THE SOUTH CHINA SEA CONFLICT AND SINO-ASEAN RELATIONS: A STUDY IN CONFLICT PREVENTION AND PEACE BUILDING*

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This article argues that the South China Sea (SCS) conflict has been a successful case of conflict prevention since the early 1990s, and in fact, that a transformation has occurred, from a fragile peace to a more stable peace. The article asks why there has been, and continues to be, relative peace in the SCS, despite the fact that many factors—as well as predictions by neo-realists and most U.S. policy analysts—point in the direction of military conflict. The findings show that the relative peace is the result of two interlinked categories of processes: elite interactions and regionalization. The former takes the form of Track 2 diplomacy and personal networks, while the latter is the outcome of the combined forces of Sino-ASEAN rapprochement and economic integration and interdependence. Here, China's acceptance of multilateralism and the ASEAN+3 process have been of foremost importance.

Key words: China, ASEAN, East Asian security, territorial disputes, multilateralism

Introduction

Explaining the East Asian Peace

The South China Sea (SCS) has been a successful case of conflict prevention since the early 1990s. It has been, and continues to be, the locus of a number of territorial conflicts between China and the members of the Association of Southeast Asian Nations (ASEAN), and a conflict where there have been regular military clashes. Moreover, it is a conflict in a region with a high level of intraregional distrust, deeply rooted historical issues, and rapidly increasing military spending. It is not without reason that Andrew Tanzer's characterization of the Spratly Islands area as "Asia's next flash point" became a standard reference phrase for the area.[1] However, not only has the conflict not escalated into a serious military conflict; it has, in fact, been mitigated, and as this article will argue, in fact, a more stable peace has developed. To understand this empirical paradox, the article asks why has there been, and continues to be, relative peace in the SCS despite the many factors pointing in the direction of military conflict.

Scholars of neo-realism, the dominant research paradigm for analyses of the East Asian security setting, have painted a gloomy picture of the prospects for the South China Sea and the East Asian region in the post-Cold War era. Perpetual conflicts have dominated their predictions.[2] Similar assessments have

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1. Andrew Tanzer, "Asia's Next Flash Point?" *Forbes*, vol. 150, No. 10 (1992).
2. See, e.g., David C. Kang, "Acute Conflicts in Asia after the Cold War: Kashmir, Taiwan, and Korea," in Muthiah Alagappa, ed., *Asian Security Order: Instrumental and Normative Features* (Stanford, Calif.: Stanford University Press, 2003); Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security*, vol. 27, No. 4 (March, 2003), pp. 57-86; S. Peou, "Withering Realism? A Review of Recent Security Studies on the Asia-Pacific Region," *Pacific Affairs*, vol. 75, No. 4 (Winter, 2002/2003), pp. 574-84; Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security*, vol. 18, No. 3 (Winter, 1993/1994), pp. 5-33; Richard Betts, "Wealth, Power, and

also been made by virtually all analysts of U.S. policy.[3] However, these predictions seem to have been premature, and have so far not materialized. This is the case not only in the South China Sea but also in the broader East Asia region where, instead of perpetual conflict, the post-Cold War era has been characterized by integration and a focus on multilateralism and multilateral cooperation.

Though less prone to predict conflict, other mainstream international relations theories fail to fully account for the level of peaceful development. Liberal institutionalism tends either to give the various institutional arrangements in East Asia more prominence than they deserve or to dismiss them simply because they are so different from the Western ones. Constructivism, on the other hand, tends to give too much credit to Asian identity building. One of the greatest problems for mainstream theories is the inability to explain East Asian peace given East Asia's lack of security organizations or other formal conflict management mechanisms to prevent existing tensions and disputes from escalating into violence and/or to resolve them and build peace.

This article will provide an empirical study of the SCS conflict between 1990 and 2008. More specifically, it will provide a detailed and empirically based study of China's role on behalf of peaceful development in the SCS and in Sino-ASEAN relations generally.[4] Those overarching relations need to be included,

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Instability: East Asia and the United States after the Cold War," *International Security*, vol. 18, No. 3 (Winter, 1993/1994), pp. 34-77; Barry Buzan and Gerald Segal, "Rethinking East Asian Security," *Survival*, vol. 36, No. 2 (Summer, 1994), pp. 3-21; Tanzer, "Asia's Next Flash Point?"

3. As pointed out by Melvin Gurtov, *Pacific Asia?: Prospects for Security and Cooperation in East Asia* (Lanham, Md.: Rowman & Littlefield, 2002), p. 191.

4. The article will look beyond short-term conflict prevention and the role of the United States as a crisis- and short-term conflict management mechanism. The United States has been important for generating a feeling of security in Southeast Asia, thereby creating space for the ASEAN to engage China and vice versa. Thus, the United States has been a catalyst for the processes in focus in this article. However, the impact for building a longer-term stable peace in the SCS has been more limited, as the U.S. commitment has been both limited and ambiguous. In fact,

since the SCS conflict is linked with the overall peace-building process between China and ASEAN that has taken place over the past two decades. The two cannot be separated, as the SCS is the most likely dispute to escalate into military confrontations. At the same time, progress in the SCS is very much a manifestation of positive Sino-ASEAN relations. The article is based on empirical data collected during extensive fieldwork between 2004 and 2008 based in China. The major part of the empirical material was collected through interviews with elite individuals in China, Taiwan, Hong Kong, and Europe.

This study develops an understanding of the role and impact of cross-border interactions that transcend formal conflict prevention, conflict management, conflict resolution, and peace building. Informal processes and their related conflict-prevention and peace-building mechanisms are of particular interest here. More specifically, the focus is on a number of processes that have been of importance not only for preventing conflict escalation in the SCS, but also for the progression toward peace in Sino-ASEAN relations more generally. Two interlinked processes— elite interactions and Sino-ASEAN/East Asian regionalization— have been identified as of central importance and will be the focus of the two empirical sections of this article. In the first section, three forms of elite interactions are analyzed: the South China Sea workshops, personal networks among leaders and elites, and Track-2 diplomacy. Thereafter, in section two, the focus moves to the overarching peace-building process between China and ASEAN, including its origins, Chinese acceptance of multilateralism, and the role of economic integration and interdependence as a driving force for East Asian regionalization. In the final section, conclusions will be drawn.

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with the exception of the SCS in the 1990s, relations between the conflicting parties have been at a level where their behavior does not endanger U.S. interests and the risk of American interference has thus been small.

Ingredients of a Stable Peace

The underlying presumption in this study—that different informal processes, and interrelated mechanisms, constitute at least part of the explanation for the relative peace—is based on three observations. First, there is an absence of any security organization or other formalized conflict management mechanism to prevent conflict escalation and/or build peace. This indicates that there needs to be a more informal mechanism in place. Second, the importance of informality and informal processes is widely acknowledged. The Asian states are enmeshed in informal and personalized networks in all spheres.[5] On the international level, the importance of informality is not only underscored by the regional preference for non-legalistic institutions. The region-wide acceptance of the "ASEAN Way" as the diplomatic norm, and the importance given to interpersonal interaction between leaders, also illustrate the role of informality. Third, there is research focusing on peace and conflict that points to the importance of informality and informal processes, such as informal networks.[6]

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5. Peter J. Katzenstein, "Introduction: Asian Regionalism in a Comparative Perspective," in Katzenstein and Takashi Shiraishi, eds., *Network Power: Japan and Asia* (Ithaca, N.Y.: Cornell University Press, 1997); Allen Carlson and J. J. Suh, "The Value of Rethinking East Asian Security: Denaturalizing and Explaining a Complex Security Dynamic," in Suh, Peter J. Katzenstein, and Allen Carlson, eds., *Rethinking Security in East Asia: Identity, Power, and Efficiency* (Stanford, Calif.: Stanford University Press, 2004).

