



**China-Southeast Asia Relations:
Senior Officials Visits; South China Sea Tensions**

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Chinese Premier Wen Jiabao traveled to the remote Myanmar capital during a swing through Asia in May and June, marking the first official visit by a Chinese premier in 16 years. Wen had planned to visit Brunei, Myanmar, and Indonesia in April but was compelled to cancel that trip due to a major earthquake in Qinghai province. Vice President Xi Jinping advanced Chinese relations with a visit to Australia, New Zealand and Laos in mid-June. Chinese officials and authoritative media generally avoided taking sides in the deepening and increasingly violent internal crisis in Thailand. A variety of reporting and private disclosures by Vietnamese officials indicated more serious Sino-Vietnamese frictions over disputed claims in the South China Sea than previously indicated. Maneuvers by Chinese naval forces over disputed territories and related claims caught the attention of regional observers and the US, deepening concerns regarding Chinese objectives.

Relations with Myanmar

Premier Wen Jiabao's visit to Myanmar's capital city of Naypidaw on June 3 came at the end of a week-long series of visits that featured stops in Seoul for discussions over the crisis regarding the sinking of the South Korean warship *Choenan*, the third annual China-Japan-South Korean "plus-three" summit in Jeju Island, and the first visit of a Chinese premier to Mongolia in 16 years. Featured agreements in Myanmar included those covering oil and gas pipelines now being constructed across Myanmar that will link China with supply depots along the Indian Ocean, avoiding transit through the Strait of Malacca. Other accords covered improved communications facilities, a hydro-electric power station, and some aid packages. Official Chinese media said that China is Myanmar's third largest trading partner and investor after Thailand and Singapore, with trade in 2009 totaling \$2.9 billion, and Chinese investment as of January 2010 amounting to \$1.8 billion, 11.5 percent of Myanmar's total foreign direct investment. Wen also received briefings from Myanmar leaders on their plans to gradually move toward a "democratic process," with a general election slated for later this year.

Leaders of the two countries said they would strive to maintain peace and stability on the border. Myanmar efforts to disarm and control armed groups along the border prompted a crisis in 2009 when a small ethnic militia close to China was crushed by Myanmar military force, prompting more than 30,000 refugees to flee to China for a period of time. Some foreign media reporting underlined China's longstanding ties with some of the armed groups along the frontier, who served as a significant part of the 20,000 member "Burmese Communist Party" insurgent force that China trained, supplied, and publicly supported from the 1960s until the 1980s as a coercive

tool against the Burmese military regime. The insurgent force was the main threat to the military officers in control of the Burmese administration at the time. The generals in charge in Myanmar today rose to power combating the Chinese-backed insurgency, adding to their reported strong interest in seeing the independent armed groups along the Chinese-Myanmar border brought under their control. A report in the *Irrawaddy* on April 30 claimed that China's People's Liberation Army deployed more troops including air defenses on the border because of tensions between the Myanmar military and the ethnic militias close to China along the border.

Xi visits Australia, New Zealand, and Laos

Chinese Vice President Xi Jinping made a four-nation trip during June 14-24, spending five days in Australia and three days in New Zealand. He endeavored to promote the already rapidly developing Chinese economic relations with both countries, trying on the one hand to make full use of the China-New Zealand Free Trade Agreement (FTA) signed in 2008 and endeavoring on the other hand to advance the protracted Chinese-Australian negotiations over a proposed bilateral FTA. Xi also emphasized the importance of growing contacts between Chinese people and those of Australia and New Zealand through Confucius Institutes, student exchanges and tourism. In Laos, Xi signed numerous agreements on trade, technical cooperation, infrastructure construction and finance. He emphasized increasing Chinese Communist Party cooperation with the ruling Lao People's Revolutionary Party as well as cooperation between the two governments. He also stopped in Bangladesh during the trip.

