

Meanwhile, China, on the heels of acceding to the WTO in 2001, has recently signed a FTA agreement with the governments of ASEAN to be implemented in 2010. The *Financial Times* expressed the view of many when it wrote; “the deal reflects China’s desire to strengthen its sphere of influence in its own backyard”.<sup>16</sup> Notably, China was prepared to underwrite the regional economic integration agreement as the proposal by Prime Minister Zhu promised an “early harvest” for Southeast Asian trading partners.

The motives of the others in the region are less clear.

For ASEAN, the move seems to be evidence that its members acknowledge the extent to which its regional organization has been weakened by the Asian Crisis in the first instance and by the cultural fault lines within the region that have been put in stark relief by the geopolitical turn of events since 9/11, not least the Bali bombing.<sup>17</sup> Notably, ASEAN’s secretary-general said that the region had little choice but to strengthen economic ties with its huge neighbour. “You can either close yourself off from China and crouch in fear or engage more closely. Although some industries will get hurt, the overall impact on both China and ASEAN would be beneficial.”<sup>18</sup> Given this lie of the

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<sup>16</sup> See “ASEAN leaders and China sign for free trade area”, *Financial Times*, November 5<sup>th</sup> 2002, pg 6.

<sup>17</sup> These recent developments have only added to the problems that ASEAN has had in generating dynamism. The problems that weighed on the grouping prior to these events include the fact that it was to some extent adrift as its Cold War origins no longer gave it obvious direction; and its expansion to include several countries (including Myanmar, Vietnam, Cambodia and Laos) which significantly lagged the development of the original five members militated against rapid deepening of the pact (not to mention introducing significant new issues raised by the differences in governance regimes of the new entrants). Singapore’s various bilateral initiatives in recent years have been widely interpreted as indicative of its assessment that ASEAN’s prospects as an economic vehicle have dimmed.

<sup>18</sup> See “ASEAN leaders and China sign for free trade area”, *Financial Times*, Pg 6, November 5<sup>th</sup> 2002