluss sekundärer Staaten in bestehenden regionalen Organisationen zu berücksichtigen, wie beispielsweise Mitwirkungs- oder Vetorechte. Die Beziehungen zwischen China und den Staaten Südostasiens haben gezeigt, dass durch die Gefolgschaft der kleineren Staaten im Rahmen von erfolgreichen Führungsprojekten Chinas ein Netzwerk in der Region entstanden ist. Dabei hat China die Rolle eines verbindenden Mittelpunkts inne und die umgebenden Staaten akzeptieren ihre Position im System und der Hierarchie. In manchen Fällen institutionalisiert sich die jeweilige Position in der Hierarchie durch formale Teilhabe bei zur Abstimmung stehenden Entscheidungen. Bei erfolglosen chinesischen Projekten kann es zu einem Nachteil der Position in der Hierarchie kommen. So können sich südostasiatische Staaten, welche den chinesischen Projekten nicht zustimmen, andere internationale Partner suchen. Sind diese neuen Partner beispielsweise nicht in die Seestreitigkeiten zwischen der Volksrepublik und den südostasiatischen Staaten oder das Problem der Mekong-Region involviert, unterläuft dieses Verhalten die chinesische Führungsrolle. Die chinesischen Führungsprojekte in Asien und deren Resultate sprechen sowohl für Chinas Rolle als regionale Führungsmacht als auch für seine Position als „Führungsmacht im Werden“.

Die wichtigsten Erkenntnisse

Die Dissertation zeigt vier zusammenhängende Erkenntnisse über die internationale Führungsrolle der Volksrepublik China auf.

- China befindet sich in einem Prozess und ist eine „regionale Führungsmacht im Werden“, vorherrschend auf wirtschaftlichem Gebiet. Eine Analyse dieses Prozesses in der südostasiatischen Region zeigt signifikante Erfolge der chinesischen Führungsprojekte auf. In den ausgewählten sieben Fallstudien (wobei zwei Fälle noch einmal in Unterfälle unterteilt sind) weisen vier Fallstudien positive Ergebnisse auf. In diesen Fällen werden die Führungsprojekte Pekings von den anderen Staaten akzeptiert. China bemüht sich, aktiv die führende Rolle einzunehmen und initiiert die regionale Zusammenarbeit in zwei der vier Fälle - einmal im „Joint Development in the South China Sea“ 2005-2008 und bei dem „China-ASEAN Free Trade Agreement“ von 2002. In den anderen beiden Fällen war die Volksrepublik weniger involviert, verbesserte aber ihre Beteiligung. Sie entwickelte Kooperationsmechanismen wie die Chiang-Mai-Initiative. Auf finanziellem Gebiet bringt die chinesische Initiative besonders positive Ergebnisse hervor. Auf dem Feld der Sicherheit hat der chinesische Aufstieg zur regionalen Führungsmacht ebenfalls Erfolg gezeigt, mit Ausnahme der geplanten Hydropower-Entwicklung. In den Fällen von „High Politics“, so etwa bei der Sicherheitspolitik, sind wenig konkrete Beweise für den chinesischen Erfolg erkennbar. „High Politics“, also traditionelle Sicherheit, brachte nur wenig konkrete Beweise zur Unterstützung der Ansicht, dass China mit den Führungsprojekten erfolgreich ist
- Der inklusive Führungstyp kann als Schlüssel zum chinesischen Erfolg angesehen werden. Je inklusiver die chinesische Führungsrolle ausfällt, desto höher ist die Akzeptanz der südostasiatischen Staaten. Die erfolgreichen vier Fallstudien haben alle inklusive Faktoren. Diese treten in verschiedenen Formen auf. Wo die Führungsprojekte eher extrahierte Faktoren aufwiesen, war ein Scheitern wahrscheinlicher. Die erfolglosen

Versuche chinesischer Führungsprojekte zeigten die Dominanz von extrahierten Faktoren - durch ein Zusammenspiel unterschiedlicher Mechanismen verweigerten die südostasiatischen Staaten die Kooperation mit Peking oder wurden in eine gegen China gerichtete „Balance of Power“ gedrängt. Eine weitere wichtige Erkenntnis beim Vergleich erfolgreicher mit fehlgeschlagenen Führungsprojekten bildet der Faktor Zeit. Die erfolgreichen Führungsprojekte begannen im frühen 21. Jahrhundert und zeigten deutliche Veränderungen in der chinesischen Nachbarschaftspolitik und im multilateralen Rahmen. Bei einigen Projekten ist der Wendepunkt von guten zu negativen Ergebnissen im Jahr 2009 festzumachen. Das East Asia Summit stellt eine Ausnahme dar, dort ist der Wendepunkt bereits im Jahr 2005 vorhanden. Beim „Joint Development in the South China Sea“ können zwei verschiedene Zeitperioden festgestellt werden. Von 2005 bis 2008 sind positive Ergebnisse zu verzeichnen, ab 2009 hingegen verlief die Erfolgsquote negativ. Bei dem Projekt der „Hydropower-Entwicklung“ 2008 reagierten die Mekong-Staaten unterschiedlich gegenüber dem chinesischen Ansinnen, Hydropower herstellen und exportieren zu wollen. Das Auftreten eines aggressiveren Gebarens Chinas kann auf verschiedene Ursachen zurückgeführt werden, etwa auf die Weltfinanzkrise, die globale Machtverschiebung sowie den Rückgang der US-Macht. Die chinesische Führung änderte sich jeweils von Fall zu Fall zu verschiedenen Zeitpunkten. In den Fällen der „GMS“, der Entwicklung von Infrastruktur, bei der „Chiang-Mai-Initiative“ sowie der „CAFTA“ gelang es Peking, über einen längeren Zeitraum erfolgreich inklusiv vorzugehen. Wenn sich allerdings ein Umstand verändert, zeitlich oder in einem bestimmten Politikfeld, ändert sich auch die Bereitschaft der südostasiatischen Staaten, China zu folgen.

- Materieller Gewinn ist nicht der ausschlaggebende Faktor für den Erfolg chinesischer Führung. Bei Analyse der drei Faktoren im Detail weisen die Ergebnisse darauf hin, dass es für Peking ausreicht, gemeinsame Interessen mit den Staaten Südostasiens zu entwickeln. China hat bewiesen, dass es als „Zahlmeister“ in der Lage und bereit ist, für Integration alle erforderlichen Unkosten zu übernehmen. Mehr noch, Peking unterstützt die privaten Interessen der kleineren südostasiatischen Staaten, wenn diese den chinesischen Projekten positiv gegenüberstehen. Der Einsatz materieller Mittel wird erleichtert durch den Aufstieg Chinas zur globalen Wirtschaftsmacht mit Devisenreserven in Höhe von 3,66 Billionen US-Dollar (Oktober 2013, The Wall Street Journal, 15.10.2013). Das spricht gegen die These, dass Peking nur „per Anhalter fahren“ würde und nicht bereit sei, regionale Herrschaft zu etablieren. Das Scheitern von Führungsprojekten, die sich der chinesischen Wirtschaftsmacht bedient haben, belegt, dass der materielle Nutzen nicht ausschlaggebend für den chinesischen Erfolg ist.
- In den drei Fällen des „Joint Development in the South China Sea“ von 2009 bis 2013, der „Membership Issues in East Asian Summit“ und des „GMS-Plans für die Hydropower-Entwicklung“ sind folgende Resultate bedeutend: die beiden Faktoren Macht- und Visionsteilung beeinflussen die Bereitschaft der südostasiatischen Staaten erheblich, mit China in dessen Führungsprojekten zu kooperieren. Zwei der drei Fälle sind den Bereichen Sicherheit und Politik zuzuordnen (der Fall des GMS-Plans für Hydropower-Entwicklung weist ebenfalls Merkmale des Bereiches Sicherheit auf, denn die Verbindung zwischen Wasser und Sicherheit ist lebensnotwendig für die kleineren Mekong-Staaten.

- Auch wenn die chinesische Position sich verbessert hat, kann nicht von einem durch Peking geführten System oder von einer sino-zentrierten regionalen Ordnung gesprochen werden. Der Erfolg von Führungsprojekten hat die chinesische Position in allen Bereichen verbessert, sowohl wirtschaftlich als auch sicherheitstechnisch. Durch die vier erfolgreichen Projekte hat Peking (i) einen Mechanismus zur Lösung von Problemen erfolgreich regional etabliert (so etwa „CAFTA“ und „Joint Development in the South China Sea” in den Jahren 2005-2008); (ii) konnte China ein regionales Netzwerk etablieren wie die „GMS – The development of infrastructure“); und (iii) verbesserte China seine Macht durch das Teilen von Entscheidungsbefugnissen durch regionale Organisationen (so im Falle der „Chiang-Mai-Initiative”). Trotz all dieser Erfolge ist die regionale Struktur Südostasiens weit entfernt von einer echten Dominanz der Volksrepublik. China sucht immer noch nach strategischen Partnern in der Region, ein Netzwerk, welches China ins Zentrum rücken und ihm die Rolle eines Hegemons zuweisen würde, ist nicht zu erkennen.
- China wird auch nicht unbedingt als Vetomacht innerhalb regionaler Organisationen wahrgenommen. In den beiden Fällen des „Development of infrastructure“ und der „Chiang-Mai-Initiative“ teilte sich die Volksrepublik die Führung zusammen mit Japan. In einem konkreten Fall könnte China hegemonial agieren- das ist der Konflikt im südchinesischen Meer. Hier ist eine anarchische Situation gegeben, in der Peking mit auswärtigen Mächten konkurriert, auch wenn beispielsweise die USA oder Indien überhaupt keine Ansprüche bezüglich des südchinesischen Meeres haben. Die Idee einer „natürlichen“ Führungsrolle Chinas in der südostasiatischen Region, in der die anderen Staaten Peking aufgrund von Kultur, Herkunft und Geschichte „automatisch“ folgen, ist

genauso wenig zutreffend wie die Theorie, dass China ein „zahnloser Tiger“ voller Hemmungen sei. Die Ergebnisse zeigen vielmehr, dass die kleineren Staaten in der Region Südostasiens immer mehr als eine Möglichkeit haben, sich für eine bestimmte Seite zu entscheiden.

Schlussfolgerung

Durch ihre wachsende Macht ist die Volksrepublik in eine neue Ära regionaler und globaler Führung eingetreten. Wenn die Hypothesen und die empirischen Ergebnisse der Arbeit stimmen, sollten die chinesischen Entscheidungsträger genau beobachten, in welchen Fällen sie Erfolg hatten und im Falle des Misserfolges „smartere Strategien“ anwenden. Wenn der chinesische Aufstieg sinnvoll gemanagt wird, könnte Peking einen sinnvollen Beitrag leisten zu weltweiter Stabilität und Frieden. Basierend auf den empirischen Ergebnissen können folgende Schlußfolgerungen gezogen werden.

- Das Verhältnis zwischen Macht und Führung ist relativ. Macht im Sinne wachsender Ressourcen bildet nur dann eine Grundlage für den Führungsprozess, wenn sie bewilligt, auf Zeit verliehen und in einen entstehenden Kontext eingebunden ist.
- Wenn in einigen Fällen keine Verantwortung übernommen werden kann, kann der Staat keine relevante Führungsmacht werden. Verantwortung muss einhergehen mit „smartem Verhalten“, welches mit den internationalen Standards übereinstimmen muss.
- Der Erfolg der chinesischen Führungsprojekte in einigen Bereichen könnte zeitlich begrenzt sein, ein Kollaps der Projekte wäre aufgrund des Fehlens von strukturellen

Elementen möglich. Die beteiligten Staaten müssten freiwillig folgen können, was bei den chinesischen Führungsprojekten oftmals vage und inkonsistent ist.

- In den kommenden Jahren wird Peking sich einer Mischung aus inklusiver und selektiver Führung in unterschiedlichen Situationen bedienen. Welche dieser Methoden gewählt werden, beeinflusst die politische Stellung der Volksrepublik und setzt luzide Entscheidungen der chinesischen Eliten voraus.
- Die chinesische Führung hat einen zweiseitigen Effekt auf die regionale Ordnung Südostasiens. Die Einmischung von Mächten sowohl von inner- als auch von außerhalb der Region bietet eine Garantie dafür, dass zuletzt immer ein Gewichtsausgleich gegen China möglich ist, falls Peking sich für den Einsatz extrahierter Politik entscheidet
- Es ist sicher nötig, den chinesischen Aufstieg und die daraus folgende Führung in einer Langzeitperspektive zu sehen und weitere großangelegte Feldstudien durchzuführen, die die unterschiedlichen Felder berücksichtigen, in denen China seine Aktivitäten besonders einsetzt und Führungsprojekte etabliert. Mehr noch, solche Fragen sollten in verschiedenen Weltregionen untersucht werden, seit der chinesische Aufstieg nicht mehr auf Südostasien begrenzt ist, sondern auch Zentralasien, Afrika und Lateinamerika umfasst.

Abstract

Stemming from an observation that China is rising in terms of resource power, the assumption "China Rules the World" has become one of the hottest topics. Despite the fact that there are many advantages for China, the mechanism of transforming power resources into the real power to control outcomes is still questionable. In regard to the Chinese regional leadership, variation in Southeast Asian (SEA) countries' behavior in multilateral settings (focusing particularly on their strategic choices - varying between cooperative options, rejecting or withdrawing from China´s initiatives - vis-à-vis China´s leadership proposals) is empirically observed. Why do SEA countries accept China's position and support China regional leadership in some cases, but not in others? To what extend is China becoming a new leader in the regional politics? In order to understand the divergences between power resources and political outcomes, we argue that types of leadership (distinguished between inclusive and extractive forms) influences international interaction among "would-be-leader" and his potential followers.

We find a powerful support for this idea in detailed case studies regarding the relationship between China and SEA states. SEA countries are more likely to agree with China proposals or accommodate with China positions when (i) there are opportunities existing for "power sharing" between them, in terms of "self-restraint China" or "voice opportunities"; (ii) the costs of measurable materials and their perception about those costs, stimulated in cases of non-cooperative or non-followed decisions, are high and (iii) China's visions and beliefs of its proposals or initiatives are internalized into principles of conduct or vision of SEA's elites.

Thanks to the followership of SEA states, successful leadership projects of China contributed to its establishment of a network or an alliance of its surrounding countries, in which China plays the role of a connecting hub and these countries link to each other accepting the position hierarchy, in terms of their roles in the system as well as their social relations. In some cases, the position hierarchy is institutionalized by formal voting shares in decision-makings. On the other hand, unsuccessful projects led China to complex situations, among which is the lack of position hierarchy. Moreover, not only denying or not officially accepting the Chinese leadership, SEA countries also call for other outside powers or partners not related to disputed issues (e.g. territory or sea disputes of China and SEA countries or the Mekong Sub-region issue) to undertake the leading position. Evident from the Chinese leadership projects in Asia and their results support for the argument of a rising China as a regional leader, yet a leader in the making.

My concluding part addresses the pressing need to start a serious discussion on the balance between national interest and regional solidarity within the formulation of Chinese foreign policy. Without the will, ability and right methods to build up stability in the region, China is only a "leader in the making" and will not able to get the voluntary participation of other states.

Chapter 1: Introduction

1.1 Research question

The rise of China not only changes the power structure of the world, but has also affected global development in the 21st century in terms of economics, society, politics and strategy. Apart from statistics and indicators of economic development, foreign investment, military spending and activities to disseminate soft power made in China[1], the question that attracts a great deal of interest from researchers and political observers regards the transformation of Chinese power into political influence, as well as the foundation of a new order centered around China as a leader. In other words, "can China lead?" or "in which ways can China rules the world" are questions that can be posed. While some argue that "Chinese exceptionalism" breaks all the rules forecast in international relations (Zhang 2013; Benjamin 2013), some hypothesize that, based on Chinese norms and values and the attractiveness of its culture and society, China is "bound to lead" in a similar way to the role of "international leadership" that used to be associated with the USA in the 20th century (Weiwei 2012; Jacques 2012). Contrary to the positive picture, there are opposing views of a collapsing China, a Chinese threat or a Chinese hegemony aiming only to gain and strengthen its power (Chang 2001; Li Cheng 2012; Mearsheimer 2010). The different,

[1] See more in the 1.2

or even opposite, views stem from the fact that the potential impact of Chinese regional and global leadership is multifaceted, regarding both its inner force and its performance. This depends on power, the way to utilize power and interactions between China and other countries on a specific issue. The lack of serious research on the relationship between these elements and on the application of this relationship in case studies may lead to unidirectional and cursory judgment on leadership with Chinese characteristics.

Using China-Southeast Asian relations as a case study for investigating how China strives to exercise power and whether China qualifies as an international leader, this work attempts to add to various categories of research on leadership theory in international affairs and to apply this approach to the case of China's rise with the aim of promoting new elements for further studies, besides classical factors. We focus on China´s role in the Southeast Asian region partly because of its strategic importance. China´s increasing presence, from economic to military links, to a potential emergence of Chinese spheres of influence in which Southeast Asia is regarded as China's "backyard". For many observers, China's regional leadership constitutes an irresistible outcome of China's remarkable economic performances and influence (Masterso 2012; Chen/Stone 2013; Ravindran 2012; Samphantharak 2011). In addition, Southeast Asia includes countries which belonged to "Chinese tribute systems" in the past. Faibank's (1968) well-known concept of the "Chinese world order" provides a model to understand international relations in Asia, which constructs China in the role of centrality and superiority in the system. Those who place emphasis on the long history of hierarchical order in Asia tend to endorse the fact that the Middle Kingdom returns to the center as the most dominant power and regional leader, no longer a contested claim (Kang 2007, 2012; Womack 2012; Zhang 2013).

Despite the fact that there are many advantages for China, the mechanism of transforming power resources into the real power to control outcomes is still questionable. In regard to the Chinese regional leadership, variation in Southeast Asian (SEA) countries' behavior in multilateral settings (focusing particularly on their strategic choices - varying between cooperative options, rejecting or withdrawing from China´s initiatives - vis-à-vis China´s leadership proposals) is empirically observed. These varieties provide an incomplete account of regional dynamics, when a powerful China was not always able to "do what it wants" to achieve its goals from relatively weak neighbors in the SEA which prefer to follow the Chinese initiative and only recognize China as regional leader in some cases. The relationship between China and the SEA states demonstrates that it is not always possible for rising powers to move beyond "their weights" to acquire control over other actors in the system. The variant outcomes of Chinese leadership performances suggest that such attempts to mobilize and influence the choices of other countries may fail, because it lacks mechanisms through which it can establish some rules to govern secondary states to create the authority "with specific Chinese characters". The lesson for "would-be-leaders" from this research is that effective leadership should be built upon motivating other participants in the governing process rather than using force to punish deviation. Such initiatives would, if not success, constitute a confrontation or be rejected, and this would make it unlikely that China would be able to take the regional leadership role.

This is one of the great puzzles that is still under-researched: **Why do SEA countries accept China's position and support Chinese regional leadership in some cases, but not in others? To what extent is China becoming a new leader in regional politics?** The answer to this above question requires the application of theoretical and analytical frameworks, both of which construe the complex interplay between power in the form of resources, power usage and

power over outcomes, regarding the ability to shape outcomes and frame the rules of game in favor of the actor. Power resources such as demographic and geographic size, economic and military capabilities can be employed instrumentally to gain influence for emerging power performances, but they might not be the only explanatory variables for the shaping of resultant outcomes. Finnemore (2009: 68) points out "social control is never absolute and material power alone cannot create it. Effective and long-lasting social control require some amount of recognition, deference, and, preferably, acceptance on the part of those over whom power is exercised". If China's growing power is measured not only in terms of hard military power but also in terms of legitimacy, international support, prestige, moral authority, and leadership recognition, the researcher should go beyond the power-as-recourse approach, and has to take a more careful look at the causal interactions between actors in international affairs in seeking to change or shape the actions of others and the given structures that "work conductively to it(s) benefit in interaction with other states, regardless of whether this state is aware of existence of these position or not" (Gu 2010: 198; Fels 2011: 5-9).

1.2 The existing literature

This dissertation takes on this topic by exploring the questions about (i) leadership role of emerging powers in the international/regional politics; (ii) the evaluation of China's use of power, focusing on the conditions which impact the effectiveness of translating its resource power to the actual "power over outcomes"; and (iii) the implication of China's success and failure for the regional hierarchy. Although in the recent years, International Relations (IR) research has seen a growing number of studies of these questions, important areas still remain

under-researched, hence, additional exploration is needed. In this context, the following paragraphs will review existing literature on these questions and figure out contribution of the dissertation to the topic.

Firstly, in the recent years, there have been a growing number of studies about emerging powers related to their power, strategies, roles and implications for the Western-dominated international system. "Leadership", a concept articulated by Western as well as non-Western scholars, strategists and policy-makers, has been applied to analyze the role of regional powers. According to the author's scrutiny, more than 30 English books and journal articles in the IR scholarship over 5 years (2008 - 2013) have chosen "leadership" as either a phenomenon or an analytical concept to examine the rise of emerging and regional powers (among which see: Dent ed. 2008; Flemes ed. 2010; Costa Vaz 2006; Flemes 2006; Schirm 2005, 2010; Nolte 2010; Prys 2010; Nabers 2010; Destradi 2010; Flemes and Wojczewski 2011; Malamud 2011; Yan 2011b; Park 2013; Kang 2012). Likewise, regional powers as supporter and obstructions to regional cooperation and their roles as middle or emerging powers in global/regional governance have been studied and discussed (Lake and Morgan 1997; Cooper and Antkiewicz ed. 2008; Adler and Greve 2009; Buzan and Waever 2003). The literature, nevertheless, is largely dominated by focus on some particular countries such as China, Brazil, South Africa or India (among which see: Schirm 2005; Destradi 2010, 2012; Flemes 2009a, 2009b; Prys 2009; Strüve 2014). Partly as a response to this theoretical fragmentation and the concentration on country-based studies, a growing body of literature has moved to the comparative method (Schirm 2010; Flemes and Wojczewski 2011; Flemes 2013; Burilkov and Geise 2013). These studies are based on the assumption that "only very seldom is emerging powers analyzed in a comparative perspective […]" (Schirm 2010), among which are two significant works integrating IR theory with different

perspectives to regional scholarship. They analyze the rise of regional powers from the comparative perspective and explain various ways the powers shape regional and global politics: "Regional Leadership in the Global System", edited by Daniel Flemes (2010) and "Beyond Great Powers and Hegemons: Why Secondary States Support, Follow, or Challenge", edited by Kristen Williams, Steven Lobell and Neal Jesse (2012). The both edited volumes are important ones that make a significant contribution to advance our understandings about the dynamics between the impacts of hegemons as regional leaders and the growing typology of behaviors of secondary states.

The attempts to assess emerging power's leading role in the international politics have faced great difficulties. Despite more comprehensive and interdisciplinary approaches, there has been so far some limited conceptual clarity over the use of "leadership" with respect to the existing understandings of power and the use of growing material powers especially when defining the role and performances of such countries in global and regional governance. In particular, as "leadership" is used as an analytical concept, for some reason, it refers both to hegemonic strategies and to the leading integrating role of a power in its region (Schirm 2010; Destradi 2010; Narbes 2010; Yan 2011a, 2011b). The rise of a new wave of emerging powers-led projects was likely to produce greater "places and bases" for more complex interdependence, in which the powers could enjoy more leverage, but they also created ambiguities of translating capabilities into desired outcomes in terms of forming a hierarchy between each leader and potential followers. It is, therefore, time to conduct a systematic and in-depth analysis of emerging power's leadership projects and the reaction of their secondary states in the region within the context of the new evolving international security environment.

Secondly, China's growing "resource capabilities" has been widely analyzed in a number of studies in form of case studies on individual sectors and perspectives of power forms (for example: Yan 2006; Hunter 2009; Drezner 2009; Ross 2009; Mayer 2012; Kirchberger 2012), which attempt to develop theoretical approaches to measure and conceptualize Chinese growing powers in various sectors. Based on specific theoretical models, students of IR theory have offered different approaches to multidimensional and multifactor understanding of power in the international politics, and to the operation of China's power status in comparative perspectives (more on variety of differences in assessment see Yang 2006: 5-10). For instance, regarding four factors suggested by Zbigniew Brzezinski, security adviser of former U.S. President Jimmy Carter: economic strength, international popularity, military superiority and cultural attractiveness, Gu (1999) concludes that despite its stunning development in the last twenty years, China has not qualified the conditions of a great power, which still lacks necessary capacity and quality to influence economic, political, social and military development worldwide. Yan (2006) measures China' power status by developing a power–class approach with the term "comprehensive national power", which includes military, economic and political features. His study comes to the conclusion that "the status of China's comprehensive power already ranks second in the world, but it remains at the second echelon compared to the US superpower status" (ibd.: 30). Assessing China's power in the globalization, Beckley (2012), by comparing the United States and China across a large set of economic, technological, and military indicators over the past twenty years, argues that "the United States has not declined; in fact it is now wealthier, more innovative, and more militarily powerful compared to China than it was in 1991" (ibd.: 43). Fels (2012) offers a comprehensive and incisive analysis of measuring power and power shifts in the fields of IR, International Political Economy (IPE), economics and

security studies. While the first part provides an excellent theoretical overview of current power research in IR which links to new methods of identifying power and its sources, the second and third parts provide the case studies that describe economic and political relations within the sectors of security and international political economy. Based on Joseph Nye's soft power concept, "Soft Power: China's Emerging Strategy in International Politics", edited by Mingjiang Li (2011), aims primarily to elucidate the importance of this concept in the formulation of Chinese foreign policy. By analyzing the domestic and international views on China's soft power, the authors show how the concept of various approaches has been developed to understand, and what sort of overt or covert mechanisms link to the increasing of soft power sources in case of China. Strengths and weaknesses of China's soft power have also been discussed. Authors like Schweller and Pu (2011) or Goh (2011b) were in one way or another concerned with the question "what kind of great power is China becoming?" by looking China' use of its growing power in international affairs (see more MIT Center for International Studies 2009)

An increasing number of scholars have published their works both in and outside China have no doubt enriched external knowledge of discussion about Chinese power and its behaviors in the time changing the balance of power. However, regarding China's influence over policy outcomes, there are surprisingly not so much more than a few appraisals have provided a variety of perspectives. Only a few authors developed theoretical framework that can explain the political outcomes in terms of China's "expectations-achievement gap"[2]. A simple evaluation on

[2] Xuefeng (2010) finds, for instance, that only "the policy of integration, which accommodates both the United States and neighboring countries' core interests, can succeed in achieving China's goals in regional multilateral cooperation". Goh (2011b) seems to be among the first scholars who seek to analyze the China's power over

Chinese regional policy toward SEA states points out, for example, a different assessment contrary to the common logic: although China is more powerful, which can open up a space for more assertive expressions of China´s political influences, the fact remains that China has not succeeded with their aim to reach its goals. In many cases, the China regional strategy is failing when measured in terms of regional support or followership of neighboring states and the strength of its overall political position. Why was a rising and more powerful China unable to change or shape the actions of other less powerful actors? What did China "get it wrong or right"? Such questions can be evaluated only in particular case studies.

Thirdly, China is rising and this has changed the power scale as well as affected structures of many fields, both regionally and globally. Research on the Chinese impacts, role and efforts in seeking for its deserved position has increased rapidly in the recent years within IR. They have employed different perspectives from various theories such as realism, constructivism or the IPE approach to evaluate the interaction of China and other countries, as well as the impacts of "China factor" influencing the change of some regional system or hierarchy (Shambaugh 2004; Breslin 2006; Xuefeng/Ferchen/Fravel ed. 2011). Some traced back to the past and placed China in his timeline of evolution by which they can identify positions of the Middle Kingdom during the world history of development (Weiwei 2012). Those works are helpful, providing us the image of China in a particular aspect, but are hardly to generalize the

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influences in Southeast Asia. She proposes an updated theoretical framework of structural and relational power on the evaluating China's growing power. Identifying three categories of Chinese power (power as "multiplier", power to persuade and power to prevail in instances of conflicting preference), she argues that the answer for the question of "how powerful China is" regarding its power influences is mixed.

panorama of the Chinese rise as a phenomenon of the world politics. Some recent studies have focused on that high-demanding job to figure out a global aspect about the role of China when examining its emergence in different fields such as culture, diplomacy, military and economic. Some significant ones among the research are "China goes global: The Partial Power" of David Shambaugh (2013) or "When China rules the World" of Martin Jacques (2011). The publications, however, are mostly contradicting evaluating the Chinese power and role. While one highlights the ability China becomes a new ruler of the world, the other seems to be cautious using its words which says China will become more powerful, but its influence is not really as we all expected (Goh 2011b; Shambaugh 2013). Due to the world balance of power, the Chinese domestic politics or even the Chinese ideology, this emerging power is still viewed as a "fragile superpower" (Shirk 2008) or a "partial power". Limiting the Chinese role in the SEA, some researches have analyzed its position in regional records, as well as the Chinese influence on single countries (Dosch and Vuving 2007; Vuving 2010a; Burgos and Ear 2010; Baviera 2012; Corr 2013). Some other attempts are based on the concepts of power to find out more comprehensive assessments such as ones of Dorsch (2007), Peracival (2007), Kurlantzick (2008) or Goh (2011b). These works own an advantage of distinguishing power-as-a-resource and power-as-influence/outcomes which examines in details through the records of the SEA region. Considering the power transformation of the region and Chinese activities aiming to enhance its influence, some predictions have been given out about regional hierarchy or structure in the next few years. Whatever the researchers shape the regional future, China is always among the most important concerns (Shambaugh ed. 2006). In this context, a new order in the East and Southeast Asia is seen as an ongoing negotiation between China and other powers such as the world superpower of the US, the regional powers of Japan and South Korea as well as other lesser

states in the SEA (Goh 2011a, 2013). The furthest idea is regarded to be from Hugh White (2012) when he believes that the US is initiating ways to share the Asia Pacific with China as a peaceful process for the power transition in this region.

The researches in many aspects prove that the Chinese influence on the world is multi-dimensional and multi-perspective, and so are its power and leading position. More importantly, they point out that the influence is quite new and ongoing. Therefore, it is necessary to discover more specific examples and aspects about this topic. This study complements the growing existing literature on China's rise and its impacts on the SEA which have been published in the last years. The difference of this research, however, is its analysis based on the theoretical framework about leadership in IR theory in which it examines leadership as a process, starting from the increasing power to the ways of utilizing power, the acceptance of other countries and impacts of the followership on forming a regional structure. The second distinguished point is that instead of focusing on studying one particular country or one specific field, this research covers various fields of the China's leadership in the SEA (such as diplomacy, trade, financial cooperation, environment, issues related to economic development). As such, this aims to provide a more "horizontal" approach (Shambaugh 2013) to the researched object and hence enables a more comprehensive assessment.

1.3 The basic arguments

This dissertation makes four interrelated arguments about Chinese international leadership. **Firstly**, I define the term "international leadership" as a process in which a state mobilizes its resources to influence a group of other states (followership) to achieve a common goal. This is a dynamic interaction and an ongoing relation, rather than a static situation or a policy outcome. In this process-approach, three key concepts should be taken into account: changes of distribution of relative power resources, leadership projects, and followership. This study follows the basic assumption that a good performance, in terms of capabilities can be identified as pre-conditional, necessary but not the sufficient conditions to gain and sustain leadership in international politics. We trace the ways in which emerging powers like China attempt to seek leadership in four phases: (i) At the beginning, there is a sudden shift in the distribution of relative power that favors a rising power by allowing for the opportunity to provide leadership projects. (ii) These critical junctures in the power shift not only alter the hierarchy of capacities, but also shape the evolution of the interaction between the "would-be-leader" and other "would-be-follower". The outcomes of this process are the degree to which other related states accept the rising power's projects. (iii) If potential followers agree to join the provided projects of the leader, the level of position hierarchy between them is "institutionalized", which implies that the level of hierarchy can vary over time. (iv) The consequences of this non-followership include (a) an increasing emerging powers's power-base, in terms of creating a new political coalition; (b) building a network connecting countries in the region, in which emerging powers are hubs while other countries are spokes.; and (c) changing emerging powers' positions in the existing

organizations which can be recognized by indicators such as increasing voting rights or owning veto rights.

Secondly, the lens of "leadership as process" conceptualizes the ways in which the change in the distribution of relative power resources is related to the processes in which leadership is created and accepted. Understanding leadership in this way, classifying China's growing material resources itself does not demonstrate that China qualifies as a regional leader. In a globalized world with a high degree of interdependence, seeking leadership is not only a matter of trying to get what the country wants, but also trying to sustain the recognized abilities of others, which generate those wants through the process of interaction. Instead of looking only at material power resources, this dissertation analyzes China´s use of power and the reactions of its potential followers by looking at the variant outcomes of Chinese "leadership projects," understood here as the attempts of the People's Republic of China to seek the voluntary participation of other states in order to achieve a common goal and to guide willing followers. Rising powers sometimes do manage to adopt "efficient and smart" strategies to become great leaders, but these are historically rare cases. They differ in their leadership performances because of the different organizational techniques used for their leadership projects influence how the order is shaped, and the incentives that motivate other states to follow. The effectiveness of such projects is not "exogenously given"; it depends heavily on the inter-subjective interaction and evaluations of the reactions of others. The outcomes of "leadership projects" serve therefore like an "index" that helps to classify regional leadership in international relations, because it captures much more than single variables. The success and failure of China's leadership projects are influenced, among other aspects, by power resources, features of foreign policy strategies, the context of the environment and the acceptance of projects by other states. Based on the

understanding of leadership as a process with several stages, it is clear that China's economic rise in the recent 30 years shows that it is merely a leader in the making. In many cases, as we will see later, SEA countries' accommodation and cooperativeness vis-à-vis Chinese proposals has varied. In some cases (such as Joint Development in the South China Sea 2005-2008, China-ASEAN Free Trade Agreement or the Chiang Mai Initiative), they accommodated Chinese demands for agreements in order to get them "on board". However, they resisted important demands from China in some cases, such as Membership Issues in East Asian Summit 2005, or refused to sign a new cooperation agreement, as in the case of Joint Development in the South China Sea 2009-2013. When facing ambivalent proposed initiatives from the Chinese government, as in case of the Greater Mekong Sub-region since 2008, SEA countries on the one hand have continued to support Chinese initiative on economic progress (such as the establishment of the North-South Corridor or the development of hydro power projects). On the other hand, the Lower Mekong states have repeatedly expressed their concerns about China's policy over water use and dam building in the upper Mekong River. Members of ASEAN sometimes also took different considerations in their stances vis-à-vis the Chinese position.

Thirdly, it has been argued that to understand the gap between power resources and power outcomes, we have to understand why some of China´s leadership projects are organized in such inefficient and socially illegitimate ways. This dissertation hypothesizes that the type of leadership (distinguished between inclusive and extractive forms) of a rising power determines its political outcomes. In any particular situation, we expect variances in the responses from SEA states to result from different reactions to different forms of Chinese leadership that "bleed" into each other in variable constellations. If Chinese power becomes more associated around the world with inclusive than with extractive leadership types, the chance that other countries accept

its leadership projects is likely to increase. The distinction between the two leadership types is defined by three main factors: power sharing, incentives sharing and vision sharing. SEA countries are more likely to agree with China proposals or accommodate China positions when (i) opportunities exist for "power sharing" between them, as in a "self-restraint China" or "voice opportunities"; (ii) the costs of measurable materials and their perception about those costs, stimulated in cases of non-cooperative or non-followed decisions, are high and (iii) China's visions and the belief in its proposals or initiatives are internalized into principles of conduct or the vision of the SEA's elites. In short, secondary states tend to accept the leading state's projects when they do not encounter fears, can earn profits and consider joining as an appropriate mean. We find powerful support for this idea in five detailed case studies regarding the relationship between China and SEA states.

Fourthly, the secondary states' followership is a vital condition for the success of such projects, as well as the new leading position of emerging countries. The lack of a supportive followership could in the future become an important impediment to a successful China's rise as a new regional leader in Asia. Depending on the type of aforementioned projects, followership of secondary states can help emerging powers (i) establish a new political-military alliance (both at the multilateral level, such as in regional organizations or institutions, and at the bilateral level, such as agreements with single countries) in which emerging powers play the role of dominant states and the other countries are client states; (ii) build up a network connecting countries in the region, in which emerging powers are hubs while other countries are spokes; and (iii) influence or change emerging powers' positions in existing organizations, which can be recognized through indicators such as increasing voting rights or the ownership of veto rights. Practices within the relationships between China and SEA states have shown that, thanks to the

followership of SEA states, successful Chinese leadership projects have contributed to its establishment of a network of an alliance with its surrounding countries, in which China plays the role of a connecting hub and these countries link to each other, accepting the positional hierarchy, in terms of their roles in the system as well as their social relations. In some cases, the positional hierarchy is institutionalized by formal voting shares in decision-makings. On the other hand, unsuccessful projects have forced China into complex situations, among which is the lack of position hierarchy. Moreover, SEA countries have not only denied or not officially accepted the Chinese leadership, but also called for other outside powers or partners not related to disputed issues (e.g. territory or sea disputes between China and SEA countries or the Mekong Sub-region issue) to undertake the leading position. It is evident from the Chinese leadership projects in Asia and their results that China is rising as a regional leader, yet is still a leader in the making. The country has capabilities and a willingness to take the lead in the region, but it is not always successful in gaining political influence and making other countries accept its leading role as it wishes. My conclusion addresses the pressing need to start a serious discussion on the balance between national interest and regional solidarity within the formulation of Chinese foreign policy. Without the will, ability and right methods to build up stability in the region, China is only a "leader in the making" and will not be able to get the voluntary participation of other states.

1.4 Organization of the study

I proceed as follows. The next chapter will provide a more in-depth look at the theoretical framework to answer the research questions. This section will be conducted in order to develop its distinctive approach to leadership in international affairs in greater details and generate two hypotheses, grounded in the general literature on IR theories. Chapters three, four, five, six and seven will be the main case studies, with chapter three focusing on Joint Development in the South China Sea (2005-2008 and 2009-2013), chapter four on the Membership Issues in East Asian Summit 2005, chapter five on the China-ASEAN Free Trade Agreement, chapter six on the Chiang Mai Initiative and chapter seven on the Greater Mekong Sub-region Cooperation. These chapters will look at the factors developed in the theoretical framework in order to analyze ASEAN response to China's leadership projects. The final chapters eight and nine will provide findings, concluding remarks, and suggest directions for future research.

Chapter 2: Analytical Framework

The section presents theoretical and conceptual considerations and seeks to develop an analytical framework for this study. As a first step, I will review the body of existing approaches to the study of "leadership" in International Relations (IR) research. It should be noted that leadership theory in IR still lacks a coherent approach and it is analytically useful to use eclectic lenses by combining all factors related to power and the using of power to gain leadership status, as well as considering leadership as multidimensional and multi-phrase. The next section examines a framework that views leadership as a process with many steps, within that a would-be-leader uses his different abilities to mobilize the support of the would-be-follower. Ultimately, the exercise of leadership takes place on some issues of what will be conceptualized as "leadership projects" in this study.

In a third step, I will attempt to clarify the precondition of processing effective leadership projects of emerging powers and their mechanism through which they include their potential follower. Based on these factors or precondition, I will represent my first hypothesis arguing that the possibilities for a successful leadership project are dependent on the type of project provided by the rising powers. The fourth section applies this typology to explain the mechanisms that cause the variant outcomes of strategic choices from the secondary and small states, which focus

on three factors: power sharing, incentives sharing and vision sharing. This dissertation assumes that there is no general hierarchical order/structure of the whole region, but the regional order/structure is instead composed by different sub-structures, in which emerging powers try to grasp a certain position. The rising powers can play a more important role or can gain better places on the scale when their leadership projects are successful, which is the second hypothesis of this research. The final section will discuss methodology and examine case studies in order to demonstrate the hypotheses. The objective of this part is to present a research design for following chapters, also point out restrictions of the methods and the research design.

2.1 Theoretical approaches to the study of „leadership“: Three perspectives

What is (international) leadership”? Leadership, as Young observes, is: “a complex phenomenon, ill-defined, poorly understood, and subject to recurrent controversy among students of international affair” (Young 1991: 281). An international leader is usually considered a powerful actor who tries to control and guide another, which requires power and willingness to utilize the power. In other words, a country can become a leader once it owns power and willingness of leadership. This presumption, however, is vague and not quite appropriate to apply to analyze the research focus which is transformation from power resources to power outcomes. Other studies show more insights of this field, proving a diverse mosaic from different approaches (Schirm 2005, 200). For instance, the relationship between power and leadership is a question whether the (prominent) power always leads to leadership. If yes, what are the methods or material capabilities used to gain the leader position? If not, why, and under

which conditions, does the country fail to reach its goals? Another concern is placed on legitimacy of the leadership willingness, i.e. whether the willingness is transmitted effectively to followers and is accepted by them. If not, what leads to the failure? The following parts do not attempt to tackle all the above questions, but rather review research, ideas and approaches based on the theoretical literature of IR theory. These play a vital role in this dissertation, since some ideas and interpretations of this research will be applied to build up a framework for this study. Accordingly, leadership will be approached by three interactive models which are hierarchical, functional, and behavioral model.