Chinese media highlighted the senior official's message of reassurance and building mutual trust. Relations with Australia have been troubled over the past year because of security concerns over China's military build-up, disputes over Chinese policies in Xinjiang, commercial acquisition issues, and a highly publicized criminal investigation involving the detention and conviction of an Australian businessman. Xi's visit to Australia was preceded by a visit to Australia last fall by Vice Premier Li Keqiang, which marked an important move by both governments to step back from areas of controversy and difference and to focus more on mutually beneficial common ground. [See "ASEAN and Asian Regional Diplomacy," *Comparative Connections* 11: 4 (January 2010)]. Xi departed the country before the surprise removal of Australian Prime Minister Kevin Rudd as a result of a challenge from within the ruling Labor Party. Rudd's successor, Julia Gillard, was expected to focus on domestic issues and avoid substantial change in foreign policy in leading Labor into difficult elections at the turn of this year.

Limited commentary in official Chinese media on the significance of Xi's trip included replays of some comments by Chinese experts in *China Daily*, noting that China continues efforts to show its neighbors that Chinese development and growing power are not a threat, and that China's promotion of Southeast Asian development under ASEAN's leadership is "very different" from the US, "which is unwilling to see a regionalized east Asia move out of its control." The cited comments also noted serious difficulties impeding the proposed Australia-China FTA, with one observer noting that "any concrete progress on FTA negotiations is still up in the air."

Crisis in Thailand

The bloody confrontation between thousands of protesters who occupied central Bangkok districts for weeks and the Thai government arguably represented this quarter's most important regional development. Nevertheless, the Thai crisis continued to receive only low-level reporting and little comment in official Chinese media. Chinese dispatches duly accounted for the dozens of dead and many injured as the Thai government ordered security forces to end the protracted stand-off and drive out the demonstrators. They also noted the views of Chinese specialists regarding a need for compromise and the formation of a coalition government, but forecast continued impasse and turmoil. "No matter who is power, there will always be opposition in Thai society," said one Chinese specialist reported in *China Daily*. The impasse was seen by these experts as rooted in a polarization between rich and poor in Thai society that will only worsen as a result of the recent military crackdown.

Sino-Vietnamese tensions in the South China Sea

Chinese and Vietnamese officials and authoritative media remained circumspect this quarter in publicly addressing ongoing disputes over territorial and resource claims in the South China Sea. However, Vietnamese officials visiting Washington were unusually direct in complaining about what they depicted as escalating Chinese military actions in the area and in seeking the support from Americans and the US government in countering China's assertiveness. A detailed assessment by the International Institute for Strategic Studies (IISS) claimed that recent Chinese Navy exercises involving passage near Okinawa and beyond the so-called "first island chain" around China were related to serious tensions with Vietnam in the South China Sea.

Vietnamese media reported efforts by Vietnam to reinforce defenses and promote economic development in islands bordering the South China Sea. They also reported complaints about Chinese harassment of Vietnamese fishermen. Chinese media reported that China was supporting Chinese fishermen being harassed by Vietnamese authorities by dispatching a large (4,600 ton) armed patrol vessel to disputed areas of the South China Sea.

The Vietnamese officials visiting Washington made the claim that for the first time China had used elements of each of the three Chinese fleets (North, East, and South) to assert its claims in the South China Sea. What lay behind this charge was unclear until an IISS *Strategic Comment* provided a persuasive and detailed explanation that remains uncorroborated by official Vietnamese and Chinese sources.

The IISS paper linked tensions in the South China Sea with unprecedented exercises involving two Chinese naval flotillas passing near Okinawa into the Pacific Ocean in March and April. The missions were the first of any size by the Chinese Navy beyond the "first island chain," the term used to refer to a line formed by the Aleutians, the Kuriles, Japan's archipelago, the Ryukyus, Taiwan, the Philippines and Borneo. A March exercise involving six ships was followed by a larger and more public demonstration of naval strength in April when a flotilla of 10 warships passed into the Pacific Ocean 140 km south of Okinawa. Japan issued a public protest over the actions of the second flotilla.

The March exercise involved six ships from the North China fleet that passed in pairs without much public notice through the Miyako Strait near Okinawa and conducted exercises with the South China fleet; the ships were active in the disputed Spratly Islands and near the Malacca Strait before returning to base in early April. The larger April exercise involved 10 ships from the East China fleet that passed in one large group through waters near Okinawa, traveled to waters east of Taiwan and conducted anti-submarine warfare exercises there.

