



China-Southeast Asia Relations:  
**Cyclone, Earthquake Put Spotlight on China**

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Cyclone *Nargis* briefly put China in the international spotlight as Asian and world leaders sought help from Myanmar's main international backer in order to persuade the junta to be more open in accepting international assistance. The massive Sichuan earthquake of May 12 abruptly shifted international focus to China's exemplary relief efforts and smooth cooperation with international donors. Chinese leadership attention to Southeast Asia this quarter followed established lines. Consultations with Chinese officials showed some apparent slippage in China's previous emphasis on ASEAN playing the leading role in Asian multilateral groups.

**Impact of cyclone, earthquake**

The resistance of the junta in Myanmar to international relief efforts for victims of Cyclone *Nargis* that hit the country on May 3 placed China, the main international supporter of the regime, in an awkward position. In a display of goodwill, China initially contributed \$1 million of emergency aid and sent a medical team of 50 physicians to provide medical assistance and equipment. Beijing subsequently announced that it would provide another \$4.3 million. At the international pledging conference organized by the UN and ASEAN on May 26, China announced that it would step up its contribution with an additional \$10 million, bringing China's total assistance to a little over \$15 million.

China's assistance was widely trumpeted in the media at home, but its contributions pale in comparison to assistance from other countries. It also points to China's steep learning curve and limited capacity to provide and coordinate humanitarian relief efforts and its limited influence over the military junta. According to the U.S. Agency for International Development (USAID), humanitarian assistance from the U.S. government amounted to nearly \$38 million, including the deployment of an inter-agency rapid assessment team to the Irrawaddy delta region, flying *C-130* sorties providing relief commodities, and coordinating with the UN and World Food Program (WFP) to organize post-*Nargis* joint assessment teams. The junta, however, prevented U.S. and other navies from assisting, and restricted other international aid. This resulted in greater pressure from concerned media, interest groups, and other international opinion for China to do more to persuade the regime to end the restrictions. Official Chinese media duly reported the dire situation in Myanmar in the aftermath of the cyclone, but Beijing adhered to the longstanding support for Myanmar's sovereignty and independence in the crisis situation. The *Washington Post* reported on May 10 that President Bush was considering calling his Chinese counterpart to urge that China use its influence to get the Myanmar administration to open more to outside help.

That China was indeed privately urging Myanmar to open up seemed evident when U.S. Deputy Secretary of State John Negroponte told the Senate Foreign Relations Committee on May 15 that “we appreciate China’s willingness to press the Burmese regime to cooperate with the international community’s efforts to provide humanitarian assistance to the people of Burma.”

The importance of the Myanmar crisis for China seemed to end on May 12 when a massive earthquake hit China’s Sichuan Province. China’s rapid response and openness to international relief pouring into the country was widely cheered at home and abroad. The Chinese leadership’s diligence and attentiveness to the tens of thousands of dead and wounded and the millions displaced stood in stark contrast to the Myanmar junta’s defensive and seemingly insensitive reactions to Cyclone *Nargis*.

### **Hu Jintao at Boao Forum**

President Hu Jintao traveled close to Southeast Asia to deliver the opening speech and consult with visiting leaders at the annual Boao Forum for Asia in Hainan Province in April. Hu’s address reiterated China’s good neighbor policy emphasizing building mutual trust, economic cooperation and openness, and non-exclusive cooperation among numerous Asian regional and sub-regional organizations which he said were playing “an increasingly important role” in regional affairs. Hu’s reported activities gave short shrift to Southeast Asia. They were overshadowed by his consultations with visiting Taiwan Vice President-elect Vincent Siew and Australian Prime Minister Kevin Rudd, which received prominent attention in Chinese media.