Model 1: The first model places the perception of "international leadership" in a complex system of powers in the international system. The factors that shape leadership position/status of a country, according to Waltzian neorealism, stem from the capabilities possessed by the great powers. This school understands the world as an anarchy in which no global government exists to hold the role of enforcement mechanism, hence the lack of authority to manage countries to follow a certain way. From that perspective, leadership is defined by capability, or in other words, is the concentration and the expression of capability that can "entitle to command; none is required to obey" (Waltz 1979: 88). Other realist authors share the idea defining leadership/hegemony as a situation in which one country possesses greater power and can dominate all other countries in the same system (Mearsheimer 2001), or it can control over or govern the system (Gilpin 1981). Natural resources, capital, technology, military forces, economic scale and population are key elements creating the power of a state. As such, power is regarded as the possession of those material resources which is also called resources-based power approaches (Fels 2011). Many authors following this approach tend to highlight the power of military and economic indicators as two crucial factors deciding the power of a great country

(Mearsheimer 2001). Through shaping national power, the map of the distribution of capabilities between countries in the system is defined. The distribution of power in the international politics contributes to the features of international system. There are three types of systems:

- Unipolarity: this system only consists of one strongest power. Other countries are weaker and less competitive than the hegemon is;
- Bipolarity: in this system, two powers own equivalent power (like in the Cold War); and
- Multipolarity: several powers exist at the same time in the same system (Waltz 1979).

The leader in this context is the country having enough power to be a unipole (the first type). The unipolarity is defined by distribution of material capabilities. Some other authors have modified this argument by taking "ability" into account in order to compliment calculations of the distribution of capabilities. Huntington's new definition of unipolarity emphasized that this is a system with "one superpower, no significant major powers, and many minor powers". The leading country, according to this argument, would be able to "effectively resolve important international issues alone, and no combination of other states would have the power to prevent it from doing so" (Huntington 1999). Another research trend is also based on the view that distribution of material capabilities can be counted as an indicator of international leadership, but is more about the dynamics of leadership between great powers. For instance, Robert Giplin (1981) states that the world order is formed by "the reflection of the underlying distribution of material capabilities of states", which changes over time (Ikenberry 1993: 159). All dynamics of the international order reflect the new distribution of power capabilities, which likely leads to the so-called "hegemonic war" between great powers. Other research, such as "power transition theory", analyzes power transformation between rising powers and hegemons and its impacts on

the international order. When a hegemon gradually loses its ability to protect the contemporary international order, and a rising power is accumulating more power which can undermine an order to shape a new order, a preventive war may occur ignited by the hegemon to defend its status quo. Or else, sooner or later, the rising power will change the existing system and order in the way that benefits it (see Tammen et al. 2000; Chan 2008). Adopting the "long-cycle" view of world politics, the research of George Modelski advances a notion of "world leadership" presenting another aspect of leadership in the international system. The position of a country requires following fundamental elements: geopolitical conditions (island or peninsular location); stable domestic politics and open to the outside; a lead economy; and a politico strategic organization. Modelski (1987) argued that the "four leaders" during the world history appeared as island countries or peninsulas. They are Portugal (located in a corner of Iberia Peninsula), the Netherlands, the United Kingdom and the United States as a continental "island" state.

Model 2: The functional model links leadership status with a variety of specific functions in international affairs. Under this perspective, leadership in international relations means "pushing for action" or shouldering responsibility in solving international affairs as a saying of Lao Tzu, cited by the Russian Foreign Minister in his recent article "Be the chief, but never the lord" (Ivanov 2013). Those positions depend on the country's contribution in a certain situation. As such, the country as a leader may play the role of an agenda setter using its capability of figuring out initiatives to overcome the common difficulty of the international community. Or else, a leader can be a mediator sorting out conflicts or disagreements between members of the group. This can help to reduce escalating conflicts and set up regulations or agendas for involving parties in which a state can implement its leadership. Research conducted by Schoeman (2003: 353) suggests some preconditions for regional leadership which emphasizes

"[the regional power] should indicate and assume the role of regional leader, stabilizer and, if not peacekeeper, at leader peacemaker".

Being seen as a "good international citizen" is not enough; a leader should possess a distinctive international citizenship, which provides proposals attracting others to solve the shared problems. The functional model is highlighted by many researchers as an essential for a benevolent leader in order to ensure the order and common prosperity for the whole system, especially in the international economic order according to the viewpoint of Hegemonic Stability Theory (see Kindleberger 1973; Eichengreen 1987). Hard versions of this theory suggest that the absence of an identifiable leader in decisive moments will lead to anarchy and collapse. The global power shift between England and the US in the early twentieth century can be a significant example. When a party was losing its leadership, the other was not ready for taking the leading position, the great depression occurred in 1930. Modified versions of this theory come closer to the opinion that assumes multilateral cooperative decisions all require a leader. Particularly, it says "hegemonic structures of power, dominated by a single country, are most conducive to the development of strong international regimes" (Keohane 1989: 75).

The role of a leader is considered to be crucial as it solves the issue of "public goods". The goods, on the one hand, are necessary for fostering cooperation, but they are expensive and few single states can afford to pay or accept to pay alone. On the other hand, because of the "public" nature, the goods are not private possession, but serve for the common interests of the community. In order to reach success of the cooperation, the leader should be able to not only mobilize parties to involve, but also bear full expenses of those goods. This can be observed by the role of the US in the European Marshall Plan reconstruction, the establishment of the Bretton

Woods and GATT systems, or the role of Germany and France in the plan of the European unification. These cases share a common point of respecting the role of a single country as a leader, not highlighting its power. This demonstrates that even if a country holds prominent power, but refuses to lead or play a leading role of a group, it could not be seen as a leader, as Nye (2008: 19) argues: "Leadership is not just who you are but what you do. The functions that leaders perform for human groups are to create meaning and goals, reinforce group identity and cohesion, provide order, and mobilize collective work". In many situations, including those discussed in this dissertation, leadership "involves an organizational context that gives a particular [state] the authority to make those decisions and assemble those resources" (Keohane 2005: 707). Depending on the functions, every actor has the different opportunities or obligations.

Model 3: Leadership is not an attribute of a particular country, but a sort of relationship, in which the position of each country is determined by the order recognized by the other countries (Clark 2009, 2011). Leadership can only exist once there is followership. In other words, if no countries follow or participate in the proposal suggested by a particular country, it cannot be recognized as a leader. In this context, it should be distinguished between hegemony and leadership which depends on the objectives that the prominent state aim to. While the hegemon aims "to realize its own egoistic goals by presenting them as common with those of subordinate states, the leader guides –'leads'- a group of states in order to realize or facilitate the realization of their common objectives" (Destradi 2010: 19). As Clark (2011: 19) pointed out: "Leadership, in this perspective, is not just something that the hegemon 'does' or 'has', but something that international society 'sees'".

There are different kinds of relations between a leader and its followers: collective (like within a group such as a regional bloc) or individual (like a hub and spokes) (Malamud 2011: 3). In this relationship, to be an accepted regional and international leader, a state should pursue a smart and appropriate strategy in order to fulfill the needs of its potential followers, which usually are a combination between either material or economic or persuasive or ideological-normative (Poggi 1990). Joseph Nye's three basic ways for leaders to "affect the behavior of others to get the outcomes you want" are: (i) coercion with threats; (ii) inducing with payments or (iii) attracting and co-opting with cultures, political values and policies (Nye 2004; 2011). Pedersen (2002) presents the concept of cooperative hegemony as a grand strategy of regional powers which consists of the three preconditions affecting the regional power's ability of opting for the strategy of cooperative hegemony. They are: (i) the "power aggregation" capability (the capability of regional powers to harness the support of the neighboring states); (ii) "power-sharing" capability (the capability that the large country must be able/willing to share power with the smaller states) and (iii) commitment capability (the capability that the large country makes a commitment among all the states in the region to a long-term regionalist strategy).

Within this literature, we can identify some major points when doing research on the concept of leadership, especially when applied to the cases of emerging powers.

First, leadership in international relations may contain many dimensions. It can be an individual, an action, a function or a relationship between countries. Thus, once a country is mentioned as rising and becoming a leader, it should be specified that the leadership is understood in which meaning.

Second, power is a compulsory factor composing leadership in international relations. As mentioned at the beginning of this dissertation, owning power does not ensure that the power could be effectively transformed to political influences which partly create the leading position. This should be noticed when studying rising powers because (i) it points out that a country may become stronger, but fail to become a leader (at a region or in the world); and (ii) a country can be the leader in a certain region, but not in other regions, which is described under the name of "issues-based leadership" or "problem-based leadership".

Third, examining the rise of emerging powers requires an analytical framework in order to study the object through a process rather than focusing on a single point, which is emphasized by earlier research (except for some recent research of Narbes 2010 or analysis framework proposed by Nye 2011). The author believes that this approach will help to enrich the understanding about power, the way of utilizing power and methods that other countries deal with the power of emerging powers in their interaction. This is also the main idea of this dissertation, which will be presented in more details in the next part of the framework.

2.2 Combining theoretical lenses: "The leadership process" and rising powers

The review of exiting literature allows us to shift the analysis from an only one-dimensional consideration of China's growing power resources to an examination of the subset of frames regarding the role of Chinese leadership in the making of the regional regime, and where and under what conditions it can lead. The question of how China's power resources and their corresponding effects are transformed in the structural context in which they are embedded. The transformation of the economic resources into political influence and leverage is therefore a

significant obstacles of leadership-building. As a consequence, theoretically, emerging powers, and China in particular, can be expected, on the one hand, to effect the redistribution of wealth and power in the global rank-order, and on the other hand arrive at an agreement about what establishes the status hierarchy through conniving another states to participate in and support their leadership projects. They tend to seek more for "an individual's standing in the hierarchy of a group based on criteria such as prestige, honor, and deference" (Johnston 2007: 82). In this context, I argue that we need use eclectically analytical lenses by combining all factors related to power and the using power to gain leadership status. In order to make sense of the leadership performances adopted by rising power in their relations with neighboring states and, a more process-oriented approach is required.

"International leadership" means *a set of processes in which a state, with its resources, mobilizes and influences through multidimensional channels a group of other states (followership) to achieve a common goal*. It is a dynamic interaction and ongoing relationship, less a static situation or simply a policy instrument. The reasons for following a process approach may be partly so complex, but only though the "lines of process", we can see how "leaders and followers learn roles and change roles as their perceptions of situations change" (Nye 2008: 18). The process-approach is important "because it is only through the interaction of state agents that the structure of the international system is produced, reproduced and sometimes transformed" (Wendt 1999: 366). It helps us better understand how interests, relations, and reasons for the decision of actors for different situations "change over time and given the right conditions, which depends in large part on both the context and nature of their interaction" (Ba 2006: 168).

The "leadership as process" framework used here consists of three dimensions: context that focus on changing of distribution of relative power resources in existing order, interactions within the leadership project that regulate interstate relations between "would-be-leader" and its potential follower, and outcomes in terms of examination of followership. In the process approach, a good performance in terms of capabilities can be identified as necessary but not sufficient condition to gain and sustain leadership in the international politics. The process of becoming a leader, which can be emerged either by introducing the new initiatives mobilizing another for a common purpose or "from competition among potential leaders to appeal to win follower" (Park 2013: 93; Burns 1978: 18), is determined by relations in motion; it is the transitional phenomenon which is full of dynamics, rather than an entity.

The conditions of successful leadership consist of both the context within which leaders and followers involve and the changing environment that produces followers' needs leading them to look for specific leaders. As the context within embedded actor's changes, the relation could be changed, and changing of the relation between them can change the context. I trace the way in which emerging powers attempt to seek leadership in four phases:

(i) At the beginning there is a sudden shift in the distribution of relative power that favors a rising power. It helps to increase the hegemon's ability to wield influence in other states and allows them the opportunity to provide new leadership. The change in the distribution of relative power resources does not automatically mean the emerging of new of leadership, if rising powers lack formulation of the leadership claim and employment of foreign policy to achieve its goal (Flemes 2010). Conceptualizing regional powers as "regional leading powers" (in German: Regionale Führungsmächte), which include a lot of features shared by other researchers, such as

Schirm (2005) and Flemes (2009a), Nolte (2010) and Prys (2010), regional leading powers not only have the capacity or ability to assume regional leadership, and effectively exercising their influence in the region, but also make the claim of a "leading" role in the region, and are able to induce other states and actors inside and outside the region to accept their leadership. Seeking the leadership is not about maximizing its power or preserving hegemony, but it is about finding the way to combine resources into successful implementation of regional and global projects in the new context.

Based on the theoretical literature of IR theory hegemon in forming order, rising powers can modify the preferences of leaders in subordinate states though four main mechanisms. Firstly, the dominant state can exercise power by manipulating material incentives through the public-good provision or promises of reward. Secondly, the hegemon may employ the socialization strategy by creating a set of norms and values to socialize the substantive beliefs of subordinate states. Thirdly, sanction or coercive strategy is used by the hegemony to ensure that secondary states prefer cooperation to non-cooperation. Fourthly, the hegemon can use the institution-strategy in order to lock in the subordinate states into the accepted order (Ikenberry/Kupchan 1990; Shu 2011).

(ii) Given the complexity of the leadership processes, which are very lengthy and difficult to observe and partly still under way, it was argued that the most effective way to assess the leadership performances of rising powers, thus, is to combine those all components by studying their "leadership projects". Leadership in the international politics can be emerge either by introducing the new initiatives mobilizing another for a common purpose or "from competition among potential leaders to appeal to win follower" (Park 2013: 93), as Nabers (2010: 937)

argues: “leadership is always contested by challenges from those who are left out of […] and sometimes from those who find themselves in a subordinate position to the leader”. In this view, “leadership projects” can be treated as a beginning experiment evaluating its effectiveness and problems, as well as its implications for hegemon’s use of power. New or alternative “leadership projects” emerge and offer other states attractive opportunities for dealing with the regional and global challenges and start to compete with the other rivals in their attractiveness to potential and existing follower. These critical junctures in term of emerging new “leadership projects” not only chance the existing context, but also shape new structure within stimulated interstate relation between “would-be-leader” and other members. The changing and creating of a new context become plausible given it modifies the government’s policy options in a number of ways and stimulates its preferences for (non-) participation in the new projects. Sooner or later, one predominant project will evolve which institutes the framework that determines how many actors are involved, and how it affects the whole structure. Those projects are accepted, established and maintained by actors who can use their power resources effectively by attracting to a particular issue-area. Not enough attractive projects tend to dissolve or lose its importance with the construction of well-organized and most by others accepted frameworks (see more Nabers 2008, 2010). On the basis of this process, it is possible to analyze different kinds of leadership projects provided by the hegemon and the different outcomes resulted from them. An approach could be the broad division of “leadership projects” into two subtypes, which are named as “inclusive” and “extractive”. Each leadership types and its mechanism and effects are discussed below.

(iii) As Hurrell (2002: 3) pointed out: “You can claim Great Power status but membership of the club of Great Powers is a social category that depends on recognition by others – by your peers in the club, but also by smaller and weaker states willing to accept the

legitimacy and authority of those at the top of the international hierarchy", the way in which states share common understandings that develop among groups of states about power hierarchy is constituted by the inter-subjective process of recognition. In the third stage, "leaders inducing followers to act for certain goals that represent the values and motivations—the wants and the needs, the aspirations and the expectations—of both leader and followers" (Burns 1978: 19). The effectiveness of this process relies on many factors, which are temporarily divided into two groups: subjective factors and objective. Among the former are willingness of the "leader" (which is the rising powers in this case) and tactics enough to present its projects attractively, persuasively and pervasively. The would-be-leader, through their interactions, creates the (non)-material elements in the system and constitutes a new structure of power, incentives and norm. On the objective view, the outcomes of this process have been powerful drivers of the degree to what extent other related states accept the rising power's leadership projects. As Nye (2008: 34) addresses: "Regardless of what positions they hold in a group, followers' behavior can be ranked by its intensity and sorted into categories, such as alienated, exemplary, conformist, passive, and pragmatic", the latter includes the conditions of the target country, such as calculation of strategic and economic interest values and culture; also the competition of other countries in the same target country.

As actors interact with each other in a given context, the (new) structural elements affect how the actors see themselves. In my model, it does not emphasize the establishing international leadership through generating "true" followership developed from the suggestion of the leader, but in their interactions. It puts forward a "two-way" thesis, which holds that while hegemon changes others, others change hegemon by pushing a variety of counter-hegemonic projects. Especially given the emphasis placed on power differentials characterized the Sino-ASEAN

relationship, rising powers like China may hope through their "leadership projects" to institutionalize and socialize ASEAN state to develop consensual and benign regional orders with a view to legitimize the power differential (see more Ba 2006; Goh 2011). But strategic decisions of the ASEAN states individual or collectively, often with a complex mixture of diplomatic instruments, can affect China's policies and roles in shaping regional new structures.

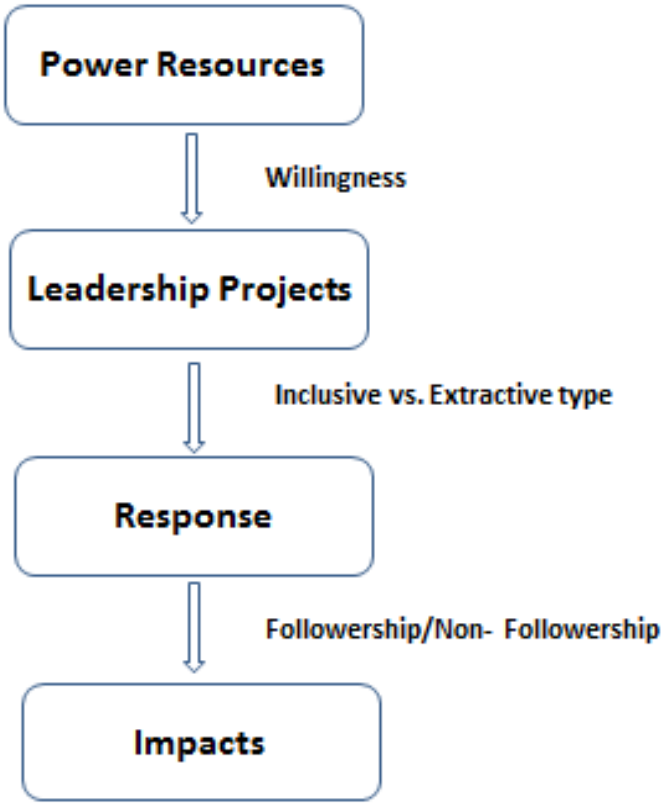
(iv) The consequences of this non-followership include (a) an increasing emerging powers's power-base, in terms of creating a new political coalition; (b) building a network connecting countries in the region, in which emerging powers are hubs while other countries are spokes.; and (c) changing emerging powers' positions in the existing organizations which can be recognized by indicators such as increasing voting rights or owning veto rights. In terms of the relations between states, leadership projects provide political space to build new coalitions. If secondary states have acknowledged China leadership (by not challenging China and their willingness, to play by the rules of the game), leadership projects can be interpreted both "weapons of power" and "tools of great power management", in Schroeder's words (cited from Walt 2009: 89). The (non-) participation of those states has thus affected the nature based on the evolution and interaction of ideas and states across time. In addition, a number of studies have suggested that regional hegemons can use regional projects and institutions to gain influence at the global level. Hurrell (2002: 3) for instance, in cases of regional cooperation in Latin America, clearly shows that regional powers seek to use a sub-regional institution as a means of increasing its bargaining power and to embed the coalition within the negotiating framework. Followership through regional agreement or cooperation provides places and bases for the regional leader, implies its power aggregation, enabling and aspiring it to project its power globally. In structural terms, hegemon creates social structures and regional organizations in order to help them to

legitimize the distribution of power and system rules, to avoid balancing coalitions and to prevent the rise of revisionist challenge.

Balance-of-power and or balance-of-threat theory predict that states will try to hinder the rise of a powerful state or to external security threats, which means the greater possibility secondary powers face the changing of distribution of power or uncertainty about threat perceptions, the more it will be expected that they tend to balance internally by extensively increasing its own material capabilities, or externally by allying and forging close strategic partnerships with extra-regional powers (Waltz 1979; Walt 1990). Successful leadership projects help to minimize this cost. If either potential follower agrees to join providing project of the leader, a hierarchical system in terms of ranking relations among related states exists, and the level of position hierarchy between them will formal and informal "institutionalized", which implies the long-term benefits of legitimate rule. Thus "institutionalization" may serve to socialize the expectations of neighbouring states in creating a set of rules ideas within regional frameworks (Hurrell 2000; Ikenberry/Kupchan 1990). This paves the way for introducing the new system, which takes hierarchy as its central point of function: the rising power's desire for recognition as the number one power from the perspective of material power assessment, but it may just as well be interpreted as a leading status legitimized by its follower. The leader will be both "system maker and privilege taker", and exploit its advantageous structural position for parochial gain (Mastanduno 2009). We can specify at least five possibilities that the results of emerging power's leadership projects means for the evolving regional leadership order, namely: Hegemonic Position (with emerging power on the top or was excluded), Sharing Position, Rivaling Position and Anarchic Position. Each possibility is discussed in next section "Evaluation of the leadership process".

Figure 1 (see below) presents a summary of the understanding "leadership as a process" which will be used for analytical purposes throughout this dissertation and summarizes the relationship between power resources, leadership projects and followership. The key to this framework is that leadership as a process includes elements of the leader's power sources and the degree of the followers's acceptance.

Figure 1: Leadership as process



Source: author's compilation

2.3 Types of Leadership Projects and Followership

Types of leadership projects here mean to the nature of projects provided by rising powers according to the way in which they mobilize and influence a group of other states (followership). When a country rises in terms of power resources, it gains more capability in developing various channels to disseminate its influence. As such, a rising power like China should be studied under a multi-dimensional perspective, based on the role and responsibility of a leader. Relying on previous research presented in the review of leadership concept, the tasks and roles of a leader can be grouped into three dimensions, in which it may make contributions to the functioning of promoting self-sustaining and stable regional orders: distributive, ideational and regulative. The dimensions will be concretized through specific actions or roles presented in the following model.

Table 1 : Dimensions and task of leadership

Distributive	Ideational	Regulative
Lender of last resort; provision of public and private goods	Building consensus; guiding another to recognition of its roles and responsibilities	Stabilizing relationships; conflict management and resolution

Source: author's compilation

From these three dimensions, the next step is to identify compulsory factors of a successful project. The regulative dimension refers to the organization of relationship between

the leader and its followers. A leader is one who has the power to others, but the leadership in this study is defined not as the way to dominate but to mobilize other countries to participate in its projects. Similarly, distributive dimension mentions the contribution of parties to reach effectiveness of the projects, which requires the leader to take on multiple roles. Building an effective leadership requires a vision or at least a consensus on ideational dimension of the others. The vision creating the consensus is considered as foundation to convince the others that joining the leader's projects is legitimate. Based on those, I assume that the elements of leadership projects that are most in need of inclusion during the leadership process: power sharing, incentives sharing and vision sharing.

"Power sharing" refers to attempt of the rising powers to manage the asymmetry of physical capacity which avoid fearing of the use and abuse of growing resource powers of the big states. "Incentives sharing" pointed to a basic distinction in the types of interests provided by the participation to the leadership projects that should have an effect on how the secondary states developed its positions during negotiations. And "vision sharing" means shaping of the normative structure of status and legitimacy within secondary countries considers ideas transferred through the leadership projects are legitimate and internalized by expectations and beliefs of their elites. In short, three arguments indicate secondary states tend to accept leading state's projects because they do not have fear, can make profit and consider the joining as appropriate means.

Power Sharing. The first way shaping secondary powers' regional strategic actions is by managing the asymmetry of physical capacity between "would-be-leader" and the secondary states. Concentrations of power are a double-edged sword in international politics. Sometimes

states can get what they want by using power and coercion, but sometimes the power differential between two or more states (particularly military) should be a matter of gaining cooperation by stimulating the willingness of others to accept the positions of the powerful[3]. Balance-of-power and/or balance-of-threat theory predict that states will try to stop the emergence of a powerful state or to external security threats by extensively increasing their own material capabilities, or externally by allying and forging close strategic partnerships with extra-regional powers (Waltz 1979; Walt 1990). Especially in the case of an asymmetrical region and regionalism, which consist of power differential between big countries and smaller ones, power sharing is understood as a prerequisite a big country needs to conduct its leading position by convincing other countries to participate in its projects. Agreeing with the ideas of Pedersen (2002) about the interaction between "power aggregation" capability and "power-sharing" capability (refer to the part of 2.1), I argue that power sharing of rising powers can be seen as a useful method to avoid balance against them or frustration from other states. It is also a long-term regionalist strategy in order to build a stable political-economic order in which relations are regulated by laws and institutions.

Institutional theory identifies two mechanisms that help a hegemon can apply to manage power asymmetry to stimulate other states to comply with cooperation. First is institutionalized self-restraint credibly from the big state. In a widely cited book, Ikennberry (1999) posits a

[3] The power's problem or power paradox is not simply what it 'has', but what others think it will 'do'. The United States has "a hegemony problem because it wields hegemonic power. To reduce the fear of US power, the United States must accept some reduction in its relative hard power" (Layne 2006: 40).

"strategic restrain hypothesis", in which he explores the choices of great powers that emerge after hegemonic wars and generates new insights into the America's "constitutional order" created after World War II. He argues that from the perspective of the hegemon, the creation of a constitutional order organized around agreed-upon legal and political institutions is on the one hand an investment into long-term future in case of a power in decline, on another hand into lower overall "enforcement-cost" in maintaining order. Accepting bind itself though institutions or legal agreement does not mean the reduction of hegemon's power, but it implies at least grand strategic choices about how to use and exercise power in a way that is less endangering to secondary states (ibd.: 57). It follows that rational weaker states might be willing to participate in the hegemon's projects (with the risks that they forsake some autonomy in decision making) in exchange for the credibility and the "institutional opportunities to work and help influence the leading states" (Ikenberry 2002). The underlying logic behind maintaining a general disposition toward the restraint and commitment of hegemon's own power was also aimed at making hegemony power more predictable and "user-friendly". An underlying cause of this trade-off is that "The more that a powerful state is capable of dominating or abandoning weaker states, the more the weaker states will care about constraints on the leading state's policy autonomy" (Ikenberry 2012: 195). If rising powers want to employ their supremacy to gain followership, they have to operate it through the provisioning of rules and institutions, which institutionalize its power. The more rising powers agreed to restrain their power and bind themselves within institutions and the set of rules and rights, the greater is the probability that weaker states might enter into their leadership projects.

There is another way of using institutions as a tool of political control, which derives from the weaker states. On the one hand, they use the institutions and institutionalization as a

method to ensure that the disadvantages in power resources could be reduced as the above argument of Ikenberry (2002). On the other hand, institutions can be utilized to form a specific diplomatic influence. Secondary powers' choices can be explained by the question whether their quest for "greater symmetry in voice opportunities" can be fulfilled. Based on empirical record of Economic and Monetary Union (EMU) adopted by the European Union (EU) in the 1992 Maastricht Treaty, Grieco (1996: 36) pointed out: "States –and especially relatively weak, but still necessary partners–will seek to ensure that any cooperative arrangement they construct will include effective voice opportunities." The decision of the French government to adopt the EMU can be interpreted as a way to influence its policies to cope with the hegemonic role of the German Bundesbank (Grieco 1995, 1996). Accessing the role of ASEAN by creation of a new stable regional society of states in the region, Goh (2011) argues that this regional origination and its ASEAN '+' mechanisms helped to institutionalize "the voice of smaller states in regional security management". Faced with a set of asymmetric bargaining power, weaker states position in favor of leadership projects causes in this view their eagerness to secure a voice, "make known their interests and seek for political partners" in these given issue through via what might be called "insider-activism" within multilateral institutions (Hurrell 2002: 15). When secondary states try to make a proposal, member states cannot help but at least listen to their voices. The risks associated with continued "exclusion" to the formulation of the security issues also create incentives for weak states to joint multilateral security pacts. To domestic audiences, participation in the hegemony-led forums and organizations provides a forum through which weaker states can legitimate behavior regarding the relationship toward the rising powers. If leadership projects of the hegemon open up "voice opportunities" for secondary states, then they would likely choose to bind themselves to these projects.

In sum, it is not only the problem of growing capabilities per se, but also the changes in the application of this power that led to perceptions about rising power's intentions. Seeing the rising powers as a revisionist power reduces the willingness of the secondary states to support and join in the emerging rising power-led cooperative projects. This unwillingness might be understood that the weaker states are afraid of the stronger's domination. In the absence of willing followers, the possibility for the rising power to transfer its power resources into political influence may decline. As such, in order to gain followership from the weaker states, the stronger states are expected to limit their power. It leads to the fact that rational weaker states might be willing to participate in the hegemon's projects (acknowledging the risk of forsaking some autonomy in decision making) in exchange for the credibility and institutional opportunities as a political control.

Incentives Sharing. For the secondary states, complying with the hegemon's leadership projects can sometimes be beneficial, but sometimes not. The second way by which leadership projects produce motivations to followers is by changing material and institutional preferences of domestic actors within the affected countries. Distributions in material capacities, for example, increase the rising power's ability to wield influence in other states through providing public goods for the cooperation or private goods to its allies. This idea derives from two approaches which are quite different in terms of the hegemon's behaviors. In particular, the approaches come from dissimilar perspectives of which purpose the power serves for. On the one hand, hegemonic-stability theory states that the world or the region's order and stability both need benevolent leaders. One of the significant authors of this school is Charles Kindleberger. Analyzing the Great Depression and the way countries compete (negatively) to each other in order to protect their national interests, Kindleberger (1974: 11) concludes that a functioning and

stable international economy "needs leadership, a country that is prepared, consciously or unconsciously, under some system of rules it has internalized, to set standards of conduct for other countries and to seek to get others to follow them, to take an undue share of the burdens of the system, and in particular to take on its support in adversity by accepting its redundant commodities, maintaining a flow of investment capital, and discounting its paper". Lacking of such a leader, which ensures public goods for the system, will create chaos and disorder.

The modified version of this theory emphasizes the need of a leader in the promotion of cooperation. This version often describes the leading country as a long-term hegemony which can swap the short-term interest, which allows "free-ride" of other countries aiming to institutionalization of a regional and/or global free trade or cooperation, for a long-term interest of common prosperity. A stable economic order requires a steady flow of capital, an adequate liquidity, a stable exchange rate and a cooperative monetary policy which Lake (1984) mentioned as a "international economic infrastructure". On the other hand, power-transition theory challenged the theory by stating that leader plays the role of the provision of public goods for the whole system (Lemke 2004). In research aiming to test power-transition theory, the two authors of Bussmann and Oneal (2007) argued that it is not always compulsory for a leader to contribute to provide public goods and swap for its interests (as stated in the hegemonic-stability theory). In contrast, the power can impact the international system by its own way of distributing private goods. In their arguments, the authors stated that: "To maintain the status quo efficiently, it co-opts the aid of powerful allies and distributes to them private goods—benefits it denies to rivals and states too weak to affect the international balance of power" (ibid: 89). Setting up a network of allies by disseminating the benefits of trade, investment, aid or security support helps the leader attract other countries' backing for its policies or standpoints. Rational calculation

about the expected costs of non-followership is the factor behind the decisions of secondary states. "The "go it alone power' of powerful states has very significant implications for explaining patterns of governance", as Gruber (2000: 55) suggests. Impacts of the costs of exclusion might be direct, or also be indirect. For instance, the exclusion from a free-trade or integration agreement may make a small economy lose its competitiveness to other countries. Similarly, exclusion from a standard or the way in which legal and economic norms and practices internationally established by large economic areas may bring more difficulties for lesser countries in their global integration (see more Hurrell 2002: 55). "The costs of exclusion" in this study is not categorized since it is basically related to the two mentioned approaches.

Based on the two approaches, many researchers have applied the idea to the East Asia region. Analyzing China's and Japan's function in the East Asian regionalism, Nabers (2008: 11) hypothesizes that leading states can distribute either public goods (military stability, a liberal trading system, etc.) or private goods (financial contributions to international institutions, development aid, foreign direct investment FDI, etc.) to attract secondary states to follow. This theory was tested by the struggle for regional leadership between Japan and China after the Asian crisis of 1997. Another study from Goh (2008) focused more on security also points out the relationship between leader and follower by examining the ways the leader provides public goods. In light of the hierarchical approach of Lake (2007), which defines the international system as a social contract between the hegemon and the secondary states, Goh (2008) conceptualizes the U.S. role in the regional order in East Asia as a leading position in the hierarchy in this region, which can be explained by the "trade-off" between the right and duty: the secondary states are subordinated to the leadership demands of the hegemon, in return for the needs of the hegemon governance required for producing public goods (such as efforts to

establish open economic institutions, free trade or regional security). The most recent research of Xuefeng (2013) also mentions the concept of sub-hierarchy when dividing Asia into various forms. While in the anarchy system, countries like China or Vietnam are expected to behave according to principles of self-help and seek for their own vital security by different ways, the system of US-led hierarchy is shaped by the relationship between a leading state and its followers. The duty of the US as a leader is to supply and support its allies (through benefit goods) in orders to guarantee benefits of its allies. The US, by this chance, also tries to consolidate the US-led system which was built and developed after the World War II in the Asia Pacific.

As such, through various channels or mechanisms, rising powers may have influence on secondary states' decisions by changing their material incentives. Providing public goods for other countries so that they can gain free ride or distributing private goods for their partners are among the most popular ways to accomplish this. In both cases, secondary states follow the leader's projects simply due to gaining (promising) interests, or due to high cost paid if they are not in.

Vision Sharing. Besides materialist versions of leadership, an idealist approach is necessary to examine the relationship between the leader and the followers. Accordingly, a leader's vision is compulsory to focus on the most crucial objectives which the leader expects to receive from single countries as well as a group of countries. An effective vision should derive from inquiries/questions of who you are, and what you expect for the present and future. Moreover, the vision should be able to inspire the partners as a motivation of making the vision come true. By sharing the same vision within members in the same group, the leader and the

followers will have a so-called "moral commitment" (Sergiovanni 1990) which connects the group aiming to a certain common mission. In short, the vision could be as a dream and vision sharing is a method that the leader can "manage the dream" (Bennis 1990) among its would-be followers. In reality, when an emerging power rises in terms of resources, it could bring with itself such "dreams" in projects or plans that it seeks to develop. The power would become a vision holder or a disseminator of new norms and values. A leadership project of the emerging power not only shows lesser state material benefits that they can gain when joining the project, but also diffuses a message of vision and values, which persuasively explains why they should carry out the project and where the project can bring them to. Effective dissemination of the visions or ideas is considered as an essential ability of a long-lasting leadership. If the vision is recognized and accepted by the would-be-followers (or even followers), the leader will gain legitimacy in its activities, which helps reduce significantly the cost it may pay while managing relationships with other countries (with regard to the commitment of economic and material resources). Conversely, when a leader owns no vision or cannot gain the vision sharing from other countries, this will lead to the followings: (i) gaining no followership; (ii) cost more for other channels in order to achieve the same objective; or (iii) non-permanent acceptance from other countries[4].

[4] Since ancient time, values have been seen as a effective "weapon" of great powers in order to gain their leadership in particular systems. Distinguishing three sorts of leadership (human authority, hegemony and tyranny) according to their foreign policies, Yan (2011b) based on the Xunzi's idea argues that "States of humane authority aim at winning people's hearts, states of hegemony make allies, states of tyranny conquer others' lands". Research on the American hegemony proves that ideologies and values is an important foundation for the US to be the global leader (Ikenberry and Kupchan 1990). Comparing the performance between two emerging powers Germany and Brazil,

There are two basic ways through which a hegemon encourages secondary states to follow leadership projects. The first is by manipulating "substantive beliefs of leaders" of other countries, by which the hegemon convinces the foreign elites that it is in their best interest to do as it wishes, as the authors Ikenberry and Kupchan's (1990) point out: "Acquiescence follows from shifts in the values and norms held by elites in secondary states. The causal chain is as follows: normative persuasion → norm change → policy change (cooperation through legitimate domination)" (Ikenberry and Kupchan 1990: 290). In this context, it should be noted that the author of this study is more about a leader possessing a searing vision rather than a leader, which forces other countries to accept its vision through approaches of "hegemonic socialization" as pointed out by Ikenberry and Kupchan (1990)[5]. In the process of vision-sharing, emerging powers actively convince leaders of secondary states to "buy into the hegemon's vision of international order and accept it as their own" (ibd.: 284). Through channels of dialogues, diplomacy or academic forums, emerging powers will try to prove that their visions are persuasive and share the same visions and values with secondary states. This attempt, however, is conducted based on two particular logics. The first is the logic of competition in the

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Schirm (2010) concludes in a similar way "that ideas (besides interests) is sufficient condition for this other country to accept the policy positions desired by the emerging power and to follow its lead". In the same aspect, studying the leadership competitiveness between Japan and China in the East Asia, Nabers argued (2008) that theleadership roleof the hegemon or powerful state is only exercise defficiently and sustainably if "foreign elites acknowledge the leader's vision of international order and internalize it as their own (intersubjectivity)" (ibid.: 11).

[5] In their article, Ikenberry and Kupchan (1990) distinguish three different ways for hegemons to socialize states into new international norms, namely: normative persuasion, external inducement and internal reconstruction. In the first way, socialization is conducted through ideological persuasion; while the second way emphasizes the hegemons' use of economic and military incentives as well as direct intervention through occupation to conduct socialization.

international system. Not only presenting its vision, an emerging power in this case also needs to compete with other rivals' visions. The second one is the search for a communicative consensus and "being open to persuasion by the better argument", in which the actors follow the "logic of truth seeking and arguing" (Risse 2000: 6-7). This idea assumes that "when actors deliberate about the truth, they try to figure out in a collective communicative process (1) whether their assumptions about the world and about cause-and-effect relationships in the world are correct (the realm of theoretical discourses); or (2) whether norms of appropriate behavior can be justified, and which norms apply under given circumstances (the realm of practical discourses)" (ibd.: 6-7).

The second way involves emulation by which countries deliberately and voluntarily accept and imitate the vision of the leader. As such, followership emerges when foreign elites feel the vision provided by the emerging power appropriate to them. The major difference between the two logics is that while the first "refers to a leading power using diplomacy to induce other states to accept the international norm it proposes", the second "means that a leading state's actions attract other states to follow its suit" (Yan 2011b: 242). Although not going through process of persuasion, the logic of competition in the international system still exists. Secondary states may view the vision of the emerging power as a result of their better performance (in solving some economic, political or social issue) or as an alternative for the existing visions that are failed or no more persuasive due to unexpected events (normally economic or political crises). In other words, leaders of secondary states in specific contextual circumstances may learn and apply models of successful countries to similar domestic issues or to regional cooperation. In general, vision sharing is conducted based on a simple logic that "[the

human beings' nature is that] the weak always imitate the strong. The poor always imitate the rich. The subordinates always imitate the master" (Yan 2011a).

The three mentioned factors are regarded as ideal conditions forming favorable environments for leadership projects of rising powers to attract participation of secondary states. In reality, all three factors may not always appear in leadership projects, but rather just one or two of them. In this study, I refer to leadership projects that fulfill all three above factors as inclusive type, and when either of these conditions fails, they will be labeled as extractive. The author supposes that governments of secondary states develop a preference for emerging power-led leadership projects as a result of type of projects provided by the emerging power. The first hypothesis, therefore, is:

- Hypothesis 1: *If the would-be-leader can include the most or all of these elements and provide inclusive projects (by accepting the power sharing, by offering the incentives sharing and/or by addressing some kind of convergence in a normative vision between would-be-leader and potential follower), then a preference for followership from the secondary states will be stimulated.*

2.4 Implications of the leadership process

In the previous sections, it is argued that any leadership process can be traced along the lines of the ideal-type stage: (i) Starting with a particular situation in term of shift in the distribution of relative power, moving to the processing leadership projects from the one or between different hegemons as potential "would-be-leader"; (ii) A changing and creating of new context becomes plausible given it modify the government's policy options of secondary states in a number of ways and stimulate its preferences for (non-) participation to the new projects provided by rising powers; (iii) The successful projects that was set by the decisions of secondary states within a interaction process had become dominant (the acceptance of a certain interpretative framework of identification actual hegemony); (iv) The success or failure of such projects produces new contexts, which embedding "hegemonic features" into specific practices and institutions in case of followership or which lead to anti-hegemonic coalition in case of "non- followership".