6. Lowell Dittmer, Haruhiro Fukui, and Peter Nan-Shong Lee, eds., *Informal Politics in East Asia* (Cambridge: Cambridge University Press, 2000); Leung Kwok and Dean Tjosvold, eds., *Conflict Management in the Asia Pacific: Assumptions and Approaches in Diverse Cultures* (Singapore: John Wiley & Sons, 1998); Mikael Weissmann, "Informal Networks as a Conflict Preventive Mechanism," in Niklas Swanstrom, ed., *Conflict Prevention and Conflict Management in Northeast Asia* (Uppsala & Washington: Central Asia-Caucasus Institute & Silk Road Studies Program, 2005); Weissmann, "Peacebuilding in East Asia: The Role of Track 2 Diplomacy, Informal Networks, and Economic, Social, and Cultural Regionalization," in Jacob Bercovitch, Kwei-Bo Huang, and Chung-Chian Teng, eds., *Conflict Management, Security and Intervention in East Asia: Third-Party Mediation*

Peace is understood not merely as the absence of war, but as a continuum ranging from crisis, through unstable and stable peace, to durable peace. A durable peace is a situation where interparty relations have reached a high level of cooperation and reciprocity, and war is unthinkable. With stable peace, relations have transcended the stage where war does not happen and moved into a situation where war is perceived as something that will not happen, at least in people's minds.[7] At the unstable peace level, tensions and suspicions between the parties are so high that peace no longer seems guaranteed and the parties perceive each other as enemies. Tensions and suspicion run high, but violence is either absent or only sporadic.[8] At the crisis level, the risk of war is imminent and military action is the preferred, or likely, option. There may be sporadic utterances of violence between the parties, but no regular, organized and open violence.

When applying the peace continuum to the SCS conflict, it becomes clear that the conflict has been transformed since the early 1990s, when it was best characterized as a very fragile, unstable peace. At the time, military forces were seizing claims and a conflict between the Philippines and China over the Mischief Reef in 1995 stopped short of military conflict mainly because of the unequal power of the two. Since then the conflict has moved toward a more stable peace. Despite tensions and unresolved underlying incompatibilities in the SCS, war is considered most unlikely as the SCS conflict cannot be separated from the overarching Sino-ASEAN relations. Since the early 1990s, peaceful relations between China and ASEAN have been institutionalized, and there has been a strong regional integration process that links the two and makes them economically interdependent. Thus, as a manifestation of the latter, the conflict is tilting toward a stable peace where war is very unlikely,

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    in Regional Conflict (London: Routledge, 2008).
  7. Pierre Allan and Alexis Keller, eds., *What Is a Just Peace?* (Oxford: Oxford University Press, 2006), p. 111.
  8. Michael Lund, *Preventing Violent Conflicts—A Strategy for Preventive Diplomacy* (Washington, D.C.: United States Institute of Peace Press, 1996), p. 39.

rather than toward an unstable peace.

The process that creates peace is understood as dual, including both "the prevention of conditions conductive to violence" and "the promotion of conditions conducive to peace."[9] The former roughly equates to preventing negative relations between groups, and the latter translates into the promotion of positive intergroup relations. In this article, the terms "conflict prevention" and "peace building" are used to capture the two aspects. Conflict prevention covers the prevention of negative relations from escalating, while peace building encompasses the development of positive relations between states. In general, conflict prevention covers mechanisms with impact over a relatively short term, while peace building concerns the building of a longer-term peace.

The Role of Elite Interactions

The proliferation of elite interactions, in particular Track-2 diplomacy and personal networks, has been important for peace building and conflict prevention in the South China Sea, as well as in Sino-ASEAN relations and the broader East Asian region. The elite interactions have increased the regional ability to prevent conflicts from arising and escalating and have thus been an important peace-building mechanism. Not least, they have been an important force for regional trust and confidence building, and for the development of a regional identity through East Asian community building.

Regarding the South China Sea dispute, the informal South China Sea Workshops have been of particular importance. These workshops have been promoting cooperation, confidence building, and trust among the conflicting parties. The importance of these workshops should be understood in the context of the thick web of Track-2 frameworks that developed in the region in the 1990s. The frameworks are interlinked: They interact both for-

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9. John Burton, *Conflict: Resolution and Provention* (Basingstoke: Macmillan, 1990), p. 3.

mally and informally; they discuss similar issues; and, to a great
extent, they have overlapping participants. This creates synergy
effects and strong links to the Track 1 level. These mechanisms
are explored in more depth in the following sections on prolifera-
tion of Track-2 diplomacy and on personal networks.

The Informal South China Sea Workshops

In the early 1990s, the SCS was the region's most critical
flashpoint, and there was no forum through which this conflict
could be efficiently handled. At the time, the informal Work-
shops on Managing Potential Conflicts in the South China Sea
(SCSW) were the only mechanisms for reconciliation, and the
only feasible forum through which China could engage and
cooperate with ASEAN on the South China Sea dispute. The aim
of the workshops was to "informally manage potential conflicts
in the South China Sea through the promotion of cooperation
within the context of promoting confidence building measures
and preventive diplomacy."[10] The workshops were most impor-
tant between 1990 and 1999, before the ASEAN code of conduct
was developed and China agreed to hold talks with ASEAN on
this matter. After the original funder, Canada, cut its support in
2001, the workshop activities have been continuing in an "infor-
mal, unofficial and track-two way, focusing on building confi-
dence and cooperation while avoiding controversial, political
and divisive issues."[11] In practice the workshops have been a
framework for technical cooperation.[12]

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10. Hasjim Djalal, "Preventive Diplomacy and the South China Sea," in
    Desmond Ball and Amitav Acharya, eds., *The Next Stage: Preventive
    Diplomacy and Security Cooperation in the Asia-Pacific Region* (Canberra:
    Strategic and Defence Studies Centre, Research School of Pacific and
    Asian Studies, 1999), p. 195.
11. Hasjim Djalal, "Managing Potential Conflicts in the South China Sea,"
    in Sŏng-ho Kang, John W. McDonald, and Chinsoo Bae, eds., *Conflict
    Resolution and Peace Building: The Role of NGOs in Historical Reconciliation
    and Territorial Issues* (Seoul, Korea: Northeast Asian History Foundation,
    2009), p. 77.
12. For an outline of the 2001-2007 workshops, see ibid., pp. 77-80.

To better understand the role of the SCSWs it should be emphasized that although these meetings are examples of Track-2 diplomacy, they share many of the features of track 1.5 workshops. It has been explicitly stated that the workshops should be "a platform for policy-oriented discussions, not only for academic exchanges of views."[13] When selecting participants, emphasis was placed on senior officials rather than on academics. This high-level participation ensured a direct link back to the decision makers and other relevant authorities concerned with the SCS. The SCSWs did help the participants to reach a better understanding of each other's positions as they opened up for both information exchange, and formal as well as informal communication among the participants. This understanding consequently decreased the risk of miscalculations, which is important to prevent unnecessary and unintentional conflict escalation. Moreover, the workshops ensured the existence of channels of communication between the parties, which raised the ability to defuse tensions and prevent conflict escalation.