### **Wen Jiabao in Laos**

Premier Wen Jiabao visited Laos to participate in the third Greater Mekong Subregion (GMS) Summit on March 31 and to sign seven Chinese agreements with Laos during a “half-day working visit” to the country. The premier made a package of proposals on boosting cooperation among members of the GMS (China, Laos, Myanmar, Thailand, Cambodia, and Vietnam). They focused on infrastructure development. Wen said the GMS should step up building transportation corridors and a highway network linking all members of the region. Chinese media said that two crossing corridors are being completed in the region. The “north-south corridor” – a 2,000 km highway linking Kunming in China’s Yunnan Province and Bangkok via Laos, and the “east-west corridor” – a 1,500 km highway stretching from Vietnam’s Da Nang through Laos and Thailand to Myanmar. The *New York Times* on March 31 explained how new roads as well as upgraded ports and removal of rapids along the Mekong River have improved surface transportation to previously isolated areas of Southeast Asia and improved living standards. The development also has prompted some reports of environmental damage and concerns about the independence of smaller Southeast Asian countries bordering China in the face of commercial entrepreneurs from the north.

Wen also said China is ready to work closely with Thailand and the Asian Development Bank to expedite the building of the Houayxay-Chiang Khong International Bridge along the Kunming-Bangkok Highway with the aim to link all sections of the north-south corridor by 2011. He called for greater efforts to integrate regional power grids, to construct an information superhighway throughout the area, and pledged some financial support for completing a missing

section of a planned eastern route of a Singapore-Kunming rail link. As the road, rail, river, electric power linkages develop, Wen urged GMS members to take further steps to facilitate cross-border transportation of people and goods.

Wen's visit to Laos saw the signing of agreements dealing with trade, investment and infrastructure. The agreements involved trade and aid to help Laos with road construction, power generation, and e-government. The China Export and Import Bank also offered \$100 million in export buyer's credit for projects concerning the purchase of helicopters and vehicles.

### **Vietnam party leader visits China**

Vietnam's Communist Party leader Nong Duc Manh arrived in Beijing in late May for a four-day visit. Official Chinese media highlighted the relief supplies he brought for Chinese earthquake victims, which elicited warm appreciation from Hu Jintao when he met Manh on May 30. A main focus of Manh's visit was advancing border demarcation. Manh said the two sides will finish erecting markers along the land border by the end of 2008. Regarding the often contentious Sino-Vietnamese relationship over disputed maritime claims, a joint statement issued on June 1 said the two countries agreed to build on agreements reached in 2004 demarcating claims and fishery rights in Beibu Bay, a part of the South China Sea that separates southern China and northern Vietnam. They notably pledged to start a joint survey in the waters outside the mouth of Beibu Bay. They also agreed to continue joint inspections and navy patrols of fishing in Beibu Bay.

### **Olympic torch relays**

The passage of the Olympic torch through the region in April was marked by less controversy than its trips through Europe and the U.S., but did little to improve China's relations with important regional governments and China's overall image in the region. Local media coverage of the tight security surrounding the torch relays in Thailand, Indonesia, and Australia conveyed grim scenes of heightened police protection, restricted routes, and conflicting demonstrations that seemed far from the "one world" theme China seeks to promote for the August 2008 games.

### **Naval base, submarine deployment in Hainan Island**

Using high-resolution commercially available satellite imagery, *Jane's* reported in April the development of "a major underground nuclear submarine base" near Sanya, on China's Hainan Island. Published imagery showed a Chinese *Type 094* second-generation nuclear ballistic missile submarine (SSBN) berthed at the base. The disclosure prompted a flurry of negative commentary in the U.S., India, and elsewhere warning particularly of the implications of such a Chinese base for the sea lines of communications passing through Southeast Asia. The base apparently has been in existence for many years and several commentaries said that it could support many more submarines. Amid reports regarding the Chinese base and reported Chinese interest in building aircraft carriers, U.S. Pacific Command (USPACOM) Commander Adm. Timothy Keating told a *Voice of America* interviewer in early May that he has called on China to give up any plans to develop such "high-end military options," and said the U.S. has no intention of abandoning its position as the leading military power in Asia.