Owning more power resources, a rising power will have more advantages to become a leader through its leadership projects. By presenting these projects, the rising power may attract and draw secondary states to support and participate in their proposals. The secondary states' followership is a vital condition contributing to the success of such projects, as well as the new leading position for emerging countries. This status will help prevent conflicts or power balance of secondary powers. Moreover, it will be useful to exclude other powers from the constructing system which places the emerging power in a favorable position compared to established powers and carries features beneficial for the emerging power. Then, in the most advantageous condition of the new institution/organization, the emerging power can transfer its power resources to institutionalized power through voting rights, or can become a "hub" in the network of bilateral

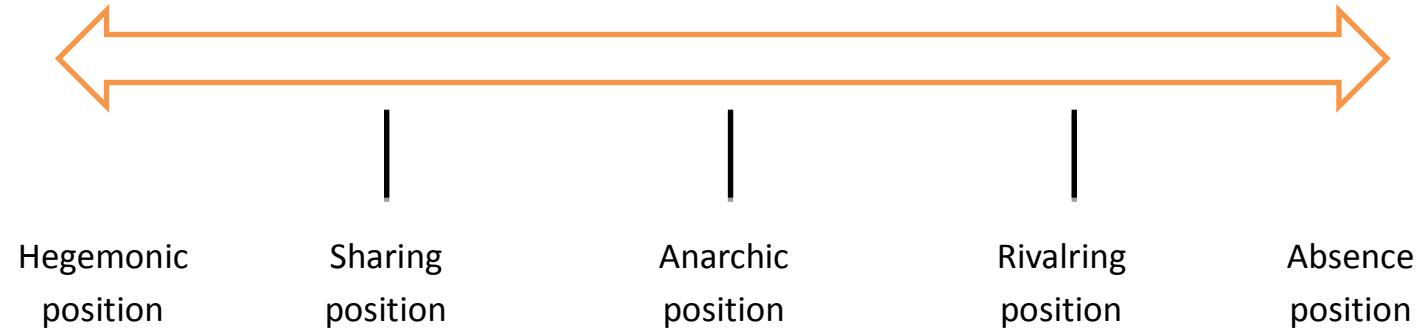
alliance with other tribute countries. A hierarchical system in terms of ranking relations among related states exists, and the level of position hierarchy between them will formal and informal "institutionalized", which implies the long-term benefits of legitimate rule.

Depending on sort of presented projects, followership of secondary states can help rising powers:

- establish a new political-military alliance (both at multilateral level such as regional organizations or institution and at bilateral level such as agreements with single countries), in which emerging powers play the role of dominant states and the other countries are client states;
- build up a network connecting countries in the region, in which emerging powers are hubs while other countries are spokes. The difference between a network and an alliance is that the network is set up through semiformal ways without creating any official organizations or institutions; and
- influence or change the emerging powers' positions in the existing organizations which can be recognized by indicators such as increasing voting rights or owning veto rights.

Relying on the impact of leadership projects' outcomes on position of emerging powers, it can be divided into six possibilities of ideal type. Direction towards the right shows failed projects, and vice versa, direction towards the left represents successful ones. The six possibilities will be right presented as follows.

Figure 2: Spectrum of rising powers potential positon



Source: author's compilation

- *Hegemonic Position (Rising power on top)*: In this possibility, a rising power thanks to success of it leadership projects will (i) establish a new political-military alliance (both at multilateral level such as regional organizations or institution and at bilateral level such as agreements with single countries) in which emerging powers play the role of dominant states and the other countries are client states; (ii) build up a network connecting countries in the region, in which emerging powers are hubs while other countries are spokes; and (iii) influence or change the emerging powers' positions in the existing organizations which can be recognized by indicators such as increasing voting rights or owning veto rights. The most important point noteworthy is that this alliance or regional organization consists of just the rising power and lesser states in the region and excludes the presence of outer powers. By the exclusion, the rising power can mobilize the followers to accept its monopoly leadership in the system.
- *Sharing Position*: In this possibility, a rising power, thanks to successfully conducting its leadership projects, can improve its positions by the aforementioned ways.

However, the major point is it cannot exclude the presence of other powers and has to share its leadership aiming to common goals. The sharing leadership, on the other hand, still ensures the position of the leaders which is higher and more important than lesser states in the same region. The term of "sharing" especially highlights the authority transformation (and power transformation in terms of power as influence) from an established power to an emerging power (in case of existing organization or institution). It can be seen that this model have some similarities with the Concert of Europe, in which powers cooperate to maintain the regional stability, as well as keep the balance between main powers of the area. As such, great powers share their responsibility in creating a certain order and solve regional challenges.

- *Anarchic Position*: This possibility implies to a regional status without any certain orders or systems, in which each country finds its own way to survive. Common challenges (particularly traditional security), thus, will be solved by the principle of self-help. Cooperation between secondary states and powers mostly non-exist, with regard to non-traditional security. In this case, there is no role and authority, as well as lacking of institutions or alliances that create leadership of a country to the others. In some circumstances, secondary states may even see emerging powers as a threat when the power scale is leaning toward the emerging powers' interests. In other words, anarchy is the status of leaderless order, in which no country successfully conducts its leadership.
- *Rivaling Position:* In this possibility, an emerging power has to compete with other powers while yet to receive support from the would-be-followers. This possibility is distinguished from the second possibility of sharing leadership in two main points.

First, established powers do not recognize the rising power as their equal partner then they seek for establishing alliances or partnership to balance the rising power (in case of existing organizations or institutions). Second, secondary states have yet to (or have no intention to) accept the leadership of the rising power (both in case of existing organizations or proposals provided by the rising power to create a new organization). The relationship between the rising power and its would-be-follower will be determined by its competition with other great powers to solve challenges or troubles that the group of countries are facing.

- *Absence Position (Rising power absence)*: This possibility completely contrasts to the first possibility. In this situation, a new structure or a new system will be established by leadership of another power (or other powers) excluding the participation of the emerging power. By this exclusion, the emerging power will have no chance to create alliances nor set up its position in regional orders, and also lose its opportunities to affect the decision-making process of the regional system. In addition, this can be seen as a formation of another system inhibits or reduces the influence capability by increasing power resources of the emerging power.

From these possibilities, the author hypothesizes a relationship between the outcomes of leadership projects and its position on the above scale. I presume that the degree of success and failure of rising power's leadership projects affect the leadership order by increasing or decreasing its position.

➔ Hypothesis 2: *Through success of leadership projects, emerging power can obtain a new possibility of shifting its position in hierarchical order/structure. The more successful leadership projects are, the more positive an emerging power's position in the scale is.*

2.5 Case selection, research design and methods

2.5.1 Case selection

The framework of this study views leadership as a process consisting of different periods, in which it focuses on two major hypotheses: (i) types of leadership projects; and (ii) impacts of the leadership projects' failure or success on the rising power's position in regional structure. In order to test these hypotheses, the author chooses to bring into account several case studies within the China and SEA countries' relationship. Empirically, China's journey to regional leadership in Southeast Asian may be observed since 1997, that can be regarded as a beginning momentum of "China century". One of the fundamental changes of global and regional confutation power has taken place, creating a new complex context between power, leadership and followership. In the years following the Asian financial crisis, China considered it necessary to build and maintain a stable order by active participation on regional exercise leadership in the region and regional institutions and cooperation were regarded as an appropriate approach for achieving its goal.

Focusing on the managing past tensions and current concerns among China and SEA states, toghether with sharing development opportunities, China has not only played an important role in shaping a new trade and financial architecture by actively participating in various institutions and forums such as ASEAN+1 (ASEAN plus China), ASEAN+3 (ASEAN plus China, Japan and South Korea), Great Mekong Sub-region (GMS), but also tried to propose and create new initiatives like the joint seismic investigation of underwater resources in the South China Sea, China-ASEAN Free trade agreement, or the Beibu Gulf Economic Zone. China seemed to be partly successful in turning the ASEAN states away from "China's threat" to the willingness to join and play China's game. ASEAN's accommodation and cooperativeness vis-à-vis the China's position has varied; in some cases, it has agreed, in others it has not.

The analytical objective is to demonstrate the extent to which the hypotheses developed in this chapter are a useful way to account for SEA state's varied positions. For the purpose of this study, the case selection task undertaken here the most similar cases research designs, which means the cases differ in only one dependent or also independent variables. In my study, it includes cases with the variation in the outcome (both success and failure of the Chinese leadership's project). The case selection stresses a methodological concern: in order to demonstrate most convincingly the effects of explanatory variables, the process-tracing (both intra-case and cross-case comparison) is used. By this method, it can be tested better whether "factors left out of the typological framework and that differed between the cases were causally related to the variation in the outcome" (George and Bennett 2005: 252-253). In order to identify interactions between the independent variables (types of leadership projects and the China's position), seven comparative cases that come to attention in the context of five regional institutional venues will be analyzed (I examine two different specific timings under the Joint

Development in the South China Sea -between 2005-2008 and 2009-2013- and two different specific issues under the Greater Mekong Sub-region Cooperation). The differences in term of leadership outcomes enable research to figure out factors affecting the aforementioned results.

2.5.2 Operationalization of case studies

As previously mentioned, this dissertation presents two hypotheses. The first one argues that *governments of secondary states develop a preference for emerging power-led leadership projects as a result of type of projects provided by the rising power, distinct between exclusive and inclusive type*. In the case of the relationship between China and SEA countries, the dependent variable of this hypothesis is the choice of SEA countries to follow (or not) the Chinese leadership projects. The "followership" will be measured by actions and statements of SEA states' leaders towards the Chinese leadership projects. Independent variable a là the type of leadership being studied by checking three factors: power sharing, icentiatives sharing and vision sharing. In order to understand the multidimensional dynamics of leadership process it is therefore necessary to address the "configurations of causally relevant conditions" (cited in Maggetti/Radaelli/Gilardi 2012: 127), which don´t treat "the factors not as competing independent variables whose individual explanatory power is to be assessed", but pays attention to a mix of three factors for enriching the understandings of that generate research phenomena.

Labeled by Sil and Katzenstein (2010) as "analytic eclecticism", this approach "assumes the existence of complex interactions among the distribution of material capabilities (typically emphasized in realism), the gains pursued by interested individual and collective actors

(typically emphasized by liberals), and the role of ideas, norms, and identities in framing actors' understanding of the world and of their roles within it (privileged by constructivists)," (ibid: 37) and draws "selectively from all three in the effort to establish the interconnections between the various processes" (ibid: 39). There factors that are considered to shape the strategic choices of secondary states toward the leadership projects. All factors were estimated by drawing on both statistical data and qualitative assessment. They are introduced briefly below.

(i) Power sharing is assessed by two major indicators. The first is the extent of China in self-restraint via rules and institutions for power sharing vis-à-vis smaller states in the Southeast Asia region. The second is whether the China's leadership projects bring to SEA countries "voice opportunities" to certain issues. In this case, China may self-propose to limit its power through institutions or law binding, or else, the proposal may come from SEA countries which China agrees.

(ii) To measure incentives sharing, two questions need answers. First, does China provide public goods for the cooperation? If yes, at which level? The public goods mentioned in the latter case studies include an open trade system, marine security, funds and costs to deal with common challenges. Second, do SEA countries gain their own benefits when joining China's leadership's projects (private goods). Examination of the cost-benefit calculation will touch upon China's FDI and ODA to SEA countries before and after its proposals are introduced. In addition, the potential benefits (or cost, in the case of non-participation of SEA countries) can be measured by stances of (potentially) affected business associations as well as documents and speeches of the policy makers in charge.

(iii) Vision sharing is assessed by analysis of possible relevance of vision for governmental positions. The author utilizes speeches or interviews by heads of governments and top

representatives of the responsible ministries in which core elements of the Chinese vision will be examined and compared to the SEA countries' visions. By this way, the author will search for evidence that shows (a) vision sharing of the two parties; and (b) if yes, through which mechanisms among the two presented in the theoretical part.

The second hypothesis argues that *through success of leadership projects, a rising power can obtain a new possibility of shifting its position in the hierarchy of the structure. The more successful leadership projects are, the more positive an emerging power's position in the scale is*. In the case of the relationship between China and SEA countries, the independent variable is the degree of success of the China's leadership projects which is measured by gaining followership of SEA countries in such projects. As mentioned the first hypothesis, the "followership" will be measured by actions and statements of SEA states' leaders towards the Chinese leadership projects. In the meantime, the dependent variable is Chinese position based on the outcomes of the leadership projects that affect the hierarchy of China as presented above. The shift of China on the position scale will be assessed based on three following factors: (i) whether China can establish a new political alliance with lesser states; (ii) whether China can build up a new regional structure in which its position is institutionalized (in multilateral mechanisms) or become a "hub" in the network of bilateral alliances allowing China to develop exclusive relationship with its client states; and (iii) whether China can affect or change existing organizations/institutions beneficial for it. Regarding the first two factors, the highlight that will be focused on is the Chinese ability to exclude other powers and include lesser states (through networks or institutions) into its desired system. Whereas the center of the third factor is the evaluation of the shift of Chinese position based on its influence in the region such as ability to distribute rights (through voting rights quote, for example) or decides institutional designs.

2.5.3 Case studies structure

These cases also demonstrate different modes of Chinese leadership outcomes in term of gaining SEA´s followership. They are organized consistently following the similar structure. First, a brief background is given. Second, the Chinese leadership project was analyzed with regard to the framework variables: inclusive and extractive leadership type. In four case studies, China was able to have the support of secondary states in Southeast Asian (Joint Development in the South China Sea 2005-2008, China-ASEAN Free Trade Agreement, The Chiang Mai Initiative of the ASEAN+3 and the development of infrastructure in Greater Mekong Sub-region). This allows us to ask which factors of inclusive leadership exit and their impacts to decision-making of SEA states.

Did China bind itself with institutional framework? Did SEA states have voice opportunities or material incentives in term of free riding? And so on. In three cases (Joint Development in the South China Sea 2009-2013, Membership Issues in East Asian Summit 2005 and Plans for hydropower development in Greater Mekong Sub-region), China was unable to reach followership. Were the factors which seemed to explain the success in the positive cases absent in the negative ones? Third, based on the Chinese leadership performances investigating in the above case studies, the next part will analyze its implications to China's position in the hierarchical order/structure, which was presented in the section 2.4. At the end of each case study come the summaries of major results and evaluation of the two hypotheses' explanations.

Table 2: Overview of the case studies

	Success	**Failure**
The case studies	Joint Development in the South China 2005-2008 China-ASEAN Free Trade Agreement The Chiang Mai Initiative of the ASEAN+3 and its multilateralization Greater Mekong Subregion Cooperation – The development of infrastructure	Joint Development in the South China 2009-2013 Membership Issues (East Asian Summit 2005) Greater Mekong Subregion Cooperation- Plans for hydropower development
Type of leadership projects **(Expectation)**	(more) Inclusive	(more) Extractive
Position of China **(Expectation)**	Increasing	Unchanged/Decreasing

Source: author's compilation

2.5.4 Data sources

In regard to sources, I use statistical and qualitative data for the period of study of 1997-2013. During my research, I have focused on collecting three major sorts of materials. The first one is official and informal documents and speeches of government officials and agencies of China and ASEAN countries. Next, I have sought for secondary literature and assessments of experts and tried to read behind the lines the texts, where a clue of useful elements could be found. Finally, I interviewed foreign policy makers and diplomats, as well as foreign policy analysts, such as academics, journalists and experts on China and international relations in the Southeast Asia (national and regional: Ho-Chi-Minh City, Da Nang, Ha Noi, Vientiane, Singapore and Phnom Penh).

Chapter 3: China and Joint Development in the South China Sea

3.1 Background

The dispute between China and the Southeast Asian countries (SEA) in the South China Sea[6] (SCS) can be split into two separate issues, both of which are closely linked to one another. The first is sovereignty claims over the Paracels and the Spratlys. While the dispute over the Paracels is just between Vietnam and China, the dispute over Spratlys involves four SEA states (Brunei, Malaysia, the Philippines, and Vietnam), as well as China and Taiwan. This area, including the whole or part of the Spratly Islands and their surrounding waters and sea-bed, was claimed by many countries over such small islets. The second dispute on maritime boundaries in the sea is narrower in the sense that both aspects relate to the determination of the use of Exclusive Economic Zone (EEZ) – in connection with the suspected potential of oil and natural gas resources – and control of the islands in the SCS, which is one of the most important waterways in the region. Although the amount of energy resources has been uncertain, U.S. Energy Information Administration estimates that 11 billion barrels of oil and 190 trillion cubic feet of

[6] It should be noted that there are many names depended on each view of the claimant. China calls it "Southern Sea" (Nan Hai), Vietnam calls it the "Eastern Sea" (Biển Đông), and the Philippines calls it the "West Philippines Sea" (Dagat Kanlurang Pilipinas).

natural gas may lie beneath the SCS (EIA 2013). For both China and SEA countries, the maritime disputes in the SCS have been an important security issue. Finding the way to the peaceful management of the SCS conflict therefore bears significant implications for the stability and growth in this region.

One of the policies which attracted great concerns of nations in the Southeast Asia is "setting aside disputes and pursuing joint development". The origin of the concept can be traced back to the Deng Xiaoping period. On 11 May 1979, Deng suggested this concept in relation to China's territorial dispute with Japan over Diaoyu/Senkaku Islands (Ministry of Foreign Affairs China, 17.11.2000). This policy was further strengthened later, in June 1986, during Deng's visit to the Philippines in the effort to solve the issue of the Nansha Islands. Deng's strategy aimed to avoid military conflicts and to pursue an approach of joint development. Meeting with Filipino Vice President Laurel, Deng stated that: "We should leave aside the issue of the Nansha Islands for a while. We should not let this issue stand in the way of China's friendship with the Philippines and with other countries" (Ministry of Foreign Affairs China, 17.11.2000). As China's role began to grow in SEA since 1990, this initiative is part of China's incessant quest for a leadership role to settle the SCS disputes in a peaceful way.

The following case studies focus on two Chinese proposals to push the joint development agreement in the SCS in the two periods 2005-2008 and 2009-2013. Two core questions are debated within the theoretical framework: the type of leadership project provided by China and the effect of the success/failure of such projects on the Chinese position in the scale. Given its success, why did the SEA states move towards the China's proposal in any case, but not in to others? In short, the expectations are that secondary states in SEA tend to be more likely to

accept China's proposal, thus China can include most or all of these elements and provide inclusive projects (by managing the power differential, by offering the material incentives and/or by addressing some kind of convergence in a normative vision between would-be-leader and potential follower). Given the different results of Chinese leadership projects in two case studies, the joint development in 2005-2008 and 2009-2013 allows for the expectation that the leadership types shaped governmental choices of SEA states and help us to understand the impact of the different positions, whether China failed or succeeded.

Table 3: Key Dates on Joint Development in the SCS

Date	Event
2002	ASEAN and China signed the Declaration on the Conduct of Parties in the South China Sea (DOC)
2003	China became a signatory of the ASEAN Treaty of Amity and Cooperation
2005-2008	A Tripartite Agreement for "Joint Marine Seismic Undertaking in the Agreement Area" was signed. JMSU lapsed and was not extended
2009-2013	Many proposals to renew the joint development agreement from China's government and scholars were made. Until now, there are no agreements signed by the countries.

Source: author's compilation

3.2 Analyzing China's leadership projects: Joint Development in the SCS 2005-2008

After a long time of discussing and negotiating, the Philippines and China signed a Joint Marine Seismic Undertaking (JMSU) on September 1, 2004, covering a total area of 142,886 square kilometers of the SCS (The Tripartite Agreement for Joint Marine Seismic 2005). JMSU included the conducting of a three-year oil research exploration around the waters in the Spratlys and a separate agreement on fishery cooperation (The PhiStar, 02.09.2014). To be noted, "it involved exploratory surveys of the seabed off of the Philippines to lay a framework for potential future joint development" (Cronin and Dubel 2013: 24). This marked a milestone and a "diplomat breakthrough" for both Philippines and China since the two countries had reached a contemporary consensus for pursuing joint development in the SCS.

As a latecomer, the Vietnamese government decided to join the Philippines and China and agreed a Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the SCS. On March 14, 2005, Philippine National Oil Company (PNOC), China National Offshore Oil Corporation (CNOOC) and Vietnam Oil and Gas Corporation (PetroVietnam) signed a tripartite agreement for a JMSU to jointly acquire geoscientific data and assess the petroleum resource potential of certain areas in SCS (Philippine National Oil Company 2013). Under the tripartite agreement, the three countries, China, the Philippines, and Vietnam agreed to temporarily set aside their territorial disputes over the Spratlys and pursue developments with a view to transforming the SCS into an area of peace, stability, prosperity and cooperation.

The importance of JMSU can be clarified by Lucio Blanco Pitlo III's opinion that the trilateral JMSU could have been "the most ideal platform from which an all-encompassing

multilateral joint development arrangement for the SCS could be anchored upon" (Pitlo III 2012). Although considered to be a tripartite agreement among the states companies, JMSU was promisingly "conducive to the maintenance of peace and stability in the SCS" (Storey 2008) and seen as a way of calming down tensions and promoting peace in the region. Since then, JMSU has served as China's strategy of setting a peaceful approach and peaceful settlement. In 2008, the JMSU expired and was not extended.

Power Sharing. From the late 1990s until 2007/2008, China has changed its strategy towards the SCS issue. Instead of resorting to military power domination[7], China has sought to settle disputes by advocating institutions and initiating dialogues with relevant states. The act of (self) restraint is evident in the multilateral relationship between China and ASEAN, which was underscored by the Declaration on the Conduct of Parties in the SCS (DOC) signed at the end of the Sixth China-ASEAN Summit (10+1) 2002 in Phnom Penh, Cambodia[8]. The basic principles

[7] In the past, China has used military force in many times to resolve border disputes in the SCS. In 1974, the Chinese military fought with the navy of South Vietnam, officially the Republic of Vietnam, and occupied the Paracel. In 1988, China and Vietnam clashed over Johnson South Reef in the Spartly Islands. In 1995 and 1997, the Chinese military fought with the navy of the Philippines over Mischief Reef.

[8] China and the ASEAN signed the DOC at the end of the sixth China-ASEAN Summit (10+1) with an aim to enhance peace, stability, mutual trust and prosperity in the region (ASEAN website). The Code of Conduct prepared by the Philippines and Vietnam is based on the following documents: "The five principles of peaceful co-existence", "The Treaty of Amity and Cooperation", "The Declaration on the South China Sea of 1992", "The ASEAN-China Joint statement of 16 December 1997", "The joint statement between the Philippines and the PR Con the South China Sea and Other Areas of Cooperation of August 1995"; "The code of Conduct Agreed upon between Vietnam and the Philippines in November 1995" and "The Hanoi plan of Action at the Sixth ASEAN Summit 1998" (see Nguyen/Amer 2009: 237).

of the DOC are characterized by four points: (i) peaceful solution for disputes in the SCS, (ii) trust and confidence, (iii) recognition and respect of the provisions of the US for freedom of navigation and overflight, (iv) maintaining the status quo, and the completion of new occupations of islands in the SCS. Essentially, in practice, the DOC has served as the management mechanism with the purpose of restraining China's claiming over ownership of the islands in the SCS. Despite being considered as a compromise document without binding legal force[9], the DOC was designed as an intern measure with the ultimate goal of forming a more formal binding Code of conduct in the SCS (COC). Nevertheless, the agreement was significant because, with the world watching, there was a lot at stake (Buszynsk 2003). Indeed, many saw the guidelines as just the first step towards a binding code of conduct. The DOC in 2002 set the milestone of China engaging in "peaceful enhancing process".

According to the DOC, all countries concerned should show restraint attitude and avoid carrying out activities, which could further aggravate and complicate the disputes and affect peace and stability in the SCS, such as bringing more people on the island, submersible reef is not inhabited (Tran-Thuy 2011: 6-7). In addition, the countries concerned should find a way to resolve the dispute in a peaceful and constructive way (Nguyen/Amer 2009: 339-340). According to newspaper Beijing Time, it was the first time that China had agreed to join ASEAN in signing a multilateral document which offered "a new security concept with mutual trust, mutual benefit, quality and coordination at its core" (Beijing Time, 02.08.2002). Hence, though the terms are not legally binding as in the law, DOC can be regarded as a way for rising powers

[9] A legal scholar stated: "(DOC is) not a legal instrument and thus is technically not legally binding and is even less persuasive than the code of conduct that many countries in the region had desired" (Nguyen-Thao 2003: 281).

like China to practise self-restraint. By signing the DOC, China agreed partly to limit its power which allows "weak and secondary states might agree to become more rather than less entangled with such a potential hegemon" (Ikenberry 1999: 43). In 2003, China became the first outside actor in the region to become a signatory to the ASEAN Treaty of Amity and Cooperation (TAC), which included an essential clause that stipulated "mutual respect for the sovereignty and equality of ASEAN countries", "non-interference in the internal affairs of one another" and/or "settlement of differences or disputes by peaceful means" (ASEAN Website 2011).

Since 2002, SEA states reacted positively to the joint actions and interactions of China in the SCS disputes. The "glue" that holds leadership relationships together here is the relative credible commitment of dominant states not to abuse their power resources over subordinates. By signing DOC and TAC, an "informal contract" between China and SEA states was established. Thanks to the features of DOC and TAC, which contained provisions of "mutual restraint in the conduct of activities" and "cooperative activities", weaker states such as Vietnam or the Philippines become less intimidated by their stronger neighbour. By this point, the cost that China bore was a reduction of its unilateralist capacities and policy autonomy. In return, it reduced concern of the smaller states. It has been argued -in the case of Vietnam for example- that Vietnam chose a rapprochement approach to the Chinese proposal for the reason that China, through the DOC (and the expected COC in the near future), would be obliged to be restrained (Interview by the authors with Vietnamese scholars and senior officers in Hanoi in 2011 and 2012).

More importantly, the DOC (and the expected COC in the near future) is a legal basis for third parties to JSMU, which allows Vietnam and the Philippines to change their multilateral

stance towards Chinese cooperation proposals. Likewise, "joint exploration" among China, Vietnam and the Philippines was stimulated. The Energy DOE Secretary of the Philippines Vicente Perez believed that this would mark a new stage for both China and that Philippines and said that it (the agreement) was "the first concrete manifestation of the ASEAN-China Declaration of Conduct for the SCS" (The Philippine Star, 02.02.2004). JMSU was regarded by the Philippine Foreign Minister Alberto Romulo and the Vietnamese Foreign Minister Nguyen Dy Nien, as Dosch (2010) noted, as a "significant measure to strengthen ASEAN-China cooperation and possibly paved the way for settlement of the SCS disputes".

Incentives Sharing. The joint effort was then a manifestation of China's peaceful approach towards issues in the SCS which would ensure that the Philippines and Vietnam get their material incentives shared both in term of public and private good. When China, the Philippines and Vietnam come together in the effort of solving issues in the SCS, the countries witnessed a potential outcome – "a shared-package incentive" – for all. At the end of 2005, the Framework Agreement for Oil and Gas Cooperation in the Gulf of Tonkin (Beibu Gulf) was signed by the CNOOC and the Vietnam National Petroleum Corporation (Petrolimex) (Masafumi 2008: 7). Following the JMSU, a plan between Philippine, Vietnamese and Chinese government to upgrade security cooperation regarding the issues of piracy, smuggling, and transnational crimes was announced (Dosch 2010).

When signing the JMSU, Manila could have been the main beneficiary of China's proposal. Media reports indicated that the Philippine decision to move in the Chinese direction was mainly influenced by considering economic interest with China. President Arroyo and President Hu have signed the bilateral agreements, which included "pledges of $1.6 billion in

Chinese loans and investments, and military assistance to the Philippines worth more than $1 million" (cited in Goh 2011b: 20). However, it is suspicious that the JMSU deal was made in exchange for graft-riddled loans from China, including the NBN-ZTE agreement and the North Rail project (Baviera 2012: 16). As Brower (2010) noted: "The JMSU initially seemed to be a coup for Chinese diplomats. The Philippine leadership had clearly opened several new channels to Beijing; President Arroyo was relying heavily on Chinese-funded major ODA projects to demonstrate economic development; and China had effectively divided ASEAN, getting a trilateral deal with the country that had been its most outspoken critic—the Philippines—along with Vietnam the leader of new efforts to multilateralize or ASEAN-ize the dialogue on the SCS". In addition, by stressing the rejuvenation of the Philippine economy, President Arroyo believes that exploiting energy resources JMSU can help pull the Philippines out of its economic malaise and improve the relations with China, who is becoming the economic motor of the region (Nong 2012: 184-185).

With this framework, Vietnam and China positively got involved in the sharing of the material incentives (in general petroleum resources and natural gas) across the maritime boundary in the Gulf of Tonkin. From this point, Sino-Vietnamese cooperation entered a new stage with broader cooperation in the field of economy, especially the "two corridors, one circle" economic initiative. Based on JMSU in 2005, China and Vietnam almost went further by increasing the economic cooperation which would bring the two countries closer. After signing JMSU in 2005, Vietnam and China have launched a joint study on fishery resources in the Common Fishery Zone of the Gulf of Tonkin (Masafumi 2008: 9). The joint patrol was considered to be a "an agreement to cooperate management", as an observer explains: "The joint Chinese-Vietnamese fishing zone in the Gulf of Tonkin/Beibu Gulf is one example of an

approach to overlapping jurisdictional rights and accommodation of mutual, long-standing interests. Useful elements of this agreement include delimited zones of national jurisdiction, a cooperative-management zone of mutual jurisdiction, and an agreement to cooperative management" (Dutton 2011: 61). The benefits obtained from the agreement include a vital development in the pursuing cooperation between China and Vietnam and a win-win approach to manage their territorial and jurisdictional disputes.

Vision Sharing. Normative convergence between China and SEA states appears to have been manifest in the way in two pillars, namely: setting aside of national sovereignty temporally, and concentration on country's economic interests' by pushing the cooperation in order to benefit in the "win-win" situation. With regard to ideas on the question how the territorial dispute should be solved, the vision – "setting aside disputes and pursuing joint development" – signals China's willingness to "take more international responsibility". A softer approach to "sovereignty" in the disputed area modified the construct of China's negative image in the eyes of neighboring countries. The Philippines may join the Chinese in encouraging a Chinese assessment in setting aside of national sovereignty.

Two quotes give evidence for the general normative agreement. On April 2005, Philippine President Gloria Macapagal Arroyo held a banquet to welcome Chinese President Hu Jintao, adressing that Sino-Philippine relations had entered "a golden age" with the JMSU (cited in Storey 2008). Auguring JMSU as a success, the signing of the agreement -in the view of Philippine President- did not harm the view about the sovereignty to each party's stance on SCS issue. To interpret the joining JMSU as not affecting the Philippine sovereignty is to deny the possibility of narrowing differences by stressing that the disputed area cannot be negotiated. The

Fishery Agreement the Gulf of Tonkin signed by China and Vietnam in 2004 reflects the same idea: “The two sides signed Fishery Agreement in the Gulf of Tonkin based on the respect for the sovereignty, sovereign rights and jurisdiction rights of each other. The fishery cooperation does not affect the territorial sovereignty of each country and other interests that each country shall enjoy within its EEZ” (The National Boundary Commission Vietnam 2006).

The second pillar of vision sharing was the accepting an alternative narrative of China’s “peaceful development”. Portraying itself as benign growing power by favoring cooperative security and, by emphasizing principal beneficiary in two-way process, the Middle Kingdom has been seeking chances to build up a model for regional cooperation replacing “the China threat theory” and the “China collapse theory” which “allows China's neighbouring countries and various countries in the world to feel more relief” (Liebman 2005: 282). This confirms China’s desire of promoting its image as a “stability-bringer” all over the world, including Southeast Asian countries by persuading them that “China's rise will not turn it into an aggressive hegemony who uses its power strictly to maximize its own interests” (Goh 2011). Setting up common norms, including benefit in the “win-win” situation created by China´s new power, as a model to promote regional cooperation in third country places in the China’s priorities, notably in countries heading towards a relation with SEA.

Both Vietnam and the Philippines are attracted to the core Chinese vision, accepting the Chinese interpretation of the new region based on shared same consensus with China as the driving force behind the creation of regional order (Dorsch 2010; Goh 2011). It was described by them as representing their respective governments’ “commitments to pursue efforts to transform the SCS into an area of cooperation” (cited in Scott 2012: 1032). The willingness to be receptive

to Chinese reassurance developed from "a belief in the possibility of growing dependence leading to prosperity and peace" (Goh 2011b: 21). That idea allows a plausible interpretation of the Vietnamese positions of the governments. Vietnamese scholars and officials have recently emphasized that for the purpose of promoting national development, a favorable peaceful and stable marine environment. Vietnam should "put aside disputes and seek cooperation" and start the cooperation with China in SCS in order to establish the long-term strategic goals (Interview of the author with Vietnamese scholars and senior officers in Hanoi 2012).

Table 4: Summary of Findings (Joint Development in the SCS 2005-2008)

Hypothesis	Outcome	Indicators
Power Sharing	Yes	Declaration on the Conduct of Parties in the South China Sea (DOC); ASEAN Treaty of Amity and Cooperation (TAC)
Incentives Sharing	Yes	Provision of public goods: a shared-package incentive Provision of private goods: ODA projects to the Philippines' government; "two corridors, one circle" with Vietnam
Vision Sharing	Yes	"Setting aside of national sovereignty" Narrative of China's "peaceful development"

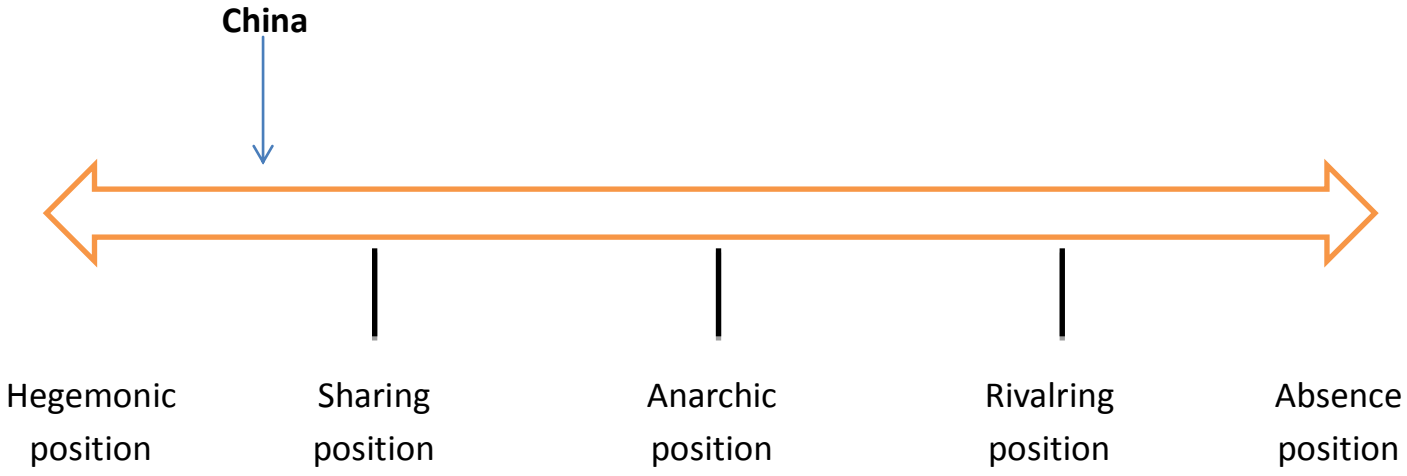
Source: author's compilation

The Evaluation of Leadership. China's attempts to lead in finding the way to manage the SCS dispute was demonstrated though the proposal joint development. The acts of self-restraint within the framework of DOC, along with provision of public and private goods for its other subordinates and normative convergence by stressing the ideas "setting aside disputes and pursuing joint development" in order to create the "win-win" situation, has led China as an emerging power to engage more positively in dealing with SEA states playing by the rules of the game as stipulated by China. Generally, the Middle Kingdom is in a better position the scale the success of its leadership project than the past leading states for two reasons: Chinese efforts in the Asia-Pacific region seek to create a more favorable regional environment, in which "states do not view China as a threat, are more sensitive to Chinese interests, are willing to accommodate China on some issues, and will not collectively balance Chinese power" (Medeiros 2009: 209-210) can be observed though their joining in China´s project. The strongest evidence that secondary states in SES has acknowledged Chinese leadership comes from their lack of challenge to the Chinese power (instead calling for it to lead). On the strategic front, they have not sought the formation of a coalition to check China's growing power. Considering cooperation with China as an opportunity, they willingly join the leadership project set up and led by China, providing places and bases in China to build the Pax Sinica "characterized by the creation and enforcement of rules that favor the dominant state at the center of the regional order" (Dorsch 2010).

More importantly, joining JSMU reflected an "institutional bargain", in Ikenberry's term (Ikenberry 2003), which underwritten by a combination of Chinese growing power resources, enlightened self-interest and expanding its vision. The result was a remarkably relatively stable and acceptable emerging structure in SCS led by the China's leadership. As a would-be-leader

fostering peace and stability in the region, China is able to play a "de facto hegemonic role" in managing conflict in the SCS. Former Philippine president Fidel Ramos predicted at this time that "a shift from 'Pax Americana' to 'Pax Asia-Pacifica' could well be the answer […] only a cooperative Asian security system can replace the present U.S. security umbrella" (cited in Kurlantzick 2007: 71-72). Although it is far from legally formal and institutionalized security structure within conflict and escalation is unthinkable, China has at least successes in shifting its position in the hierarchy. SEA states become supporters of China´s proposal, moving the structure concerning these issues from anarchy in the early post-cold war period to hierarchy relations, within China assume the hegemonic leadership. In sum, in the period of 2003-2008, China could enjoy an extraordinarily benign security environment in the SCS with unchecked by a coalition of balancing neighboring states, cooperation under China´s initiative and exclusion the involvement of other great powers like America or India, which provided China a "golden opportunity" to reshape its security environment for the long-term.

Figure 3: Chinese position (Joint Development in the SCS 2005-2008)



Source: author's compilation

3.3 Analyzing China's leadership projects: Joint Development in the SCS 2009-2013

Since 2009, claimants have raised concerns with respect to rising geopolitical and military tensions. At the international conference in 2009, Ji Guoxing, former head of the Asia-Pacific Department at the Institute for International Strategic Studies, repeatedly emphasized Chinese guidelines of "setting aside disputes and pursuing joint development". Ji Guoxing suggested that claimants pursue the overall framework for exploiting resources in the SCS. Along with the proposal, he also stressed on the possibility of jointly developing the Vanguard Bank –in the Spratly Islands- between China and Vietnam. Although he admitted that it is not a permanent solution to the problem, he considered "setting aside disputes and pursuing joint development" as "a practical, realistic, wise and feasible approach" at that time (Tran-Thuy 2009; Duong 2010).

The proposed "setting aside disputes and pursuing joint development" was also suggested by Chinese leaders in formal meetings. Speaking at a press conference held in Hanoi on the occasion of celebrating the anniversary of Vietnam-China relationship in 2010, the Chinese Ambassador to Vietnam Sun Guoxiang stated that "China's senior leaders have taken the initiatives to solve the SCS issue, especially in setting aside disputes and pursuing joint development". The objective is for both parties to ignore disputes and jointly conduct activities for social and economic development (Tien Phong, 10.07.2010). In an interview with the Philippine Daily Inquirer editorial team in December 2012, the Chinese Ambassador to the Philippines Ma Keqing suggested that "joint cooperation" would be the best way to solve sovereignty disputes. "I think it is still a very valid formula pending the solution of the disputes. We can have cooperation with each other to [explore] the resources because we cannot see in the

near future […] that we can solve all the disputes," the Chinese ambassador stated (Philippine Daily Inquirer, 07.01.2013).

Although China has frequently raised the topic of joint development in the SCS, SEA countries, including the Philippines and Vietnam registered cautious responses to Chinese proposal. On the JMSU between the Philippines, China and Vietnam, President Benigno Aquino III stated that "we will not inflame tension in the Spratly Islands Group or the Kalayaan Island Group. We will always work to achieve diplomatic solutions to all these contending claims on the Kalayaan Group of Islands". Affirming the Philippines' peaceful and sincere approach towards the SCS issue, he stated that the JMSU "should not have happened", saying it encroached on the country's territorial waters (ABS-CBN News, 04.01.2011). At a bilateral meeting with Vietnamese partners, the Philippine Foreign Minister Del Rosario even confirmed that the Philippines would not accept joint projects with China such as oil exploration if Beijing kept on affirming its sovereignty over all waters of the SCS (Philippine Stars, 02.08.2013).

Taking China's proposal for joint resource development in disputed waters into consideration, Vietnam has shown neither official opposition nor explicit support. Luong Thanh Nghi, the spokesperson of the Vietnam's Foreign Ministry, stated that "Viet Nam is not opposed to the idea of developing resources in disputed waters with neighboring countries, but says such cooperation has to be carried out in accordance with the United Nations Convention on the Law of the Sea that was adopted in 1982". However, Nghi stressed that Vietnam would not cooperate with China in areas claimed by Vietnam. Along with a clear message to China, Vietnam further called for an active partnership with India, China's rival, which could be interpreted as an objection to the Chinese suggestion of cooperation. On 12 October 2011, during the visit of

Vietnamese President Truong Tan Sang to India, both countries signed six agreements, including ones on joint resources development.

The leadership project of China is analyzed with regard to its components: does it include the material incentives, power sharing and/or normative convergence of the potential follower? To understand more about Chinese proposal's implications, it is necessary to take the three vital components of "inclusive leadership types" consideration.

Power Sharing. Contrary to the peaceful approach towards the SCS issue since 2002, China has raised concern of other claimants when it competed for sovereignty, jurisdiction and control of the SCS. China is becoming too powerful and has increasingly possessed more hard power, such as economic and military capabilities. This country, however, has not agreed to limit its power by institutional frameworks.