To prevent the conflict from escalating is critical in the SCS case since it is a flashpoint where the parties have military forces present, and where military confrontations have been occurring regularly in history. This problem has also been acknowledged in the workshops. In the mid-1990s, the workshops did discuss the problem of military presence in the SCS and stressed the need for military transparency and confidence-building measures, including military exchanges.[14] In short, the SCSWs have been a successful forum for policy innovation and pre-negotiation and served as a possible starting point for official negotiations. In fact, many of the features that later appeared in official statements and joint declaration had previously been discussed in the informal workshops.

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13. Hasjim Djalal and Ian Townsend-Gault, "Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention," in Chester A. Crocker, Fen Osler Hampson, and Pamela Aall, eds., *Herding Cats: Multiparty Mediation in a Complex World* (Washington, D.C.: United States Institute of Peace Press, 1999), p. 117.
14. Djalal, "Preventive Diplomacy and the South China Sea," p. 189.

Since they were Track 2 and informal, the SCSWS did not have the same restrictions as official negotiations. Already at the second SCSW in Bandung, West Java, in 1991—the first workshop with Chinese participation—the involved parties agreed to settle the conflict peacefully, thereby avoiding the use or threat of force. The participants also agreed to exercise restraint and to develop cooperative programs and projects regardless of the territorial disputes. These agreements were similar in content to ASEAN's declaration on the South China Sea in 1992 (the Manila Declaration). Needless to say, the principles in this declaration played an important role in diffusing tension during the Mischief Reef incident in 1995.

The workshops have also worked as catalysts for cooperation within a range of different functional areas. Through its Technical Working Groups and Group of Experts Meetings, a number of projects have been initiated. However, where these projects have had positive effects on cooperation on more sensitive issues, this has been limited to the establishment of functional frameworks. One example was the set up of a special study group on joint development in the South China Sea in 1998, which addressed the sensitive and conflict-ridden issue of access to natural resources. The prospects for such joint developments have been assessed as good.[15] In 2005, a tripartite agreement on joint marine seismic research in the SCS was signed between oil corporations from China, the Philippines, and Vietnam.[16]

The SCSWs had close ties to other Track 1 and 2 multilateral forums in East Asia. Although no official links existed, the participants overlapped with other forums where issues linked to the SCS were addressed, including the ASEAN-China Dialogue, the Council for Security Cooperation in the Asia Pacific (CSCAP), the ASEAN Institutes of Strategic and International Studies (ASEAN-

15. Keyuan Zou, "Prospects for Joint Development in the South China Sea," in John Wong, Keyuan Zou, and Huaqun Zeng, eds., *China-ASEAN Relations: Economic and Legal Dimensions* (Singapore: World Scientific, 2006).
16. Sam Bateman, "Regional Responses to Enhance Maritime Security in East Asia," *Korean Journal of Defense Analysis*, vol. 18, No. 2 (Summer, 2006), p. 46.

ISIS), and the ASEAN Regional Forum (ARF).[17] In other words, the SCSWs can be understood as a SCS-focused forum imbedded within a wider net of Track 2 and 1 frameworks in East Asia. However, despite these overlaps, there were inherent problems with addressing the SCS in informal Track 2 settings. In the late 1990s, Djalal argued that it was time to move beyond the existing division between Track 2 and Track 1 frameworks. He argued for involving the ASEAN Regional Forum in the work of the SCSWs and related activities, to avoid activity duplication and strengthen the two forums. The ARF did recognize the positive contribution of the SCSWs, and asked to be informed of its activities through the current chairperson of the ARF Track 1 activities.[18]

In conclusion, the SCSWs have been a catalyst for peaceful developments in the South China Sea. Not least, they have been important for pre-negotiation and policy innovation. In addition, they have created a forum in which the relevant officials from the conflicting parties have been able to meet in an informal setting, thereby building relationships and trust among officials. They were, in this respect, also important for the development of personal networks among the participants. The importance of the SCSWs for the network-building process should be viewed in light of the limited integration between China and ASEAN during the 1990s. The workshops have also smoothed relations through technical cooperation at a time when conflict was tense and the official lines of communications between China and the other parties were limited. Still, there have been no spillover effects from these tensions into other issue areas.

In short, the SCSWs have been important for safeguarding the fragile peace in the 1990s. Their importance has been acknowledged by the respective governments, as they were willing to allow, and financially support, the participation of senior government staff. They kept a channel for dialogue open and worked as a catalyst for cooperation within the SCS region. Thereby they

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17. Djalal and Townsend-Gault, "Managing Potential Conflicts in the South China Sea," p. 121.
18. Djalal, "Preventive Diplomacy and the South China Sea."

have not only contributed to the prevention of conflict escalation; they have also constituted an important part of the peace-building process in the SCS and between China and the ASEAN members.

Personal Networks among Leaders and the Regional Elite

The interviewees have emphasized the importance of personal relations among regional leaders.[19] In fact, most interviewees, particularly in East Asia, called them "extremely important."[20] The interpersonal interaction process and the development of personal relationships were emphasized by the interviewees as crucial for mutual trust and understanding.[21] Indeed, personal contacts and relations between the top leaders were regarded as "a key" to friendly interstate relations, just as the relationship between the top leaders "reflects relations between countries."[22] The utility Chinese leaders' attach to leader- and elite interactions has been richly described in a memoir by Qian Qichen, former minister of foreign affairs. He has a detailed account of how China restored formal ties with Indonesia.[23] This said, networks among lower-level policy makers and officials are also important, in particular for long-term peace building, which is discussed below.

The network building has been driven by the combined forces of regionalization and the proliferation of Track-2 processes. The unprecedented number of meetings has led to a situation where top leaders, officials, and regional elites have numerous points

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19. Interviews in China, Taipei, Hong Kong, South Korea, Japan, United Kingdom, Sweden, and Denmark, 2004-2008.
20. Interviews in China, November 2004-January 2005, July 2006-June 2007, September 2007, and July-December 2008; in Taipei, March-May 2007; in Hong Kong, December 2007; in South Korea, February-March 2008; and in Japan, March 2007.
21. Interviews with strategic thinkers in China, Taipei, Hong Kong, South Korea, Japan, United Kingdom, Sweden, and Denmark, 2004-2008.
22. Interview with senior member in government think tank, Shanghai, China, December 15, 2006.
23. Qichen Qian, *Ten Episodes in China's Diplomacy* (New York: Harper-Collins, 2005), pp. 88-104.

of contact. Through these meetings, webs of personal networks have been built among the participants, which have increased confidence and trust among their members as well as contributed to the building of a nascent regional identity. This identity-building process has been important, given the "need for a regional identity" if "mutual confidence" is to be achieved in such a diversified region as East Asia, with its differing political systems, levels of economic development, culture, and ethnicity.[24]