The IISS report judged that the halt in the journey southward of the East China Fleet warships was “directly linked” to a change in the behavior of Vietnamese fishing vessels in the South China Sea. It said that large numbers of Vietnamese fishing boats had resumed ongoing harassment of Chinese patrol vessels after the North Fleet flotilla left the region in early April. By April 10, the largest Chinese patrol vessel was surrounded by 60 Vietnamese boats. The IISS believed that the Vietnamese had not expected a second Chinese flotilla. The unusually public display of Chinese naval force with the East China Fleet contingent of 10 ships passing as a group through waters near Okinawa appeared to have sent a warning to the Vietnamese boats surrounding the stranded Chinese patrol vessel. The Vietnamese boats abruptly disengaged and left the area. The IISS speculated that the East China Fleet contingent would have traveled to the South China Sea if the Vietnamese boats had not dispersed.

Implications

The IISS judgment that Southeast Asian countries among others in Asia and the Pacific will have to contend with a more assertive China that is prepared to use increasing military capabilities to defend its territorial claims was widely echoed in regional media and commentary. Mainstream commentator Frank Ching warned in May that China’s military objectives go well beyond Taiwan. Writing in the Jamestown Foundation’s *China Brief* in late April, Ian Storey depicted Chinese military actions as undermining China’s “Charm Offensive” as Southeast Asian states felt compelled to buttress their militaries and engaged in other contingency efforts. Edward Wong wrote in the *New York Times* on April 23 that China’s new naval power was a direct challenge to US efforts to maintain free maritime access around the rim of Asia. Greg Torode in the *South China Morning Post* did several reports inventorying the suspicions aroused in the region and in the US by China’s military actions. Torode also disclosed that Vietnam’s moves to closer ties with the US in the face of China’s rise had seen two US Navy ships repaired in Vietnam, including one at the symbolically important Cam Ranh Bay. The commander of US Forces in the Pacific, Adm. Robert Willard, told the *Financial Times* in late May referring to Chinese military actions, that “There has been an assertiveness that has been growing over time, particularly in the South China Sea and in the East China Sea.” Willard said that China’s military actions and extensive claims to islands and waters in the region were “generating increasing concern broadly across the region...”

Mekong River disputes

A serious drought in the watershed of the Mekong (Lancang) River has placed China’s hydro-electric dam building and development practices along the upper reaches of the river in a negative light. Media commentators and specialists in Southeast Asia, the US, and elsewhere have focused on Chinese practices as causing serious environmental damage that is more costly

to the countries down river than any gain to be derived from China's development. China plans eight dams along the river; three are already in operation. The critical media and specialist commentaries aver that China has adopted its plans with insufficient consultation with and consideration of the interests of the down-river countries (Laos, Myanmar, Thailand, Cambodia, and Vietnam), who have been reluctant to challenge China and have little ability to constrain Chinese practices through weak international groupings, notably the Mekong River Commission.

Chinese officials and media emphasized that inadequate rainfall and not Chinese dams were responsible for the drought and low river flow along the Mekong. Contrary to past practice, China began to release water information in an effort to reassure down river countries that China's practices were not the cause of their difficulties.

In the US, Richard Cronin of the Henry Stimson Center has released a series of reports and held an important workshop on the crisis in April, gaining the attention of US government leaders in the Administration and the Congress. The Obama government's increased interest in playing a more active role in Mekong River matters was seen in a two-day visit by Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell to Vientiane, Laos in April. According to an article in *Asia Times*, Campbell's visit involved meetings with officials of the Mekong River Commission, which maintains its secretariat in Vientiane. The Obama government in 2009 launched a Mekong River Initiative in cooperation with Laos, Thailand, Cambodia, and Vietnam, which is designed to promote good practices in river management and development.

Other developments

Over 40 officials from ASEAN countries met in Beijing in April to discuss implementation of a China-ASEAN agreement on cooperation in intellectual property protection that was signed at the China-ASEAN summit in 2009. In late March, Chinese media announced that top think tanks of China and member nations of ASEAN agreed at the China-ASEAN Defense and Security Dialogue in Beijing to hold over 30 meetings in 2010 dealing with defense and security issues.