Over the past decades, the rapid expansion and modernization of the People's Liberation Army Navy (PLAN), which are criticized given the lack of transparency, raised the concerns of China's neighbours in SEA region. Since 2007, China has planned to base its Type 094 nuclear powered ballistic submarine in the Hainan Island, an indication that the Chinese navy is strengthening its patrol activities in the SCS (Office of the Secretary of Defense 2010). China also increased its patrols in the SCS in 2009 to protect its EEZ (exclusive economic zone), curb illegal fishing activities and "protect China's interests and rights in the SCS" (China Daily, 19.05.2009)

The growing concerns of claimants over the SCS issues were consolidated by China aggressive behavior in March 2009 incidents, where five Chinese vessels shadowed and aggressively harassed the unarmed USNS Impeccable in the SCS (International Crisis Group

2012). Rate of collision between Vietnamese and Chinese civilian boats and Chinese surveillance vessels had notably increased in 2009. On 26 May 2011, two Chinese maritime surveillance vessels for oil and gas exploration were spotted in Vietnam's EEZ some 120 kilometers off the southern Vietnamese coast. Videos of a Chinese vessel breaking the cable attached to the Vietnamese vessel of "Binh Minh" were later released by the Vietnamese Foreign Ministry (Energy-Pedia News, 29.06.2011).

The Philippines also got into trouble with China. In an incident in the Philippine claimed zone 250 kilometres west of Palawan on 2 March 2011, an oil exploration ship was harassed by two Chinese patrol boats. However, China did not admit its violating action and even accused Philippines of "invading" its waters (Buszynski 2012: 142). The tensions between China and the Philippines escalated in April 2012 in a dispute over sovereignty of the Scarborough Shoal. The fracas fired off when a Filipino vessel discovered Chinese fishermen poaching protected species. A Chinese maritime patrol vessel then sailed into the area to prevent the Philippine Navy from the supposed-to-be arrest. Confrontation between the two sides became tense when they both sent more forces to the immediate area without showing intention to withdraw. Lasting for nearly two months, the standoff over the Scarborough Shoal is one of the longest standoff in the SCS in the recent two decades (Fravel 2012).

From the view of (strategic-) restraint behaviors through institutional or legal mechanisms, little progress in establishing and maintaining joint development solution has been made in the past ten years. From SEA states point of view, the DOC was designed as an intern measure with the ultimate goal of forming a more formal binding COC. The non-binding declaration states that the claimants should be complied with the spirit of pursuing

comprehensive settlement and cooperative solutions by agreeing the legal commitment. But China has not accepted to bind itself through a COC. China and ASEAN reached only an agreement on the Guidelines for the Implementation the DOC by the ASEAN and Chinese foreign ministers in 2011, which clearly is tentative and nonbinding (Thayer 2011: 91). China also opposed the Zone of Peace, Freedom, Friendship and Cooperation (ZoPFF/C) proposed by the Philippines in 2011, a proposal which had the support of other ASEAN states. More importantly, despite attempts by ASEAN to foster COC negotiations, China still seems sceptical. In early 2013, a positive indicator appeared when China was reported to proactively propose the COC negotiations with ASEAN countries. However, when the negotiations will be concluded and whether they meet ASEAN's expectation about finishing within this year have raised other concerns. During his official visit to ASEAN countries in 2013, the new Foreign Minister of China, Wang Yi stated that ASEAN should have "realistic expectations" and take "a gradual approach" in searching for a COC consensus (South China Morning Post, 06.08.2013).

One indicator can be examined to prove that Chinese actions are more cooperative. In 2011, Vietnam and China signed a bilateral agreement on six basic principles guiding the settlement of maritime disputes, including seeking "a basic and long-term approach to resolve maritime issues" and conduct "friendly consultations between the two countries on handling maritime issues" (Xinhua News, 12.10.2011; Nhandan, 12.10.2011). However, this did not meet the required conditions in oder to establish a "constitutional order", which should be explained by two reasons. First, China prefers bilateral negotiations as a method for eventual submission, the objectives of such strategy are to "bring its strength to bear on the SEA countries and impose its own rules, rather than internationally accepted ones from international law on these waters" (Duong and Le 2010). Second, Vietnam made clear at the time the agreement was signed that

"any cooperation for mutual development would occur only in areas of bilateral disputes, which mainly referred to the waters at the mouth of the Gulf of Tonkin" (International Crisis Group 2012: 5). The area mentioned by both sides was not directly related to the islands and water around the Spratly islands.

Another indicator of Chinese non-cooperative approach within an institutional framework is China's objection to the China-Philippine arbitration. In 2013, Philippines is the first Southeast Asian nation to have initiated court proceedings at ITLOS (International Tribunal for the Law of the Sea), challenging China's claim, which covers almost the entire SCS. In January-2013, Philippines officially sued China to a UN Court in the Hague. Right after that, Philippines Foreign Minister Albert del Rosario announced the move with the media and recalled Chinese Ambassador in Manila. In April, 2013, Filipino government officially opposed China's claim before the UN. According to the Philippines, the China's U-shaped line, which is based on "historic rights" has violated its territory under international law and is not consistent with the UNCLOS. Foreign Minister del Rosario said that Manila will bring the case against China to Arbitration under UNCLOS, a treaty that both sides signed in 1982. The Philippines has taken steady steps to follow the case. In January 2014, the country asked a UN's Permanent Court to consider its case. A month later , it amended its arbitration pleading to "get a favorable decision soonest" (Bloomberg, 30.03.2014). In March-2014, it submitted 40 maps and a 4,000-page document to the court.

In response to Philippines' moves, China said that it had sufficient historic and legal evidence for its sovereignty over Scarborough Shoal. Chinese Ambassador in Manila, MA Ke-qing reiterated Beijing's position and stressed that China has indisputable sovereignty over

islands in SCS and its adjacent waters. The Ambassador said "the Chinese side strongly holds that the disputes on the SCS should be settled by parties concerned through negotiations" (BBC, 22.01.2013). Therefore, China refused to join the arbitration case and warned that it could damage bilateral relations. Chinese Foreign Ministry spokesman Hong Lei reaffirmed Bejing's stance on March 30, 2014. "China cannot accept the international arbitration sought by the Philippines, and the Philippines occupies some islands in the SCS 'illegally'. Moreover, the Philippines should be on the 'right track' of using bilateral talks to resolve territorial disputes", Hong said in the statement (Bloomberg, 30.03.2014). Despite China's rejection, the arbitration court is still carrying out procedures. In response to the first procedural order by the Arbitration dated August 17, 2013, Philippines submitted the Memorandum on March 30, 2014. In its second procedural order, the tribunal issued a note fixing December 15, 2014 as the deadline for China to submit its counter-memorial.

In sum, the Chinese foreign policy approach since 2009 in the SCS has turned its neighboring countries into fear that the country is now merely affirming unilaterally its national interests. The lack of a "constitutional order" which can make hegemony power more predictable and user-friendly leads to the fact that China's cooperative projects receive little sympathy from SEA countries. Although SEA countries such as Vietnam, Malaysia, the Philippines agree that joint development may be a solution, their actual approach reflected by public opition and academic circles, which are convinced that the Chinese proposal, in fact, hides its conspiracy to enhance its de jury access to the "disputed area" while maintaining its de facto control of the SCS.

Incentives Sharing. Do the related SEA countries receive or feel they will benefit from participating in joint development projects with China? The answer to this question in the period from 2009-2013 is very difficult to give a clear answer. Regarding the provision of public goods and contribution of private goods, Chinese performances showed mixed results. The first point concerns the coordination costs exist within regional cooperation. This is a field in which China is seeking to act as a responsible power. According to SINA English (10.08.2012), China has offered 3 billion yuan (US$474.36 million) for a maritime cooperation fund, and during the First Expanded ASEAN Maritime Forum held in Manila a further 3 billion Yuan. This cooperation mechanism includes a lot of maritime issues such as navigation safety, biodiversity and search and rescue. One author commented that by providing the ASEAN goodwill gifts, the goal of such effort is to deflect "concerns by the Philippines and Vietnam that Chinese claims in the SCS might impede freedom and safety of navigation in the area" (The Daily Star, 30.11.2011). However, this can be seen as an attempt to balance a lot of actions of China from 2009 to 2013, which have been clear evidence for the assessment that Chinese behavior focused only on its own interests without regard for how these actions will negatively affect the other nations of SEA.

Concerning empirical cases, the presence of Chinese Marine Surveillance in the whole or part of the Spratly Islands and their surrounding waters and sea-bed with the purpose preventing other countries violate "national interest" of Chinese "territorial jurisdiction waters" are examples. Several clashes between Chinese marine surveillance with oil and gas exploration, fishing vessels from Vietnam and the Philippines took place, even within the Vietnamese and Philippines EEZ. It should be noted that in the recent years, the Chinese government (specifically the Haikou Municipal Government, Hainan province) has imposed a unilateral fishing ban in the

Northern area of the SCS, which can be regarded as "the arrest of Vietnamese fishermen and confiscation of their vessels by Chinese authorities" (Nguyen-Thang 2011). This unilateral annual fishing ban of China has affected negatively the Vietnamese fishermen, who earn most of their their household income from fishing activities (Ha-Tuan 2013: 99).

Marine disputes, which cause material damages (such as vessel wrecking) or negative impacts on areas of oil exploration for SEA countries, question whether China is a development opportunity for regional countries or a risk, with respect to material benefits. This consideration goes beyond clashes at sea or the fact that since 2009 China has imposed unilateral fishing in the disputed region with Vietnam. There may be a tacit agreement between Vietnamese and Filipino experts and scholars who believe China has other reasons behind its proposal of "setting disputes, joint development". It is remarkably important to notice that the "setting aside dispute" will benefit only the state controlling most of the territority (Duong 2012). The outlook of material incentives seems to be highly uncertain for both China and ASEAN states following by China's not positively involving in the managing conflict and serving the mission of building confidence between China and ASEAN's member states.

It is useful to locate the materrial caculation for the Philippines within a broader and gradual yet marked shift in the Philippine's stance toward the JSMU 2008. The temporary solution of "joint development" is argued to be applied by claimants in waters and overlapping continental shelf defined by regulations of the United Nations Convention on the Law of the Sea 1982 (UNCLOS) and recognized by all the claimants. If not, the proposal of "joint development" will not be conducted. It is noteworthy that "joint development" is just a temporary solution employed in cases the claimants negotiate to identify boundaries of the

exclusive economic zone and related overlapping continental shelf, and cannot be applied for disputed territory, such as Spratly Islands or Paracel Islands, or especially water in the Chinese "U-shape line".

Policy makers from Vietnam, the Philippines and other ASEAN states also share the same view. An ASEAN diplomat said in an interview: "If China feels confident about its own claim over the territories, why would it share the benefits of development of them? They [the SEA claimant countries] certainly feel confident enough about their sovereignty over the area that they don't see it necessary to share them simply because China claims it has ownership as well" (International Crisis Group 2012: 11). In a bilateral meeting with Vietnamese partners, the Philippines Foreign Minister Del Rosario stated that the Philippines and Vietnam share the view of not accepting common projects with China such as gas exploration if Beijing keeps affirming its sovereignty over the waters. The most important point in the SEA countries' view is that China has always called for the peaceful approach towards the SCS issue, but China repeatedly pressed for joint development in the other claimants' territorial waters. With regard to this point, a report stated that "SCS claimants are all anxious to pursue oil and gas exploration in the portions of the sea that they claim, and are concerned with protecting their claimed fishing grounds as coastal waters become depleted. This makes skirmishes more likely" (International Crisis Group 2012: i).

Vision Sharing. The fact that SEA rejects China's joint development project leads to a prediction that there is a normative gap between China and ASEAN countries. In other words, the Chinese visions cannot be conveyed effectively to ASEAN elites. However, experimental proofs of this case solely provide a mixed outcome, which means that ASEAN nations only

concede to the specific norm of "the freedom of navigation" with China, but object to the remaining points which are the interpretation and application of Article 121 of UNCLOS.

Referring to the normative convergence, China and ASEAN's lack of a common understanding of maritime norms, manifested since the early 1970s through its statements at the UNCLOS and since 2009 in its actions on East Asian seas. By setting the accepted rules of the game, China is also pushing other states to accept new operational norms on "setting aside of national sovereignty temporally" linking with the made-in-China interpretation of the UNCLOS. For instance, there is also the "big gap" in reaching the normative convergence between the two sides with regard to interpretation and application of Article 121 of UNCLOS regarding the regime of islands in the SCS[10]. On May 6th, 2009, Malaysia and Vietnam submitted jointly to the Commission on the Limits of the Continental Shelf (CLCS), in accordance with Article 76, paragraph 8, of the UNCLOS, in respect to an area of seabed in the southern SCS located seaward of their 200 nautical miles EEZ limits (Commission on the Limits of the Continental Shelf 2011). After that, China officially made the "U-shaped line" (also called nine-dotted lines or cow-tongue line) claim by attaching a diplomatic note to the United Nations opposing

[10] The determination of the EEZ can be settled by the interpretation and application of Article 121 of UNCLOS on the regime of the islands. UNCLOS makes important differences between islands, rocks, and artificial islands. The distinction is as follows: "1. An island is a naturally formed area of land, surrounded by water, which is above water at high tide. 2. Except as provided for in paragraph 3, the territorial sea, the contiguous zone, the exclusive economic zone and the continental shelf of an island are determined in accordance with the provisions of this Convention applicable to other land territory. 3. Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf" (Article 121, United Nations Convention on the Law of the Sea 1982).

Vietnam's profile and the Vietnam-Malaysia joint profile on continental shelf beyond 200 nautical miles from territorial sea baselines. China's "nine-dashed-line" encompasses over 80 percent of the SCS.

At the same time, China also went further by presenting the "U-shaped line" to the UN body while stressing Chinese legal sovereignty over the SCS. While some ASEAN claimants stressed that the Spratly Islands do not meet the requirements for generating more than 12 nautical miles of territorial waters, China emphasized a different view (Tonnesson 2010: 7). Claiming the sovereign rights and jurisdiction over "relevant waters as well as the seabed and subsoil thereof", China considers the Paracels, Spratlys and Scarborough Reef as "islands" under Article 121 of UNCLOS, which fully entitle it to the territorial sea, EEZ and continental shelf (Duong 2012)[11]. Based on the 2009 joint submission to the CLCS claimed by Vietnam and Malaysia, both countries seem to take the position that no features in the Spratly Islands can be considered as "islands" under Article 121 of UNCLOS. Thus, Vietnam and Malaysia also argued that sovereignty over the islands in the Spratly Islands states cannot bring more than one sea zone of 12 nautical miles from the baseline, not including the 12-nautical-mile territorial sea and any EEZ and continental shelf (Joint Submission by Malaysia and Vietnam 2009). In contrast is the understanding of the Philippines that two of their own, the Iceland Group (KIG) and

[11] The author Tþnnesson Stein (2010) argues that "the only reasonable reading of this text is did China claims all islands inside the U-shaped line and the waters and continental shelf did can be generated by those islands on the basis of the principles laid down in the law of the sea. The extension of China's maritime zone claims in the southern part of the SCS Malthus Entirely depends on the capacity of the Spratly islets to generate extended maritime zones".

Scarborough Reef, qualify for the status of islands and the sea zone that may be beyond even 200 miles (Republic Act No. 9522, 10.03.2009).

How did these divergences of vision or normative approaches regarding the interpretation and application of Article 121 of UNCLOS attribute to the attitude of SEA states toward the Chinese proposal? There are several factors attributed, among those the interpretations should be well noticed:

- China had not proven any good will to set aside the disputes. On the contrary, a skepticism of Beijing's motives has existed among ASEAN states behind the normative dynamic since 2009. The Chinese 9-dash line covering roughly 80% of the SCS is regarded as an attempt to make the non-disputed areas to become disputed ones. Therefore, by "joint development projects", China gains the chance to put its steps in areas which previously did not belong to it.

- The purpose of joint development is […] "(to) create conditions for the eventual resolution of territorial ownership" (Ministry of Foreign Affairs China, 17.11.2000). Without addressing the sovereignty claims and maritime delimitation, joint development is only the buy-time-solution for China in the context of PLAN modernization program (in both quantitative and qualitative improvements). This point was reflected in the effort to transform the EEZ into military buffer zones by setting new norms regarding the activities of foreign naval forces operating within the coastal state's EEZ. By doing this way, China could exclude (or at least regulate) all foreign naval forces and is able to consolidate China's de facto control of all disputed areas thanks to a growing Chinese

Navy. Therefore, in the view of SEA states, is better first to solve the sovereignty problem.

- There is no legal basis for SEA to follow the Chinese proposal. Comparing with the JSMU 2005, which fully implements UNCLOS, China's normative approach on the SCS conflicts – in the view of SEA states – is illegitimate, because it "clearly lacks international legal basi(s)" and was contrary to UNCLOS[12]. The fact that China did not clarify the legal status of its "nine-dash" U-shaped line with the SEA states and the international audience in the SCS undermines the motivation of all SEA states to join its project. Achieving norm acceptance is incomplete. As a result, SEA states are too reluctant to talk openly with China on the detailed schemes of Chinese proposals.

Second, there are different approaches concerning ideas on "freedom of navigation" within the EEZ. While the customary international law stressed the free access to sea for commercial reasons and research-related activity in the EEZ, China policy makers emphasized a different view on EEZ regulation. Taking the historical development of the law of the sea into

[12] The lack of willingness to subordinate Chinese normative leadership was expressed by Philippine President Benigno Aquino III, "China's 9-dash line territorial claim over the entire South China Sea is against international laws, particularly the United National Convention of the Laws of the Sea (UNCLOS)" (Bengco 2011). At a forum entitle "The Spratly Islands Issue: Perspective and Policy Responses" held in Manila in August, the Philippines' Foreign Minister Albert F. del Rosario openly criticized China by stating that "China's claims in relation to the U-shaped line is baseless" (cited in Li Jianwei 2014: 3). In July 2010, Indonesia submitted a letter to the UN, asserting that China's nine-dotted line map "was contrary to UNCLOS (Storey 2011: 10). Following the viewpoints of Indonesia and Philippines, Vietnam and Singapore also protested the map and expressed their reservations about the legal basic of China's claim.

consideration, the main theme of that procedure is the persistent competition between the two doctrines, namely *Mare Clasum*- "national authority over the seas" and *Mare Liberum* – "freedom of the seas" (Anderson 2008: 4), which influenced the laws applicable to the relations between states over the sea. *Mare clasum* doctrine is based on the concept of national authority over the sea. In particular, it suggests that states should claim their sovereignty over some specific sea areas due to the need for domestic security and interests of residents near their coasts. In contrast, *Mare liberum* doctrine calls for freedom of the sea. To be more precise, it advocates the rights of free trade and free navigation of every states over the sea.

From 1982, the establishment of the Law of the Sea Convention in 1982 under the auspices of the United Nations (UNCLOS III or LOS) has marked a balance between *Mare classroom* and *Mare liberum* doctrines. Unlike UNCLOS I and UNCLOS II, in order to reach the consensus among parties, UNCLOS III did not study and solve the problems individually; instead, following the idea emerged from the Committee on the Peaceful Use of the Seabed and the Ocean floor beyond the Limits of National Jurisdiction held by the United Nations General Assembly in 1967, when it employed the so-called "package-deals". On the one hand, the package deals were made up of provisions about the limits of the territorial sea and the economic zone; on the other hand, it consisted of provisions dealing with the regime of transit passage. In particular, if states consented to the package, they agreed to the twelve-mile limits of the territorial sea and 200-mile economic zone (Article 3 – United Nations Convention on the Law of the Sea 1982), and in return they simultaneously gained the rights of international navigation

regulated by Part III of the UNCLOS III, especially the rights of transit passage through international straits[13].

According to the Chinese understanding, coastal states should not only possess the sovereign right to economic activities such as fishing, exploitation of resources and all forms of marine scientific research, but should perceive sovereign rights and jurisdiction in absolute scale in both terms of the internal waters as well as on the territorial waters. Thereafter, other nations should only conduct oceanographic surveys and surveillance activities in China's EEZ with prior permission. That Law of the People's Republic of China on the Exclusive Economic Zone and the Continental Shelf states that: "All international organizations, foreign organizations or individuals shall obtain approval from the competent authorities of the People's Republic of China for carrying out marine scientific research in its exclusive economic zone and on its continental shelf, and shall comply with the laws and regulations of the People's Republic of China" (Article 9) and "all surveying and mapping activities conducted in the domain of the PRC" and other sea areas under the jurisdiction" of the PRC "shall comply with this Law" (Article 2, 9) .

China's position on the legality of military activities in the EEZ, including oceanographic surveys and surveillance activities, is opposed the US government. Although it has not been a

[13] The package deals can be somewhat considered to be a clear illustration of efforts of states to reach a balance in the competition between *Mare clausm* and *Mare liberum* doctrines mentioned above. However, it cannot be said that UNCLOS III has gained complete success. There are still a number of states that have not ratified it yet, namely the United States, Turkey, Venezuela, Iran, Thailand, Peru, Israel and Switzerland (Anderson: 18). Therefore, it is not sensible to say that the conflict of the two doctrines has come to an end.

party to the UNCLOS yet, the U.S. shall enjoy the legal effect of the norm by considering it as as customary international law. In terms of interpreting the freedom of navigation, the U.S. takes the seemingly opposite view by stressing that there is a clear line between military activities and scientific research and "military activities that are consistent with the UN Charter, such as surveillance and marine data collection, may be conducted in the EEZ without prior notice to, or consent of, the coastal State" (Pedrozo 2010: 27).

The Chinese view on the legality of military activities in the EEZ relatively represents the critical major view among the four member states of the ASEAN, when only the Philippines has taken divergent approaches to China's position on the EEZ. Table 5 shows the stances of six member states of the ASEAN on "the freedom of navigation" within the EEZ, which makes it clear that the small and middle coastal states in SEA don't tend to choose absolute freedom without any restriction, but emphasize the need to respect the rights and duties of the coastal states and attempt to control the rights of sovereignty over the zones which are adjacent to their territorial waters.

Table 5: State Practice on Limitations to Navigation

State	Type of Rights Asserted
Cambodia	Control of all foreign activities on the continental shelf, irrespective of their purpose; CZ 24nm Security interests
China	Requires prior notice for transports of waste in TS and EEZ; warships require prior authorization; CZ 24nm Security interests

Indonesia	Warships and all vessels other than merchant ships must announce their passage in advance; 100 nm Ships are not allowed to stop, anchor or cruise "without legitimate cause".
Malaysia	Prior consent to military exercises and manoeuvres in the exclusive economic zone and on the continental shelf
Myanmar	Warships require prior authorization; Claims the right to restrict the freedom of navigation and overflight in its exclusive economic zone; CZ 24cm Security interests
Philippines	Expressed concern at UNCLOS III in respect of military activities in the EEZ
Vietnam	Warships require authorization to be applied for at least 30 days prior to passage; passage restricted to 3 warships at a time; CZ 24 nm Security interests Submarines are required to navigate on the surface and to show their flag; aircraft are not allowed to land on board ships or be launched from them; on-board weapons have to be set in "non-operational" mode prior to the entry into the zone.

Source: Derived principally from a number of tables contained in *Commander's Handbook: Legal Bases for the Operations of Naval Forces*; additional material added by the author.

Table 6: Summary of Findings (Joint Development in the SCS 2009-2013)

Hypothesis	Outcome	Indicators
Power Sharing	No	China's Increasing Assertiveness COC negotiation still not yet completed China's objection to the China-Philippine arbitration
Incentives Sharing	Mixed	Provision of public goods: maritime cooperation fund; ASEAN maritime fund Provision of private goods: unilateral annual fishing ban
Vision Sharing	Mixed	Normative divergence: interpretation and application of Article 121 of UNCLOS Normative convergence: Freedom of navigation (*Mare Clasum*- "national authority over the seas" vs. *Mare Liberum* – "freedom of the seas")

Source: author's compilation

The Evaluation of Leadership. Unlike the case in the period 2002-2008, the recent development in the SCS since 2009 came to be seen as producing not an inclusive, but extractive leadership prototype. By rejecting the power-restraint and be providing fewer public goods, China, so to speak, which is becoming a more potential for assuming hegemonic leadership for SEA states in the last ten years, is losing its status as leader. China´s position as manifest in the foreign policies since 2009 has led its neighboring countries fear that the country is now merely affirming unilateral its national interest. Many commentators believe that we are witnessing the end of China's privileged place in the diplomatic relations with neighboring countries[14] and an escalation of the disputes to conflict is maybe possible[15]. The foundation upon which China exercises leadership and shapes its security environment is weakening as other SEA states are

[14] Hoang Anh Tuan (2012), Director General of the Institute for Foreign Policy and Strategic Studies at the Diplomatic Academy of Vietnam, argues that "troubles with close neighbors also affect the image and position of China in the world. The most important condition for any country aspiring to ascend to global power status is to maintain good relations with its neighbors. However, if China is unable or unwilling to maintain a cordial relationship with its closest neighbors, how can countries further afield trust and respect this aspiring superpower?" In a report released in 2012, the International Crisis Group (ICG) said that "The escalating tensions since 2009 have dealt a severe blow to Beijing's relationships with its Southeast Asian neighbors and gravely tarnished its image both regionally and internationally". Malaysian Prime Minister Datuk Seri Najib Tun Razak praised China for managing the situation with "remarkable restraint" (cited in International Crisis Group 2012: 11).

[15] The image of the escalating conflict in the region has worsened in the media and politics closer studies. A new outbreak of conflict was feared describing a coming conflict of the future (Kaplan 2011). Regional observer Carlyle Thayer (2009) assesses the current situation that "the South China Sea dispute has moved from the back to the middle burner of Asian security issues despite the intentions of the 2002 Declaration on Conduct of Parties in the South China Sea (DOC) for parties to exercise self restraint in the conduct of activities did would complicate or escalate disputes".

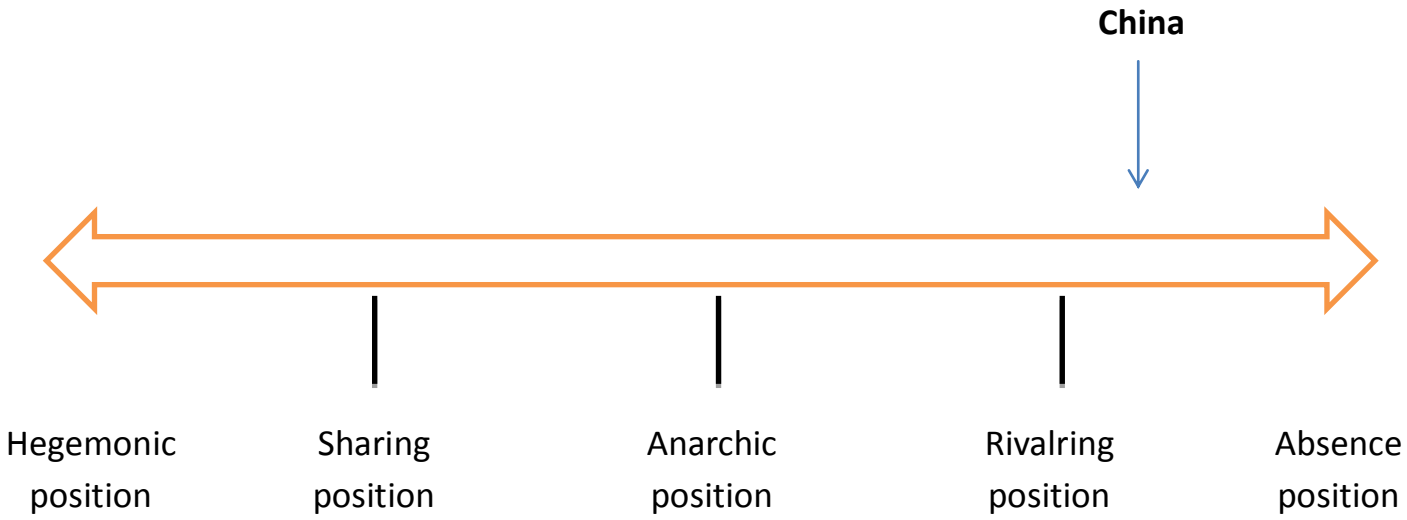
not only unwilling to jointly invest in Chinese projects but also opted for counterbalancing in various degrees. This is most evident in the cases of Vietnam and the Philippines and more subtle in the cases of Malaysia and Indonesia when they maintain a modest level of defense and military cooperation with the United States, Russia and India. More profoundly, however, the tendency to more balancing may be creating conditions that reduce the possibility to emerging a new hierarchical system with China on the top.

What is emerging in the SCS in 2009-2013 is a multifaceted and multilayers system that shares elements of two of the aforementioned outcomes: Rivalry and Absence position. The structure in the SCS from the hegemonic leadership based on the Chinese role in the past has returned to classical anarchical system, and is recently transferring more in the direction of leadership rivalry between the US and China in the in this issue of multi-nation conflicts. On the one hand, SEA states are locked in a zero sum game with China following the self-help principle: either depending on their own capabilities for security by increasing the military budget, or seeking strategic cooperation with the security guarantor as a hedge against growing Chinese power. On the other hand, there is obvious leadership competition both between the US and China by managing this issue of multi-nation conflicts.

The evidence based on the development 2009-2013 in the SCS support the claim that the secondary states SEA will become less willing to accommodate Chinese preferences and look primarily to the United States for support to moderate China´s approach in this dispute (Fravel 2012; International Crisis Group 2012: 22-27). It is perhaps an exaggeration that all states in the region will join the US-led alliance system in order to seek a balance of power again China. Thus, both outcomes –absence of a leader regulating the and "bandwagoning" of SEA states with

the external powers like US, Russia or India– is not the favorable result in the Chinese view (Li 2011).

Figure 4: Chinese position (Joint Development in the SCS 2009-2013)



Source: author's compilation

3.4 Conclusion

This chapter has assessed a leadership relation between China and SEA states in the case of the SCS through the lens of the hypothesis developed in chapter 2. As mentioned above, China's performance is linked to the debate about the type of leadership projects (distinguished between inclusive and extractive form), which are characterized through three critical factors, namely: power sharing, incentives sharing and vision sharing. This section has shown that when China adopted inclusive leadership, Chinese power is made acceptable to the SEA states. In contrast, the possibility that other countries in SEA may single or collectively block Chinese initiatives become more likely in the case of extractive type. The case of China´s leadership in the SCS

illustrates the importance of three factors in influencing the acceptance of secondary states SEA toward the Chinese leadership project. By exercising or accepting power restraint embedded in these agreed upon rules and institutions, providing more public/private goods for subsidiary states and convincing the foreign elites that it is in their best interest to do as he wishes, China could got a new hegemonic era in which China's leadership status was broadly acknowledged.

At the same time, other countries were more willing to accept and work within the Chinese projects. China has gained little friendship with SEA countries or achieve its goal of constructing a cooperative mechanism in the SCS since 2009 with its unwillingness to resolve territorial conflicts through multilateral rules and agreements. Instead, China has begun to adopt a series of unilateral power policies which face widespread opposition from neighbouring states, as well as refused to bind itself to any institutions or legal agreements. On the other hand, China appears to be providing fewer public and private goods in term of cooperation in the SCS while unable to convince the SEA into accepting the assumptions and norms. This modification in SEA state's behaviors toward Chinese's proposal since 2009-2013 is a direct or indirect consequence of the change in China's project type. In the scenario of inclusive, SEA states lack the motivation to unite in protest against China power.

Since the end of World War II, East Asian order has been shaped most profoundly by Beijing has been quietly active in advancing reforms there, initiating proposals to modify and change some of its rules, rule-making procedures, and dispute settlement mechanisms. The success and failure of China's leadership performance measuring in terms of regional support have effected its overall regional political position. The two case studies of the Joint Development in the SCS (2005-2008) and (2009-2013) prove to and validate these findings.

While in the former case Vietnam and the Philippines shared an interest in maintaining the structure based on China's presence allowing a comfortable hegemonic position of leadership for China, the Middle Kingdom in the latter has adapted badly to the new requirements for exercising leadership, which erodes its privileged place within the power hierarchy. Improving state capacity in term of "hard power" is the principal challenge for China to become the hegemonic leader. If China continues to increase its capabilities but unwilling to provide the inclusive leadership in the SCS, then a classic "security dilemma" will arise with other SEA nations viewing China as selfish and potentially dangerous power and attempting to check Chinese growing power. In the recent years, China's material power has increased enormously, but this has not measurably improved its position in the scale in the case of the SCS between 2005-2008 and 2009-2013.

Thus, when considering the potential for China's leadership performance in this issue, the underlying question is how will, China engage another claimant such Vietnam, the Philippines and Malaysia accepting China's approach. In other words: how China's rise and development can be regarded as stabilizing factor, which will deterre regional rivals from conflict. Yet, Dai Bingguo, a State Councilor in China, published an article in People's Daily in December 2010, had his own points when stating that "if [China] cannot properly handle our relations with the outside world, the development opportunity in the 20 years of the new century provided by overall international peace, overall stability in the relations among major powers, and the rapid development of new science and technology will likely be lost" (citied in Li 2011).

Chapter 4: China-ASEAN Free Trade Agreement

4.1 Background

As a result of the Asian financial crisis of 1997, which struck a heavy blow to the economy of the most countries in the East and Southeast Asia, a series of regional initiatives between China and SEA states have been fostered. The attempts, on the one hand, enhanced cooperation among SEA countries. On the other hand, however, the leveraged relationship between ASEAN-China is undergoing a significant transformation, in which China-ASEAN Free Trade Agreement (CAFTA) is the most important point. The plan for the establishment of a free trade area encompassing China and the ASEAN nations had been first suggested by the Chinese Premier Zhu Rongji in November 2001 (Greenwald 2006: 197). It originally meant the formation of a comprehensive economic partnership agreement, including China and the 10 member-countries of the Association of South East Asian Nations: Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Laos, Cambodia, and Burma/Myanmar. Signed on November 4th, 2002 in Phnom Penh, Cambodia, the Framework Agreement on ASEAN-China Comprehensive Economic Cooperation aims to create a world's largest free-trade area in the end of the decade (UACT 2013).

With the view of establishing the CAFTA within ten years, there are differentiated treatment and flexibility for the less developed ASEAN members such as Cambodia, Lao PDR, Myanmar, and Vietnam to comply with the agreement (Ba 2003: 640). The CAFTA parties negotiated for two years and concluded an "Early Harvest Program" by launching the tariff cuts on approximately 600 kinds of products. Based on the agreement, six ASEAN founding member states (Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) and China concluded to cut down the tariff to zero on the said products over a period from January 1st, 2005 to 2010. The other four new ASEAN member states such as Cambodia, Laos, Myanmar, and Vietnam could enjoy the early harvest products until 2015 (Wang 2007: 2). After China and ASEAN signed the Framework Agreement on Trade in Goods in November 2004, this agreement went into force in July 2005 (Jianren 2010). According the agreement, tax reduction shall be applied to products of approximately 7,000 tax items, with differentiated treatment to new ASEAN member states. With regard to trade in services, China and ASEAN signed the Agreement on Trade in Services for liberalization of more than 60 service sectors in January 2007. After that, on August 2009, the CAFTA Investment Agreement was signed, which allowed for opening investment markets from the both sides. On January 1, 2010, the ASEAN and China FTA was formally established with the zero-tariff implementation between China and six founding member states of ASEAN, or over 90% of the products. For the less developed ASEAN members of Cambodia, Laos, Myanmar, and Vietnam, the zero-tariff policy for 90% of the Chinese products will be implemented in 2015 (Jianren 2010).

The agreement of CAFTA in 2002 and its implementation in 2010 was significant, because it was "a surge of FTAs in East Asian region and the second surge of FTAs in Pan-Asia" (Yi 2005: 8). The CAFTA establishment demonstrated an explicit example of a peaceful Chinese

rise, which transformed its emerging power into specific regional projects. The CAFTA could also be seen as a typical case to conduct research on the relationship of China and small/medium states in the SEA as well as the ways an emerging power like China searching and fostering followership of other countries.

Table 7: Key Dates on China-ASEAN Free Trade Agreement

Date	Event
2000-2001	The concept of CAFTA was first initiated. A year later, an expert group was created.
2002	China and ASEAN signed the Framework Agreement on Comprehensive Economic Cooperation.
2004	The Framework Agreement on Trade in Goods was signed
2007	The Agreement on Trade in Services was signed
2009	The CAFTA Investment Agreement was signed
2010	The CAFTA was implemented

Source: author's compilation based on ASEAN website (2014a)

4.2 Analyzing China's leadership projects

At the ASEAN Plus Three Summit in November 2000, China Premier Zhu Rongji proposed the creation of an expert group under the framework of the China-ASEAN Joint Committee of Economic and Trade Co-operation. The objectives of this expert group were to conduct a research on the feasibility of the free trade area between China and SEA states (Yeoh 2007: 4). The formation of the China-ASEAN Free Trade Area (CAFTA/ACFTA) was proposed by Premier Zhu one year later during the ASEAN-China summit. Under this framework, China offered to open China's market in key sectors to ASEAN countries within ten years (Lijun 2003). The formal agreement was signed, as mentioned above, on 2002, in Phom Phenh. Among the reasons for China decision to sign the CAFTA with ASEAN, the three following reasons are mostly discussed.

First, the Chinese choice of ASEAN is geopolitical or resources-driven, which emphasizes the possibility for China to increase in imports of raw materials and particularly of energy. Thanks the Southeast Asian region's energy resources and raw-material, the construction of CAFTA have been a method "that China has brought to bear in its quest to enhance its resource security" (Ravenhill/Jiang 2009: 33). On the other hand, CAFTA can be used to create a new production network in the region with its closer economic partnerships. Second, another economic goal in China's negotiation of the construction CAFTA is to "seek to leverage their FTA with China to additional FTAs with important trading partners within (e.g., Japan) or outside (e.g., the U.S.) the region (or more generally, leveraging their improved relationship with China to engage other great powers)" (Wang 2007: 3). The third reason is more politically motivated, which should be interpreted under the context of China's foreign policy of "peaceful

rise". Having good relations with this moderate grouping ASEAN could help enhancing the relationship of China with its individual member states, and vice versa. China hopes to use the CAFTA as main instruments to ensure survival and expand power in a changing security environment (Lijun 2003; Wang 2007).

The case of CAFTA clearly demonstrates that a regional initiative that was suggested and promoted by the Middle Kingdom in the post-cold war period. After the accession to the World Trade Organization (WTO), the proposal of a new regional free trade agreement has been a main component in the rise of Chinese economic power. More than just becoming a good partner, China demonstrated its regional leadership by inducting the followership of SEA states supporting the creation of this free trade area. At the time the CAFTA came into effect, it was not only a symbolic innovation that more formally organized the SEA with China at its geo-economic hub, but also narrower in the sense that it "directly challenging the growing primacy of the European Community and the Japan-East Asia bloc and aiming to maintain its superpower position" (Agrasoy 2004: 1).

The fact that ASEAN states as a group and individual member states both agreed to accept and joint CAFTA with the initiatives of China allows for the expectation that China has provided an inclusive leadership project and Chinese position would be improved though its success. In the following parts, these expectations will be tested empirically.

Power Sharing. Examining CAFTA, it can be seen that power sharing between China and SEA states appears to have been manifest in at least two ways. The first pillar was the self-restraint of power. The shock of the economic crisis of 1997 in Asia and the China's accession to the WTO in January 2002 brought significant change to strategic choice in formulation of SEA's

foreign policy. To many observers, because of the same level of development level and depending on the same third-country markets such as the U.S., EU, and Japan, the growing Chinese economy could mean the for them the losing of jobs, trade, and investment (Ba 2003: 638)[16]. The difficulties in accepting CAFTA come not only from the massive economic differences between China and ASEAN members, but also from the question of how to keep the big powers both engaged and constrained.

The SEA states do have concerns about being under the shadow of the dragon and being dominated in the long term by China's economic and political increasing power resources in the region. At the same time, closer economic relations will make ASEAN reluctant to adopt a policy against China in case of dispute between both sides. SEA states may be more interested in engaging powerful actors to bind into rule-based predictability in order to get the most political control. Since the end of the cold war, ASEAN nations have attempted to "tame" China through regional institutions, including the ASEAN Regional Forum (ARF), Treaty of Amity and Cooperation in Southeast Asia (TAC), ASEAN's Declaration on the Conduct of Parties in the South China Sea (DOC) or ASEAN+ mechanism (Goh 2011). Such motivation was made based on the positive bidding - effect that ASEAN would gain through the CAFTA. ASEAN officials have good strategic motivation to be comfortable with multilateral arrangements in dealing with powerful China, because creating a Chinese commitment to SEA states has become an important

[16] Malaysian Prime Minister Mahathir Mohamed said in 2002: "China is an economic threat for Southeast Asia. It is already a threat in terms of attracting FDI, and it is going to be a threat to Southeast Asia's world trade." (cited in Asian Political News, 27.05.2002). Singaporean Deputy Prime Minister Lee Hsien Loong commented in 2002 that "SEA countries are under intense competitive pressure, as their former activities, especially labor-intensive manufacturing, migrate to China" (cited in Ravenhill 2006: 563).

consideration for stabilizing Sino–ASEAN political and economic relations (Ba 2006; Goh 2011; Interview by the authors with Vietnamese senior officers in Hanoi in 2011 and 2012).