Worth emphasizing is that the development of personal relations between the Chinese and the ASEAN leaders is a new phenomenon. Chinese officials traditionally have not had personal relationships with their counterparts in Asian countries. This new trend came after China introduced its "good neighbor policy," which has resulted in "good relations with all countries [except Japan]."[25] The ASEAN+3 (APT) process has been of foremost importance for this network- and trust-building exercise. For example, one researcher at a Chinese government think tank emphasized that the annual APT summits were "a very good opportunity for top leaders to develop a mutual understanding plus getting to know each other better."[26]

The importance of personal networks goes beyond the top leaders. Through the multilateralism and institutionalization of the regionalization process—in particular the APT process—lower ranking officials socialize with their counterparts as well. The importance given to informal socialization can be seen in different ASEAN-related meetings where efforts are made to ensure that participants get the opportunity to interact informally. Socialization not only develops a thick web of personal networks among government officials; it also increases mutual understanding and develops confidence and trust at all bureaucratic levels. To include all bureaucratic levels is essential, as cooperation now includes actors and bodies outside the top leadership and the foreign min-

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24. Interviews with strategic thinkers in China, Taipei, Hong Kong, South Korea, Japan, United Kingdom, Sweden, and Denmark, 2004-2008.
25. Ibid.
26. Ibid.

istry. These contacts help ensure that individuals at all levels avoid confrontations and prevent issues and tensions from escalating.

The benefit of elite socialization and elite networks is also noticeable within the respective states. Here, the networks build an efficient link between Track 2 and Track 1 policy-making circles. This is an important aspect in the Sino-ASEAN setting where the link between Track 2 and Track 1 is unclear, as the two tracks often overlap. Moreover, in China the linkages to Track 1 have increased in recent years, as the Chinese leaders have become more receptive to new ideas.[27] Personal networks also contribute to keep channels of communication open between conflicting parties, as illustrated by the informal communication that predated the South China Sea workshops. The personal networks also facilitate back-channel negotiations, as can be seen in the setting up of the SCSWs.

Proliferation of Track-2 Diplomacy

When looking beyond the SCS, it is clear that Track-2 diplomacy has proliferated in East Asia during the last two decades. Track-2 style processes also fit very well in the region, as they correspond to the norms of informality, consensus building, consultation, facesaving, and conflict avoidance, which are important in the East Asian context.[28] Another key factor is China's shift from being a reluctant (non-)participant, to becoming one of the driving forces in Track-2 dialogues in the region. This is especially obvious in its behavior within the APT framework, in particular in the Chinese-led Network of East Asian Think-Tanks (NEAT).

The benefits of the proliferation of Track-2 diplomacy in the last two decades has been described by the regular participants as "enhanced mutual understanding (even when we are hostile),

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27. Interview with a senior member of a government think tank, Shanghai, China, December 15, 2006, and with a China expert, United Kingdom, June 12, 2008.
28. On the characteristics of Asian approaches to security, see Gurtov, *Pacific Asia?*, especially ch. 3.

increased transparency, [and] development of mutual trust and development."[29] Even talk shops, as some critics label them, are important. Since they include officials, "they build trust between policy makers and make them more informed," leading to their taking "more knowledgeable decisions."[30] Trust and informed decisions are important for preventing conflict and building peace, as it increases the ability to handle tensions and disputes in the region, including in the SCS.

The aforementioned benefits for peace are not limited to Track-2 diplomacy involving influential policy makers. Even when fewer influential policy makers are involved, the dialogues still have an impact as many of the region's academics have links to their governments. Furthermore, many institutes have report systems that feed into the government (at least in China). Moreover, Track-2 dialogues have a direct peace impact when official dialogues stall, or when a government wants to have what Ralph Cossa calls "benign cover" to try out new policy ideas.[31] The latter has occurred in the case of the SCSWs. In addition, they are important through their potential spillover effect on regional identity formation.[32]

A number of Track-2 institutions stand out for their role for peace. Among the Track-2 institutions, such as ASEAN-ISIS and CSCAP, have been of utmost importance. Their impact goes beyond trust, confidence, and network building, as they have worked in symbiosis with Track 1 forums. Thus, the two institu-

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29. Interview with a senior member of a government think tank affiliated with a number of Track-2 frameworks, including NEAT and CSCAP, Shanghai, China, May 12, 2007. The same line of argument was also raised in interviews with Track-2 participants from East Asia and Europe.
30. Interview with scholars with extensive experience in Track-2 processes, Fudan University and Shanghai Institute of International Studies, Shanghai, China, December 12-15, 2006. This idea recurred in interviews conducted in China between November 2004 and December 2008.
31. Ralph A. Cossa, "Track Two Diplomacy: Promoting Regional Peace, Stability," *U.S. Foreign Policy Agenda*, vol. 3, No. 1 (1998), p. 54.
32. Beng Phar Kim, "Asia's Informal Diplomacy: Track 2 Discussion and Regionalism," *Harvard International Review*, March 22, 2001.

tions have had direct impact on policy through their close working relationship with official institutions. They have also been forerunners in the institutionalization of East Asian regionalization and community building.

ASEAN-ISIS and CSCAP form a part of the ASEAN Regional Forum "two-track approach," where

> . . . Track One activities will be carried out by ARF governments. Track Two activities will be carried out by strategic institutes and non-government organizations in the region, such as ASEAN-ISIS and CSCAP. . . . The synergy between the two tracks would contribute greatly to confidence building measures in the region. Over time, the Track Two activities should result in the creation of a sense of community among participants of those activities."[33]

However, this close connection also limits the independence and innovation of the two institutions. It has been argued that the close alignment between Track 1 and 2 institutions restricts the capacity of the latter to be critical in its thinking and analysis.[34] This argument is valid, but there are also benefits stemming from the symbiosis. For example, the Track-2 institutions serve as a form of control mechanism on official policy. In short, Track 1 decisions are not made in total isolation.

CSCAP was formally launched in 1993 as the result of a series of conferences on regional security issues in the early 1990s. It has since been of foremost importance for regional trust and confidence building, preventive diplomacy, and cooperation on nontraditional security issues. CSCAP has two formalized channels to influence ARF: meetings between the CSCAP Steering Committee and the ARF Senior Official Meetings; and links between the CSCAP working groups and the ARF interses-

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33. ASEAN Senior Officials, "The ASEAN Regional Forum: A Concept Paper," p. 113, quoted in Desmond Ball, *The Council for Security Cooperation in the Asia Pacific—Its Record and Its Prospects* (Canberra: Strategic and Defence Centre, Research School of Pacific and Asian Studies, The Australian National University, October 2000), p. 48.
34. Joseph S. Kraft, "The Autonomy Dilemma of Track Two Diplomacy in Southeast Asia," *Security Dialogue*, vol. 31, No. 3 (2000), pp. 343-56.

sional meetings.[35] As CSCAP has working groups for a range of issues, it can consequently influence ARF on a wide array of topics. In other words, CSCAP has not only been a facilitator of elite socialization, it has also contributed to semi-official engagement on a range of issue areas. That said, over time, CSCAP has lost some of its importance, as many of its roles have become institutionalized within the APT process. However, given CSCAP's place as a forerunner, this is arguably a positive contribution to peace and a significant example of a Track-2 process contributing to the development and safeguarding of peace. Moreover, CSCAP continues to conduct studies for ARF's consideration, and thus as a form of preparatory Track-2 institution for ARF.[36]