## **Defense Secretary Gates, Gen. Ma Xiaotian at Shangri-La Dialogue**

Though *The New York Times* endeavored to interpret Secretary Robert Gates remarks at the annual meeting of defense ministers in late May as critical of China, other observers saw little criticism. The secretary's focus appeared to be directed at reassuring regional governments of U.S. resolve and engagement in the Asia-Pacific. The leader of the Chinese delegation, Lt. Gen. Ma Xiaotian, tried to rebut international criticism of China's rising defense efforts. He asserted that the Chinese buildup is a logical development consistent with its economic growth and increasing interests, and that China poses no threat to its neighbors or others.

## **East Timor, Rudd's "bias" for Beijing, Chiang Mai Initiative**

Australian media reported with some concern in April that China signed a \$28 million deal selling two advanced patrol boats to East Timor. The agreement underlined China's growing profile in the struggling and impoverished state. China recently completed a large foreign ministry office building and reportedly is involved in oil and gas exploration and a geological survey of the country.

Australian and U.S. media also noted negative reaction to Australian Prime Minister Kevin Rudd's reported favoritism of China among regional governments. Reports indicated that U.S. leaders have been reassured by strong pro-U.S. statements made by Rudd, but "strategic leaders" in India, Japan, and Southeast Asia believe that the Rudd government is "listing" toward China in ways detrimental to their interests and broader regional stability.

*Xinhua* reported on May 4 that the finance ministers of the ASEAN Plus Three partners (the 10 ASEAN members plus China, Japan, and South Korea) agreed on a minimum scale to a regional reserve swap that would be valued at \$80 billion. This marked the latest advance in the emerging regional swap arrangement referred to as the Chiang Mai Initiative that began after the Asian economic crisis as a mainly evolving series of bilateral swap arrangements designed to deal with speculative attacks on the currencies of member economies. It remains unclear what rules, if any, have been established on a regional multilateral basis to insure repayment and reforms on the part of ailing regional economies aided by the swaps.

## **Signs of adjustment in China's view of ASEAN and Asian multilateralism**

Deliberations at the annual Asia-Pacific Roundtable in Kuala Lumpur and in-depth consultations with senior Chinese foreign policy makers in Beijing during June 2008 showed signs of adjustment in China's view of ASEAN and its leadership role in Asian multilateralism. As in the past, Chinese officials at the Asia-Pacific Roundtable and in Beijing duly registered their support for ASEAN taking the lead in Asian multilateral organizations supported by China such as the ASEAN Regional Forum (ARF) and the ASEAN Plus Three. Chinese officials in Kuala Lumpur and Beijing acknowledged the need for ASEAN to be in the lead in part as a way to reduce the tendency toward competition for leadership of Asian multilateral groups, notably by China and Japan. Japanese officials and representatives at the Asia-Pacific Roundtable also registered continued support for ASEAN leadership in Asian multilateralism.

However, the deliberations in Kuala Lumpur and Beijing showed a convergence of two trends that was leading to a perceived decline in Chinese emphasis on ASEAN leadership in Asian multilateralism. On the one hand, ASEAN weaknesses and perceived inability to lead were highlighted at the Malaysian meeting and acknowledged by Chinese officials during the consultations in Beijing. The ASEAN shortcomings were seen in the following areas:

- The least-common-denominator decision making that led to an ASEAN Charter that disappointed ASEAN members seeking tighter regional rules and resulted in continuing debate among ASEAN members over ratification of the Charter;
- new internal weaknesses among ASEAN's leading powers, Thailand and Malaysia, adding to ongoing governance difficulties in the Philippines and Indonesia and an overall preoccupation of most ASEAN governments with internal difficulties;
- the painfully protracted and less than satisfactory ASEAN effort to nudge Myanmar to accept cyclone relief; and
- the inability of the ARF to get beyond existing confidence building and other techniques in order to deal more effectively with regional problems.

On the other hand, there were new opportunities for non ASEAN-led regional multilateral cooperation brought about by the progress toward a multilateral security mechanism in northeast Asia as part of the Six-Party Talks, the improvement of China's relations with Japan (President Hu Jintao gave top priority in foreign affairs to his extended trip to Japan this quarter), as well as improvement in Japan's relations with South Korea. The progress and improvements opened the way for the "plus three" powers to cooperate and coordinate more closely in the Six-Party Talks and to arrange meetings separate from the ASEAN Plus Three gatherings.