Economically, "the global trade regime that institutionalizes the advantage of the hegemonic power will nonetheless put in place a series of rules and institutions that could act as a constraint on all actors, including the hegemon" (Vincent and Fabbrini 2004: 8). In this context, CAFTA can see as mechanism protecting weaker states from SEA states from the use of the instruments of Chinese trade protection such as tariff peaks, antidumping and countervailing duties. The same argument for peaceful settlement and institutionalizing powerful in getting more political autonomy can be found in more general attitudes of weaker states towards dispute settlement. At this point, it suffices to point out that the ASEAN-China Protocol on Dispute Settlement Mechanism under the Framework Agreement is "the first dispute settlement mechanism that goes beyond amicable negotiation that China has agreed with its trading partners" (Wu 2010: 339-340; Zhu 2010). The ASEAN-China Protocol on Dispute Settlement Mechanism was agreed from the both sites in 2004, and is of great significance not only to ASEAN. The main mechanism for the dispute settlement mechanism can be roughly separated into four phases: consultations; panel proceedings; appeal review; and implementations (Zhu 2010: 2-11; Wu 2010). The attraction to SEA states of formalized dispute settlement within CAFTA provides the clearest example of the interest of weaker states in formal, rule-governed governance.

As China is willing to take its increasing economic and political power into the regional institutional framework, which regulates all parties by rules, Chinese policies and actions would be more predictable. Under legally binding-effects, ASEAN's concerns about China caused by

their threat perceptions on the rising China would be effectively reduced. Furthermore, multilateral framework tends to favor weaker actors by giving them more "voice" opportunities toward the powerful (in comparison with bilateral arrangements, where China could maximize its political leverage toward then weaker actors), just as multilateral institutions allow the weaker to raise their voice collectively to influence the decision making process. The fact that China sit down together with the small and middle SEA countries to discuss and negotiate under rule-based order is itself very important. This is a first time in China-ASEAN relationship history that SEA states can engage and bind China under legal and political framework. In this context, joining in CAFTA and accepting for giving up some degree of political autonomy can also be regarded as ASEAN's trade-off to find the way dealing with China's growing powers, both in economic and strategic term.

Incentives Sharing. "Public goods" is defined as a sort of goods which is non-excludable and non-rivalrous, i.e. everyone can use this commodity and one person's use does not reduce the use of others (Gilpin 1987: 74). In international economics, an open global economy and free trade system are often seen as public goods, since they serve for benefits of all involved parties and increase the common prosperity. The most crucial point in setting up a system bringing the common prosperity for all is "free rider", who just enjoys the benefits of a public good but not contributes to the provision of the public goods. Overcoming the free rider problem to provide public goods in the case of CAFTA has been proved through the classic behaviors of China as a benevolent hegemony power aiming to a free trade area with SEA countries. These behaviors not only include the fact that China initiated CAFTA, but also count benefits or terms that China gave concessions or priorities for SEA countries.

During rounds of negotiation, China repeatedly emphasized Beijing's desire to make more economic concessions and that ASEAN countries would be the first benefactors from trading with China. A Chinese approach in FTA process with ASEAN that has attracted much attention is an "Early Harvest Program" (EHP)[17]. The EHP is a tariff concessions within the framework of CAFTA, aiming to promote the reduction of tariffs before CAFTA is fully implemented. The EHP can be viewed as a way that China provides public goods, also a way that China brings benefits for ASEAN countries. On the one hand, EHP is assessed as a "big present" from China to SEA countries. Thanks preferential import duties, this program enables the countries' goods to be exported to the Chinese market. This open policy is a one-way benefit that favors the ASEAN countries. As a result of the AHP, ASEAN agricultural exports into the Chinese market increased rapidly in the following years. This reduces the ASEAN countries' concern about the Chinese competition in domestic markets, which is one of the reasons lead to the ASEAN's hesitation in accepting CAFTA (Wang/Tong 2010).[18] It also solves the free rider

[17] By reducing import duties of some particular products including agriculture duties (cattle breeding, meat, fish, dairy products, vegetables, fruits and grains), the EHP allowed ASEAN countries earlier approach Chinese market before the CAFTA establishment (Embassy of PRC in the Philippines 2004). The EHP program also enables to create an Exclusion List whereby a party can exempt certain products from the program's coverage; and a Request List consisting of some products not included in the program but put in the list of tax-reduction by China and ASEAN countries (Bernardino 2004: 2).

[18] Chief Executive Officer and Director of Asian Strategy and Leadership Institute of Malaysia Michael Yeoh stated that: "The proposed 'Early Harvest Package' which involving early market opening for specific products prior to actual implementation of the ASEAN-China FTA is progressing well with strong commitment from Malaysia, China and other ASEAN countries and more comprehensive economic cooperation could be developed in the region via the establishment of the ASEAN-China FTA" (cited in Yang Zerui 2004).

problem in common cooperation, when China accepted initial economic costs in order to push up a structure of CAFTA and accomplished it in later years. The EHP is based on the idea of China's generosity (similar to the tribute system in history with China at the center), which would be a unilateral gift to ASEAN without a reciprocal condition of tariff reduction by ASEAN (Chow 206: 258-259).

Another generous approach of China is to accommodate ASEAN's newest members (Vietnam, Laos, Myanmar, and Cambodia) on their concerns to being "swamped by Chinese goods that are cheaper and of better quality" (New York Times, 27.04.2002). Owning lower levels of development, these countries tend to more easily fall into "trap of free trade" which means opening domestic markets may hurt their own economies, especially when their partner is China, a great economy covering various fields of production. Through the CAFTA framework, the Chinese government offered special and differential treatment (S&D) of new ASEAN members, Laos, Cambodia, Myanmar and Vietnam, and added five more years for the countries to prepare for the FTA. China also agreed to extend the Most Favored Nation (MFN) for the newer ASEAN states, although they were yet to be WTO members (Ba 2003; Wang 2007).

When evaluating the benefits that SEA countries granted from China, many experts divided the benefits into two kinds: short-term and long-term ones. After CAFTA was officially underway, there have been anxious voices from businesses and associations of the SEA countries concerning that domestic production cannot compete with the Chinese. For instance, the Thai agricultural sectors and the Indonesian unions have sent petitions to their governments related to the implementation of CAFTA in 2010. They expressed their concerns that Thailand and Indonesia's core sectors could be "wiped out" or "dominated" by the Chinese companies (cited in

Goh 2011). Some prestigious economists of Vietnam also raised their voices about the trap of free trade (especially with China) which may negatively impact the Vietnamese industrialization (Tran 2007, 2010). The anxiety partly reflects psychology worries of the business community that trade liberalization with China has brought significant problems, which mostly derives from the outstanding size and competitiveness of the Chinese market. Noting these concerns as a negative indicator by analyzing the costs and benefits of SEA countries, my study, however, demonstrates that at the time China presented its projects CAFTA (2000-2005), this country provided more incentives for lesser states through distributing public and private goods as mentioned above. The benefits gained from this participation are also welcomed by the ASEAN countries' leaders.

Vision Sharing. Which vision did China present in the CAFTA leadership project? Was the vision shared by SEA countries? In a wider context, one may compare the visions of China in this leadership project to the one created after the Cold War and especially during the post-Asia crises 1997. One of the significant features of this period, as mentioned above, is the insecurity and fragility of domestic economies facing the threats brought by the globalization. Since then, Beijing has built "another story" about its rise with two pillars: the launching of new Chinese security concept and the "peaceful rise" concept –subsequently amended to "peaceful development". The "another story" emphatically disclaims the popular arguments of Western countries about a "China's threat". Regarding the military, this notion (China's threat) describes China as a revisionist power, which is looking for enhancing its influence of hard power. Regarding economics, China is viewed as a threat, since the rise of China's economy will dominate other lesser ones.

Being first introduced by President Jiang Zemin in 1997, the notion "New Security Concept" denied the "old Cold War security outlook". Different from the notion that states contemporary world is shaped by great power competition, collective defense, unilateralism and absolute security, this new concept emphasized "mutual trust and benefit", "equality", "inter-dependence and cooperative security" (Goh 2005: 231; Kumar 2012; Thayer 2000). More importantly, it is supported by many Chinese theorists who argue that China never seeks hegemony, instead is striving for the global peace despite its rising power. This concept has been developed so far and has introduced more insights about the Chinese development. The notion of "peaceful rise" or "peaceful development" is provided as a following step by the Chinese growing path and as a response towards the ideas of "China's threat". The main objective of this notion is proving that the Chinese reborn will not threaten other countries' security or economic benefits due to its "peaceful intention" and its limited capabilities. Instead, China will play an active role in facilitating the common security environment, peaceful aims and development.

Deciding not to expand the influence of hard power, the Chinese government goes abreast other countries with the "win-win" motto, as well as respects territory of countries and political systems and values. This idea was introduced in a famous article of Zheng (2005) in Foreign Affairs. According to Zheng, an important result of the peaceful rise is creating a huge market with the population of 1.3 billion. As such, the Chinese rise is giving Asia and the globe an opportunity, not a threat. To make it more convincing, Beijing presented a "new China", which is not driven by ideology, accepted pragmatism and seek to create stability and prosperity for the whole region. In relationships with neighboring countries, cooperation in trade, therefore, is a key to open the door to regional integration.

Combined together, these themes (economic competition, security concerns, and historical grievances) outlined the stance of China that was presented to its neighbors. How this was received in SEA was, however, subject to certain qualifications. In Singapore, notions of "Chinese opportunities" have received support from people, as the Singaporean former Prime Minister Goh Chok Tong pointed out: "China offers immense opportunities provided we restructure our economy and encourage entrepreneurship to take advantage of them". He also stated in 2002 that ASEAN countries should see the rise of China as an opportunity rather than a challenge (Beijing Times 22.12.2002). The Filipino President Fidel Ramos also raised his idea at the Boao Forum in 2003 that with its fast growing economy, China had become a vast and growing market and an essential importer of most of SEA countries. From the view of the Philippines, in this context, the Chinese rise should be viewed as a chance to develop its economy. As it is a chance (or an unavoidable truth), it should try and conduct specific activities to access the great neighbor (Xinhua News 19.04.2004).

Thailand and Vietnam shared a similar idea. One of the reasons of this consensus in terms of ideas and developing ways is respecting national sovereignty and maintaining a capitalist economy without concomitant political liberalization (Interview by the authors with Vietnamese senior officers in Hanoi in 2011 and 2012 and with Thai diplomatic officials in Vientiane, 2011 and in Hanoi, 2012). Goh (2011) argues that this approach has reached SEA countries' sympathy while they are transferring to market economies or to democratic systems. This is also shared by countries damaged by "haughty" and "rude" behaviors of Western institutions, led by the US and the open market (for more details, please refer to the analysis of the vision sharing in chapter 5 and chapter 6). It is hard to determine if those countries see China as an ideal model to imitate, yet in the competing market of ideas, they have selected ideas and values appropriate and

pleasant to their level of development and the current political systems. In the CAFTA project, the Chinese message was suitable with developing methods of SEA countries at that time.

The Evaluation of Leadership. By successfully implementing CAFTA, China has established the largest free trade area "in terms of population and third largest in terms of nominal GDP" (China Daily, 23.10.2013). Along with its growing power resources, CAFTA can be regarded as a first effort in creating a formal framework institution to bind its neighboring countries in the SEA region into Chinese economic and political structure. The followership of the SEA states has allowed China to officially "institutionalize" its growing power resources by calling a hierarchical system in terms of ranking relations among related states in effect, which implies the long-term benefits of legitimate rule. At the level of position hierarchy, China is a dominant state, and other SEA countries play the role of client states under three following aspects.

First, trade patterns within CAFTA conform largely to a "hub-and-spoke" structure in the economic term, with China located at both the geographical and the economic center in the SEA region. For instance, by assuming the region's traditional position of manufacturing, the China-centric regional production network was formed. The SEA countries imports from China the finished product, while they exports the raw materials and labor-intensive products for Chinese manufacturing sector (Mu/Siam-Heng 2012: 131-132). Additional research points out that the construction of CAFTA was driving force for closer bilateral economic and trade relations between China with every single SEA country. The spill-over effect is also observed by the conducting the more deeply cooperation of both sides in ten fields, including "agriculture, ICT, human resource development, two way investment, Mekong Basin development, transportation,

energy, culture and tourism" (Jianren 2010)[19]. As the CAFTA will fully come into force in 2010, Yuan-denominated trade transactions as become an ever-stronger request in the ASEAN area (Global Times, 04.01.2010). The Yuan promises to emerge as crucial currency and mechanism through which the monetary East Asia coming structure was founded.

Second, integrating SEA states means allowing for a significant role in the region for China. The fundamental objective of China is that all nations will see China rise as a good thing, which brings a win-win situation for the whole region. Hence, Chinese influence depends partially upon an inter-SEA states convergence around the nature of China's rise for them as a threat or as an opportunity. By drawing them more closely into the Chinese "sphere of influence" in the less threatening way, it helps to reduce the "China's threat" posed by its growing power and historical experiences in dealing with China from SEA states such as Indonesia, Vietnam or Philippines. CAFTA serves not only for the stabilizing Sino-ASEAN political and economic relations, but also build a crucial milestone for creating a peaceful strategic environment, which is critical to China's continuing economic rise. If SEA leaders agree with China on the way in which Chinese principles and disciplines advocate in the regional economic integration process, Chinese dominance is more assured. More importantly, an emerging power such as China will potentially become in a position to make (not being a rule-taker anymore) that will "institutionalize" its advantage. The construction of CAFTA provides space for it to create mechanisms, both formal and informal, to gain access to the decision-making structures in the

[19] It should be noted that that the construction of CAFTA was also the driving force for regional integration process of East Asia, which directly and indirectly stimulate the negotiation and construction process of another FTAs such as in the region (Jianren 2010).

regional trade realm with the involvement of all of SEA states (Greenwald 2006). This would present a huge "hegemonic bargains" in terms of Ikenberry (1999), both in the economy and security realm as an author writes: "ACFTA can also be seen as China's legal response to its growing economic prowess both as a method of engaging its neighbors in a win-win situation and as a means to influence the formation of international economic rules" (Greenwald 2006: 216-217).

Thirdly, the success of CAFTA, in the view of the balance of power in the region, allowed China to exercise hierarchal political control over the rule of game and functioning of the order. It is the first time that China acts as a rising liberal power attracting other neighboring states to join its system while excluding the U.S. from East Asia region and competing with Japan as the regional leader. By excluding other major powers (explicit American presence) and promoting an "Asia only" arrangement, a regional hierarchy dominated by China with the subordinate positions of SEA states was established. As CAFTA was being created, it was bereft of support as the vehicle for the more project of building a China-led cooperation. An emerging hemisphere was created, which was labeled as a first outline of a "China-style Monroe Doctrine" (Wang 2009).

As such, does the success with CAFTA help to enhance the Chinese position on the leadership scale? Based on the hierarchical division presented in the chapter of theoretical framework, two indicators show that China is on the good track to improve its position. The first one is the new forming institution consists of only China and SEA states. The exclusion of other great powers enables China to guarantee its advantageous power in the game with lesser states. The second one is the new production network, which has just been established placing China at

the center and demolishing the exclusive economic structure led by the US or Japan in the East Asia. However, it is noteworthy that regional or international trade in the globalization is hardly defined by the model of hegemonic leadership, in which one country as the only power leads all other nations. An economist has metaphorically used the image of a "spaghetti bowl" referring to the complexity of FTA signed by countries and still on negotiations [20] (Bhagwati 1995). Likewise, a concept of shared leadership is appropriate when touching upon the East and Southeast Asian trading systems. Big powers such as China, Japan and the USA, through their free trade projects, try to create trading structures not only to foster the common prosperity, but to enhance their economic and political influences as well.

4.3 Conclusion

In this chapter, I have applied the theoretical framework presented in chapter 2 to the case of CAFTA. China's success in achieving their goals in regional politics by constructing CAFTA is essentially due the support of its leadership by SEA states. The empirical sketch showed that China has provided more components of the inclusive leadership type, which were

[20] Being assessed to go behind China in fostering a Free Trade Agreement with ASEAN, Japan chose to conduct bilateral negotiations. From 2002 up to now, Japan has negotiated and signed FTAs with Singapore, the Philippines, Malaysia, Thailand, Indonesia and Vietnam. Tokyo is also a member of the Trans-Pacific Partnership (TPP) together with the US and four SEA countries of Brunei, Singapore, Malaysia and Vietnam. TPP finished its 19th round in August 2013. Beside, it should be taken into account the initiatve of the Free Trade Agreement between ASEAN nations and ASEAN's FTA partners of Australia, China, India, Japan, Korea and New Zealand (RCEP) which is expected concluded by end-2015.

conceptualized here as conditions for leadership acceptance. With regard to China's project in regional free trade realm, SEA states apparently agreed to accept Chinese regional leadership. By exercising or accepting power sharing embedded in these agreed upon rules and institutions, and convincing the foreign elites that it is in their best interest to do as he wishes, China could get a new hegemonic era in which China's leadership status was broadly acknowledged.

Thus, China's efforts to conduct a leadership project based on offering incentives sharing, might not have achieved the necessary credibility due to China's behavior. While CAFTA as a free trade project can be regarded as a contribution to the regional public goods, the private goods, which SEA states receive by joining the China's project is not clearly defined. In shorter terms, the "Early Harvest -Programme" of CAFTA allowed SEA countries get early access to the Chinese market. Thereby, they could have the benefits of a free trade agreement before the CAFTA come in force. But in long term, fears amongst industries that any additional threat could "kill" their ailing industries.

Table 8: Summary of Findings (China-ASEAN Free Trade Agreement)

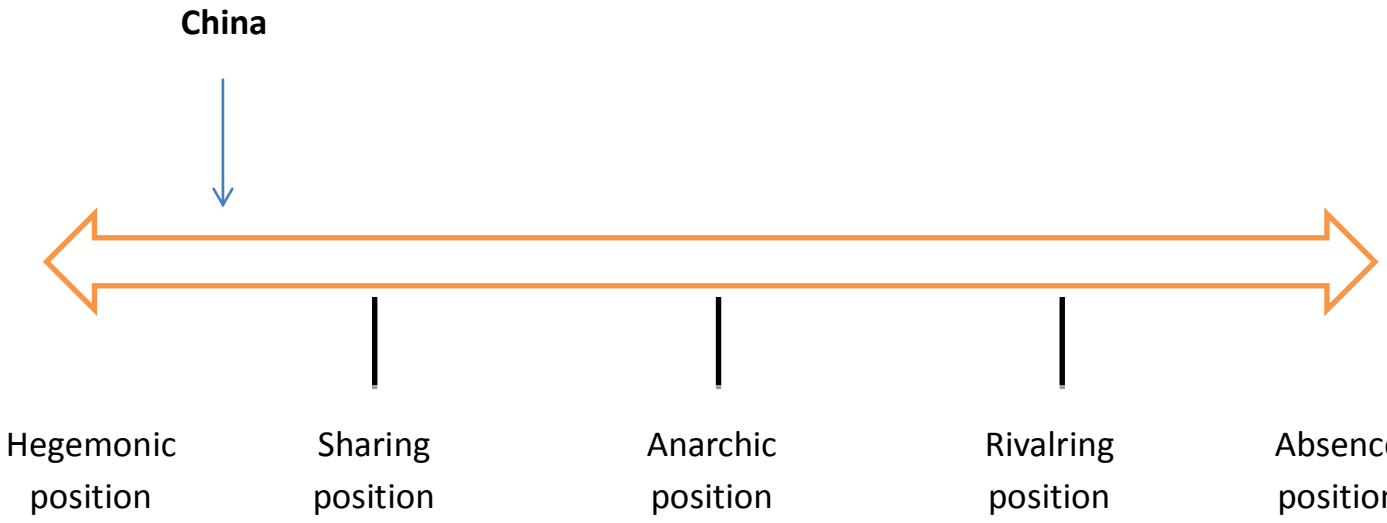
Hypothesis	Outcome	Indicators
Power Sharing	Yes	Self-restraint of power through multilateral arrangements Dispute Settlement Mechanism between China and ASEAN
Incentives Sharing	Yes	Provision of public goods: Creating the regional free trade system; "Early Harvest Program" Provision of private goods: special and differential treatment of new ASEAN members
Vision Sharing	Yes	"New Security Concept" "Peaceful Development"

Source: author's compilation

China's leadership role in creating a free trade zone with the SEA states gave its privileges by having two major bargains: economic and political. The economic bargain grew out of the trade and investment interdependence between China and SEA stats, which was fostered by establishing the CAFTA. It would lead to greater pressure on to conform to China´s trade policy objectives. More importantly, being a first among equals (with the small and middle countries in Southeast Asia), the political goal achieved though CAFTA was not only ensuring a

peaceful environment close to home, but also securing China's growing influence within agreed-upon rules and institutions and partly counterbalance American and Japanese power. With the success of this project, does the Chinese position climb on top in the regional trading relations? Within the SEA, substantial evidence supports a yes to this question. Thanks to the establishment of an intra-system reducing the US' hegemony and Japan's influence after the successful FTA with SEA states, China is near to the place of a hegemonic leader marked in 2002. In a wider scale, and considering features of the global trading structure containing complex FTAs, we can see China as one of the regional leaders sharing with powers of Japan and the US.

Figure 5: Chinese position (China-ASEAN Free Trade Agreement)



Source: author's compilation

Chapter 5: China and the East Asia Summit 2005

5.1 Background

Based on Malaysia's former Prime Minister Mahatir Mohammed's idea of an "East Asian Economic Caucus", the conception of the East Asian Community has been discussed by many scholars and politicians over recent years (Lim-Sing 2008). After the achievement of ASEAN+3 in 1997, some suggestions were made by ASEAN leaders of building up an East Asian Community through the ASEAN+3 framework (Tanaka 2006). As a result of these suggestions, the East Asia Summit (EAS) -based on the an extension of these cooperative frameworks- was created in the mold of an Asian version of the "European Union". The EAS can be regarded as the first step to promote supra-regional integration in East Asia in order to establish an East Asian Community (Malik 2006).

At the early stages, the EAS was expected to play an important role in the development of East Asian regional cooperation. As a "historic summit meeting to be held with a view to establishing a future East Asia Community" (cited in Vaughn 2005), it was also an indicator of great power games in the region, where China's rise has changed the geopolitical landscape. The new initiative is a part of the incessant search of great powers in East Asia for the regional

leading role, in which it should be taken into account the positions of China and Japan. In the second summit of the EAS in 2007, the Chinese Prime Minister Wen Jiabao stated that the EAS should be employed to establish a strategic foundation for exchanging ideas and facilitating cooperation between countries. For China, this is a "strategic choice made in the interests of China's own development and in the common interests of the region" (Boyd 2004).

In this aforementioned context, the formation of the EAS regarding the inclusion and exclusion of participating members has become a "hot spot" in terms of diplomacy and politics of great powers. One of the first tasks when establishing a regional organization is to define geographic boundaries. Without an explicit boundary, the "region" of the formed organization cannot be defined. The basic foundation of a region is a shared geographic location, or, more broadly, a common civilization. Outside countries which are invited or not invited to join the region are often considered through the prism of balance of power, the sharing of economic benefits or cultural values. Therefore, the first discussion regarding the first establishment of the EAS in 2005 was focused on which countries could and could not be invited to join the organization. This debate turned around two main approaches to the EAS: an open organization seeking the participation of outsiders or an EAS based on the ASEAN "Plus Three" members (i.e. ASEAN countries, Japan, China and South Korea).

Each countries' competitiveness in accomplishing its proposal regarding the formation of EAS membership in 2005 presents us with a typical case of the leadership dynamic in East Asia (Narbes 2008; Park 2013). Japan and China pursued different choices derived from their dissimilar interests, calculations and visions about an institution in charge of coordinating diplomatic and political issues of the whole region. This case also explicitly shows the methods

that the two would-be-leaders use to influence SEA countries to gain followership for their leadership projects.

Table 9: Key Dates on the East Asia Summit 2005

Date	Event
2004	At the ASEAN Plus Three Ministerial Meeting held in Laos, the East Asia Summit (EAS) was created
2005	The first EAS meetings are held in Malaysia. The EAS includes the membership of India, Australia and New Zealand.
2010	The United States and Russia attended the 2010 EAS as 'Guests of the Host'
2011	The United States and Russia joined the EAS

Source: author's compilation based on ASEAN website (2014b)

5.2 Analyzing China's leadership projects

As presented in the introduction, the Chinese leadership project focuses on designing an EAS mechanism that takes a restrictive approach to the membership issue. Although recognizing that the definition of "East Asia" should not be limited in the geographic understanding, the Chinese government clearly demonstrates their opinion that the formation of the EAS should be based on

the APT countries. As such, Beijing seeks for eliminating outside countries from participating in this regional organization (Malik 2006; Reddy 2010). Several reasons may explain this position. First, China believes that keeping the EAS restricted to APT countries will serve to create a new economic order, in which China, thanks to its rapid and strong economic growth in recent years, will occupy the central position. Second, China assumes that opening the EAS means opening the way for countries, which are the American allies or strategic partners to become involved in the region. Within the changing security environment in the Asia Pacific, an open EAS consisting of participations of countries such as Australia, New Zealand or India (seen as a new great power of the Asia) will naturally create a balance of influence, which may pave the way for a US-center hub-and-spoke security-alliance system. This may negatively affect Chinese calculations and its regional impacts.

On the other hand, viewing the ASEAN +3 as a crucial means to shape the East Asia community, Japanese officials believe that the features of the EAS will not be harmed by accepting more members from outside of the region. Issue Paper of July 2004 prepared by the Government of Japan asked the question, "If the membership [between the APT and the EAS] is the same, is there a merit in holding an East Asian Summit?" (Ministry of Foreign Affair Japan 2004). The Tokyo government supported the idea of non-restriction of members and even argues that it is necessary to include outsiders who share the same benefits and security objectives as extant members of the community, such as Australia, New Zealand and India. Japan has continuously supported the inclusion of those countries within the EAS to improve the organization. Japan even tried its utmost, although finally failed, to facilitate the participation of the US as an observer in the first EAS (Park 2013: 103).

In the meantime, the various approaches of the EAS membership have divided SEA countries, from which have emerged two main parties. Supporting the Chinese idea, Malaysia presents its objection to the participation of Australia and New Zealand to the organization, as well as advocating an EAS consisting of SEA and East Asia countries. Thailand is also assumed to follow the Chinese position, although there are not many explicit indicators showing the vigorous support of the Thai government. In contrast, other SEA countries favor opening the EAS, including countries outside the region. For instance, the Indonesia President Susilo Yudhoyono said that the two countries should be included in the EAS in his official visits to Australia and New Zealand in April 2005 (Wilson 2012: 8-9; Indonesian Embassy in Canberra 2011). The Singaporean government also emphasized the interests of an open regionalism for ASEAN, with the involvement of other countries such as Australia and India. Singapore also assisted India in presenting at two East Asia Summits and supported Indian membership in the United Nations Security Council (Vaughn 2005; Ting 2009: 133-135).

The first EAS in December 2005 is assessed as pleasing the two powers of China and Japan when it reached a consensus about "ASEAN's role as a driver in the East Asian framework" (Ministry of Foreign Affair Japan 2005). However, in terms of structuring the EAS and approaching membership issues, China has failed to persuade most of the SEA countries to follow its idea. Despite China's efforts, the SEA countries chose to allow non-regional powers to join in the EAS. After realizing that some ASEAN countries were determined to invite non-APT countries, Beijing tried to separate the participating countries into two groups in the EAS, which were described as a core group and a secondary group (Malik 2006), a position that met strong opposition from Japan. The EAS was ultimately organized as "a non-exclusive regional institutional framework discrete from the APT, including countries outside the region" (Ministry

of Foreign Affair Japan 2005). This non-exclusiveness allowed other world great powers US and Russia to become observers in the organization and then become official members of the EAS in 2008. The Chinese failure on the membership issue has led to questions about the type of leadership project provided by China. The following section, hence, will examine whether the Chinese leadership project inclines toward an inclusive or extractive type by examining three factors: Power Sharing, Incentives Sharing and Vision Sharing.

Power Sharing. Power sharing in this dissertation is argued to be an important factor for a would-be-leader to gain the followership of weaker countries. The main logic of this mechanism is to create a secure impression for weaker countries without threats of direct force (in case the great country limits its power within institutional frameworks) or to facilitate weaker countries‘ ability to raise their voices and (partial) involvement in decision-making processes. Adding autonomy and ability to approve a particular decision are seen as the driving force for weaker countries to accept the proposals of cooperation from greater countries, as argued by Ikenberry (2012: 195): […] “the more that a powerful state is capable of dominating or abandoning weaker states, the more the weaker states will care about constraints on the leading state’s policy autonomy”. From this perspective, the Chinese approach to design an exclusive EAS goes against characteristics of power sharing, presented in the two following points.

First, in the context of regional power shift inclining towards the rising power of China in the Asia Pacific, restriction of membership in a regional organization affected the balance of power of participating countries. In the APT process, China plays the role of a guest, while ASEAN is seen as the host. The proposal of improving the APT and transforming into the EAS are assessed as a way that China looks for “an equal footing” in the region (Hamanaka 2008: 68).

Besides this proposal, keeping original members of the EAS, including SEA countries and North East Asian countries, creates worries for SEA countries, which fear that the EAS will be dominated by great powers, especially the rising ones such as China. SEA countries are medium and small economies. Their foreign policies have to determine how to balance internal and external powers. This leads to the attempt to involve other powers which interact closely with the region. Hence, the participation of India, Australia and New Zealand is considered as ensuring the central position of ASEAN in any activities of the new emerging East Asia community, in which India is also expected to act as a counterweight to China[21].

Taking advantage of the SEA countries' concerns about a regional order centered around China, Japan objects to the creation of an EAS only based on the APT, as China proposed. Although holding the desire of become a regional leader and of occupying the leading position in forming the East Asia community, Japan still suggests placing ASEAN in the central position. Alongside this fact, the Japanese proposal to involve outside countries (including economic and military powers)[22] proves a multi-objective strategy. On the one hand, it seeks alliances sharing

[21] Some SEA countries avoid confronting China in various issues in order to ensure a tight relationship with this rising power. On the other hand, they are also keeping good relationships with other great powers such as the US as a classical "hedging" strategy. The Singaporean Prime Minister Lee Hsien Loong has stated that "ASEAN does not want to be exclusively dependent on China, and does not want to be forced to choose sides between China and the United States or China and Japan". He also reportedly stated "if the world is split up into closed blocs or exclusive spheres of influence, rivalry, antagonism and conflict are inevitable" (cited in Malik 2006: 39; Vaughn 2005: 5).

[22] Toshihisa Tanaka, a deputy director-general of the Foreign Ministry's Asian and Ocean Affairs Bureau said: "We are of the view that ASEAN continues to be the driver of our efforts […] or according to their own description a 'safe driver'. It is true maybe that Japan alone cannot occupy the driver's seat […] Maybe if China occupies the

Japanese interests and values (which will be explained in more details in the section on vision sharing). On the other hand, which is more important, it hopes to prevent Chinese domination by creating a counterweight with regard to economics and diplomacy. Efforts to attract outside countries to the EAS also create a precedent principle: this is an open organization consisting of non-regional countries, hence there is no reason to exclude other Asian powers outside the region, especially the US - the most important ally of Japan.

The case of EAS 2005 showed that the more the weaker states care about being dominated by the powerful states, the more they try to adopt policies to reduce those opportunities. The Chinese approach for an exclusive EAS created worries about using power without any controlling mechanisms. This was seen as a way that powerful states design regional frameworks through which they can easily employ their power. During the formation of the EAS, the transformation of membership based on APT model would not create more opportunities for medium and small SEA countries to raise their voices or have an impact on the decision-making in ways that benefit them if their ideas were contrary to the Chinese. Therefore, during the preparation of the EAS establishment, SEA countries (publicly or semi-publicly) conducted diplomatic support for opening membership to non-SEA countries.

Incentives Sharing. This section probes the questions about the material incentives provided by China and their influences on motivating SEA countries to accept China's proposals. The case of EAS 2005 is a typical case among the selected case studies, as China is located in the situation of having to compete for leadership with other countries, in particular Japan. These two

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single driver's seat for Asian cooperation efforts, well, we may feel a little bit uneasy. So, in that sense, we continue to rely on ASEAN as a 'safe driver' for our joint cooperation" (cited in Park 2013:105).

countries have established good relations with SEA countries over a long period of time and since then have been trying to turn these economic advantages into political influence. In the long period of time since the 1997 Asian economic turmoil, China has proved to be able to act as a prosperous provider and to lend the region material support to help SEA countries to solve their domestic, economic and social problems. Two typical examples of this support are two regional economic projects, one of which focuses on building a free trade zone between China and ASEAN (for more details, please refer to the analysis of the economic benefits ASEAN countries enjoyed through the China/ASEAN Free Trade Agreement in chapter 4). The other consists of attempts to develop the Mekong River Basin – often known as the Greater Mekong Sub-region – into a cooperative area for comprehensive development between China (represented here by the local government of Yunnan Province) and the GMS countries (for more details, please refer to the analyses of the material incentives China provides for regional development through development and economic assistance in chapter 6). These two projects form an important foundation for China's plan for participation in sub-regional development within the East Asian region, and especially within SEA countries.

China has not only made efforts in the provision of regional public goods, but also has taken advantage of existing economic relations with each of the SEA countries as an element in the promotion of successful regional cooperation. Since actively participating in the East Asian economic community, the benefits reaped by other countries from doing businesses with China have become more and more apparent, along with China's rapid economic growth and outward tendencies. In particular, since 2000, the benefits from doing business with China have been proven in figures. With some of the newer ASEAN members such as Laos, Cambodia and Myanmar, China has occupied a relatively high position in both two-way commerce, FDI and

ODA. For instance, from 1990 to 2005, China's exports increased 12 fold, from USD 621 billions to USD 7620 billions, and imports have also increased at the same rate, from USD 534 billions to 6601 billions (Tran 2007).

With older ASEAN members, Chinese corporations are advancing forward in regional investment with state-owned enterprises, and China's FDI for SEA countries have increased to the amounts of USD 1.5 billions, USD 0.6 billions, and USD 2.5 billions in 2004, 2005 and 2006, at a rate of 4.3, 1.5 and 4.9 percent, respectively (Shen and Chen 2010: 29). Some ASEAN countries have also succeeded in entering the Chinese market. For example, from 1992 to 2004, ASEAN industrial goods exports have increased threefold, particularly among exports to China, which have increased 16 fold (Tran 2007). Regarding ODA, China's role has also proved to be an important and influential newcomer in relations with the countries here (see the analysis included in the case of the Greater Mekong Sub-region). As regards the ASEAN+5 countries, there has not been adequate indication supporting the argument that China has an important role in providing aid to these countries. A few different sources point out that, for example, in 2002 China provided one RMB50-million aid for economic and technological development, 400 million Asus in concessional loans for Indonesia as an addition to the cooperation between the Chinese government and Pertamina, an Indonesian state-owned energy company (Cheng 2004: 270).

In general, SEA countries have started to benefit from the rise of China from various channels and in various forms. From 2002-2005, in bilateral and multilateral terms - the benefits for ASEAN countries from cooperating with the Beijing government have been documented by announcements or official evaluation from ASEAN's political leaders (for more details, please

refer to the analyses in chapter 4). However, China is not the only country in the region on which the nations here can rely economically. Since before and throughout the 2000s, Japan has always been presented as an important economic partner with SEA countries in all three terms – investment, commerce and ODA. In 2005, exports from Japan and imports from ASEAN were higher than the amount of exports and imports between ASEAN and China (Japan-ASEAN Centre a.d.). In terms of investment and overseas aid, Tokyo's official development support is the most important source for the social and economic development in ASEAN countries. According to the Office of Foreign Affairs, Japan provided ODA of a worldwide yearly average of ten thousand billion dollars from 1997 to 2010, nearly 15% of which went to East Asia from 2002 to 2005 (Ministry of Foreign Affair Japan 2010). Japan is also the pioneer in building and providing regional public goods, which has played a foremost role in boosting regional cooperation (see the analysis of Japan's role in the case of Chiang Mai Initiative in chapter 6 and Great Mekong Sub-region in chapter 7).

Vision Sharing. The case of EAS 2005 could be seen as a typical example of the interaction of a would-be-leader and its would-be-followers through establishing and transmitting its vision. Regarding China as a case study, empirical research shows that Beijing has tried to compete with other countries by buying "into the hegemon's vision of international order and accept it as their own" (Ikenberry and Kupchan 1990: 284). The main competitor of China in this case is Japan. The Tokyo government -as aforementioned- wishes to build up an East Asian community in its own imagination through the EAS. The competition of China and Japan to become a "spiritual leader" has manifested in the two following visions. First, East Asia should include only Asian people, as Beijing has argued. Second, East Asia should be an open region involving other outside countries. The two visions actually clash in terms of membership

record when countries push up for an EAS structure. According to Fukuzawa Yukichi, this is a vision struggle between an "exclusive regionalism (i.e., Asianism) and a more inclusive, open regionalism (i.e., Pacificism)", or in other words, is "Asian-only regionalism vs. Asia-Pacificism" (He and Inoguchi 2011).

The Chinese efforts utilize the similarity of culture and identity between countries in the region to persuade other countries to follow its idea. Likewise, collective identity plays an important role in forming "East Asia" since it creates a shared understanding, expectation and knowledge between country members and thus orientates appropriate actions and behaviors. No common collective identity will be a great obstacle for a group of countries forming a community. Derived from this ideology of a Pan-Asia, the Chinese vision considers countries such as Australia, New Zealand and India as different ethnicities and cultures and the "East Asian nature would be lost" (Chu 2007), if the EAS include the particiapations of those countries. People's Daily, the Chinese official organ, has criticized attempts to include outside powers, saying this will divide the EAS into two blocs, one called the "insiders" (including China and old members of the ATP) and one called the "outsiders" (consisting of the latter countries) (cited in Malik 2006: 4).

Contrary to Beijing's vision of a closed East Asia, a "broader Asia" is the vision that the Japanese government followed and promoted. Selecting outsiders to participate in the EAS not only aims to search for counterweights (as presented in the part of power sharing) but also tries to admit partners sharing the same political values. Opposing the creation of an EAC as an exclusive entity, in his speech in Singapore in January 2002, Japanese Prime Minister Koizumi suggested the participation of Australia and New Zealand in EAS, together with the APT

members (cited in Park 2013: 103; Yul 2012). The presence of "democratic countries" such as India, Australia and New Zealand would help to disseminate common ideas and affect the formation of an East Asian community carrying a shared ideology that Japan wishes to foster. The Japanese belief in "universal values, such as human rights and representative democracy", means that it encourages "the democratic nations located at opposite edges of these seas [to] deepen the friendship among their citizens at every possible level to include one specific nation that the East Asia Summit did not include at that time, namely the United States" (cited Terada 2011: 8).

As presented in the first section, the approaches of Japan and China are based on two different visions about the EAS formation and have received dissimilar responses from SEA countries. The Malaysian support to China is the most significant as Beijing's vision is shared by Kuala Lumpur. This can be seen in the statements of the Malaysian Prime Minister Mahathir Mohamad. As an advocate of Asian values, he states that individual liberalism is not suitable for East Asia and other Asian countries, which possess capabilities of creating and developing their own values. Dr. Mahathir is also viewed as a strong critic of the West, especially after the Asian financial crisis 1997. He is among representatives of the idea of the identification of East Asia through exploration of "the other". Development of the contemporary East Asian regionalism (by creating regional cooperative mechanisms) as aforementioned should be based on a collective identity of countries sharing the same culture and values. As such, Malaysia opposed the participation of Australia because of differences in geography, culture and ideology, as this

country is viewed as an efficient assistant of the American hegemony in the East Asia.[23] The Australian role in the IMF reaction to the crisis in 1997 tarnished the image of the United States in solving regional issues (Beeson 2003b).

In the mean time, other SEA countries, particularly Singapore and Indonesia, share the Japanese vision. Analyzing the vision of those countries' leaders in support of an EAS with openness and inclusiveness provides evidence that their approaches argue that "identities are constructed in a purely relational manner". "Who are we?" and "Where do we draw the borders?" are questions that are raised (Nabers 2007: 57-58). Answering them unilaterally or dogmatically (such as only accepting countries with the same regional location or belong to the East Asian culture to participate in the EAS) is denied by the countries' leaders. Depending on each argument, path-dependent ideas should bear the strongest influence on their decision. For instance, Indonesian President Susilo Bambang Yudhoyono called for the fostering of the EAS community to work for democracy and human rights among member nations, a position which definitely did not receive support from China. The idea of constructing the EAS to be a community of democratic countries urges Indonesia to support the proposal to include three other countries outside the region (Sukma 2009; Vaughn 2011). Compared to Indonesia's, the

[23] Dr. Mahathir labeled Australia as "neither East nor Asian." He considered this country of "acting as the United States' loyal deputy sheriff" expressing his fear that "the views of Australia are likely to dominate". With regard to the role of Australia in the Asia Pacific, Malaysian Minister of Industry and Foreign Trade Rafidah Aziz stated that: "They are not [part of] East Asia. They will have to fit into the APEC process" (Asia Times Online, 08.03.2001). In the other context, he said: "Australia is basically European and it has made clear to the rest of the world that it is the deputy sheriff for America […]. Therefore Australia's views would represent not the East, but the views representing the stand of America" (The Sydney Morning Herald, 07.12.2005).