The ASEAN-ISIS has not only played a fundamental role in the development of ASEAN. It has also been a positive force for ASEAN's relations with China. It has fostered capacity building for cooperative security and preventive diplomacy, and has provided valuable advice to governments in East Asia on a range of issues affecting regional peace and security in Southeast Asia.[37] This includes recommendations to create the ARF, to strengthen the ASEAN secretariat, and to push for realization of an ASEAN Free Trade Area (AFTA).[38] Furthermore, the ASEAN-ISIS organizes an annual Asia Pacific Round Table, which emphasizes confidence building and conflict reduction. Moreover, the ASEAN-

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35. On the relation between CSCAP and ARF, see Hanxi Chen, *Jiangou diqu zhidu: Yatai anquan hezuo lishihui de zhou zuoyong* (Building Regional Institutions: The Role and Impact of the Council for Security Cooperation in the Asia Pacific) (Beijing: World Affairs Press, 2008); Ball, *The Council for Security Cooperation in the Asia Pacific*, esp. pp. 47-61.
36. Desmond Ball, Anthony Milner, and Brendan Taylor, "Track 2 Security Dialogue in the Asia-Pacific: Reflections and Future Directions," *Asian Security*, vol. 2, No. 3 (December, 2006), p. 180.
37. Sheldon W. Simon, "Evaluating Track II Approaches to Security Diplomacy in the Asia-Pacific: The CSCAP Experience," *The Pacific Review*, vol. 15, No. 2 (May, 2002), pp. 167-200.
38. In turn, the ASEAN secretariat has been important particularly within the ASEAN, but also in the organization's work to engage China as a collective body. The ARF has become the institutionalized forum in which common concerns for the whole region are addressed. It has also been an excellent platform for elite interactions.

ISIS has built a link between Track 1 and 2 levels by institution-alizing meetings between the heads of the ASEAN-ISIS and the ASEAN senior officials. In conclusion, the ASEAN-ISIS has been an important catalyst for building a coherent ASEAN, which is important for the level of success in ASEAN's relations with external actors. The success is most apparent in the APT process and in the development of free trade agreements with its East Asian neighbors.

Other Track-2 Processes

There are other Track-2 processes that have been developed within the APT framework. Based on a proposal by South Kore-an President Kim Dae Jung in 1998, two research institutes, focusing on East Asian affairs, were established: the East Asian Vision Group (EAVG); and the East Asian Study Group (EASG). Since 2003, largely as a result of the work of the EAVG and the EASG, three other Track-2 processes have been established: the East Asia Forum, the Comprehensive Human Resources Devel-opment Program for East Asia, and the aforementioned NEAT. These processes have played an important role for peace build-ing by being a driving force in East Asian regionalism and the process of East Asian community building.

NEAT is a relatively new but influential Track-2 institution of special interest for Sino-ASEAN relations. The purpose of NEAT is to promote the notion of an East Asian Community, i.e. to contribute to the development of regional cooperation and identity. It is the official Track-2 analogue of the APT process and its function is to provide intellectual support and policy rec-ommendations on issues of East Asian cooperation. Its members are the APT countries: the ASEAN-10 and China, South Korea, and Japan.[39]

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39. Interviews with senior academics, including the NEAT coordinator (China), and several NEAT members, in Beijing, October 23, 2006; Shanghai, December 14-15, 2006 and May 11-1, 2007; and Hong Kong, December 22, 2006.

NEAT's influence stems from China's leading role as coordinator and its high-profile membership with direct links to the top leaders in the region. NEAT has been described as a framework where "[e]lite scholars and the elite hold discussions," which in turn "fosters a regional cultural identity."[40] Of foremost importance is that the network is taken seriously in China. This is illustrated by the fact that the network is placed under the leadership of the China Foreign Affairs University, the only university that works under guidance of the Chinese foreign ministry. The members in China in particular, but also in the other member countries, are overall highly influential in their respective fields. In short, the network is linked directly to the Chinese leadership, as well as to leaders in other member countries. This allows the Chinese government to absorb the work of these scholars. Indeed, the government has adopted many of the ideas put forward by members of the network.[41]

NEAT is working in relative silence compared with, for example, CSCAP and ASEAN-ISIS.[42] Given that the government officials invited to participate in different meetings and dialogues are very influential, the semi-secret setting creates a good atmosphere for discussions. Just as important is that the NEAT members themselves have excellent personal links to influential people in policy circles or even the decision makers themselves. In some sense, NEAT is a region-wide combination of think tank and discussion club where academic and government elite can get together to talk about issues of regional importance. At the same time, the participants get to know each other on a personal level and are given an opportunity to socialize in an informal setting. This

40. Interview with a senior member of a government think tank, Shanghai, December 15, 2006.
41. Interviews with academics, including members of government think tanks, Beijing, July 2006-June 2007 and Shanghai, December 2006.
42. This paragraph is based on information obtained in interviews with senior academics, including several NEAT members and the NEAT coordinator (China), Beijing, October 23, 2006; Shanghai, December 2006 and May 12, 2007; Hong Kong, December 2006; and informal discussions and observations at a number of Track-2 meetings in China, July 2006-June 2007.

enhances their understanding of each other's positions and per-spectives, which facilitates the development of new ideas and ways of thinking. Over time, this becomes a significant trust- and confidence-building process. It also helps develop routines for communication. This is useful for the successful progression toward an East Asian community, both in the sense of long-term peace building and the willingness and ability to handle issues and tensions occurring during the process. Moreover, it strength-ens the voice of moderation.

Different Track-2 processes facilitate the gathering of policy makers in a more informal setting to allow for relatively open and frank discussions on security issues. Even if the general dis-cussions in the open forum tend to be rather formal, there is room for informal, off-the-record discussions during coffee breaks, din-ners, and excursions:

> That is pretty much how it is! . . . There is a table, you present a paper. You do not mention Taiwan, then the Chinese would walk out. All business [is] on the sidelines. [It is] very Asian, very con-sensual. No debate [at the main table, and] all positions [are] decided beforehand. [There are s]ome open discussions, but most of it at the sidelines, at the coffee table, etc.[43]

The unofficial discussions are important for network build-ing. They also work as trust and confidence-building mechanisms and allow the participants to test their ideas without committing to them officially. This not only encourages new thinking, but also allows for improved information and understanding of the underlying logic and interest behind official positions, statements, and actions. Through these exchanges, confidence and trust are enhanced. Occasionally, deep trust is developed, not least as the participants share many experiences and characteristics, and fre-quently are each other's counterparts. Even if this trust differs from friendship, it becomes a logical result of repeated interac-tion. Repeated interactions also discourage cheating, as there are mutual gains from upholding a certain level of sincerity. At a

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43. Interview with CSCAP participant, United Kingdom, January 2008.

minimal level, your ability to assess the other person's level of sincerity will have increased, as through interactions you learn whom to, and whom not to, trust. This way, unofficial discussions also decrease the likelihood of confrontation because of misunderstandings or miscalculations. The development of confidence, trust, and networks between at least some individuals is central for the ability to implement direct conflict-prevention measures.