Indonesia, Australia, Singapore, Cambodia, Taiwan

A feature article in the *New York Times* in May highlighted the decline in anti-Chinese feeling in Indonesia amid growing interest in studying Chinese language and commercial interaction. Other reporting showed deep misgivings among Indonesians regarding what is widely seen as adverse consequences flowing from greater economic competition with China as a result of provisions of the China-ASEAN FTA that came into effect in January.

Under the headline, "Come Clean on Navy, Faulkner Urges China," Australian Defense Minister John Faulkner told the media in late April that China must be open and transparent about why it is rapidly expanding its naval forces.

Singapore Prime Minister Lee Hsien Loong in April added to international voices urging China to adjust the value of its currency, asserting that it was "in China's own interests" to have a more flexible exchange rate.

Cambodian officials announced in May that China had offered Cambodia military trucks and other aid. The offer reportedly was to compensate for the US withdrawal of an offer of military trucks to Cambodia on account of Phnom Penh's decision in December to deport 20 Uighur refugees, who were under the protection of the UN High Commissioner for Refugees.

Taiwan President Ma Ying-jeou urged approval of a proposed Economic Cooperation Framework Agreement with China as a means to allow Taiwan to sign free trade agreements with Southeast Asian and other countries. The agreement was also seen as a means to avoid Taiwan's exclusion from what Ma saw as a rapidly forming East Asian economic integration process. He urged China not to oppose Taiwan's planned trade agreements.

Outlook

In view of the more assertive Chinese military profile over regional territorial and resource disputes, China faces difficulty in its continued efforts to reassure neighbors that China's rising economic and military power and reach are not adverse to the interests of neighboring countries. It also faces increased international scrutiny over dam building along the Mekong River that may tarnish China's professed image as a "good neighbor."

Chronology of China-Southeast Asia Relations April – June 2010

April 2-5, 2010: Chinese Vice Minister Song Tao attends the first Mekong River Commission (MRC) meeting in Hua Hin, Thailand and says China is willing to increase cooperation with neighboring countries to help resolve the ongoing drought crisis. The Chinese Ministry of Water Resources also provides the MRC Secretariat with hydrological data in southwest China's Yunnan province to facilitate drought-relief measures in the lower Mekong area.

April 8, 2010: Wu Bangguo, chairperson of the Standing Committee of the National People's Congress, meets Wong Foon Meng, head of the Malaysian Senate, to discuss bilateral ties and parliamentary exchanges. They agree to strengthen political trust, personnel exchanges, and economic cooperation.

April 11, 2010: Chinese Foreign Ministry expresses "deep concern over the political situation in Thailand" after the latest clash between the anti-government protesters and the government's security personnel, which resulted in more than 800 casualties, including 20 deaths.

April 13, 2010: He Yong, deputy secretary of the Chinese Communist Party Central Commission for Discipline Inspection, meets Mai Truc, his Vietnamese counterpart, in Beijing. They discuss ways where the two departments can increase exchanges and cooperation on combating corruption.

April 22, 2010: Xu Caihou, vice chairperson of China's Central Military Commission, meets Teo Chee Hean, Singapore's deputy prime minister and minister for defense, in Beijing. They agree to forge closer and pragmatic military cooperation between their armed forces.

April 23, 2010: Chinese Vice President Xi Jinping meets Vietnamese Defense Minister Phung Quang Thanh in Beijing. They stress the importance of deepening their strategic and cooperative partnership, strengthening political mutual trust, and properly addressing sensitive issues.

May 1, 2010: Chinese President Hu Jintao meets Cambodian Prime Minister Hun Sen in Shanghai. They discuss the state of bilateral relations and agree to improve and expand political, economic, and security relations between the two countries.

May 11, 2010: Chinese Defense Minister Liang Guanglie meets Pol Saroeun, head of the Royal Cambodian Armed Forces, and agrees to strengthen military-to-military ties between the two countries. Both sides have witnessed increasing exchanges in senior-level military contacts in recent years and will continue to do so to build mutual trust. Chen Bingde, chief of the General Staff of the People's Liberation Army (PLA), also meets Saroeun and notes that China will continue to develop pragmatic military relations with Cambodia, including personnel training, the building of military schools, training centers, and hospitals.