Singaporean approach of non-exclusive regional institutional framework is explained by the statement of the Prime Minister Lee Hsien Loong: "ASEAN does not want to be exclusively dependent on China, and does not want to be forced to choose sides between China and the United States or China and Japan." He also reportedly stated "if the world is split up into closed blocs or exclusive spheres of influence, rivalry, antagonism and conflict are inevitable" (cited in Vaughn 2005: 5)[24].

The Evaluation of Leadership. How do the results of the EAS impact the Chinese position regarding the formation of the regional hierarchy? China with its increasing power in the early 21st century has created a strong foundation giving this country opportunities to adjust regional diplomatic and political structures among which is East Asia's regional integration. The region is becoming more economically and to some extent politically and diplomatically centered on China since the Asian Financial crisis of 1997. The new formation of organizations and institutions may affect the US-led structure in the Asia Pacific established since the end of the Cold War in at least two ways. First, the creation of a regional framework for the future with emphasis on the concept of "Pan-East-Asia" based on the membership logic of ASEAN+3 excludes the involvement and influences of the United States in any Asian regional institution. Along with China's past success in ASEAN+China and the powers transition in the favor of

[24] Lee Kuan Yew ssuggested that: "We agreed that we should also invite India, Australia and New Zealand and keep the center [sic] in ASEAN; also India would be a useful balance to China's heft. This is a getting-together of countries that believe their economic and cultural relations will grow over the years. And this will be a restoration of two ancient civilizations: China and India. With their revival, their influence will again spread into Southeast Asia. It would mean great prosperity for the region, but could also mean a tussle for power" (quoted in Elegant & Elliott 2005)

China in recent times, an exclusive EAS approach would give more weight to China's foreign policy and sphere of influence, a scenario which undermines core US interests and its strategic role (Kurlantzick 2007). As Secretary of State Rice has stated, the United States "has some concerns that the East Asian Summit will be inward looking and exclusive" (Agence France Presse, 25.02.2005). An ASEAN-Plus-Three-based EAS would also "[…] weaken Japan's influence" (Tanaka 2006), as Japanese observers have commented. As a crucial member of the US alliances in the Asia Pacific, Japan will face power competition with China in creating collective framework on economic or even security affairs of the East Asia if the EAS does not include the US and American allies.

Another means of influencing the building up of the EAS as proposed by China is that it could enhance "'regional awareness', or the 'shared perception of belonging to a particular community'" (Beeson 2006: 547-548). This regional awareness in the SEA was formed during the economic crisis of 1997, particularly as political responses to this crisis. From the perspective of East Asian states, "the contours of post-financial crisis regionalism are, by state design, aimed at restoring to Asia a greater degree of political power and autonomy vis-à-vis the rest of the world, and the US and the international financial institutions it controls, in particular" (Bowles 2002: 245). These consequences give support to the idea reflected in substantial Asianism that assumes the Unites States' perceived role as an outsider within East Asian regionalism. Excluding the external actors in the EAS, which do not share the same density with the countries in the region, will help to "determine the region's future institutional architecture and the possible development of an East Asian Community" (Beeson 2006: 548). An exclusive regional institutional framework emphasizing the East Asian deal with the outsiders was quite negative from the standpoint of the states.

However, an EAS defined on Chinese terms was not feasible. China's leadership proposal in pursuing the concept of East Asia cooperation was rejected by the majority. Moreover, the outcomes of the December 2005 EAS have shown that Japan's diplomacy was construed as a "very distinct and effective form of Japanese leadership" (Nabers 2008: 24) and was assumed to take a better leadership position when meeting stronger consensus from SEA states. The first EAS was quite distinct from the APT, which included Australia, India, and New Zealand; then its rules of openness and inclusiveness facilitated the US and Russia's participation in 2009. With its more secured role in Asia through the inclusion to the Asian regionalism, Washington would "be better positioned to support the region's democratization; to help shape the future of China – an Asia's key actor; and to tolerate Asian trends and institutions that do not include the US" (Kulantzick 2007: 76). An organization limiting outsiders' participation, especially the US', has not come true and has failed to help China mobilize other countries to accept its (only) leading position heading to a hegemonic leadership in a forming structure in the East Asia. This is proved by the absence of the three indicators mentioned in the chapter of theoretical framework, which are establishing a new political-military alliance; building up a network connecting countries in the region, in which emerging powers are hubs while other countries are spokes; and changing the emerging powers' positions in the existing organizations which can be recognized by indicators such as increasing voting rights or owning veto rights.

Although not successful in transforming the EAS to the hegemonic leadership, the chance that this mechanism becomes a sort of "sharing leadership" after 2005 has been happening. For China, this is the next step after its success in the multilateral approach with the formation of the Chiangmai Intitiave (in 2000) and the CAFTA (in 2002). Not being able to exclude involvement of the outsiders, China accepts a role in sharing the leading position with other powers when

establishing the East Asian community. China holds a special higher position than small and medium states in the region do, and EAS may be the game of only the US and China. However, the EAS structure can ensure to eliminate the chance a country will become and hegemon and dominate other states, despite its continuous development in terms of both economics and military. China may need more "reforms" to lead the EAS diplomatic structure to the path that Beijing desires.

5.3 Conclusion

The case study of the EAS 2005 provides us a significant example of leadership rivalry in international relations, especially focusing on the question of how an emerging state utilizes its resources to attract the followership of neighboring countries. Both owing to their respective desires to hold the leading role of the East Asian community, China and Japan have joined a competition employing their leadership projects. China wishes to establish an EAS based on APT's members in order to enhance its role within the East Asian institutions and overcome its status of "guest". Moreover, Beijing expects it to be an ideal framework to minimize the American influence in the region. However, the Chinese leadership projects were not welcomed by many SEA states. The countries (except for Malaysia) chose to follow the Japanese approach which proposed an open EAS including countries outside the region such as Australia, New Zealand, and India. After the first EAS in December 2005, a new mechanism was actually formed following a Japanese proposal which received consensus from the SEA countries.

Analyzing the two hypotheses about the influence of leadership types on the outcome and successful degree of the Chinese leadership projects, which in turn affects the Chinese position

in the regional hierarchy, we receive a result quite close to the theoretical expectations. First, two of the three preconditions to create an "inclusive leadership" were not met by China. Instead of managing its quickly rising power (by limiting it within institutions or providing more autonomy for lesser states), China proposed the establishment of an EAS based on the ATP which worried other countries that the new mechanism would be abused by Chinese power. More importantly, the approach of "making the host and the guest exchange roles" was doubted by the SEA countries, who question whether that the rising power was keeping an eye on the driver seat undertaken by ASEAN. In addition, defining the region by cultural identities through questions of "Who are we?" and "Where do we draw the borders?", the Chinese proposal only received sympathy from Malaysia, which had supported the trend of "Asia belongs to Asians" for many years. One significant point, nevertheless, that makes the case of EAS has become different is that the Beijing government still provides material incentives for countries in the region, together with Japan. This can be seen as a critical point in favor of the hypotheses presented in the chapter of theories.

Table 10: Summary of Findings (East Asia Summit 2005)

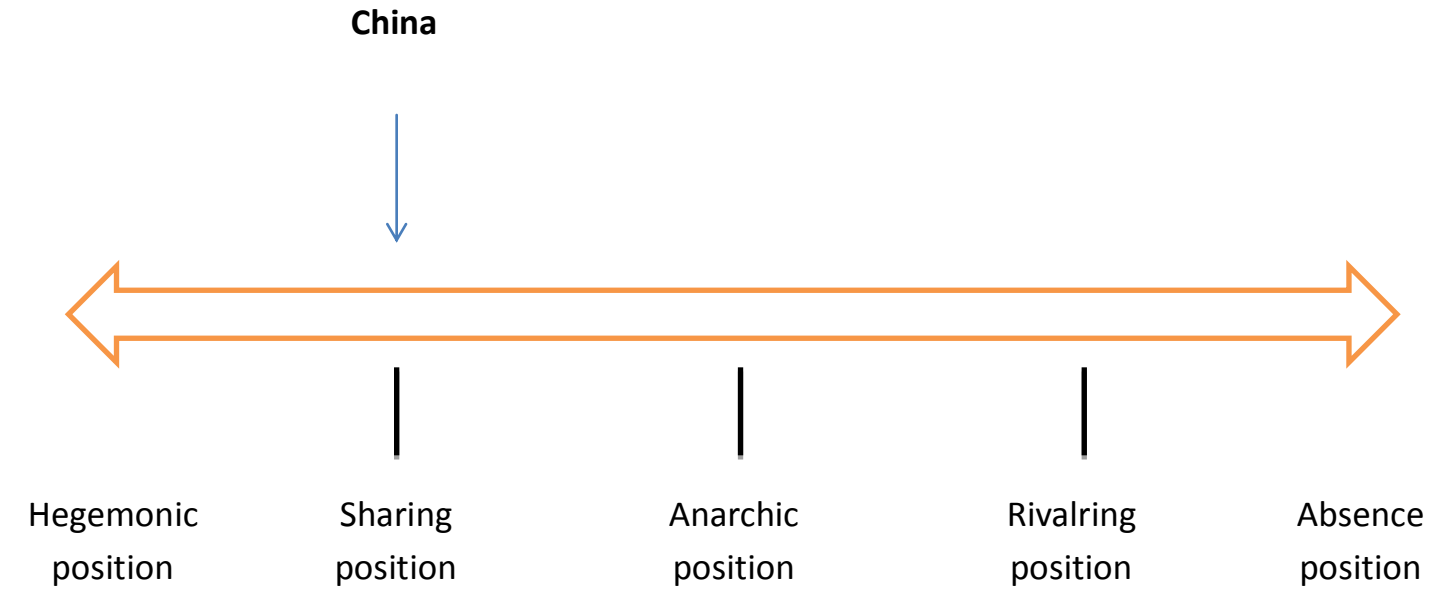
Hypothesis	Outcome	Indicators
Power Sharing	No	EAS only based on APT = more power asymmetry favor China and less opportunities for medium and small ASEAN countries to raise their voices or impact on the decision-makings process
Incentives Sharing	Yes	Provision of public goods: China-ASEAN Free Trade Agreement; Greater-Mekong Sub-region Provision of private goods : Trade, FDI and ODA to the SEA states
Vision Sharing	No	"Asian-only regionalism vs. Asia-Pacificism" "(Regional) Insider vs. Outsider"

Source: author's compilation

Since the turning point of 2005, the EAS has followed the way to include different powers within the same institution. From the Chinese perspective, the difference between a successful leading project and a failed one is that more countries are involved in the game, and many among which will be medium or great powers in future. The failure in the project prevents China from achieving a status closer to a higher position in the regional hierarchy, particularly the position of hegemonic leadership, given the fact the Chinese power is increasing rapidly and undeniably. The presence of the US in 2008, which is evaluated as a result of an open and

inclusive EAS, leads to a game with more counterweights for China and to a status of sharing leadership between them and China. Although not really a competitive mechanism (compared to other case studies presented in this dissertation such as the South China Sea or environmental issues at Mekong River Sub-region), the EAS after 2008 "will be led in the next decade by a new leadership whose attitude toward the United States and Southeast Asia remains untested" **(**Kassim 2012).

Figure 6: Chinese position (East Asia Summit 2005)



Source: author's compilation

Chapter 6: The Chiang Mai Initiative

6. 1 Background

As East Asia was being swept up by an economic crisis of historical proportions in 1997-1998 (together with the International Monetary Fund IMF-conditioned loans, which are -in the eyes of many countries hit by the Asian financial crisis- the "IMF crisis"), a regional mechanism of financial stabilization has become a core problem. The first proposal came from the Japanese Ministry of Finance to create a 100 billion Asian Monetary Fund (AMF). This particular proposal was opposed both by the US and China governments, which feared that the creation of such regional fund could lead to "Japanese hegemony" (from Chinese perspectives) and undermine the role of IMF by creating an unnecessary incentive for Asian countries to lend money with weak or inconsistent policy conditions (from the perspectives of US Treasuries) (Lipscy 2003: 96). Despite of the failure of AMF, the idea to find a "made-in-Asia" solution for the problem of short-term balance-of-payment deficits in the financial crisis continues on the road to enforcement.

At the meeting in Thailand, in May 2000, the ASEAN+3 Finance Ministers concluded to create a network of bilateral currency swap arrangements in East Asia under the name Chiang

Mai Initiative (CMI). Since then, the number and size of regional financing arrangement has been growing rapidly; sixteen bilateral currency swap arrangements amongst ASEAN+3 countries were reached in 2000-2004 with the total size of $36.5 billion (Lee 2009). The CMI was extended at the meeting ASEAN+3 Finance Ministers in 2009, which the finance ministers of ASEAN, China, Japan and Korea agreed to establish the Chiang Mai Initiative Multilateralization (CMIM) Agreement.

The key elements of the CMIM can be summarized as follows: "(i) The basic objectives of this CMIM Agreement are (a) to address short-term liquidity difficulties in the region and (b) to supplement the existing international financial arrangements; (ii) The total size of CMIM is USD 120,000,000,000 (one hundred twenty billion). Individual country's contribution, borrowing multiples and voting power are as agreed in the AFMM+3 in Bali in May 2009 and as amended in the AFMM+3 in Tashkent, Uzbekistan on 2 May 2010; (iii) Fundamental issues (total size of CMIM, contribution of each CMIM party etc) for the CMIM would be determined by a consensus approval at Ministerial Level Decision Making Body, which consists of ASEAN+3 Finance Ministers; (iv) A CMIM party which requests for drawing has to meet conditions before the voting for a swap request; such as completion of review of the economic and financial situation and no events of default. As well, each CMIM party is requested to comply with covenants such as submission of the periodic surveillance report and participation in the ASEAN+3 Economic Review and Policy Dialogue; and (v) The IMF-link of the old CMI is maintained: withdrawal from the reserve pool is conditional on an IMF program for 80% of the total funds available" (AMRO website 2013a).

Table 11: Key Dates on the Chiang Mai Initiative 2000-2010

Date	Event
1997	Proposal from the Japanese Ministry of Finance to create a Asian Monetary Fund
2000	Establishing the so-called Chiang Mai Initiative
2009	Extending the CMI and establishing the Chiang Mai Initiative Multilateralization (CMIM) Agreement

Source: author's compilation

6.2 Analyzing China's leadership projects

In 1997, China was a major opponent of the AMF idea, criticizing its attempt to increase Japanese influences in the financial realm and intensifying negotiations over the country's accession to WTO (Lipscy 2003; Amyx 2005). Yet, the Chinese approach towards Asian financial co-operation thereafter has changed. China has been actively joining in the building of semi-multilateral regional financial swap arrangements within the framework of CMI, organized strategic trilateral alliances with their Japanese and South Korean commercial banks and had a crucial function in the construction of the Asian Bond Fund (ABF) since 2003 (Sohn 2008: 310-311). China's leadership project promoting Asian financial cooperation since 1999 started by emphasizing its responsible attitude as a regional stabilizer in international affairs when it adopted a "more proactive stance" (Huotar 2012; Asia Research Report 2005), and contributed to

developing "self-help and support mechanisms" in East Asia[25]. The first substantial regional financial cooperation of "East Asia"-Asianism was driven by China's proactive attitude and has come into being in the early 2000s (Breslin 2007; Lee 2009). With regard to the to transform the existing BSAs into a regional foreign reserve pool with a "multilateral feature", Chinese premier Wen Jiabao 2003 first announced Beijing's plan to "propel the bilateral swap agreements into a multilateral Chiang Mai Initiative" (cited in Yuan/ Murphy 2010: 2).

In his talk so-called "Work Together For a Better Future Through Stronger Cooperation" at the 9th Summit of the ASEAN+3 2005, Wen stressed the "speed up the a multilateralization process of the Chiang Mai Initiative and explore the feasibility of putting in place a framework for regional financial cooperation" (China Daily, 12.12.2005). In order to "analyze the possibility of propelling the multilateralization of the Chiang Mai Initiative", a working group, chaired by China and Thailand, was formed at the ASEAN+3 finance ministers' meeting in 2006 (cited Yuan/ Murphy 2010: 2). The willingness to set up the reserve pooling as soon as possible can be even found in statements of Wen at the meeting of Leaders of China, Japan and South Korea 2008 (Ministry of Foreign Affairs China 2008), and in the joint interview of Finance Minister Jin Renqing at four-day annual meeting of the Asian Development Bank 2007 (China View,

[25] Liberalism, Realism and Constructivism offer different approaches to China's "more proactive stance" in regional financial cooperation since 2000. Emphasizing the domestic factors, China's policy and position toward Asian financial cooperation can be seen as a result of Chinese government's awareness of national financial security and "the collective learning of Chinese policy elites through cognitive dissonance, feedback (or legitimacy) effects and transnational persuasion" (Sohn 2008; Yang 2010). On the other hand, the great power struggle between China and Japan can interpret much of the shift in China's policies regarding regional co-operation (Grimes 2009, 201; Park 2013).

05.05.2007). This multilateral monetary facility was one of topics during a meeting in the Great Hall of the People between Chinese Premier and Japanese Prime Minister Taro Aso. Thereby Wen proposed to "push forward substantial cooperation between China, Japan and South Korea, promote the multilateralization of the Chiang Mai Initiative and the construction of the Asian bond market" (China Daily, 29.04.2009).

The following section aims to test the explanatory leadership types approach concerning the development of the CMI.

Power Sharing. As being presented in the main theories of this dissertation, power sharing is seen as the factor motivating SEA states to accept the Chinese leadership projects. It helps these power-disadvantageous countries to (i) predict (partly) behaviors of great powers hence can constrain them in some scopes; and (ii) raise their voices and stances in decision-making process. In the case of the CMI, previous research also utilizes the power-based approach to explain the behaviors of participants and outcomes of this process. The most significant one belongs to Grimes (2009, 2011), which argues the context of the great powers as the most important effecting factor. Behaviors of the US, Japan and China has explained the dynamics of CMI. Another author states that this is a counterweight strategy of the SEA countries to cope with hegemonic powers from G8 in the economic field. As many great powers involved in the same game at the same time, power struggles seem to be the most appropriate way to identify relationships of big players which, according to realism, are the crucial actors driving international politics. However, this approach is limited when ignoring the role of medium and small countries. They may be not the most essential actors, but their support or opposition (individually or collectively) can affect the final results, especially when the great powers, as argued by Park (2013), are located in the situation to "win the heart of potential followers".

So, how does power sharing influence SEA states' decisions? There are two versions that can explain this impact. The strong version stays close to arguments considering the Chinese rise in the early 21st century as an uncertain factor for the regional order. In order to solve this uncertainty, it should be smart to bind China to some particular framework, which SEA countries see as a "socialization" (Ba 2006) or an "omni-enmeshment" (Goh 2007) aiming to institutionalize and perpetuate power differentials in the region. Goh (2011: 12) persuasively argues that "by extending the ASEAN model to East Asia and the Asia-Pacific, ASEAN has institutionalized and legitimized the interests of smaller states in restraining and normatively taming the excesses of great power. This is manifested in the logistics, functions, and norms of the resulting institutions, which meet in Southeast Asia in conjunction with ASEAN's own summit their agendas set by the ASEAN Chair [...]". To SEA countries, the fact that China kept the value of its RMB after the 1997 crisis in Asia can be seen as a benign intention of China looking for the status of a responsible power. Nevertheless, to increase predictability for the intention and support for those who potentially provide financial security, an (hierarchically) ordered arrangement is needed to institutionalize obligations and rights of great powers. Financial cooperation within ASEAN+3 has offered the SEA countries a mean to sustain China's commitment in the region and to potentially manage disputes (if any) in the field of finance or currency (e.g. the exchange rate).

The second version focuses on analyzing features of the CMI and CMIM. In other words, its main argument assumes structures of organizations created various mechanisms that "help manage regional and extramural sensitivities […] (by) including measures to level the playing field between stronger and weaker participants" (Ciorciari 2011: 931). The ASEAN +3 Finance Ministers' Process, discussing the CMI's issues, for example, is designed after the model of

ASEAN representatives working with three East Asian countries. In each negotiation, representatives of ASEAN countries and the "+3" countries are divided into two separate rooms to discuss before the meeting in a common room. This helps SEA countries reflect their ideas through ASEAN as a unified mechanism. As such, multilateral negotiations repulse advantages that a stronger country may easily take in bilateral negotiations. Beijing's willingness to join negotiations within the framework of "ASEAN + China" provides some guarantee that China will not pursue the strategy of "divide and rule", also brings to ASEAN an equal position to other powerful partners of China.

When CMIM was established, it was assessed as a "self-managed reserve pooling arrangement" with a collective decision-making mechanism (Adams/Song 2010), partly due to its decentralized feature. Accordingly, the main contribution for the fund is still kept in the central banks of member countries. Member countries just negotiate and agree (by promises) to provide funds in case some country encounters troubles of liquidity (Chey 2009; Sussangkarn 2010). CMIM arrangement holds articles demonstrating efforts to balance viewpoints and interests of lesser states and three powers from the East Asia, as well as of potential lenders and borrowers. This is manifested in lending rules and surveillance practices. Sussangkarn (2012) states that: "As contributing partners, they would also be allowed to participate in various financial cooperation activities under the CMIM umbrella, such as surveillance and initiatives to support deeper financial cooperation in the East Asian region". So far, it could be summarized that collective influence and voice opportunities help to neutralize partly power differences, which is the most concern of medium and small states in the SEA about their larger northern neighbors.

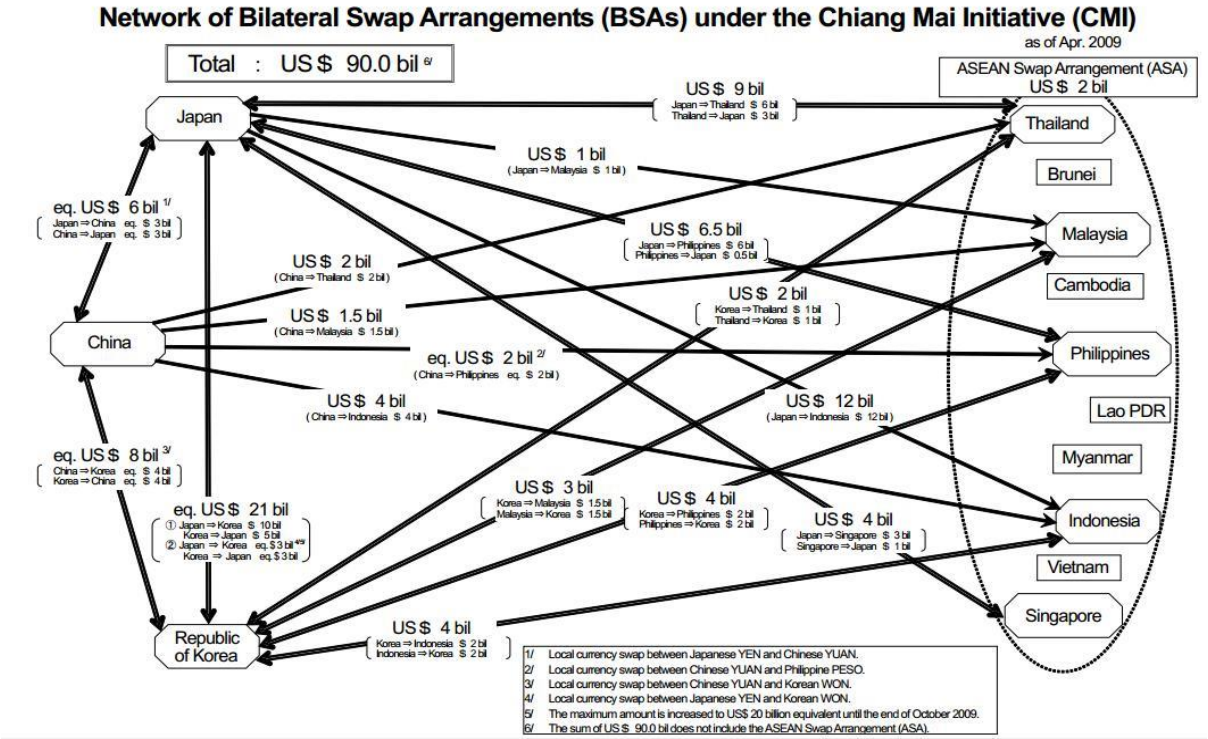
Incentives Sharing. The 1997-1998 Asian financial crisis was an important consequence that pressed East Asian and SEA states to recognize the structural weaknesses in their regional financial structure, which focused on the relatively large short-run balance-of-payment deficits. From the SEA point of view, the region has been experiencing over vulnerability to more powerful outside influences, both economic and political: "Not only were these economies decimated as foreign capital withdrew, but their economic systems came under sustained reformist pressure from the likes of the USA and the IMF as a consequence. […] What is significant about the recent crisis is that the vulnerable and dependent position of SEA meant that IFIs could attempt to extend this process directly to the domestic economies of the most badly affected countries" (Beeson 2002: 554). As the East Asian and SEA states strive to manage the challenges posed by unexpected negative impacts of globalization and the overextension of American-led IMF's power, one solution to the problem of economic vulnerability has been to develop a regional financial mechanism. This mechanism may fulfill important functions of a lender of last resort, who is willing to alleviate the temporary international liquidity problems in a major international financial crisis to another actors when they have no other means to raise funds (Beeson 2002, 2004).

The underlying logic of the Hegemonic Stability theory suggests that hegemony not only is the source of global stability, but also plays the role of the lender of last resort to ensure the stability for the whole system. Regarding to the role of hegemon in the world economy, Kindleberger (1974) is interested in the question of who will take the role of a coordinator and manager in international crises by providing short-term liquidity for countries in troubles. The presence of a hegemon can guarantee this function. Vice versa, the hegemon's absence means lacking of a leader to take the position of stabilizing, which was explicitly observed in the 1930

financial crisis. Under this perspective, CMI and BSAs are regarded as public goods, aiming to: "(i) address the balance of payment and short-term liquidity difficulties in the region; and (ii) supplement the existing international financial arrangements' like the International Monetary Fund" (AMRO website 2013b). Although there are still concerns about the CMI capabilities and later the CMIM in the role of a lender of last resort, this can be seen as a mechanism which supplements and ensures financial security for regional countries. Assessment on China as a provider of public goods is made by how the country contributed to the formation of CMI and CMIM.

In view of the Hegemonic Stability theory, Beijing satisfied two criteria. First, it provides finance to complete the CMI by the BSAs and CMIM multilaterally. The following figure is cited from the Japanese Ministry of Finance describing the BSAs under CMI. In late 2003, East Asian members agree with 16 new BSAs with the total amount of 45 billion USD. This number rose to 90 billion USA in April 2009. According to this model, Japan and China are the two focal points of these BSAs (besides the contribution of South Korea as the third hub, although at a more modest level).

Figure 7: Network of Bilateral Swap under the Chiang Mai Initiative



Source: Ministry of Finance Japan (2009)

Figure 7 also presents China as the most important "net lender" (Huotari 2012: 20) to SEA countries. From 2000 to 2009, China conducted BSAs with four SEA countries with the total value of 9.5 billion USA, including Thailand (2 billion USD), Malaysia (1.5 billion USD), the Philippines (2 billion USD) and Indonesia (4 billion USD). A noticeable point of these BSAs is that they are unilateral agreements, which mean China plays an essential role of solving problems of liquidity once a monetary-financial crisis happens to those countries. However, China receives does not much support from the BSAs due to their "unilateralism" in swapping currency (from Chinese Yuan to Filipino Peso, or Chinese Yuan to Thai Bath). Besides agreements with SEA states, China also signed BSAs with Japan and South Korea value 14

billion USD. These agreements are bilateral which can be swapped from Chinese Yuan to Japanese Yen or Korean Won and vice versa.

The transformation of CMI to CMIM in 2009 was fostered by the global financial crisis 2008-2009 with the expectation that CMIM will play as an Asian monetary fund helping reduce fragility for its members. The CMIM was upgraded to a total value of 120 billion USD and was expected to provide financial support through the currency swap system "for members facing balance-of-payments and short-term liquidity difficulties" (AMRO website 2009). The following figure shows the CMIM members' contribution. Among 120 billion USD, three countries of the East Asia contribute 96 billion USD, accounting for 80% of the total amount while ASEAN states contribute 24 billion USD, accounting for the rest of 20%. The two leading contributors for the CMIM are Japan and China with 38.4 billion USD of each country (China here includes Hong Kong with its contribution of 4.2 billion USD). Based on this contribution, three levels can be defined among the members. Level 1 includes China, Japan and South Korea (19.2 billion USD). Level 2 is ASEAN-5 including Indonesia, Malaysia, Singapore, Thailand and the Philippines in which the first four countries contribute around 4.77 billion USD each and the Philippines is a bit lower with 3.68 billion USD. The last level consists of Brunei and new members of ASEAN: Cambodia, Laos, Myanmar and Vietnam.

Figure 8: CMIM Contributions and Purchasing Multiple

Attachment 1 **CMIM CONTRIBUTIONS AND PURCHASING MULTIPLES**

	Financial contribution				Purchasing Multiple
	USD (billion)		(%)		
China	38.40	China (Excluding Hong Kong, China) 34.20	32.00	28.50	0.5
		Hong Kong, China 4.20		3.50	2.5
Japan	38.40		32.00		0.5
Korea	19.20		16.00		1
Plus 3	**96.00**		**80.00**		**-**
Indonesia	4.77		3.97		2.5
Thailand	4.77		3.97		2.5
Malaysia	4.77		3.97		2.5
Singapore	4.77		3.97		2.5
Philippines	3.68		3.07		2.5
Vietnam	1.00		0.83		5
Cambodia	0.12		0.10		5
Myanmar	0.06		0.05		5
Brunei	0.03		0.02		5
Lao PDR	0.03		0.02		5
ASEAN	**24.00**		**20.00**		**-**
Total	**120.00**		**100.00**		-

* Hong Kong, China's purchasing is limited to IMF de-linked portion because Hong Kong, China is not a member of the IMF

Source: AMRO website (2013c)

The second indicator proves that China provided public goods help accelerate knowledge and necessary skills for financial cooperation. ASEAN+3 Finance Ministers Meeting in August 2013 concluded to create a research group in order to "enhance financial cooperation and foster financial stability in the region" (Siregar and Chabchitrchaidol 2013). Studying results were

reported on the first meeting of the research group held in Manila in April 2004, where ASEAN+3 members decided to conduct research on four topics in later years. In the second year of the group, China provided financial support for research, besides Japan (Asia Research Report 2005). This is a noteworthy development which proves the Chinese stance of actively involving in the regional financial cooperation, and which Japan has retained an undeniable advantage in providing resources and skills. In the recent years, China has become more proactive in exchanging information, supporting techniques, organizing conferences about developing human resources and conducting research and training programs in its advantageous fields (Chan 2012; Asia Research Report 2005).

Vision Sharing. Previous research about the East Asian financial cooperation focuses on the notion of legitimacy, and argues that motivation for financial cooperation in the developing Asia is the legitimacy of global financial organizations, specifically the IMF dominated by the G7. Three factors that make this system become illegitimate under the Asian perspective are the "absence of wider participation (inclusiveness)", "absence of agreed systems of rules" (rule-governance), and "a fair sharing of adjustment costs and benefits" (fair returns) (Sohn 2007, 2011). As such, financial cooperation in the East Asia is viewed as a counter or reactional regionalism opposing unilateral imposition of the Western hegemons (Beeson 2003; Sohn 2007). After the crisis 1997, most of the East Asian countries assumed they were victims of "irresponsible policies" of international financial organizations led by Western countries, in which their critics specially focused on the neo-liberal one-size-fits-all approaches, in particular, the Washington Consensus of the IMF. Sohn (2011: 593) believes that the East Asia after the crisis was witnessing "a shift from the Washington Consensus to normative fragmentation invites both opportunity and uncertainty". Some other normative values were promoted when Asian

countries were: (i) losing self-help or self-deciding capability; and (ii) feeling a "bad treatment from IFI in crisis management". On the other hand, this normative fragmentation changed approaches of Asian countries to Western countries outside the region, especially the US. They viewed those states from the West as "outsiders" who did not share the same fate or future with regional countries. The indirect result of this thought was the highlight of the principle of "Asia for Asians" and precaution, or even negative responses, to the "Asia-Pacific" idea between SEA countries (Beeson 2006: 547-548).

The common experience that brought up the awareness of a shared identity between SEA countries is sharing "image of the region in adversity besieged by outsiders 'ganging up' in their attempts to exploit the difficulties that East Asian governments faced" (Ravenhill 2002: 175; Lee 2009: 11). Political leaders of SEA states see regionalism (especially in the field of monetary-financial cooperation) as a self-help mechanism in the crisis period. Three findings strengthen this argument include:

- According to the statement of Deputy Prime Minister Supachai of Thailand, his country "[we] cannot rely on the World Bank […] and the International Monetary Fund but we must rely on regional cooperation" (cited in Ziltener 2013: 369).
- Malaysia's fourth Prime Minister Mahathir Mohamad criticized the functions and roles of the IMF by calling for a regional monetary fund independent of the IMF: "We [East Asian countries] have to have an Asian Monetary Fund simply because the IMF is not as independent as it should be. As we know, there are other hands which are controlling it and those hands have other ideas contrary to the prosperity of East Asia" (cited in Sohn 2005: 496).

- President of the Thai Development Research Institute Chalongphob Sussangkarn stated that: "After the crisis, countries in the region had very little input in designing the prescribed medicines (mainly from the IMF) […] With vast financial resources in the region, East Asia needs to have more say in how the global financial system should be reformed" (cited in Sohn 2005: 496).

As China joined the regional financial cooperation later, the CMI is not a typical case of the Chinese leading position sharing vision to other countries. At a more modest level, when involving into the CMI, besides providing public goods as presented above, China succeeded to get vision consensus with countries in the region, particularly on two points. The first one is the consensus on the viewpoint that the Asian crisis did not stem from the Asian model but -in a wider scale- from the development model of the global capitalism. From the Chinese stance, dissemination of neo-liberal international standards will not be necessary guaranteed stability for domestic as well as global economy, but the so-called Washington Consensus should be examined as the main problem[26]. Although agreeing that some aspects of the Asian development model when being introduced to reality, Chinese strategists argue that the essence is contemporary economic order is distributed asymmetrically in favor of the Western countries (Sohn 2008, 2013). The view that the international economic crisis is systematic (in terms of

[26] According to Chinese scholars, globalization on the one hand means high degree of economic interdependence between regions and countries. On the other hand, it also leads to dissemination of the Western values, beliefs and Weltanschauung in different areas of the world. This, sometimes, may bring up various sorts of cultural imperialism. China, along with countries not depending on the West, is often see itself to be attacked by supporters of the Western economic models (e.g. the so-called Washington Consensus) and political systems (e.g. American democracy) (Yong/Pauly 2013).

global economic order and ideologies) and a source of regional crisis at different times is confirmed and further clarified during the crisis in 2008. Indeed, in the two crises of 1997 and 2008, there are findings strengthening this argument:

- A internal document of China claimed that "while the 1994 Mexico Peso crisis and 1997Asian financial crisis primarily resulted from global over-production and volatile international capital mobility, the victims of the crises were nation-states in the periphery, rather than the core of the world economy" (cited in Sohn 2008: 320).
- Li Ruogu, president of the Export–Import Bank of China and former vice governor of the People's Bank of China, stated that the global financial crisis "let us clearly see how unreasonable the current international monetary system is" (Financial Times, 17.01.2011).
- Wang Jianye, chief economist of the Export–Import Bank of China, has argued that "the existing international monetary system fails to reflect the fundamental changes in the world economy, and is no longer workable" (cited in Chin and Yong 2010).

Identifying that the root of the crises (both in 1997 and in 2008) stemmed from the global economic order, China emphasizes an awareness to develop a defense system with "pan-Asia identity" in order to avoid shocks from outside and from the behaviors of international organizations run by Westerners and the US. An author uses the term of "regional financial solidarity" to mention a collective understanding forming between East Asian countries about "instituting and safeguarding the so-called self-regulating market for economic development and stability" (Lee 2009: 3). Examining internal sources and ideas of the Chinese policy-makers and academia, Song (2008, 2013) states that the regional (financial) solidarity is increasingly aware

by China, which is presented in international negotiations and forums[27]. In general, the process of constructing the crisis origins and creating a vision emphasizing a "regional financial solidarity" helps China build up a close ideational bridge with its neighboring countries. This is proved by the fact that the parties have overcome differences between the governmental preferences and are heading to a consensus on establishing regional cooperation.

The Evaluation of Leadership. From "silent" objection, to superficial support, to enthusiastic participation and substantial contribution (Yang 2010: 604), China has shown in the both cases of CMI and its multilateralization (CMIM) its attempt to take a lead in multilateral cooperation in the Asia Pacific region. By signing a series of bilateral currency swap arrangements with Thailand, Japan, South Korea, Indonesia, Malaysia and the Philippines, China (along with Japan) became one of two states among ASEAN+3 acting as a potential net lender in a structure of a non-threatening "hidden hierarchy in vitro" (Lee 2009; Huotari 2012: 20). Despite the fact that CMI emerged out of earlier proposals to build an AMF of Japan, the role of China (both in term of leadership aspirations and actions) can be clearly established. Lacking this role may prevent the financial-currency cooperation in the East Asia, as assessed by experts (Dent ed. 2008; Breslin 2007; Benjamin 2010). From a realistic view, it can be seen that since the Beijing government changed its attitude from reluctance (and somehow opposition) to support and active involvement, and the speed and results of this integrating process have been

[27] For instance, the formation and participation as an Asians-only grouping of the ASEAN+3 "contributed to an increased sense of group differentiation between East Asia and others, resulting in solidarity among East Asian members. Interestingly, the ASEM also helped to consolidate a pan-Asian identity. As each ASEM discussion requires Asia to take a coordinated position vis-à-vis the relatively uniform EU, Asia had more incentive to create a collective Asian identity within the framework" (Sohn 2008: 319).

accelerated. Predictions about an Asia Monetary fund, therefore, have come back since skeptical views after the AMF proposal of the Tokyo government failed in 1997.

If this is seen as a successful leadership project from China, how does it improve the country's position? As the theoretical framework mentioned, followership of secondary states can help emerging powers to (i) build a new political-military alliance (as an organization or a regional agreement at the multilateral level, as agreements with single countries at the bilateral level), in which emerging powers play the role of dominant states, other countries are client states; (ii) create a network connectin countries, in which emerging powers are as hubs, other countries are spokes; and (iii) affect or change their position in the existing organization which can be identified by the increase of voting rights or possession of veto rights. After 2000 when the CMI was born by signing BSAs with member countries, a "hidden hierarchy in vitro" was said to be formed (Lee 2009; Huotari 2012: 20). The hierarchy was based on the model of one or two main hubs and surrounding spokes. The structural roles were manifested in the CMI within the relationship of lender and borrower. The figure 7 shows the roles of China and Japan as the two hubs, in which the countries signed BSAs with SEA states and ensured liquidity of the CMI counterparts (if they faced financial crises). These contracts were, in addition, one-way in nature, which means one state shall be obliged to provide liquidity to the other state, but not vice versa. This also means the dependence of one party on the other party – particularly on Japan or China in this case – would increase. This hierarchy, however, is still in the shadow as (i) the CMI is not officially a regional organization with explicit structures and institutions (it being called an initiative partly shows this); and (ii) networks newly formed are not strongly institutionalized, in the sense that identification of the hub-countries cannot be compared through specific indicators.

Regarding the number of BSAs and the total value of those agreements, China, during 2002 to 2008, hold the second position in the new network.

The informality or the "hidden hierarchy" received some changes from 2008-2009 when the member countries decided to "multilateralize" the CMI. According to the new model, besides raising the amount of money in the fund, a structure aiming to an official organization was established and headquartered in Singapore, agreeing on the decision-making process for the provision of funds in a crisis and establishing an institution as a surveillance function called ASEAN+3 Macroeconomic Research Office (AMRO). As the CMIM is increasingly institutionalized, the role and influence of China are changed on two aspects. First, the CMIM decision-making process is built on the rate of countries contributing to the fund. As such, a country's borrowing quota will be defined according to its contribution to the respective borrowing multiplier. Decisions of CMIM then will be made referring the percentage of each country, in which Japan, China and ASEAN (as a unified organization) have acquired an approximately 28 percent voting share each, South Korea receives 14% voting share (see figure 8). Because the final decision will be issued only when it has more than two-thirds of the total votes, the division by a percentage will prevent one country from the domination that it can decide by itself or block decisions made by a majority of other countries by its voting share, as seen in the case of the US and the IMF. According to this decision-making mechanism, Japan and China can be viewed as near veto powers in the CIMI.

Another important point to evaluate the Chinese ability of influence is to examine the surveillance mechanism in the CIMI called AMRO, which is gradually formed. This mechanism, since its birth in 2000, has received controversial ideas from member countries about the problem of the CMI–IMF linkage. SEA countries such as Thailand and Malaysia, the main

victims of the financial crisis in 1997 and the "interference" policy of the IMF, required some degree of independence for the new mechanism. Meanwhile, Japan (also China), as a potential leader, seemed to be reserved with that "revolutionary" solution. The result that the CMI should delink 10% of its funds from the IMF was made as the final decision between parties, in which "no more than a small proportion of its line of emergency credit after it entered into negotiations with the IMF for a standby agreement. In this sense the CMI was nested within the IMF and its Western-dominated field of power" (Wade 2013: 30). In the following period, proposals were continuously given out about the "IMF link". When the CMI multilateralization was discussed and prepared, member countries also reached a new consensus regarding this issue and raised this figure to 20% link as the current one. An establishment of a surveillance system will lead to the possibility that some of the countries as creditors will influence countries-borrowers. This can be visualized as the concept of Conditionality of IMF, which allows IMF to set conditions (economic or political ones) for countries in crises in change for loans or aid. This is also among major agreements of the CMI member countries.