The Sino-ASEAN and East Asian Regionalization Processes

The Sino-ASEAN Rapprochement:
"Soft Power" and "Constructive Engagement"

The Sino-ASEAN rapprochement that has taken place since the early 1990s has been an important part of the peaceful development of Sino-ASEAN relations and the successful peace-building efforts leading to the 2002 declaration on conduct signed by the parties in the SCS. Since the 1990s, China has moved from a great power-oriented foreign policy to "soft power" diplomacy, which has meant cultivating a comprehensive relationship with ASEAN. This, in combination with ASEAN's "constructive engagement" policy toward China, has led to expanded relations and deepened collaboration. This rapprochement has been a long-term identity-altering process for both parties, which have reinterpreted their interests and transformed their behavior toward each other. It has also been fundamental to understanding why there have been successful attempts to manage the SCS. Without the rapprochement, there would have been less incentive for both sides to ensure that the SCS did not negatively affect their overall relations.

The turning point for China can be traced to the Tiananmen incident in 1989, when China's Southeast Asian neighbors did not condemn the incident, but instead engaged China.[44] The engagement was a reciprocal process. In the early 1990s, the

44. David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security*, vol. 29, No. 3 (Winter, 2004/2005), p. 68.

prospect of a rising China was still perceived as a threat in Southeast Asia. China at that point launched a diplomatic offensive to counteract the existing ideational and normative structures that created this threat perception. It relentlessly denounced the idea that China posed a threat to Southeast Asia. However, it took time before China's new policy had the desired impact and the perception of China as a threat decreased. ASEAN meantime changed its behavior toward China. China's foreign minister was, for the first time, invited to the ASEAN ministerial meeting in 1991. The year after, China became a dialogue partner of the ASEAN.

However, at this point China was both inexperienced and reluctant to participate in multilateral frameworks. It only joined the ARF in 1994. This was, to quote Ren Xiao, a leading Chinese expert on Sino-ASEAN relations, "a remarkable development," as China at the time had "little experience in multilateral processes, except those within the United Nations system."[45] In reality, China's move was a hedge against ARF's taking an anti-China direction rather than reflecting a genuine interest in participating.

During the same period, only limited progress was made in the SCS, which continued to be perceived as the next Asian flashpoint. The SCS conflict was stalemated at a high intensity level, and there was no mutual trust or confidence. Rather, the involved actors did their utmost to secure their claims. The negative developments continued until they peaked during the Mischief Reef clash between Chinese and Philippine forces in 1995. Yet the Mischief clash was important for the shift toward a peaceful approach to managing the SCS. Indeed, after the incident, the ASEAN members were able to take a common stance in their dealings with China, forcing Beijing to relate to ASEAN as a collective instead of as independent actors.

The transformation of Sino-ASEAN relations has been a long and tedious process. Time is essential in East Asia, where trust

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45. Ren Xiao, "Between Adapting and Shaping: China's Role in Asian Regional Cooperation," *Journal of Contemporary China*, vol. 18, No. 59 (March, 2009), p. 304.

cannot simply be formalized due to the lack of common accepted terms or responsibilities on which to build formalized agreements. In East Asia, trust has been described as "depending on reciprocity"; there is "no good and easy way to build trust. It takes time and is not built quickly."[46] In the Sino-ASEAN case, China has built trust and confidence by repeating its behavior over time to gain credibility among the ASEAN members.

In summary, the mutual perceptions and the interpretation of each other's interests have transformed. A joint understanding has developed that the actors share certain interests, and that they all benefit from cooperation. In addition, over time, through a mutual and reciprocal confidence and trust-building process, the level of trust between China and ASEAN has reached unprecedented levels. Currently, the two actors not only have an agreed interest in cooperation, but also the trust and confidence needed to do so successfully. Of particular importance is that the Chinese, over time, have become confident in their ability to successfully engage in multilateralism, such that China-ASEAN relations have been institutionalized. This is discussed in more depth below.

Chinese Acceptance of Multilateralism and the Institutionalization of Relations

China's acceptance of multilateralism, and the interlinked institutionalization of Sino-ASEAN relations, has, together with the overarching East Asian regionalization in the APT process, been important for the gradual move toward a durable peace. Of particular importance is the general acceptance and institutionalization of the "ASEAN Way," which works as a structure defining how international relations and diplomatic practice are to be conducted. This, in turn, influences and constrains actual behavior. In constructivist terms, the ASEAN Way has created a normative and ideational framework that all East Asian states need to consider and relate to in their decision-making processes. This

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46. Interview with a strategic thinker, Hong Kong, China, December 2006.

is the case even though the principles are not necessary followed.

By the late 1990s, China had become confident about participating in multilateral frameworks. This has, according to a member of a Chinese government think tank, "changed mindsets toward multilateral approaches."[47] Given that ASEAN consistently has engaged China, trying to socialize it into multilateral engagement and acceptance of the ASEAN Way, these developments have been highly appreciated.[48] The participating officials also build personal relations and increase their understanding of each other's positions[49] which, as mentioned previously, is positive for preventing conflict and building peace.

In 1997, the first APT summit was held between China, South Korea, Japan, and the ASEAN members. The APT process was to become a driving force in East Asian regionalization and the institutionalization of peaceful relations in this part of Asia. The importance of the APT process for East Asian peace lies in its inclusiveness. Indeed, it is a broad cooperative process that goes beyond economic cooperation to include some political and security-related issues. That said, the spillover effects from the economic field have been limited; there has been no weakening of the principles of legal and territorial sovereignty, nor has there been any delegation of state functions to international agencies. Nevertheless, the APT has become the platform for cooperation, reconciliation, and East Asian community building. Seen from the perspective of regional peace, the states have been able to use this platform for "avoiding [the need for] conflict avoidance," that is, positive interstate relations have developed to such an extent that there has been less need for deliberate efforts to avoid confrontations over conflictual issues.[50] This role is important as ASEAN "is not much of a mediator," which makes APT "a place

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47. Interview with a member of a government think tank, Shanghai, China, December 15, 2006.
48. On ASEAN's socialization of China see Alice Ba, "Who's Socializing Whom? Complex Engagement in Sino-ASEAN Relations," *The Pacific Review*, vol. 19, No. 2 (June, 2006), pp. 157-79.
49. Ibid.
50. Interview with a strategic thinker, Hong Kong, December 2006.

to reassure each other [that one is] not trying to be dangerous."[51] Over time, China has also become more positive and proactive in its engagement in other multilateral frameworks, including the security-oriented ARF. China has started to develop what has been described as "an open mind" and has "changed its mindset to the idea of security dialogues."[52] This transformation, in turn, positively affected ASEAN perceptions of China.

These transformations, and the Chinese acceptance of multilateralism, were necessary for success in the overall negotiation process in the SCS. Without these changes, the talks on a regional code of conduct that started in 2000 would most likely not have been possible. These negotiations benefitted from the trust and confidence that had developed between the parties. Since the SCS conflict is a multiparty issue, it required a multilateral setting, not least to avoid unbalanced bilateral negotiations with China.