The signs of Chinese adjustment showed no indication of a change in China's support for state sovereignty and independence and consensus decision making in ASEAN. There are many perceived advantages for China in the existing ASEAN decision making. But Beijing has shown greater willingness to pursue multilateral initiatives in Northeast Asia and with Japan and South Korea that play down or ignore ASEAN's leadership role.

### **Assessing China's rise and U.S. implications**

Several articles by foreign specialists this quarter argued strongly that China's rise is displacing the U.S. leadership position in Southeast Asia. Fu-kuo Liu from Taiwan's Institute of International Relations warned in May that China is leading "a new wave of regional cooperation in Southeast Asia" and "China-driven mechanisms for regional cooperation look set to overwhelm all possible areas of economic and political cooperation." Against this background, the former Brookings Institution scholar said that China has come to so dominate the Southeast Asian area that "the United States may not have a substantial role to play," especially regarding trade and economic development issues important to Southeast Asian governments.

Matthew Daley, a former Southeast Asia policy maker in the State Department and currently president of the US-ASEAN Business Council, argued in April that “the challenges the United States faces today in maintaining its influence in the face of a resurgent China are significantly greater, and its influence has, in relative terms, diminished noticeably.” He urged the U.S. to adopt a more active and accommodating regional posture, including signing the ASEAN-sponsored Treaty of Amity and Cooperation.

Such assessments of U.S. decline as China rises in Southeast Asia have been offset by what appears to be a more prevalent recent trend of foreign and Chinese specialists offering more balanced views of China’s rise and what it means for U.S. leadership in the region. Some of these articles have been written by U.S. specialists who previously associated themselves with warnings of U.S. decline as China rises, but who now view the situation as less adverse for U.S. interests. Thus, specialists at the U.S. National Defense University’s Institute for National Strategic Studies (INSS) added important caveats to earlier INSS assessments of China’s growing influence in Asia and the implications for U.S. policy. The key findings in an April 2008 study notably started with an assertion reassuring that “The balance of power in East Asia is stable and favors the United States.” The study went on to note however that what it called “the balance of influence” in the region “is tipping toward Beijing.” It judged that if the U.S. failed to take action to buttress its influence in Asia, China’s abilities to translate economic, diplomatic, and military power into influence in East Asia could “undermine U.S. interests.”

The specialists at the Congressional Research Service also seemed to pull back from earlier warnings in a variety of CRS publications of the implications of China’s rise for what was often depicted as declining U.S. influence and leadership. A book-length study published by the Senate Foreign Relations Committee in April assessed the power and influence of China in the developing world. As Committee Chairman Joseph Biden noted in the introduction, “CRS finds that China’s success has been mixed and its influence remains modest.” The chapter on Southeast Asia was more positive about China’s influence than the other chapters. It noted that China is edging out the U.S. as Southeast Asia’s leading trading partner. It highlighted the views of some observers regarding China’s growing influence at a time of perceived decline in U.S. interest and involvement in Southeast Asia, though it also acknowledged other views that China’s “capabilities often are exaggerated, its soft power is limited, tensions in its relations with the region remain, and its friendships are transient.”

Australian specialist Carlyle Thayer in April published an assessment of Indonesian, Thai, and Philippine reactions to China’s policies that highlighted the successes of China’s recent approach to Southeast Asia. Thayer judged China has proven quite adroit in spreading economic, military, and cultural influence. He provided balance in noting that regional anxieties linger over China’s future use of its growing military, impact on the environment, harmful trade practices, and socialization into the ASEAN community. Thayer suggested that Indonesia, Thailand, and the Philippines, to varying degrees, will continue to draw China into webs of interdependence. This integration will be both bilateral and ASEAN-centered. The three countries also are seen as likely to hedge against China not only by encouraging the U.S. to stay engaged in the region but also by prompting Japan and India to take more active security roles.