Despite doubts about the CIMI effectiveness (Dieter 2008; Grimes 2009; Sohn 2013) or ideas stating that this mechanism, at the most, can only be complementary but cannot replace the IMF, the introduction of CMI and CMIM is a breakthrough of the monetary-financial order in the Asia Pacific, thanks to which political autonomy of countries have been improved. Within this mechanism, China and Japan share the leading role. Some authors believe that this relationship is more about competitive than cooperative, some even use the term "competitive coexistence" to describe this relationship (Park 2013). However, based on the division presented in the theoretical framework, this is not the leadership rival, which is distinguished with the sharing leadership in two points. First, other powers do not fully acknowledge the role of the

emerging power as an equal counterpart; hence they search for alliances or partners to balance it (in cases of an existing organization or institution). Second, secondary states have not (or do not) recognized the leading role of the emerging power (in cases of an existing organization or when the emerging power proposes to establish a new organization). The CMI and CMIM prove another fact when Japan and China have coexisted to take the lead of the process of the CMI, which was explicitly demonstrated by the two countries' consensus on voting shares in the decision-making system. Another noteworthy point is that the two countries' activities or proposals to prove their leading role seem to be acceptable to other SEA countries.

6.3 Conclusion

This chapter examines the leadership project of China in the East Asian financial cooperation, particularly at the time of CMI formation in 2000 and multilateralization after the global financial crisis in 2009-2009. The formation and evolution of the CMI play a significant role in regional cooperation as the first step of integration to the regional finance. This is also a separate attempt of Asian countries finding a solution to avoid hurts from outside and creating regional solutions to regional problems. The CMI provides an alternative "lender of last resort" which helps reduce dependence of Asian countries on Western organizations such as the IMF. Since the late 20th century, China has changed its stance about cooperative projects in the East Asia. Dissimilar to ideas expressing that Beijing would obstruct a regional cooperative financial initiative headed by Japan, Beijing has become an essential actor speeding up the projects. On the other hand, it proves a trend of rising powers like China to transform their resources into power through establishing regional organizations or institutions.

The case of CMI and CMIM provided two relatively consistent results in terms of followership of SEA countries. In 2000 and 2009, SEA countries reached consensus on building an East Asian financial governance mechanism, which was accomplished by the establishment of the emergency liquidity provision through the CMI and launching the CMIM pooling together foreign exchange reserves worth US $120 billion. The outcomes of the two Chinese leadership projects can be explained by leadership type of inclusiveness (inclusive leadership) that China provided, which motivated and persuaded the SEA countries to participate its projects. Having similarities with the previous case studies, the CMI can be seen as an institutional framework in which China joins to cooperate with its neighboring countries. In return for promoting such a mechanism, weaker states can predict behaviors of their great partners and can seek for ones who can protect them with regard to financial security.

The more explicit examination can be found in the Chinese contribution to the fund's public goods. Behaviors of China, along with Japan, may bring the impression that the two are in the race to determine who pays more in contributing to the CMI bilateral and multilateral currency swap arrangements between 2008 and 2010 (Goh 2011). The race is not only cheered by SEA states, but also received their recognition as regional leaders. Considering the vision of and the interests from the Chinese leadership projects, we have a supporting result. Interaction with SEA countries somehow emphasizes a similarity in the shared identity of "East Asians". The notion of "regional financial solidarity" helps China "win the hearts" of its neighbors. It should be noted that the shared identity in some sense attracted more support of China in the debate of regional surveillance. China chose to gradually approach the concept of conditionality which has caused antipathy for SEA countries since the 1997 crisis.

Table 12: Summary of Findings

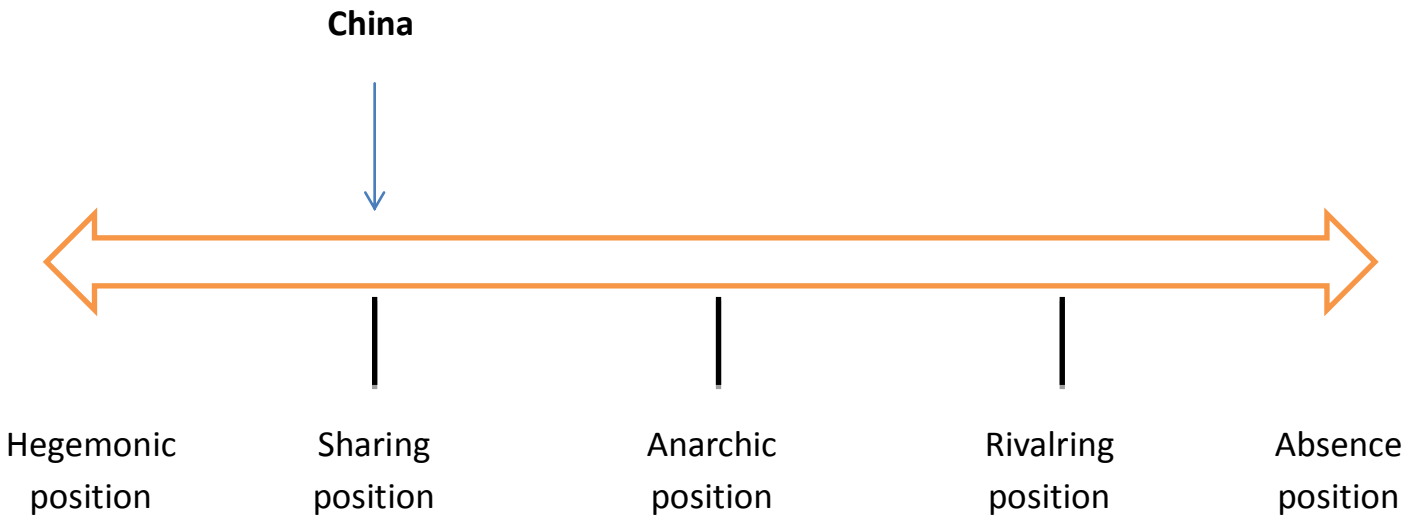
Hypothesis	Outcome	Indicators
Power sharing	Yes	Financial cooperation within ASEAN+3 Structures of CMI and CMIM
Incentives Sharing	Yes	Provision of public goods: contributing to CMI and bilateral swap arrangements (BSAs); contributing to CMIM in 2009; Helping accelerate knowledge and necessary skills for financial cooperation
Vision Sharing	Yes	"Pan-Asia identity" "Regional Financial Solidarity"

Source: author's compilation

In terms of the second hypothesis, indicators show that China has notably improved its position in the region thanks to its successful leadership project to establish and enhance the CMI together with Japan. During the 1997 crisis, Asia had to mainly rely on outside organizations, and then became anarchic after the rescued policy failed. The birth of CMI helped reconstruct the regional financial order, as a both symbolic and realistic event. When the CMI was still in form of bilateral currency swap agreements, China together with Japan took the important part of creating various hubs connecting financial cooperation. After the CMI was multilateralized, the role of a near-veto power of China was institutionalized to the voting share. Thanks to the great

contribution, China achieved the leading role in the CMI. The model of sharing leadership is an appropriate approach to describe the climbing of Chinese position, in which both Japan and China recognize the leading position of the other which receives official support from SEA countries.

Figure 9: Chinese position (The Chiang Mai Initiative 2000-2010)



Source: author's compilation

Chapter 7: Greater Mekong Sub-region Cooperation

7. 1 Background

The Greater Mekong Sub-region (GMS) occupies approximately 2,6 million square kilometers (km2) and has a population of around 326 million (ADB 2013). This area is recognized not only as a physical region, but also as a cultural hub containing six countries (China, Myanmar, Lao PDR, Thailand, Cambodia, and Vietnam). They share geographical features, as well as similar cultures and traditional customs (due to their livelihood along the Lancang-Mekong River) (Dorsch 2006: 224). Development in the GMS, however, poses a significant challenge in balancing needs and interests of different countries, not only ones inside the region but also the outsiders. In spite of sharing the Lancang-Mekong River with the total length of 800,000 km2, the six countries possess different locations and development levels. Another important actor, China as the most upstream state owing nearly half of the rivers length is also interested in the development of the GMS due to two practical reasons (Schmeier 2009: 32-33). The first one is to establish a stable foundation for developing its southwestern provinces such as Yunnan. Connecting transportation, investment and trade with the SEA neighbors will create a strong

boost for economic development for this region. The initial focus of the transport infrastructure projects is to reduce physical obstacles for investment and trade. Some development projects have been conducted such as the North-South Economic Corridor (NSEC), the East-West Economic Corridor (EWEC), and the Southern Economic Corridor (SEC).

The second reason is to utilize the Mekong River to promote hydropower, seeking not only to provide electricity for the Yunnan Province and the eastern provinces of China but also export electricity and hydropower facilities to the SEA countries. Besides China, two other upstream states of Lao PDR and Myanmar also show their interests in developing river-dependent economies. However, due to their low development level (that is, Myanmar was politically isolated for a long time and Lao PDR is among the poorest countries in SEA), the two countries lack the capabilities and resources to implement development projects. They have mostly depended on cooperation with neighboring countries such as China or Thailand to build their hydropower. Meanwhile, the three downstream states of Thailand, Cambodia and Vietnam have pursued diverse benefits in development of the GMS. The Thai government desires to export electricity, which is expected to be produced by more hydropower plants, and fosters regional integration to create new markets and new investment opportunities. At the same time, Cambodia and Vietnam as economies heavily reliant on agriculture and agricultural exports have been attempting to harmonize the economic development with the vulnerability caused by changing the Mekong flow regimes or other related negative impacts. In the context of the global climate change, both of the two countries are said to be serious victims of natural disasters, which particularly derive from environmental changes of the Mekong River (Middleton 2008; Schmeier 2009).

The above introduction shows that the development of the GMS is a complex puzzle approached by diverse perspectives. Being named "development projects", projects of transportation, infrastructure, and hydropower constructions have their great contribution to developing economies and poverty alleviation of countries in the region. However, the acceleration of regional cooperation, especially in hydropower field, will negatively impact the environment and hurt the downstream states both environmentally and economically. Water management within this global climate change, therefore, is a great challenge. In this context, China appears as a leader bringing various development projects which are expected to solve those problems in order to bring the common prosperity to the region. The following case studies will particularly focus on two Chinese leadership projects contributing to the development in the GMS, namely the infrastructure development project and the hydropower development project. Within the case studies, the two major questions mentioned in the theoretical framework will be discussed: (i) the type of leadership project provided by China; and (ii) the impacts of success/ failure of such projects on the Chinese position in its leadership scale.

Table 13: Key Dates on Greater Mekong Sub-region Cooperation

Date	Event
1992	The GMS Program began with support from Asian Development Bank and other donors
2002	Prime Minister Zhu Rongji attended at the fourth Informal ASEAN Summit in Singapore
2008	Prime Minister Wen Jiabao attended the third GMS Summit in Vientiane, Lao PDR
2011	GMS leaders endorsed a strategic framework for 2012-2022

Source: author's compilation

7.2 Analyzing China's leadership projects: The development of infrastructure

The GMS program is an initiative aiming to promote the development of the Mekong River Basin by fostering regional and market integration of six countries including China (Yunnan Province), Myanmar, Lao PDR, Thailand, Cambodia and Vietnam. Having been operated from 1992 sponsored by the Asian Development Bank (ADB) and heading to establish a neoliberal market-based economy, the GMS program consists of three strategic focuses called "Three C's": Connectivity, Competitiveness and Community. The GMS has conducted projects in the fields of transport (road and shipping), telecommunication, energy grids, environment, tourism, trade and investment (ADB 2013). The Chinese leadership projects in terms of infrastructure development

are assumed to start when the Chinese Prime Ministers often attended the GMS Summits from 2002 to 2005 offering initiatives to promote regional cooperation. The statement of the Chinese Prime Minister Zhu Rongji at the fourth Informal ASEAN Summit in Singapore, for instance, emphasized financial support from China to develop the infrastructure system in the region, specifically promoting the Kunming – Bangkok Highway facilitation of transport. On 31 March 2008, the successor of Zhu, the Prime Minister Wen Jiabao attended the third GMS Summit in Vientiane, Lao PDR and delivered an important keynote speech focusing on infrastructure of transport "the GMS should step up the building of transport corridors and a highway network linking all members of the sub-region. China is ready to work closely with Thailand and the Asian Development Bank (ADB) to expedite the building of the Houayxay-Chiang Khong International Bridge along the Kunming Bangkok Highway with the aim to link all the sections of the North-South corridor by 2011" (Xinhua News, 31.03.2008).

The two most important projects are the North-South Corridor and the attempt to construct a railway network for the whole GMS. The North-South Corridor also places at the center of the China´s participation in the GMS program, which "stretches from the southern Chinese city of Kunming in Yunnan Province to Bangkok including the populated LuangNamtha province in northern Lao PDR, the Shane state in western Myanmar, and the northern Thai cities of Chiang Rai, Chiang Mai and Phitsanulok". The North-South Corridor also "includes the area from the southeast of Kunming to Hanoi" (Lim 2009: 40). At the same time, the attempt to construct a railway network aims to improve the railway systems of the GMS countries built in the colonial period two centuries ago. Most of them are limited inside the country's borders and just some of them are linked with one of their neighbors. Besides, the China`s ambition to connect all the GMS countries (and SEA countries in a wider scale) by the railway network seeks

to serve for two main purposes. The first one is to establish a transport system supporting trade between countries and facilitating the Chinese development policy in its Southern provinces. Regarding this purpose, the Economist comments "Most countries along the route have already hitched their wagons to China's outsized economy and are eager for more trade" (Economist, 20.01.2011). The second one can be seen as an access of China to the Indian Ocean, based on examining the connecting points of the railway system offered by China (such as the road connecting Yannan and Myanmar). This is assumed as an approach to a new market and as a strategy ensuring the transits of the Chinese energy to the world (Kuh 2011).

The GMS so far countries have shown their positive response to the Chinese initiatives and proposals. The indicators of their "followership" are presented in both statements and actions. The countries not only respect the role of Beijing in promoting development projects which they actively involved in but also design other cooperative projects with China within their national borders. It can be stated that China has been successful with its infrastructure projects. Based on the analytical framework, elements of the inclusive type will be expected in the projects, and the position of China will be improved. The following section will test these hypotheses.

Power Sharing. Can China's participation in the GMS be assessed as a form of power sharing? How this affects the GMS countries' decisions to follow (or not follow) China? It should be recalled that, unlike the previous cases, GMS is not an initiative suggested by China, but by the ADB. During a long period, China was not really interested in this initiative and just tried to enhance its role in GMS in the early twenty first century. After the financial crisis in Asia in 1997, there are two emerging mainstreams becoming the focus of the SEA relations. First, as

presented in the case study of the Chiang Mai Initiative, the financial crisis showed the interdependence of the region on external factors and the need to create "self-help" mechanisms in order to serve the regional development. Second, the rise of China with regard to economics and military, especially after this country joined WTO in 2001, spread out a fear of the "China's threat". In terms of military, China was viewed as a non-status-quo power. In terms of economics, China was assumed to play the leading role and could destroy other secondary economies in the region (refer to the case of China-ASEAN Free Trade Agreement and the South China Sea). Deriving from the realistic situation, the idea of a pan-Asia cooperative mechanism connecting countries to face the emerging challenges was supported by SEA countries. The question is, however, whether this mechanism effectively deals with the rising power of China or not.

This anxiety explains why the China's actions in the open GMS Summits in 2002 and 2005 were considered by the SEA countries as "reinforce its commitment in the sub-region's development program and help advance the program into different areas of cooperation" (Lim 2009: 39). The interview conducted by the author with a Vietnamese diplomat working at the Vietnamese Embassy to Lao PDR (Vientiane) in 2011 pointed out that although the active participation of China in GMS could not be viewed as a strictly power sharing (according to the Inkenberry's definition about a self-restraint though institution), it was a crucial commitment through which the GMS countries, especially Lao PDR, might predict China's decisions. The GMS mechanism is also a channel that secondary states in the region raise their voice in intra-national development issues in the downstream Mekong.

Compared to Lao PDR, Vietnam seems to pursue a more complex strategy in evaluating the Chinese participation in GMS. First, concerning the management of on-going issues in the Mekong sub-region, China has so far been an influential force (in terms of environment, economics, migration and crime prevention). The giant neighbor, however, has no binding commitment to any countries in the region. Furthermore, China rejected joining the Mekong River Commission and has not been a member of this organisation. Vietnam, thus, has no plural channel with the Chinese attendance to show this issue (such as water management of the Mekong River or regulating the hydropower dams' constructions). Therefore, Vietnam supports China to involve into the GMS as a way to attract the China' attention to issues that Vietnam is following.

Second, participating and supporting the Chinese participation in GMS is a way of "institutionalization" so that Vietnam can deal with the neighbor China within a legal and normative framework. The tumultuous diplomatic history of more than one thousand years of the two countries has been relied on the bilateral mechanism and informal regulations (e.g. understandings of civilizations or the division of each party's role in the tributary system). Therefore, the efforts to "institutionalize" the relationship by legal treaties or tightening the relationship by multilateral mechanisms can be seen as the ways that Vietnamese establish a long-term commitment to deal with the emerging power of China. Although not assuming that the multilateral mechanisms or treaties signed with China will prevent Vietnam from hurting by its neighbor's policies and influences, one can view this as a legal foundation or a forum which Vietnam can openly raise its concerns legitimately, avoiding direct confrontations with China, especially by military (Interview of the author with Vietnamese scholars and senior officers at

the conferences of “The Fourth International Conference on Vietnamese Studies” in Hanoi and “East Sea Cooperation: Potential, current situation and prospects“ in Da Nang in 2012).

Incentives Sharing. Other infrastructure development of China in the GMS includes its contribution to both the public goods for the regional integration and private goods for member countries in order to gain their political support. In 2005, the Chinese government announced to contribute US$20 million to establish a technical assistance fund run by ADB (Ministry of Foreign Affairs China 2005). Within the attempt to build a fund for economic development of mainland SEA, China (associates with ADB) set up a China-ASEAN Fund on Investment Cooperation valued 10 billion USD to support regional infrastructure development (Wade 2011). Furthermore, a railway network will connect all the GMS countries in 2020 which China plays the role of the crucial sponsor. In particular, China funded the projects of high-speed railways and roads connecting Kunming and Yangon, Bangkok, Vientiane and Phnom Penh, besides an electricity network and energy pipelines passing those countries to mainland China. Within the bilateral mechanisms, China also seems to create great benefits for GMS countries.

China is not only a huge investor in Myanmar, Cambodia and Lao PDR, but also the most important aid provider for these countries. According to Xinhua News Agency, China invested US$5.7 billion, which counts for over 20% the total FDI of Cambodia from 1994 to 2008 (cited in Peipei 2011: 108). In return, what China gets in Cambodia includes benefits from mining, forestry, oil, civil engineering and biofuel. In addition, Chinese companies are “major investors in the new special economic zone of Koh Kong near the southern port of Sihanoukville” (Wade 2011). According to the Cambodia Investment Board, the investment indicators seem to grow in the recent years, especially in the field of infrastructure. The figure has reached US$9. 1 billion

since 1994, including almost US$1.2 billion in 2011 - eight times more than the US (Cambodia Investment Board). The similar increase can be found in the China`s aid packages to Cambodia. Within the GMS framework, a concessional loan for building the super highway was provided by the Chinese government to Cambodia (Zhenming 2008: 76). Most recently, during Cambodian Prime Minister Hun Sen's five-day visit to Beijing, the two sides concluded a bilateral agreement in which China promised to "provide another US$548 million in aids to Cambodia for infrastructure and irrigation systems", and help "build 400 km (250 miles) of new roads a year over several years" (Reuters 2013).

A similar situation also happens in Lao PDR, when this country's economic growth mostly depends on the cooperation with other bigger neighbor countries among which China is the most important. Some aid projects to build infrastructure in Lao PDR granted by China have been noted. For instance, China provided US$30 million as non-refundable aids for the Laotian government to build an 85-km highway, which is one part of the Kunming-Bangkok highway. In a visit to Lao PDR in 2008, the Chinese Prime Minister Wen Jiabao promised to distribute US$100 million to develop public projects, including telecommunication, transportation and transmission line (Zhenming 2008: 78).

In Myanmar, China is now a source of development aid, as well as the greatest investor during the period the country was imposed sanctions by Western countries. The Chinese support consists of transportation, infrastructure (roads and bridges), agriculture, communications, education and training, sport, stadium, etc. The calculation of the CRS reports (2009: 17) shows that the total investment of China to Myanmar during 2002 to 2007 reaches US$3.1 billion. When Than Shwe, the leader of the Burmese military government, visited Beijing in January

2013, China promised to the Burmese government a preferential loan of US$200 million and a non-refundable aid of US$6.25 million (Kudo 2008: 97). The Burmese government states that the Chinese government has provided about 2.15 billion Yuan and US$ 400 million in forms of credit (Maung 2007: 19).

China is also an important partner of Vietnam in terms of investment and aid grants. According to Ha and Do (2008: 278), until 2007 there had been 628 investment projects of China approved in Vietnam with the total value of US$2,198 million. According to Asia Times (2005), China provided a package of development aid to Vietnam valued US$312 million from 1997 to 2004, including US$50 million of non-refundable aid. In a research named "China's economic aid to Cambodia, Lao PDR, Myanmar and Vietnam," the author proved that around 307 million USD was handed to Vietnam under various projects of agriculture and infrastructure during the period of 2002 and 2008 (Zhenming 2008: 81-82). However, the authors Lum/Fischer/Gomez-Granger/Leland (2009) argue that the total amount of financial aid and investment of China to Vietnam from 2002 to 2007 is much greater, reaching US$3.4 billion, a large portion of which came to projects of infrastructure, shipbuilding and mining (Lum/Fischer/Gomez-Granger/Leland 2009: 17). If they provide correct information, then China is among the biggest aid donors of Vietnam, in terms of the number of aid projects and loans within the bilateral cooperation (compared to Japan and other Western donors).

Vision Sharing. Examining the above mentioned activities in GMS, one may question if China actually possesses vision of a leader? If yes, are the values of the vision accepted by the GMS countries? In fact, the Chinese vision of cooperating with GMS countries can be analyzed since the "New Security Concept" of China was born. In the context of changing international

relations, applying the new Chinese security concepts in 1996 might be regarded as a "catalyst" in domestic debates about non-traditional security, including environmental issues, terrorism, drug trafficking, migration, energy security and diseases. In the "China's position paper on the New Security Concept", two principles are emphasized: (i) issues of non-traditional security should be focused, besides traditional security issues such as defense security or territorial protection; and (ii) reforming and improving economic and financial institutions in order to build up a "common prosperity" of the whole region (Ministry of Foreign Affairs China 2002). Being formed as the two essential pillars of the Chinese policy towards GMS countries, the two principles are repeatedly put into focus when China presents itself as a responsible neighbor.

At the second GMS Summit 2005 in Kunming, the Chinese Prime Minister Wen Jiabao gave a statement about China's plan to develop a "common prosperity" with its downstream neighbors[28]. Citing a Chinese saying "A close neighbor is more helpful than a distant relative," then Prime Minister Wen stated that China would be both the beneficiary and the contributor to the common development of the region. More importantly, the GMS countries and China all share the living space of the Lancang-Mekong River hence share a common future. This proves that China wishes to participate in the GMS as a member of this community, rather than putting itself as an outsider of the sub-region. The idea of sharing the common prosperity and future shows that "China's threat" is only a plot of Western countries and cooperation with China

[28] The Chinese Prime Minister Wen Jiabao stressed that "We foster mutual trust, treat each other with sincerity, seek common ground while shelving differences and cooperate in a mutually beneficial way, enabling different voices to be heard, various requests to be addressed and common interests to be protected. All GMS countries are close neighbors of China. Nourished by the same river, our peoples have fostered long-standing friendship. As we Chinese often say" (Jiabao, 2005).

brings interests to all involved parties. The China's Ambassador to the US Yang Jiechi spoke to a group at the Asia Society in 2002 highlighting the role of China in regional cooperation aiming to a common prosperity in SEA, especially when the Chinese economy had continually grown. As such, "shaking-hand" with China is not a zero-sum game, but "a rising tide lifts all boats" (cited in Economy 2005).

Based on mutual trust and common interests, maximization of security or interest by one nation did not lead to minimization of other nations. The message of China met enthusiastic response from ASEAN countries presented in speeches of those countries leaders. The Vietnamese stance, for instance, emphasized the common prosperity by improving its links and synergies with the GMS transport system. Besides, Vietnamese officials also indicated that their government would welcome the "strengthening of cooperation" in other fields such as "drug and human trafficking, infectious diseases, money laundering, terrorism, environmental pollution, and climate change" (Vuving 201b: 178-179). To the Thai government, finding solutions for non-security challenges can be viewed as the leading element in developing a prosperous GMS (Interview of the author with Thai diplomatic officials in Vientiane, 2011 and in Hanoi, 2012).

Table 14: Summary of Findings

Hypothesis	Outcome	Indicators
Power Sharing	Yes (Partly)	GMS framework
Incentives Sharing	Yes	Provision of public goods: funding various projects Provision of private goods: aid to GMS countries
Vision Sharing	Yes	"New Security Concept" "Common prosperity" with its downstream neighbors

Source: author's compilation

The Evaluation of Leadership. The Chinese approach through the GMS mechanism has brought this country an impressive success which is described by international observers as a "charm offensive" or "Chinese soft power". The role of China as the largest donor in developing the infrastructure in GMS has frequently been considered to be a critical element of building a new regional structure. About this, Dorsch (2010) states in his work that "China has started to act like a traditional big power, proactively drawing up its own blueprints for regional order and pulling smaller neighbors along in its wake. Most ASEAN states have responded positively to this strategy by jumping on the Chinese bandwagon, as both the examples of security

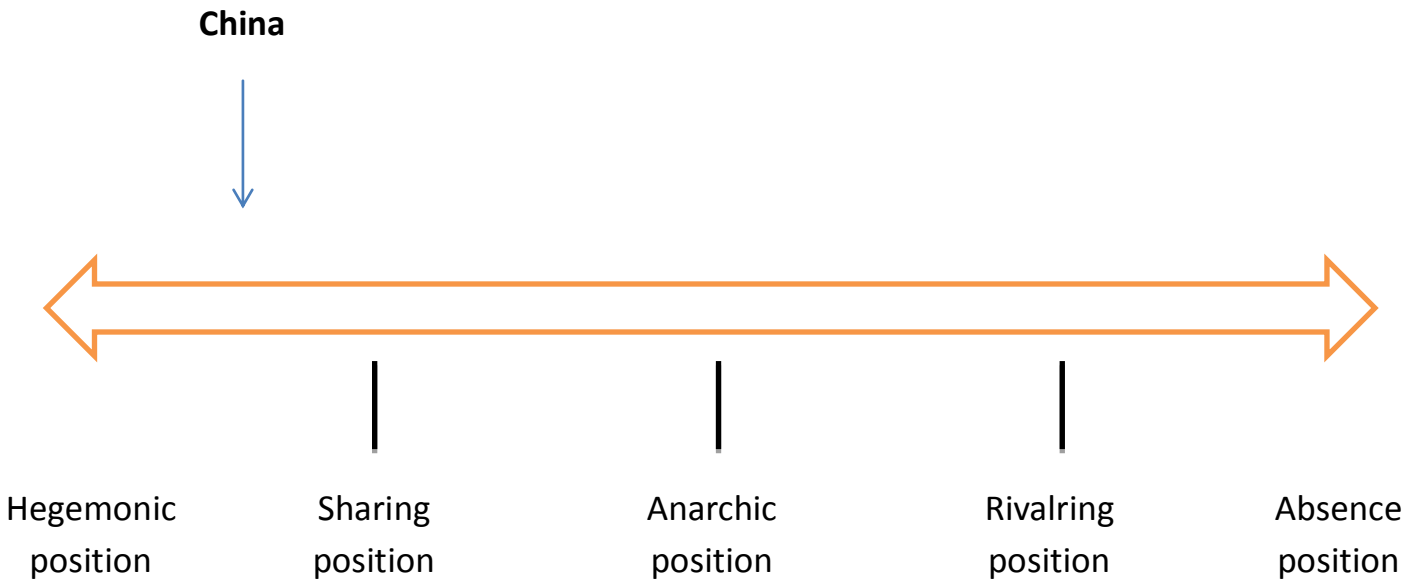
management in the South China Sea and the Mekong valley have shown". Until now, this strategy has proved its effectiveness as it stamps out the fear of a "China threat" of the GMS countries. The Chinese favorable outcome of persuading GMS neighboring countries to join its leadership project within the GMS framework has helped improve the China's position in two major aspects.

Some available ideas believe that the GMS Program initiated by the ADB is an instrument serving for the Japanese economic interests and promoting the Japanese prestige in the SEA (Lim/Vreeland 2013). By successfully conducting this leadership project (in developing regional infrastructure), China has gradually balanced with Japan in terms of influence in the SEA, which is the first achievement of China thanks to this project. A common market in the south (of China and Japan) can only be completed and developed based on a transport system which closely connects neighboring regions. However, building a trans-Asian transport network is not only a concern of investment or trade, but also a competition of regional powers with regard to political influence. Although there have been no explicit indicators or proof showing the impact of the two Asian powers of China and Japan on the SEA issues, it is obvious that China has appeared in this zone as a crucial actor. This proves that not only Japan, the US or the EU can bring a win-win situation and a common prosperity for this region, but China can also do the same and even do it well.

Second, the Beijing government by this success can transfer its power resources into institutionalized power semiofficially with the establishment of a pan-Asian railway network. It can be foreseen that once the railway comes into real life (particularly with the South-North Economic Corridor), China will, thanks to its advantage of location and population, become an

important hub connecting the whole mainland area of the SEA. In comparision to the other regional powers within the East Asia region, China seems to be more successful in promoting cross-border networks of GMS by constructing roads and railways. Commenting on the Chinese approach, an encapsulating idea states that this approach "enabled international organizations to move ahead with their pan-Asian agendas, while these bodies in turn allowed the Chinese government to develop cross-border linkages without straining its financial resources or raising any suspicions of a new kind of mercantilist railway diplomacy" (Holslag 2008: 653-654). It can be assessed that China is playing the role of a leader in GMS (which is moving closer to hegemonic leadership), in which China stands in a higher position than other lesser regional states do. Especially, it should be emphasized that a trend of transferring "authority" to China (or "power" in terms of influence capability) has been done by Japan and Western countries as "providers" of the regional prosperity of the GMS. Competing and cooperating with Japan in various fields has helped China become a driving force, besides Japan, in connecting Mekong regional states aiming to create an order and solve regional challenges.

Figure 10: Chinese position (The development of infrastructure in the GMS)



Source: author's compilation

7.3 Analyzing China's leadership projects: Hydropower development

China assesses projects of dam construction as an important part in their development strategy in the Western China. The upstream region occupies a half - length of the Lancang-Mekong River, receives water from melting ice of the Tibet plateau shaping waterfalls with huge slope, some are 600 meters high. Along this area, China has built eight dams, four of which came to operation: Manwan Dam (126m high, finished in 1993); Dachaoshan Dam (118m, 2003); Jinghong Dam (107m, 2007) and the greatest one Xiaowan Dam (292m) which started to take water from the Mekong River into the reservoir 250km long. In the middle stream of the Mekong River, since 2006, eleven projects of dams were established (seven in Lao PDR, two at the border area of Lao PDR and Thailand, two in Cambodia) creating a series of dam 30-40 meters high. Most of the

dams in Lao PDR and Cambodia are built by China. While Thailand is a most important investors in developing Lao PDR's hydropower potential, China has taken a "near-monopoly position" in developing Cambodia's (Peipei 2012: 101). The Chinese leading project in developing dams, however, has received unclear results from GMS countries, with regard to their support and acceptance. Aforementioned, some GMS countries have accepted China as a partner in cooperating and supporting them to construct dams (such as Lao PDR and Cambodia). Some are big importers of Chinese products (such as Thailand and Vietnam).

However, some of those countries have also raised their voices opposing the "dam inflation" on the Mekong River initially caused by China. Not only that, they have welcomed other countries to the region to help them solve environmental issues and create power balance with China. In a visit to SEA of the US Secretary of State Hillary Clinton in July 2009, the Lower Mekong Initiative was launched to connect four countries of Thailand, Lao PDR, Cambodia and Vietnam in "water security issues" and to facilitate multilateral cooperation in the ongoing projects of water management. Foreign ministers of Thailand, Lao PDR, Cambodia and Vietnam welcomed the tight cooperation of the US with the downstream countries in various fields in order to ensure the regional sustainable development (Press Release of the 1nd US – Lower Mekong Ministerial Meeting). The US Department of State also expressed its concern about "the negative impacts of the dams on the regional food security", in which fishes provide one of the major food sources for local residents (Bureau of Public Affairs 2009). Following the the Clinton's visit, a workshop on energy development in the GMS was organized by the US Embassy in Cambodia, in which issues on building dams in the context of climate change and its negative impacts on the environment were discussed critically (US Embassy in Cambodia 2009). Two months after the workshop, Japan held the first Mekong-Japan Summit in November 2009

with the attendance of prime ministers of the four lower riparian countries. Although the working agenda touched upon many issues within the relationship, cooperation in water resource management and addressing climate change were among the most highlighted ones. Especially, Japan gave its strong support to the construction of power lines near the Mekong River and Delta in the CLV countries (Ministry of Foreign Affairs Japan 2009). Four years later, the fourth Mekong-Japan Summit in 2013 defined three new pillars in cooperation of "Strategic partnership aiming to a common prosperous future" between Mekong countries and Japan during 2013-2015, including: enhancing connections within the Mekong region and between Mekong countries with outside countries based on developing intra-national transport corridor; building information and telecommunication infrastructure; modernizing customs. Moreover, the summit also aimed to enhance cooperation in environment, human security, climate change, using and managing water resource of the Mekong River (Ministry of Foreign Affairs Japan 2013).

The above-mentioned events showed that the GMS countries tried to oppose (or at least balance) the Chinese power in environmental issues, particularly in constructing hydropower dams. The unclear results of the dependent variable in terms of followership of GMS countries bring this case more interesting to examine other dependent variables.

Power Sharing. In the record of hydropower development and water management of the Mekong River, research results about the Chinese behaviors (in terms of power sharing) show that this country is more about conducting "unilateral" actions (see more Liebman 2005; Biba 2012; Sinha 2012). As mentioned above, China is located in the uppermost region of the Mekong River Basin (hold for 165,000 km^2 area) and controls most of the Mekong's stream flows. Thanks to the location and economic-military power, China can be seen as a "dominant power

with favorable riparian position" as defined by Lowi (1995). The three following indicators figure out that China has tried to take advantage of its power rather than restrict it in institutions which can create a stable order accepted by lesser states (Onishi 2007: 527). First, the Chinese hydropower plans in the upstream of the Lancang River are not information-shared or consulted with the downstream countries. Second, China refused to sign the "Agreement on the Cooperation for Sustainable Development of the Mekong River Basin", which created the Mekong River Commission (MRC) in 1995 including the four riparian countries of Cambodia, Lao PDR, Thailand, and Vietnam[29].

The MRC countries have many times persuaded China to join this group. Actually, since 2002, there have been some predictions about the prospects of Chinese participation. In the Joint Committee meeting and the following Dialogue meeting in 2004, it was announced by the chairman of the Joint Committee and State Secretary under the Thai Ministry for Environment that it would be "highly possible for China to join us" (cited in Menniken 2007: 109). However, so far China has still not become a member of the MRC. Together with Myanmar, this power just plays the role of a dialogue partner of this group. The lack of the two upstream countries of China and Myanmar is assumed to lead to the weakness of the MRC as a international regime

[29] Regarding the MRC agreement, four purposes of using and developing the Mekong River from 2006 to 2010 was designed as followed: (1) "To promote and support coordinated, sustainable, and pro-poor development"; (2) "To enhance effective regional cooperation"; (3) "To strengthen basin-wide environmental monitoring and impact assessment"; (4) "To strengthen the Integrated Water Resources Management capacity and knowledge base of the MRC bodies, National Mekong Committees, Line Agencies, and other stakeholders" (Mekong River Commission 2006).

aiming to create an institutional framework to regulate to the use of water resources. Third, the Chinese unilateralism is often mentioned due its objection to the United Nations on the Law of the Non-Navigational Use of International Watercourses in 1997. This convention emphasized the "equitable and reasonable utilization" of international rivers. Besides 103 countries voted favor and 27 abstentions, China, Turkey and Burunidi voted full objection. Some observers believed that the Lancang River and the Chinese hydropower plans on this flow was the major reason for its objection (Menniken 2007).

On the other hand, some recent evidence has shown that China "is tending away from unilateralism, and is gradually getting involved in negotiation mechanism and process with the downstream states" (Onishi 2007: 525). For instance, in April 2002, China signed a cooperative agreement with the MRC to provide information about the river flow and water levels ("the Agreement on the Provision of Hydrological Information of Lancang-Mekong River in Flood Season"). In the fourteenth dialogue between the Mekong downstream countries (Thailand, Laos, Cambodia, Vietnam) and their important partners of China and Myanmar in 2009, China stressed the idea to share more information about the ongoing hydropower plans and its future construction projects in the upstream region. China also announced some solutions it had conducted not to change the flow in the downstream region; as well as committed to join the environmental assessment on scheduled hydropower plants in the downstream Mekong that the MRC was carrying on. Latterly, China agreed to share more information of the "operational data" to the MRC and allowed some of the Committee's officials accompanying Chinese experts of the Strategic Environmental Assessment to visit Xiaowan (4,200 MW) và Jinhong (1,350 MW) among the hydropower dams working in Yunnan Province.

Based on those indicators and the fact that China agreed to take part in the MRC as a dialogue partner, Onishi (2007, 2012) even argues that it is not fair to assess China as a non-cooperative actor tending to act unilaterally. Although noting this opinion and evidence, I personally argue that Chinese behaviors in GMS in terms of developing hydropower dams and managing water of the Mekong River cannot be assessed as power sharing, due to two specific reasons. Firstly, China has not restricted its power in a particular institution/management regime, which provides a legal framework to rule the use of trans-boundary rivers and regulate the number and standards of hydropower development projects (except for the Agreement on the hydrological date exchange). The most important factor of the sustainable development in the GMS is finding a balance between developing hydropower and environmental impacts; hence it is necessary to build a mechanism regulating the dam constructions and hydropower standards. In this context, China with its power advantage is a veto-power in decision-making processes[30]. Secondly, consultation with the GMS countries does not have any legal influence on China as it is not a member of MRC and has not approved the UN Watercourses Convention. This leads to a lack of "specific legal principles and mechanisms regulating development on tributaries thus allowing parties to circumvent legal requirements for cooperative trans-boundary governance of the Lower Mekong tributaries, which is the reason for the wide proliferation of projects" (Bearden 2010: 790).

[30] Brahma Chellaney (2011) stated that: "Getting this pre-eminent riparian power to accept water-sharing arrangements or other co-operative institutional mechanisms has proved unsuccessful so far in any basin. Instead, the construction of upstream dams on international rivers such as the Mekong, Brahmaputra or Amur shows China is increasingly bent on unilateral actions, impervious to the concerns of downstream nations" .

Incentives Sharing. Does the Chinese project of hydropower create material incentives for GMS countries? It is hard to give an explicit yes or no answer in this case. As stated in the part of background information, most of the GMS countries are developing economies in which exploiting energy, specifically electricity, plays a crucial role in guaranteeing a high economic growth rate and modernization. Therefore, the fact that mayor Chinese state-oriented enterprises (SOE), which are supported politically by its government and financially by its national banks, involve in the building of electricity generation facilities in Vietnam, Laos, and Myanmar "offers a good example of the emergence of reciprocally beneficial linkages between China and the states in its zone of influence" (Dorsch 2010). In Myanmar, China plays a major role in financial and technical support to help the Burmese government building hydropower plants in order to generate electricity for domestic use. A Chinese company named Sinohydro in 2006 gained a Memorandum of Understanding with Myanmar to build a dam (called Gyi) of 1,200 MW along the Thai border. In April 2007, an energy company of Holding Group and China Gold Water Resources Company signed with the Burmese military government a project of additional 2,400MW taken from the Salween River. In April 2008, three companies, namely Sinohydro, China Southern Power Grid Co. and China Three Gorges Project Co. agreed a framework of cooperation to develop the hydropower potential of the Salween River (International Rivers 2008).