Since 2000, China has moved beyond being a participant and has become a proactive actor in multilateral settings. The underlying Chinese logic is that an understanding of China and its benign intensions will make the Asian actors change their perceived interests and behavior in a direction that is favorable to China. For example, in 2001 China launched the Bo'ao Forum as part of its strategy to reassure Southeast Asia of its benign intensions. Two years later, in 2003, China acceded to ASEAN's 1976 Treaty of Amity and Cooperation (TAC). The move toward, and acceptance of, multilateralism has over time become institutionalized. Institutionalization has, together with multilateralism, been key to "make the region a more secure one."[53] A Chinese specialist has argued that "there is a need to develop regional institutions" in order to "prevent conflicts."[54] Institutions should, in this context, not necessarily be equated with traditional regional organizations;

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51. Ibid.
52. Interview with a member of a government think tank, Shanghai, China, December 2006.
53. Interview with a senior scholar, Fudan University, Shanghai, China, December 14, 2006.
54. Ibid.

they should rather be defined as "persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity, and shape expectations."[55] Institutions do not need to be formalized in the legal sense; they "may include organizations, bureaucratic agencies, treaties and agreements, and informal practices that states [as well as non-state actors] accept as binding."[56]

The foremost example of the institutionalization of Sino-ASEAN relations can be found in the APT process. The APT process has been described as "a set of complex meeting/dialogue mechanisms of cooperation, molded ASEAN-style consultations," with dialogue at various levels and on a wide range of issues.[57] The process is "heavily influenced by the ASEAN consultation culture" and has created an "integral regional dialogue mechanism in which ASEAN maintains political leverage."[58] The APT process has not only driven cooperation to unprecedented levels, it has turned the ASEAN Way into an institution in its own right. In fact, the ASEAN Way does fulfil the requirements set out for an institution: It implies a "persistent and connected sets of rules" that "prescribe behavioural roles, constrain activity, and shape expectations,"[59] which "states accept as binding."[60] Consequently, the ASEAN Way has worked as an ideational and normative structure, which has both guided and constrained the diplomatic practice and interstate relations across East Asia, including between China and ASEAN.

To sum up, through the creation of structural frameworks with forums, dialogues, and accepted diplomatic norms and prac-

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55. Robert O. Keohane, *International Institutions and State Power: Essays in International Relations Theory* (Boulder, Colo.: Westview Press, 1989), p. 3.
56. Steven L. Lamy, "Neo-Realism and Neo-Liberalism," in John Baylis and Steve Smith, eds., *The Globalization of World Politics* (Oxford: Oxford University Press, 2001), p. 189.
57. Daojiong Zha and Weixing Hu, *Building a Neighborly Community: Post-Cold War China, Japan, and Southeast Asia* (Manchester, UK: Manchester University Press, 2006), p. 113.
58. Ibid.
59. Keohane, *International Institutions and State Power*, p. 3.
60. Lamy, "Neo-Realism and Neo-Liberalism," p. 189.

tices (the ASEAN Way), institutionalization has stabilized the regionalization process and made it more permanent and regular. The institutionalization has been an important part of ASEAN's engagement of China, increasing China's stake in regional peace and stability. Moreover, it has assured that the "China threat" does not become a self-fulfilling prophesy.[61] The long-term objective of engaging China has been described as aiming "to lock China into regional multilateral institutions, which will not only moderate but also gradually transform Chinese regional behaviour."[62] It seems that this approach has been successful: China's behavior has become more moderate, and it has become accustomed to, and compliant with, engagement in multilateral forums. Moreover, China has accepted the ASEAN Way as a diplomatic principle and has started to take its neighbors' interests into account.

This has been a reciprocal process between China's "soft-power diplomacy" and ASEAN's "constructive engagement" policies. It is difficult to say what caused what, i.e., whether China has been socialized by ASEAN to accept current practices, or whether China's policies have caused ASEAN to accept it as a partner. Most likely, this should be viewed as a transformation with synergy effects between "soft-power diplomacy" and "constructive engagement." Regardless of which, the hope for a peaceful future has been enhanced.

Economic Integration and Interdependence

Beneath the processes just mentioned lies economic integration and interdependence in East Asia, including between China and ASEAN. The focus on economic growth and prosperity has been both a common regional policy goal and a driving force in the regionalization process. The whole region, with the possible exception of North Korea, seeks peace, security, and prosperity.

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61. Interviews with senior experts on East Asian security from Beijing, Shanghai, Hong Kong, and Singapore, Beijing, July 2006-June 2007; Shanghai, November-December 2006 and May 2007; and Hong Kong, December 2006.
62. Zha and Hu, *Building a Neighborly Community*, pp. 121-22.

In East Asia, deep economic integration and interdependence is a relatively recent phenomenon. Central for this takeoff was the founding of the Asia-Pacific Economic Cooperation forum in 1989 and the ASEAN Free Trade Area (AFTA) in 1992. Since the early 1990s, integration and interdependence have increased dramatically. Bilateral trade between China and ASEAN jumped fifteen fold between 1991 and 2005, when it reached $130.3 billion.[63] A bold step was taken in November 2002 when China arranged a China-ASEAN Free Trade Area (CAFTA).[64] CAFTA came into force on January 1, 2010. The process of implementing CAFTA is important beyond its economic benefit, as it forms part of China's diplomatic policy to win trust among the ASEAN members by "giving more and taking less" (*duo yu shao qu*).[65] Furthermore, it is an important catalyst for the overall East Asian regionalization and community-building process, described as "an initial step towards the realization of an East Asian community."[66]

Economic integration and interdependence have both short-term conflict prevention potential and longer-term peace building capability. In the short term, it increases the cost of military conflict, thereby increasing the incentive to pursue nonviolent paths. This has been an important incentive for the states to avoid confrontations or conflict escalation over what the parties perceived as nonessential issues.[67] The benefits of economic cooperation simply overshadow those problems, since none of the par-

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63. Shaolian Liao, "China-ASEAN Economic Relations: Progress and Prospects," in Hongyi Lai and Tin Seng Lim, eds., *Harmony and Development: ASEAN-China Relations* (Singapore: World Scientific Publishing, 2007), p. 139; John Wong and Sarah Chan, "China-ASEAN Free Trade Agreement: Shaping Future Economic Relations," *Asian Survey*, vol. 43, No. 3 (May-June, 2003), pp. 507-26.
64. John Wong, "China-ASEAN Relations: An Economic Perspective," in John Wong, Keyuan Zou, and Huaqun Zeng, eds., *China-ASEAN Relations: Economic and Legal Dimensions* (London: Singapore, 2006).
65. Zha and Hu, *Building a Neighborly Community*, pp. 181-89.
66. Zhenjiang Zhang, "ASEAN-China Relations and Development of East Asian Regionalism," in Lai and Lim, eds., *Harmony and Development*, pp. 93-94.
67. Interview with a member of a government think tank, Shanghai, China, December 15, 2006.

ties wants to risk undermining the benefits from economic cooperation by triggering an escalation of conflict in the South China Sea. For longer-term peace building, integration and interdependence have been important in promoting conditions conducive to peace, both by itself and through spillover effects.

In line with functionalist predictions, the economic sphere is the engine that intensifies other non-economic regionalization processes. As observed by one senior analyst in a Chinese government think tank, "all East Asian countries take East Asian economic cooperation as [a] first step in the East Asian community building process."[68] That is, it works as an important platform for East Asian identity building, influencing how the participants perceive and behave toward each other, and how they construct their interests. The interaction in the economic sphere has also built trust and understanding, which in turn has spread to other more sensitive issue areas. This applies both through spillover, as predicted by functionalist theories (although there has been no infringement on sovereignty), and through trust and understanding on a more informal and personal level, which is important for successful negotiation and communication.