May 12, 2010: Senior officials from China attend a conference in Danang, Vietnam to discuss drug prevention and control measures in Southeast Asia, particularly in the Greater Mekong sub-region. The participants also discuss ways to enhance regional cooperation to curb illicit drugs, trafficking, and drug-related cross-border crimes.

May 20, 2010: Guo Boxiong, vice chairperson of the Central Military Commission, visits Singapore and meets Prime Minister Lee Hsien Loong. They agree to continue and increase exchanges and cooperation between the two armed forces, particularly through high-level visits, joint defense and security-related discussions, joint military exercises, personnel training, and reciprocal visits of warships.

May 25, 2010: Zhang Xinfeng, vice minister of the Ministry of Public Security, attends the 30th ASEANPOL Conference in Phnom Penh, Cambodia. His speech at the opening ceremony of the conference focuses on increasing dialogue and information-sharing practices with counterparts in ASEAN member states to combat such transnational crimes as terrorism, the smuggling of illicit arms, human and drug trafficking, white-collar financial crimes, and cybercrime.

May 26, 2010: The *Vientiane Times* reports that Laos received a \$50 million loan from China to help build a bridge across the Mekong River in the Laotian province of Oudomxay. The bridge is part of the Greater Mekong sub-region north-south economic corridor project, linking the Thai province of Chiang Rai to Kunming, the capital of China's Yunnan province.

June 3, 2010: Chinese Premier Wen Jiabao visits Myanmar and meets Than Shwe, chairperson of the State Peace and Development Council, to mark the 60th anniversary of diplomatic relations. They agree to further advance bilateral political, economic, and military ties.

June 4, 2010: The Chinese National Petroleum Company (CNPC) issues an official statement on its website that the Southeast Asia Pipeline Company, one of CNPC's affiliated subsidiaries, will begin the design, construction, operation, and maintenance of the oil and gas pipelines

through Myanmar. The pipelines are estimated to be about 1,100 km, running from Myanmar's western coast to Ruili, Yunnan province in southern China.

June 5, 2010: Ma Xiaotian, deputy chief of the General Staff of the PLA, visits Singapore and attends the Shangri-La Dialogue Asia Security Summit. Ma's speech highlights growing tensions between Beijing and Washington.

June 8, 2010: Gen. Fan Changlong, commander of the PLA's Jinan Military Region, visits Myanmar and meets Thura Shwe Mann, chief of General Staff of Myanmar's Army, Navy, and Air Force. They review the state of bilateral military relations and pledge to increase military-to-military exchanges.

June 9, 2010: Hu Jintao sends a congratulatory message to President-elect Benigno Aquino III as the Philippines' incoming president.

June 16, 2010: Xi Jinping visits Laos and meets Laotian President Choummaly Saynasone. Xi notes that China will continue to maintain close contacts, strengthen mutual trust, and expand business, trade, and economic activities with Laos.

June 22, 2010: Zhou Yongkang, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, meets Troung Hoa Binh, Chief Justice of the Vietnamese People's Supreme Court, in Beijing. They agree to facilitate judicial exchanges and cooperation.

June 24, 2010: Chinese Vice Transport Minister Gao Hongfeng visits Phnom Penh to sign a memorandum of understanding with the Cambodian government to further deepen cooperation on infrastructure development. Tram Iv Tek, minister for Public Works and Transport of Cambodia, says that China has built more than 1,500 km of roads and bridges in Cambodia, totaling \$1 billion in recent years.

June 27, 2010: Hu Jintao meets his Indonesian counterpart Susilo Bambang Yudhoyono on the sidelines of the G20 Summit in Toronto, Canada. They agree to pursue development of the strategic partnership between China and Indonesia and reaffirm their commitment to enhance coordination and cooperation in regional and international political, economic, and security-related issues of mutual concern.

June 29-July 3, 2010: Chinese State Councilor Dai Bingguo co-chairs the fourth meeting of the Steering Committee for China-Vietnam Bilateral Cooperation in Beijing with Vietnamese Deputy Prime Minister Pham Gia Khiem.