Electricity cooperation between China and Vietnam also brings to this SEA country benefits in developing energy infrastructure. In 2006, China Southern Power Grid Company (CGS) associated with the Electricity of Vietnam (EVN) to develop a hydropower station in Lao Cai with the total value of US$28 million (Middleton 2008). In 2009, the China Guangdong Nuclear Power Group reported the plan helping Vietnam build its first nuclear power plant in the

southern coastal province of Ninh Thuan (Dosch 2010). Since 2004, Vietnam has increasingly imported electricity from two Chinese provinces of Yunnan and Guangxi. In the early 2013, the EVN requested the Vietnam electricity companies to buy electricity from China as much as possible to ensure the security of the domestic electricity consumption, which is expected to reach 380 million kWh/ day (Tuoitre, 09.05.2013). Lao PDR and Cambodia are also on the way of modernization and are in dire need of hydropower development to serve for their industries. The two countries hence have received millions of USD aid from China in this field. In particular, the Kamchay Dam (193 MW) in Kampot province (Cambodia) was built by the Sinohydro Corporation in 2007, the Stung Atai project (120 MW) was built by China Yunnan Corporation for International Techno-Economic Cooperation (Middleton 2008).

Benefitting from the cooperation with China to foster hydropower plants, the GMS countries, however, are paying dear costs for their environment. The fact that China builds a number of dams in the upstream of the Mekong River, with the most recent one Xiaowan Dam (292m high), raised concerns and debates among scientists about negative impacts on the river (see more Stimson Center 2010; Hirsch et al. 2006). According to the Yale Global, there are 18 dams which are built and planned to build along the Mekong River 4,350km long (Richardson 2009). Exploiting the hydropower potential of the Lancang River basin will definitely affects the water volume, electricity, agriculture, fisheries, water transportation and ecological environment of the Lower Mekong region, especially the countries of Lao PDR, Thailand, Cambodia and Vietnam. Most importantly, it might transform the structure of coastal villages, and disrupt the lives of local residents who earned their livings from the river. Under the affects of climate change and changes in the Mekong flows, details of the downstream countries such as the Cuu Long Delta of Vietnam may face the risk of dehydration and desertification. Osborne (2004)

presents his idea that in the dry season, the Chinese dams hold 40% water of the whole Mekong River, and hence downstream countries (including Vietnam and Cambodia) will suffer the most of "water security" problems. Besides changes of water flows, unpredictable volume of water use in the upstream region can cause more intense floods and drying for downstream countries. For example, if the upstream dams release previously held water along with the natural flood, it will create an "artificial flood" wreaking more entailed havocs. The Chinese dams, together with water reservoirs of Thailand, Lao PDR and Cambodia will slow down the natural speed of the river's flow, sediment a large amount of silt in the reservoirs, change the water dynamic causing erosion in the downstream area. This also affects the water nutrition and breeding circle of fishes, as well as the livelihood of the coastal people. Meanwhile, in the Cuu Long Delta of Vietnam, the local residents still expect annual floods (also called flooding seasons) for fishing, field cleaning and collecting sediment. Only in provinces in the border area of Cambodia and Vietnam, for example, the flooding season every year brings to people here around 220 million USD of incomes (Interview of the author with Vietnamese scholars and officials in 2011, 2012)

As such, Mekong River is the "lifeblood" providing most of the food for the downstream countries. A research of Stimson Center (2010) shows that operation of the Chinese hydropower dams has changed the river's water flow and impeded the flows of fertile silt which is necessary for maintaining soil productivity, nourishing fishes and preventing sea-water invasion in the Cuu Long Delta. It is estimated that if the sea level rises one meter, the two biggest granaries of Vietnam (Red River Delta and Cuu Long Delta) will be submerged in water of 5,000 km2 and 20,000 km2. This means Vietnam will face the risk of losing 5 million tons of rice each year and hence not producing enough rice for export. The trade-off between hydropower and environment issues creates a serious problem for all countries sharing the Mekong River. Solving the

environment issues and aiming to a more sustainable future requires sacrifice of short-term economic benefits by controlling the hydropower boom (Interview of the author with Vietnamese scholars and officials in 2011, 2012).

Water management in the Mekong River has shown us a typical example of the "collective action" problem and the role of hegemony, in which (i) environmental impacts of the change of water flow become intra-national and serious (in the context of the global climate change); (ii) a cooperation is necessary and important; and (iii) the hegemony, regarding its power and location advantage, has refused to provide public goods and to participate in cooperative mechanisms.

Vision Sharing. China has utilized its projects in hydropower development as a tool for pursuing its long-standing vision which is establishing a "common prosperity" for the whole region. This vision fosters a regional dynamic with the involvement of the GMS countries in order to create a regional economy focusing on hydropower. However, in terms of building hydropower plants on the Mekong River and its environmental impacts, one can observe a normative divergence between China as a would-be-leader and the GMS countries as would-be-followers. Particularly, the principle of absolute territorial sovereignty (known as the Harmon Doctrine) is often cited by upstream countries to highlight the inviolability of the right to use their national water resources. This enables the countries to use the water in any way they like within their boundaries "[a] state may demand the continuance of a river's flow from the territory of an upstream riparian, but at the same time may make no change in the river that would affect its flow to a downstream riparian. This principle will presumably exclude all destructive water uses except in the territory of the last and lowermost riparian" (Tsering, n.d.). This doctrine

stayed behind argument of the Chinese delegation in negotiations of the 1997 Convention on Law of Non-Navigable-Uses of International Watercourses, which China voted against the draft convention.

The official representative of the Chinese delegation, GaoFeng, gave out two reasons that explained the reasons for the objection: "First, it failed to reflect general agreement among all countries, and a number of states had major reservations regarding its main provisions. Secondly, the text did not reflect the principle of the territorial sovereignty of a watercourse State. Such a State had indisputable sovereignty over a watercourse which flowed through its territory. There was also an imbalance between the rights and obligations of the upstream and downstream States" (Press Release GA/9248). Although it is hard to conclude that China completely pursues the absolute territorial sovereignty, the Chinese decision shows that the principle of "territorial sovereignty" seems to prime over the concept that rivers belong to all the riparian states. Particularly regarding the Mekong River, "neither the government nor scholars have so far shown significant detailed engagement with broader ecological concerns, with agriculture, fisheries and other livelihood issues downstream. The main problem is that Chinese discussions of the implications of their hydropower plans do not take a basin-wide view, concentrating only on the impacts within Chinese territory, when it is the downstream riparians who will suffer most disproportionately the ill effects of China's plans" (Goh 2004: 11).

On the other hand, the GMS countries follow other principles of using water of the Mekong River. They are the principle of "limited territorial sovereignty" based on the assertion that "every state is free to use shared rivers flowing through its territory as long as such utilization does not prejudice the rights and interests of the co-riparians" (Rahaman 2009: 160);

and the principle of "equitable and reasonable utilization" of the water resources, which is "grounded in the doctrine of limited territorial sovereignty" (Ibrahim 1998). Those principles can be understood as "a basin state's sovereign rights to the waters of international rivers within or adjoining its territory are limited by the corresponding sovereign rights of other basin riparians. A state may thus utilize the water to the extent that this use does not interfere with the reasonable utilization of other basin states" (Ibrahim 1997). Based on the idea of shared sovereignty and equality of rights, the principles try to create "a balance of interests that accommodates the needs and uses of each riparian state" (Rahaman 2009: 161) and a joint responsibility with the community of member states which should be placed as a priority of behaviors. Therefore, approaching different perspectives of "territorial sovereignty" and "territorial integrity", China and its GMS neighbor countries have disagreed on using water of the Mekong River. In this context, Vietnamese officials in MRC state that Mekong is an international river, not a private property of any country. The exploitation of the river needs to concern about interests of countries in the region, environmental impacts and influences on species and people living in and along the river, ensuring balance between economic development, social security and environmental issues. An expert from the Institute for Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam supposes that in order to solve the current challenges of the Mekong River, "the nations of the Mekong must be willing to allow for the sufficient erosion of national sovereignty to enable a truly trans-border solution to emerge that will ultimately benefit all" (Le 2013).

Table 15: Summary of Findings

Hypothesis	Outcome	Indicators
Power sharing	No	Refusing to sign the "Agreement on the Cooperation for Sustainable Development of the Mekong River Basin" and after that to join the Mekong River Commission (MRC) Refusing to sign the United Nations on the Law of the Non-Navigational Use of International Watercourses
Incentives Sharing	Mixed	Provision of public/private goods: funding various hydropower projects Costs for the environment to downstream countries in GMS
Vision Sharing	Mixed	"Common prosperity" for the whole region "Territorial sovereignty" vs. "territorial integrity"

Source: author's compilation

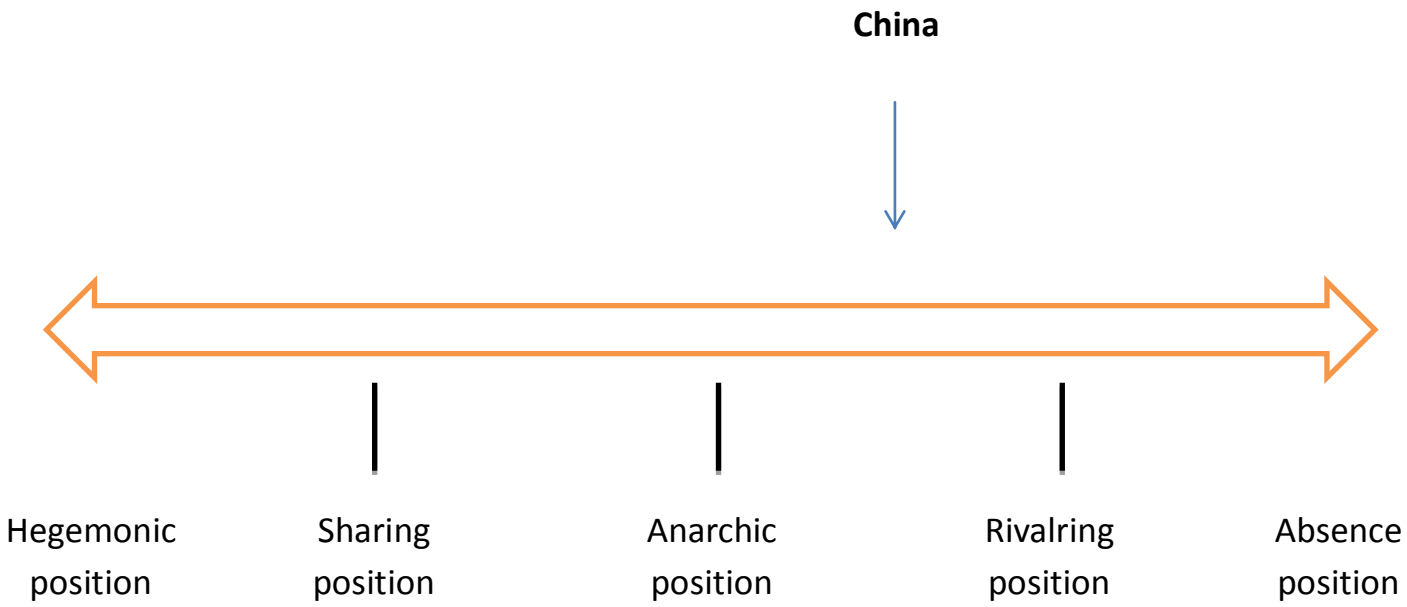
The Evaluation of Leadership. In this case, it is hard to provide a final assessment on the Chinese success in its leadership project. Regarding the economic development, the China's project of promoting hydropower in GMS has contributed to ensuring the energy reserves of

countries in the region as well as develop each country's economy. The fact that China supported budgets and techniques to construct hydropower plants in Myanmar, Lao PDR and Cambodia and that China promoted a network of electricity exchange with Vietnam and Thailand shows that China is coming closer to the role of a "hub-spoke" in the GMS's electrical field, which is considered as one of the most important industries in those countries. As a leader providing material and standards for other countries to follow, China through its project created a strong foundation for its regional leadership.

However, the story is not just that. Hydropower development has brought to the GMS a negative impact on the environment, particularly of the Mekong River, which requires an effective managing mechanism. In terms of this, no significant indicators show that China gains acceptance or support from GMS countries. In contrast, Cambodia, Myanmar, Vietnam and Thailand have increasingly expressed their objections or at least voiced their concerns about the Chinese leadership project. Not only that, those countries have cooperated with other extra-regional countries aiming to solve problems of water management in the Mekong River. Specifically, during sidelined meetings of foreign ministers of five countries, including the US and Lower Mekong countries of Thailand, Lao PDR, Vietnam and Cambodia in Phuket, Thailand ended up with a proclaim, which is called the Lower Mekong Initiative (LMI), of the countries' common concerns, especially in the fields of environment, health, education and infrastructure development in the region. The LMI is said to partly affect the regional dynamic and challenging political issues. As such, the LMI initially combined the "smart power" and "soft power" within the strategy of rebalance of the Obama's administration.

Despite no significant achievements so far, the U.S. rebalance to Asia and to the GMS region has started. Apart from the US, Japan also fosters its activities in the GMS. The Japanese cooperative initiatives such as the Mekong-Japan Summit can be assessed as an attempt to rebalance the regional influence, which seems to rapidly lean toward China. From the perspective of Mekong countries, the involvement of Japan and US brings them more options. This will help the countries solve the puzzle of "public goods" by interaction, support or share the cooperation costs. GMS countries' welcoming other powers to join the region will create an opportunity for leaders competing with each other. In this context, in order to solve common problems and gain followership of regional countries, China has to change its priority order in the policy towards the GMS.

Figure 11: Chinese position (The hydropower development in the GMS)



Source: author's compilation

7.4 Conclusion

This chapter examines the leadership projects of China in the Greater Mekong Sub-region, focusing on efforts to develop a transport system (infrastructure) and hydropower dams. The two case studies show us two quite different results in terms of followership of SEA countries. In infrastructure development projects, the Chinese plans to develop a regional transport system by building NSEC and the regional railway network received support and proactive participation from GMS countries. However, the projects of hydropower bring ambivalent results. This ambivalence presents in the fact that the GMS countries accept the Chinese cooperation, at the same time express their concerns about the impacts of the Chinese hydropower plants on their national environment (in terms of ecology and economics).

The outcome of the two leadership projects can be explained by its leadership type. Regarding the projects of developing infrastructure within the GMS framework, factors in favor of inclusive leadership encouraged and persuaded GMS countries to join the projects. In contrast, leadership projects in hydropower plants gave out a mixed result. Indicators showing the cooperation of GMS countries with China from 2002 are still modest and not really focus on the plant constructions. In terms of vision sharing and material incentives, the Chinese leadership projects also show mixed results. Joining to build hydropower dams with China, GMS countries, both get benefits and pay costs. To downstream countries such as Cambodia and Vietnam, this is not only the environmental cost, but also influences on their agricultural production. The clash of "territorial sovereignty" and "territorial integrity" explains why the downstream countries choose more resistive reactions to Chinese hydropower plans. Using the financial power to provide public or private goods in order to gain more support for GMS countries is among the focuses of

the Chinese policy towards GMS. However, a result as expected by the Chinese government may hardly appear since benefit calculations of GMS countries in using Mekong's water for hydropower plants have gradually changed.

Regarding the second hypothesis of this chapter, some indicators reveal that success in leadership projects of developing infrastructure helps China improve its position in the region. Together with Japan, China plays an important role in creating various hubs connecting regional transportation, hence fostering investment and trade. China's possible leading role in promoting economic development is an important determinant of the common prosperity of countries in the region. Model of sharing leadership is an appropriate explanation for the Chinese promotion. In contrast, since there are no explicit results of success or failure in the hydropower projects, it is hard to determine any shifts in China's position in the regional hierarchy. The current situation with the increasing involvement of the US and Japan in the fields of water management and environment, which China refused to provide an inclusive leadership, shows that it is changing unfavorably to China. The US and Japan have conducted different policies in GMS including enhancing public or private goods, and establishing a shared vision with GMS countries. This hints the possibility of becoming regional leaders of the countries in terms of managing the Mekong River sustainably. In this context, China may face rivalry containing more uncertainty and risks.

Chapter 8: Comparative Assessment and Findings

This dissertation questions two main ideas: (i) the extent China is becoming a regional leader, and (ii) conditions fostering that process examined by various case studies about the relationship of China and SEA countries. Considering the Chinese efforts to form a regional order as "leadership projects", research about the interrelation of Chinese power and mechanisms that transfer the power into influence to gain followership of SEA countries in different records will offer a comparatively and theoretically informed analysis of China´s position in the regional contemporary system. The author emphasizes three conditions necessary for a successful transformation from material potential to effective leadership. They are also seen as crucial factors that help rising powers like China gain support and followership from secondary states in SEA. Chapter 8 will review key findings of the research. The part of finding key results seeks to figure out the relationship between the ways of utilizing Chinese power through the three mentioned factors and Chinese capability to gain other countries' acceptance for its leadership projects. In addition, by providing research on five cases of relationships between China and SEA states, it provides an evaluation of the role and influence of China as a new regional leader.

The process of China becoming a regional leader is in the making, and predominately in the economic field. Examining this process in the SEA region demonstrates

that China has gained some specific success with its leadership projects. In the seven case studies presented (in which two cases are divided into sub-case studies), four of them point out positive results (refer to the table 16 below) that SEA countries agreed to participate in or accepted leadership projects proposed by the Beijing government. China, especially plays an active role to be the first actor initiating regional cooperation in two among those four cases, which are the cases of Joint Development in the South China Sea 2005-2008 and China-ASEAN Free Trade Agreement in 2002. In the other two cases, China was involved later, yet its participation enhanced cooperation mechanisms, which brought them to real life (such as the Chiang Mai Initiative) or fostered their effectiveness (such as the Greater Mekong Sub-region – The development of infrastructure). In addition, it is noteworthy about the Chinese leadership performance in different sectors, in which financial-economic cases often provide positive outcomes. In cases related to non-traditional security, the rise of China as a regional leader in the SEA has been proven with positive findings – except for the case of the Greater Mekong Sub-region plans for hydropower development, which gave a negative result. In the meantime, cases belonging to high politics (traditional security) provide little explicit evidence supporting the idea that China has been successful with its leadership projects.

Inclusive leadership type is the key to the Chinese success. The success or failure of the Chinese leadership projects can be explained by the types of leadership (distinguished between inclusive and extractive forms) proposed by Beijing to its neighboring countries. The distinction between the two leadership types is defined by three main factors: power sharing, incentives sharing and vision sharing. SEA states tend to more likely accept the leading state's projects when they do not encounter fears, can earn profits and consider joining as an appropriate mean. In such types, the more inclusive the leadership type is, the higher possibility SEA

countries accept and join the Chinese leadership projects. The four successful projects of China all indicate inclusive factors, although they appear on various levels; whereas projects containing more extractive factors have proved to be more likely to fail. Indeed, the unsuccessful cases of the Chinese projects have shown the dominance of extractive factors which, through different mechanisms, faced SEA countries' non-cooperation or encouraged the states to search for a balance of power from outsiders to "go against" China.

Other interesting findings when comparing cases of successful and failed leadership projects of China are timing. It is discovered that successful projects started in the early 21st century, along with new changes in the Chinese multilateral foreign policy and "good neighbor" policy, in which the projects ran and established firm foundations for their later development. However, in some projects, one may observe transfer from positive statuses to negative ones marked by the "turning point" of 2009 (except for the case of the East Asia Summit with the turning point of 2005). Particularly, in the case of Joint Development in the South China Sea, two different outcomes appear in two periods of time: the one of 2005-2008 brings us a positive case, while the one from 2009 up to now shows the opposite result. Similarly, in the project of Greater Mekong Sub-region plans for hydropower development, the lower Mekong countries react in various ways to the Chinese proposals of constructing and exporting hydropower after 2008[31].

[31] Comparing to other researches on the Chinese foreign policy, one can recognize that 2009 is often taken into account as a turning point referring to a more aggressive China in many fields of the world politics (see more the discussion about China's assertiveness since in Chen/Xiaoyu 2013, Johnston 2013).

The increasing aggression of China might stem from different causes such as the world financial crisis, global power shift, feeling of the US-decline, etc. In any cases, China has presented another type of leadership which matches with the shift of its outcomes and changes over time and from case to case. In some cases, China can maintain its capability to provide the inclusive leadership type for a long time, for instance the Greater Mekong Sub-region -the development of infrastructure, Chiang Mai Initiative and the China-ASEAN Free Trade Agreement. Nonetheless, in some other cases, due to different reasons, China cannot do the same. This can explain why the acceptance of SEA states to China varies from time to time and from case to case, also demonstrates that even if rising powers like China become leaders in a particular time or in a specific field, once circumstances change, the followership of its follower may change accordingly.

Impacts of material benefits are not the most important decisive factor. Analyzing in detail the three factors seen as necessary conditions to ensure a successful project, findings have proven Beijing's prominence in satisfying the second factor, which is capability to create interests for SEA states, particularly in providing both public goods and private goods. Positive cases demonstrate that China has become an important partner as a paymaster who pays all required expenses for integration. Moreover, China also creates private interests for the lesser SEA states when they support the Chinese stance or participate in its projects. In the unsuccessful cases of China, the factor of incentive sharing also shows a mixed result. This demonstrates that China has acknowledged and well employed the material rewards, which are reflected in the Chinese rise as a global economic power with the foreign exchange reserves up to $3.66 trillion (updated October, 2013, The Wall Street Journal, 15.10.2013). This fact may surprise those who believe that China only desires to "hitchhike" and is not willing to establish

global and regional governance. However, failure in leadership projects, though having taking advantage of the giant economy, proves that material benefits are not the top important factor leading to the Chinese success. For instance, in the three cases of Joint Development in the South China Sea 2009-2013; Membership Issues in East Asian Summit 2005 and the Greater Mekong Sub-region plans for hydropower development, the two other factors of power sharing and vision sharing are proved to be more important to explain the SEA countries' choices of cooperating with China in its leadership projects. It is worth noting that two among the three cases belong to the field of security and politics (the case of Greater Mekong Sub-region plans for hydropower development can, also, though not really, be seen as a security issue, with a softer version related to water resource which is regarded as life of lower Mekong countries).

Power-sharing approach explains more circumstances under which SEA states tend to accept China's offered leadership. For instance, the regional order, formed by the power balance among regional countries, plays a crucial role in explaining the different choices of Vietnam and the Philippines in the case of joint development in the South China Sea (2005-2008) and (2009-2013). The both states will not agree to take part in the joint development if the balance of power leans toward China without control mechanisms or counterweights (both from inside or outside the region). The imbalance of power may lead these countries to suspicions that joint development proposals will act a plan of China to turn the undisputed areas into disputed ones to encroach on their exclusive economic zones. The case of hydropower development in Greater Mekong Sub-region presents the same results. The change of power balance and the ways the claimants utilize their power ignited problems of cooperation. The power differential between two or more should pose a matter of gaining cooperation by stimulating the willingness of others to accept to the leading position of the power. Especially in the case of a asymmetric

region, which observes a power differential between big countries and smaller ones, power sharing is understood as a prerequisite that a big country needs to conduct its leading position by managing the asymmetry of physical capacity, which mitigates fears of smaller states about the use and abuse of the growing power of big states. Without this factor, the trans-boundary water cooperation is likely feasible.

The position of China has been improved, but there is no (or not yet appearing) China-led system or a Sino-centric Regional Order. Success of the leadership projects has improved the Chinese position in all of the sectors, in both economics and security. The below graph shows that with the four successful projects, China has (i) well established a regional organization or a new mechanism to solve problems (such as China-ASEAN Free Trade Agreement and Joint Development in the South China Sea 2005-2008); (ii) created a regional network (such as the Greater Mekong Sub-region - the development of infrastructure); or (iii) enhanced its power through voting shares or rights in decision-making within regional organizations or structures (such as the Chiang Mai Initiative). However, even though China has gained some significant success, the East Asian structure is still far from a scenario of a China-led system or a Sino-centric regional order. China is still looking for strategic allies in the region. In the SEA, there is no organization or network which places China at the center or in which China plays the role of the monopoly hegemon excluding involvement and influence of other powers within the region such as Japan or outside the region, such as the US and India. China is also not assessed as a veto-power in regional organizations it joins. The evidence proves the furthers Chinese step in trading is when this country successfully conducted an FTA with the ASEAN and excluded other powers in a particular period 2002-2004. In two other cases of Greater Mekong Sub-region – the development of infrastructure and the Chiang Mai Initiative,

China was the co-leader with Japan. There is one case that China owned potential to become a hegemonic leader in the region, which is solving disputes in the South China Sea. However, the results are pointed out to be negative to China and such situations can be seen as an anarchy playground (no leader), or China competing with outside powers (although countries such as the U.S. or India are not claimants of the conflict). This is an important finding for assessment on the Chinese influence and position in the region. It disagrees with the ideas of China as a regional natural leader which automatically gains followership of the neighboring countries thanks to its available sources of location, culture, population or history, and that of China as a "toothless tiger" with restraints in regional and global politics. Moreover, these findings also suggest that small and medium states in the SEA always have more than one option to choose in which side of powers they prefer to stand by.

Table 16: Overview of the case studies with key findings

Case studies	Followership	Type of leadership projects	Position of China
Joint Development in the South China Sea 2005-2008	Yes	(more) Inclusive	(more) Hegemonic Position
Joint Development in the South China Sea 2009-2013	No	(more) Extractive	Rivaling Position
China-ASEAN Free Trade Agreement	Yes	(more) Inclusive	(more) Hegemonic Position

East Asian Summit 2005 (Membership Issues)	No	(more) Extractive	Sharing Position
Greater Mekong Subregion Cooperation- Plans for hydropower development	Mixed	(more) Extractive	Anarchic and Rivaling Position
Greater Mekong Subregion Cooperation – The development of infrastructure	Yes	(more) Inclusive	(more) Hegemonic Position
The Chiang Mai Initiative of the ASEAN+3 and its multilateralization	Yes	(more) Inclusive	Sharing Position

Source: author's compilation

Chapter 9: Implications and concluding remarks

Stemming from an observation that China is rising in terms of resource power, debates about a "China's century" has been happening; also, the assumption "China Rules the World" (Jacques 2009) has become one of the hottest topics. Empirical findings of this dissertation do not wish to disclaim the mentioned ideas, but it modifies them in some aspects. Likewise, China is rising as a leader, but is still a "leader in the making". This power has achieved the leading role or enhanced its position in the regional power scale in some particular cases by gaining followership of other countries from its leadership projects. However, in some other cases, China failed to reach its desire, even when the Chinese power dominated other states, the power could not transfer into political influence and might in need of some smarter implementation.

This finding is believed to carry important implications, especially in the next few years. There are reasons to trust that China will continue to spread its leadership projects out of the East Asian region. As China is getting richer and more powerful, the pursuit of national security has led them to strengthen controlling the surrounding strategy environment. This area includes the Korean Peninsula, the East China Sea, the South China Sea, Southeast Asia continent, etc. Beijing also continues to enhance its competitiveness to influence the South Asia and the Central

Asia with India and Russia. These actions demonstrate the power of a country owing specific historical features which are reflected in motivation and methods that China has and will take advantage of its current powerful rise to shape and affect the Asia Pacific security. From the perspectives of analysts on the Chinese strategy, contributing to the world governance is a strategy, not a philosophy of China (Shambaugh 2013). And with that strategy, the concerns are, what purpose does it serve, and which method is optimal to reach the purpose. Yan Xuetong (2011a) predicts: "In the future, China will prefer to establish new institutions, rather than reform existing ones—it is easier to build a new building than to remodel an old building". As such, which does it need to build a "new building"? In other words, which methods should China seek to transform its power into practical results as it wishes?

Building on the empirical findings, the chapter ends by examining the implications that emerge from the theoretical and practical analysis for China foreign policy and its role in the international politics. With its rising power, China is entering a new era as a regional, and even global, leader. If hypotheses and empirical findings of this research are proven to be accurate, then Chinese policy makers need to re-assess lessons from successful cases and learn from failed cases in order to form a smarter strategy for China. Finding an appropriate way to manage its rise can be a way that China contributes to the world's peace and stability. There are six noted points interpreted from this dissertation's finding.

First, power and the interaction of power and leadership are relative. Power in terms of increasing resources builds a foundation for the leadership process only if it is utilized appropriately, timely and in a becoming context. International politics, as assumed by the realism, is a dangerous and unpredictable world where power often creates fear and motivates

countries to kick off strategies of balance. As such, the first priority of a country which desires to foster its leadership process is to set up a mechanism to manage and share power. In this context, sharing power does not equal to losing its power. In contrast, this is a method that a great power transforms its hard power into another form of power that is more legitimate. The strong growth of the Chinese economy is a fundamental foundation for its advanced sciences, a powerful military and an increase in the political influence on surrounding countries. The consequences of this rise, basically, are confirmed by the growing concern of the region and the world: how China will use its power and influence. Beijing's pursuit of substantive policies harmonious with common interests of other countries in the region or breaking existing general rules will produce different impacts on regional security. On the other hand, how other countries view China is also an important question. To the SEA countries, their main concern is that the China's rise will help enhance or vice versa, undermine their national security. Actually, this worry was kindled even before Chinese power emerged rapidly. The fear is covering up SEA countries about an ambitious China is the embodiment of expansionism. This stems from a long history of dominance of Beijing in the region and its policy of aggression threatening the neighboring countries, notably the Vietnam – China border conflict in 1979 or territory disputes in the South China Sea. The security dilemma of China would hardly be solved in the near future with that "suffering" experience left from the past. Establishing a multilateral institution in this situation will indeed help China shape and ensure a long-term stable strategic environment. The rapid growth of China and its benefits outside the border means that the foreign policy should issue long-run and more solid projects.

Second, from the ancient time, the Chinese believed that their country is the center of politics, economics and culture in the world. During centuries, small countries around China

followed it under a typical hierarchy called the Chinese tribute system; in return, they received trade privileges or even military support. From the trust in the Chinese "exceptionalism", regional leaders believe that unlike other powers, China will become a responsible country without cupidity and exploitability. The main driving force prompts other countries to voluntarily adjust their policies to the Chinese one is its regional or global responsibility. Indeed, the emergence and responsibility are two aspects that complement each other. Emerging in some fields, but not being able to take responsibility, can make it neither a full emergence nor a great power. Responsibility should come with smart behaviors that are in accordance with contemporary international standards. One may argue that, in the current globalization, economics is the decisive factor and the global prosperity depends largely on the China's growth. This is correct in some aspects. However, it is not completely accurate since it ignores the hurt that China has to suffer from the international market. More importantly, the hurt attaches to desires of political groups who protect their national interests above all else. When reaching a certain limit, over-protection of national interests will lead to "negative externalities" (Lake/Morgan 1999: 49), which, despite its accident or intention, can negatively change the surrounding environment and create the so-called "hegemonic instability" (Beeson/Broome 2010). The Chinese policy in SEA has shown that the emergence of capabilities created opportunities for China to shape the regional order and take advantage of it. Nevertheless, only focusing on the role of privilege taker may lead to a contrary result impacting inversely on the Chinese leading position. Efforts to share interests with close partners cannot offset response from the structure when the issue influences regional countries, and China – as an expected leader – turns its back on that responsibility. This proves two side effects of the globalization to rising powers like China, when it creates opportunities for powers to become a system

influencer, but at the same time will increasingly constrain its ability to continue to enjoy the special privileges to which it has become accustomed.

Third, as Ross Terrill (2005) of Harvard's Fairbank Center points out, when we speak of "a successful new hegemon, in any region during any epoch, this presupposes three factors: the intention to be number one on the part of the rising power, the capacity to achieve that goal, and the acceptance of the new pretender by other affected powers". A country as a leader is not a "self-appointed" label, but requires followers persuaded by its ideology, value or vision. The followers will be the most enthusiastic and active ones to protect the hegemon and promote forward the system, along with the hegemon, as they are persuaded and believe in the way they chose. For people support the English School (of IR theory), China with its characteristics is not a full member of the international society (Buzan 2010; Wang/Buzan 2014). For those who place their trust on a "Chinese Exceptionalism", a community is a process with two-way interaction, in which China influences and changes in the international norms (Yaqing 2010; Zhang 2010). Sharing the approach, the recent concept of Consensual Hegemony of Burges (2008) concludes that a guiding moral system or normative vision is the precondition for a firm leadership. In this way, the Chinese may assume that they can make a great contribution to the international norms, from the Confucian ideology to an unbeatable thousand-year civilization. The ideology and values are believed to reborn at some moment in the future. However, at present, they seem to be only potential. Especially when mentioning political system and ideology (domestically or globally), there are doubts if China is equipped well to govern the world in the way that England did through its sea power, or that the US is currently doing based on its mass culture, ideas of free market and democracy (Terrill 2005). Before the PRC was established, Mao nursed a fantastic dream of an ideological revolution all over the world, which was failed. Since then,

messages disseminated by China have often been defensive and self-protected. Notions of "peaceful development", "harmonious world" or the promotion of "Asian worldview" in some recent cases aim to against all forms of hegemony and provide a commitment about a common prosperity brought by China for all countries. A vision can also be seen as a message promises to bring material benefits or an acting motto against some other trend. However, that sort of vision is just a provisional solution, since it always needs to find some (imaginary) rival and provide promises aiming at material benefits. The formation of Chinese leadership process in some fields can be a temporary phenomenon which may collapse due to lacking of structural elements. It can only be sustainable if the participants acknowledge its legitimacy to voluntarily pursue, which still remains vague and inconsistent in the leadership project of Beijing.

Four, when the three above points are present at the same time, this means China is able to provide the inclusive leadership type and likelihood of the projects' success will increase. This is called a smart governance and effective use of power. However, this is not an inexpensive and easy-to-make solution. Restraining power will narrow the ability to act unilaterally, and require attention to international law as well as consultation with other countries. Becoming a power responsible for providing public goods or private goods in many cases is costly, which can be a "trap" forcing China to contribute more. In addition, finding consensus on its vision is a difficult task since it requires the leader not only to create a specific model or values, but also to diffuse the values and make them to be legitimate. Conducting the three factors at the same time and in all cases is very demanding and sometimes can clash with domestic interests. Therefore, from the most realistic view, China in the next few years will be a mix of elements of inclusive leadership which are selective in different situations. "How to choose" and "in which field" amid the country's political status are questions that require lucid decisions of Chinese elites. During the

rising time of a country, when it reaches a particular level, a part or even most of the population become misconceive about their power. Hence, there will be people asking for the hegemonic position with ambitions over its real capabilities. Meanwhile, other groups may support an insular nationalism highlighting their national interests above all. There can be some other ideas or approaches reconsidering the role of China as a hegemon and other countries as "China's tributaries". In this context, choices of the elites play the key role. If the elite group supports the mass public or take advantage of their mood, serving for their own interests, the country will fall into a tragic plight. In contrast, if the elites remain their perspicaciousness and mobilize judicious people to go against the opposite ones, the country can rise peacefully and fulfill its mission of a great power. China should learn that the position it is owned today, after 20 years, rising in terms of economics, is a combination of the hegemonic path (badao) and the kingly way (wangdao), in which "badao" presents in the emergence of military, economics, science and technology, and "wangdao" presents in the search for consensus with allies, sharing interests, restraining itself into power-limit mechanisms and integrating to common standards of the international community. Deng in 1979 believed in "tao guang yang hui" to reform the economy and construct the country, then the next wisdom China needs to acquire is the spirit of "check and balances" of the American constitution. This is the spirit of a leader who acknowledges its power and uses it timely, balancing interests of related parties under the surveillance and consensus of other members in the community. Power is a tool, not a goal. And leadership should be understood by the recognition of others, rather than muscle flexing or clinging onto self-delusion.

Fifth, the Chinese leadership has two-side effects on the regional order. Involvement of powers both from inside and outside the region gives out a guarantee that there is always at least one counterweight against China when Beijing chooses to pursue more extractive policies. This

assessment disclaims the idea of Kang (2007: 200) about the thesis that "Asia's past becoming Asia's future" when he states that "Even if US power recedes significantly from East Asia, the region may not become as dangerous or unstable as is generally believed, because other nations may continue to adjust to China's central position in East Asia". The adjustment of SEA states is not an approach based on identity or historical experience, which sees that China's rise will bring along with it prosperity and stability, but varies depending on the Chinese approaches and policies as a great power. In this context, the presence and active involvement of the US is extremely important as it indicates that SEA countries always possess more than one option (which is to accept all of the Chinese proposals and sees this power as their sole leader). The participation of the US (and Japan) has increased the risks and adjustment costs for China if Beijing conducts a "careless" foreign policy or just focuses on short-term purposes. Regarding a long-term approach, if assessments on the power shift is correct and the Chinese domestic politics are strong enough to ensure its rise in the future as a great power (which is hardly probable to be successful)[32], then characteristics of a balance of power in the Asia – Pacific are existent. Applying this dissertation's theoretical framework, we can identify this moment when China conducts a policy carrying more extractive factors, but its neighboring countries, though not favorable, have no choice but to accept the Chinese dominance. In other words, the SEA countries do not own a wide range of alternatives and have to go under the shadow of the dragon, which is a "nightmare" to them. Therefore, on the standpoint of SEA countries, it is crucial to create a "social contract" with powers from inside and outside the region, which includes a

[32] Regarding the rise of powers and conflicts in domestic politics, it can be referred at Levy 1988; Fearon 1998. More information about viewpoints doubting stability of the Chinese political system can be accessed at Li 2012; Pei 2012.

commitment about power use, methods to solve common issues and rules to be utilized as common norms of the community. For SEA countries, this is the appropriate time to foster this process, before the power scale inclines completely to one side.

Finally, as argued in this research, studying leadership in IR and applying it to analyze China's rise requires an approach combining various aspects of IR theories. Acknowledging the benefits of interdisciplinary scientific cooperation, this research questions whether these theories and methodologies can be harmonized, and, if yes, how?

- One of the potential answers regards US-China power competition or cooperation and its implications. The US-China power competition is also considered an explanatory factor. It is argued that the US and China's options among power struggle, power, rivalry or power sharing are the key factor in China's leadership projects. This argument is based on the fact that the current regional order has been established on the foundation of the US's outstanding power in the area of military, economy and politics. Basically, the freedom of navigation, guaranteed regional security, international norms and institutions are based on that power. Therefore, if the US doesn't want or has not yet let China to play a bigger role, not mentioning a role of jointly leading a new regional order with the US, China can not be the leader. Acknowledging that the great power relationship is a crucial factor, in this dissertation we firstly regard US policy as a consequence of China's choice of leadership type. In other words, in relations with SEA nations, the more China offers inclusive elements in its leadership projects, the more likely that those projects will succeed. On the contrary, China's mismanagement or getting the wrong way will pave the way for the American role to be widely accepted in the region. Secondly, in case

those projects are successful, China's position would be heightened, competing with the US. The US's role now is regarded as a "measuring tool" to analyze China's influence in different areas, thus contributing to the formation of a new order. This ensures that US-China relations (in whatever form) will be taken into account and that there will be roles for medium powers and other small states. The work will look into the two powers' strategic policies with each other and their implications for SEA. For example, if the US and China secretly negotiate to share their sphere of inluence, the strategic implications of China's leadership type for small states in Southeast Asia will be different. This would also means that these nations would no longer have a wide spectrum to choose from. In the face of the rise of China and the process of a global/regional powershift, the negotiation on a new regional order will likely take place. It is the starting point to more deeply and seriously take into account US- China relations as a factor (perhaps a decisive factor) for all political outcomes in the region.

- Another potential answer is to examine the dynamics of interest groups in countries heading to leading positions, as well as to study lesser states which are facing those ambitions to see whether or not they accept the leadership projects proposed by the rising powers. This dissertation examines China as a whole (without being divided by different interest groups) and is not ambiguous in conducting its leadership projects (whatever types of leadership it pursues). The reality, on the other hand, can be a different picture. The shift of leadership type can be interpreted as a predominance or the prevalence of a political group within Chinese domestic politics. This can enhance, prevent or affect Chinese cohesion in its policy, which can be viewed as a cause leading to the failure or ineffectiveness of the China's leadership. This Innenpolitik approach is also promising

for more research on the behaviors of different groups of SEA countries regarding projects brought from China, especially those with material benefits. This dissertation's framework, however, cannot avoid encountering some restraints among which the fact that it has not identified which policies and leadership mechanisms provided by China fostered the creation of of particular interest group domestically in SEA countries and the influence of those groups on the China-policies of their countries. Giving an explicit answer to this question may shed more lights on the strategic choices of each SEA states towards Chinese proposals or cooperation projects. As such, building up a framework consists of interdisciplinary factors is the precondition which, in the existing literature, we have not deeply examined[33]. Thus, it may be necessary to research China's rise and its leadership in a long-term approach and with large-N case studies, which refer to different fields in which China has been enhancing its activities and establishing its leadership projects, such as marine security, green industry or finance. Practices reflect China's rise in terms of material resources, and its conduction of various activities in specific fields. We pay attention to the ways China builds up its "leadership projects" by examining leadership models that China follows, how the models are accepted by other countries and how the outcomes of such (non-) acceptance affect the common structure or order. Those questions should be studied in different regions, since the rise of China is not (and will not be) limited to Southeast Asia. Indeed, the process of reaching the leading

[33] This dissertation was conducted after a book of Goh (2013/2014) was published. This is among works which chose to access different factors of IR theories under a general concept. Accordingly, constructing regional order in East Asia was seen as a negotiation in many fields from which they analyzed viewpoints of regional powers and lesser states.

position of the Middle Kingdom in Central Asia, Africa and Latin America has shown some interesting indicators which will offer important insights to the questions raised and can be a great contribution to research on Chinese emergence in the world.

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