Singapore-based specialist Ian Storey published two articles this quarter showing weaknesses in China's approach to Vietnam and the Philippines. In his judgment, despite growing influence, Beijing has been unable to resolve contentious sovereignty issues in the South China Sea, leading to defensive reactions unfavorable to China on the part of Hanoi and Manila.

Meanwhile, the *Foreign Affairs Journal*, a publication associated with the Chinese Foreign Ministry, published this quarter a comprehensive assessment of the debate among Chinese specialists regarding how far China is advancing in power relative to the U.S. in Asian and world affairs. The author criticized those Chinese specialists who saw the U.S. in decline relative to China as a result of U.S. preoccupations and weaknesses at home and abroad. He reviewed four earlier episodes of perceived U.S. decline since World War II when China judged wrongly that U.S. difficulties were leading to a power shift against the U.S. He judged that U.S. economic, military, scientific and other power meant that it would remain "the sole superpower" in Asian and world affairs "for a fairly long period of time."

### **Looking ahead**

Relief and reconstruction after the Sichuan earthquake and the Olympic Games in Beijing in August seem likely to preoccupy Chinese leaders and leave little room for significant initiatives regarding Southeast Asia. China's overall satisfaction with the Southeast Asian situation seems likely to continue as Chinese officials follow established lines in advancing Chinese interests.

## **Chronology of China-Southeast Asia Relations April-June 2008**

**April 1, 2008:** Chinese Premier Wen Jiabao joins counterparts from Thailand and Laos to open the new "R3 Highway" in Vientiane, Laos. The highway will provide a direct passageway from Jinghong in southern China to Singapore through the northern parts of Thailand and Laos.

**April 1, 2008:** Senior military leaders from China and Myanmar meet in Laiza, a town in Myanmar that is controlled by the Kachin Independence Army (KIA). The delegations discuss border security, combating illicit cross-border drug trade, and repatriation issues.

**April 7, 2008:** Wang Zhaoguo, vice chairperson of the Chinese National People's Congress (NPC) Standing Committee, meets Vo Van Thuong, head of the Ho Chi Minh Communist Youth Union delegation from Vietnam. The two sides agree to increase exchanges between the two communist youth leagues as a trust-building mechanism for the younger generation.

**April 14-15, 2008:** Vice President Xi Jinping meets Thai Foreign Minister Noppadon Pattama in Beijing. In his welcoming remarks, Xi indicates that China is ready to further deepen strategic cooperation with Thailand. Pattama also meets other senior Chinese officials and policymakers.

**April 15-17, 2008:** Defense Minister Liang Guanglie and Malaysian Air Force Chief Tan Sri Dato' Sri Azizan Bin Ariffin meet in Beijing to discuss the state of bilateral military relations. Ariffin also meets his Chinese counterpart, Xu Qiliang, member of the Central Military

Commission and commander of the PLA Air Force. They agree to increase personnel exchanges and advance cooperation and training between the two air forces.

**April 30, 2008:** Berna Romulo Puyat, undersecretary for agriculture of the Philippines, announces that 36 agreements between China and the Philippines on agriculture and fisheries have been suspended. The agreements set aside more than 1 million hectares of land for hybrid rice and corn production, agri-business projects, sugar cane, and cassava for renewable fuels with most of the end products exported to China. Manila has seen increasing pressure from opposition groups to reexamine and suspend these agreements with Beijing.

**May 2, 2008:** Vice Foreign Minister Wang Yi meets Myanmar Ambassador to China U Thein Lwin to discuss the situation in Myanmar after the cyclone. Wang announces that Beijing will offer disaster relief assistance, providing \$1 million emergency aid in the immediate aftermath of the cyclone and will contribute an additional \$4.3 million to help with the reconstruction.

**May 17, 2008:** Following the earthquake in Sichuan, Foreign Minister Yang Jiechi meets the Singaporean and Indonesian foreign ministers in Beijing to thank them for their countries' relief support and assistance, including rescue personnel and disaster relief equipment and materials.