Building Trust and Transforming Relations

In conclusion, the regionalization has transformed relations in the region, including how the states perceive each other and construct their interests. The relative importance of the conflicts in the SCS on the greater Sino-ASEAN agenda has thus decreased and conflict avoidance has become the preferred path. The importance of the SCS has been downplayed, and the shared interest of ensuring a peaceful resolution has been emphasized.

There have also been nascent developments toward a shared regional identity as a result of the increasingly deep integration and the active work for an East Asian community. These developments have altered the ideational and normative structures within Sino-ASEAN relations, which have made possible a reassess-

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68. Ibid.

ment of interests with regard to the SCS and how these interests are being pursued. In theoretical terms, the identity-building process has affected how the actors define their interests, how they perceive their counterparts, and how they behave. These types of changes have occurred independently of how successful the "regional identity building" exercise is. The process itself has altered the social identities of the parties, given that identities are continuously being reconstructed. The identities, in turn, influence interest, perceptions, and behavior. That said, the greater the development of common norms and values, the better the opportunities for peace. So far, the process has been moving in a positive direction, both in the SCS and in Sino-ASEAN relations. The changes in the early 2000s—China's signing of the TAC and the 2002 declaration on the SCS—are clear examples.

The general acceptance and institutionalization of the ASEAN Way is key here, as it captures the ideational and normative transformations that have taken place. Regional integration and interdependence, in the economic and other spheres, have created an incentive for avoiding confrontation. Conflict avoidance, as a result of high financial costs, is indeed predicted by liberal peace theory. More important, however, is the cost of losing the mutual trust that has carefully been built up through the Sino-ASEAN engagement process. This newly developed trust forms the basis of Sino-ASEAN relations, and great efforts are taken by both sides to ensure continuously positive relations.

Conclusion

In terms of peace, between 1990 and 2008 the SCS conflict and Sino-ASEAN relations have turned from being Southeast Asia's next flashpoint to being a zone of relatively stable peace. The stability of the peace is dependent on how much faith one puts into the 2002 "Declaration on the Conduct of Parties in the South China Sea," and the success of East Asian regionalization and the community-building processes. The assessment here is that Sino-ASEAN relations have transformed and that in the

current scenario, war is becoming more and more unthinkable. Some issues remain unresolved, but the positive relations have built solid conditions conducive for peace. Central to this assessment is the tediously built trust between China and ASEAN, the institutionalized regionalization through the APT process, and the acceptance of the ASEAN Way. In the SCS, specifically, peace lies somewhere between the unstable and stable levels. Indeed, the probability of war is small, but not to the extent that the level of peace has transcended the stage where war does not happen and moved into a situation where war is perceived as something that will not happen. But at the same time the tensions are not so high as to define it as unstable peace. Furthermore, when understood as a manifestation of Sino-ASEAN relations, the SCS tilts toward a stable peace.

The proliferation of elite interactions has been important for both conflict prevention and longer-term peace building. The Track-2 frameworks have played an important role for the enhancement of understanding and the building of confidence and trust since the end of the Cold War. In this context, the role of the Track-2 processes for network building and as a facilitator of elite socialization is obvious. The elite interactions have built mutual understanding and trust among the regional elites and leaders. These interactions have also altered both how the parties perceive each other, and how East Asia as a region is perceived. This has been an important component for the building of a shared (regional) identity among the elites. The interactions have also created a platform for direct conflict prevention and pre- and back-channel negotiations, by creating the trust, channels, and settings needed for such measures.

The Track-2 frameworks have also worked as an important catalyst for regional cooperation. Regional cooperation has, in turn, had a positive spillover effect on the ability to prevent conflict and build peace in the SCS. For example, without enhanced regional cooperation, China would not have accepted the inclusion of the SCS conflict on the agenda in multilateral settings. Regarding the SCS, the informal SCS workshops played an essential role, in particular during the critical 1990s period, when

they promoted cooperation and confidence building among the parties. They were also essential for increasing understanding between the parties at a time when there were otherwise limited interactions. The SCS workshops, together with the increasingly thick web of Track-2 frameworks in the rest of East Asia, provided a framework for conflict prevention and peace building in the SCS. The workshops can, in this respect, be understood as pre-negotiations and a forum for policy innovation for future Track 1 negotiations and/or agreements. Through the workshops, continued inter-party dialogues are assured and, thereby, the hopes for an eventual peaceful resolution kept alive.

The Sino-ASEAN and East Asian regionalization processes have been moving relations toward a stable peace both between China and ASEAN, and in the SCS, by transforming perceptions, interests, and identities. This has been a reciprocal process whereby the regionalization process and the new engagement policies in both China and ASEAN have been mutually reinforcing. This transformation is the result of a policy focus on economic growth and development in both China and among the ASEAN members. The institutionalization of the APT process and the general acceptance of the ASEAN Way as the framework and guiding principle for interstate relations in East Asia have also been highly significant for this transformation. Peaceful relations have been institutionalized, and common diplomatic practices accepted, creating a feeling of security across the region. Of particular importance for conflict prevention and peace building are features of conflict avoidance and facesaving, which are among the characteristics of the ASEAN Way. This has allowed the concerned states to focus on positive relations while avoiding conflict-ridden issues in their relations. When applied to the SCS, these developments have created strong incentives to avoid an escalation of the conflict, and a preference to leave it for the future (i.e., conflict avoidance).

The combination of elite interaction and regionalization has successfully transformed the way China and ASEAN perceive and behave toward each other. The development of shared identities is seen most clearly in the identification with the ASEAN

Way and in the shared goal of transforming economic integration and interdependence and the APT process into an East Asian community. There are also certain shared identities in the common goal of economic growth and a belief in free-trade principles. The transformation of perceptions and behavior is particularly obvious in the shifting view of China—from threat to partner—by the ASEAN members.[69] The combination of ASEAN's "comprehensive engagement" of China and China's "soft-power" approach with the aim of being accepted as a responsible regional power (including taking others' interests into account and accepting multilateral engagement with its neighbors) has been highly important for this transformation of perception. Here, the trust-building process is, in itself, a peace-building mechanism, as it increases positive relations and builds conditions for a stable peace. Moreover, it is also a mechanism for conflict prevention, since the risk of quickly losing trust gives China a strong incentive to avoid actions that could be perceived as threatening by the ASEAN states. These transformations and identities work as a structure that defines acceptable state behavior and how behavior and interests are communicated and legitimized.

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69. It should be noted that ASEAN remains cautious about this "partnership" as there are still doubts about Chinese intentions, and the perception of China as a threat has yet to be erased completely from Southeast Asia. There is a lingering idea that China might be biding its time until it has the naval capability to engage in coercive diplomacy against the other SCS claimants. This problem has become more noticeable in recent years as a result of China's military buildup together with a more assertive stance on its territorial claims. It has been questioned whether the current model of handling the SCS will be able to overcome the increasingly unequal power distribution, which has not been matched by new conflicto-management mechanisms. See Ralf Emmers, *The Changing Power Distribution in the South China Sea: Implications for Conflict Management and Avoidance* (Singapore: S. Rajaratnam School of International Studies, 2009).

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