**May 22, 2008:** In Phnom Penh, nearly \$70,000 worth of transportation vehicles, computers, and other office equipment arrives from China as part of a support package and donation to the Cambodian Ministry of Relations with Parliament and Inspection. This year marks the 50<sup>th</sup> anniversary of the formal establishment of diplomatic ties between China and Cambodia.

**May 26, 2008:** Foreign Minister Yang Jiechi attends an international pledging conference in Yangon organized by the UN and ASEAN for the cyclone disaster in Myanmar. Yang announces China's commitment to donate another \$10 million of emergency aid, which would bring China's total assistance to \$15.3 million. He also calls for the international community to continue to provide humanitarian assistance to Myanmar and indicates that China supports the constructive role of such multilateral institutions as the UN and ASEAN to coordinate relief and rescue efforts as well as the post-disaster reconstruction.

**May 27, 2008:** He Guoqiang, member of the Standing Committee of the Political Bureau of the Communist Party Central Committee and secretary of the Central Commission for Discipline Inspection, meets Laotian Vice Prime Minister Asang Laoly in Beijing. He provides a briefing on the earthquake reconstruction efforts and expresses his appreciation for Lao's support and assistance in these efforts. The two leaders also discuss the prospects for strengthening exchanges between the two parties.

**May 28, 2008:** Two Chinese and two Vietnamese guided-missile ships conduct the fifth bilateral joint maritime patrol exercise in the Gulf of Tonkin. During the patrol, both navies engage in training in establishing communications, alternating formations, and alternating command. Under the Agreement for Joint Patrol of the Gulf of Tonkin signed in October 2005, China and Vietnam agreed to carry out joint patrols in May and December of each year.

**May 31-June 1, 2008:** President Hu Jintao and Premier Wen Jiabao meet Nong Duc Manh, general secretary of Vietnam's Communist Party Central Committee, who is on an official four-day visit to Beijing and Jiangsu Province. They agree to expand bilateral ties, establish a comprehensive strategic partnership, and to continue talks on demarcation in maritime zones in the area of the mouth of the Gulf of Tonkin/Beibu Bay. In a joint statement, they announce that they will establish a hotline between the two heads of state.

**June 4, 2008:** China's Ministry of Public Security and professors from the Public Security Maritime Police Academy host a two-week maritime law enforcement workshop for 42 senior maritime officials from 24 Asian and African countries. The workshop discusses ways to deepen multilateral maritime law enforcement cooperation and includes visits to Chinese maritime law enforcement agencies in Zhejiang and neighboring Shanghai.

**June 6, 2008:** Chinese Commerce Minister Chen Deming attends an international conference in Kunming, Yunnan with senior representatives from five other countries in the Greater Mekong Subregion (GMS). They agree to set up the GMS Economic Corridors Forum to increase multilateral collaboration in the areas of transportation and infrastructure development, energy security, telecommunications, tourism, agriculture, trade, and the environment

**June 10, 2008:** China hosts the second ASEAN Plus Three workshop on disaster relief. Senior representatives from the region's armed forces discuss ways to enhance regional collaboration on disaster relief, focusing their discussion on the prospects for setting up a more cohesive regional coordination mechanism and a standard operating procedure.

**June 17, 2008:** Wang Zhongtang, deputy director of the China National Nuclear Safety Administration, leads a delegation to attend the ASEAN Plus Three forum on nuclear safety in Bangkok. Southeast Asian countries express interest in alternative energy sources, including nuclear energy, and are turning to China, Japan, and South Korea for experience and technological capacity. Wang announces that China would be willing to increase exchanges and cooperation with ASEAN members.

**June 25, 2008:** The Chinese government announces at a press conference in Beijing that it has provided \$100 million in recent years to help cut down poppy production in Myanmar and converting the poppy fields to other cash crops.

**June 30, 2008:** Samak Sundaravej, prime minister of Thailand, arrives in Beijing for an official four-day visit in China and is scheduled to meet President Hu Jintao and Premier Wen Jiabao to discuss cross-border transportation links and infrastructure development, expanding economic ties, and cooperation between the two militaries.