

COMPARATIVE

C O N N E C T I O N S

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

CHINA- SOUTHEAST ASIA RELATIONS

XI JINPING, LI KEQIANG ADVANCE CHINA'S INFLUENCE, COUNTER US PUSHBACK

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Against the background of intensified US government pushback against Chinese economic, diplomatic, and military practices seen as adverse to US interests, President Xi Jinping and Premier Li Keqiang during visits to annual leadership meetings in the region conveyed confidence that Beijing's economic prominence, diplomatic resolve, and military power would continue to advance Chinese influence. Xi's November visits to the Philippines, Brunei, and Papua New Guinea (PNG), including the annual APEC Leaders' Meeting in Port Moresby, and Li's November visit to Singapore and participation in the East Asia Summit, ASEAN Plus Three, and China-ASEAN meetings there showed significant gains. Notably, ASEAN was pliant to Chinese preferences on South China Sea disputes and Beijing showed prominence as a rising power among the Pacific Island nations.

This article is extracted from *Comparative Connections: A Triannual E-Journal of Bilateral Relations in the Indo-Pacific*, Vol. 20, No. 3, January 2019. Preferred citation: Robert Sutter and Chin-Hao Huang, "Xi Jinping, Li Keqiang Advance China's Influence, Counter US Pushback" *Comparative Connections*, Vol. 20, No. 3, pp 53-60.

ASEAN, South China Sea

Following protocol, Premier Li Keqiang represented China at the heads-of-government ASEAN-related summits in Singapore. Hailing progress on the ASEAN-China Code of Conduct on the South China Sea during China's annual summit with ASEAN leaders, Li encountered no public objection to China's preferred slow walking of the completion of the process, saying it would take three more years. At the annual East Asia Summit meeting involving leaders of other ASEAN dialogue partners, including the United States and Russia, Li emphasized China's support for continuity in international economic governance amid thinly disguised criticism of US unilateralism and protectionism. Along these lines, he called for completion next year of the Regional Comprehensive Economic Partnership (RCEP), a multilateral Asia-Pacific free trade agreement (FTA) that notably excludes the United States.



Figure 1 Chinese Premier Li Keqiang meets with Russian President Vladimir Putin at ASEAN Summit on Nov. 15. Photo: President of Russia website

Chinese official commentary stressed powerful economic ties between China and ASEAN, showing 2018 trade valued at \$518 billion. Commentary said two-way investment has now amounted to \$200 billion. Li's official visit in Singapore prior to the ASEAN meetings saw the signing of an upgraded bilateral FTA to include Beijing's Belt and Road Initiative (BRI) for the first time. Li's meeting with ASEAN leaders was marked by an upgrading of the ASEAN-China FTA, with Li setting a goal of the two sides achieving \$1 trillion in bilateral trade in 2020. A China-ASEAN Strategic Partnership Vision of 2030 also was adopted.

Chinese commentary showed advancements in security ties with ASEAN states as further evidence of China's positive regional influence.

The navies of China and the 10 ASEAN countries held their first joint maritime exercise in China's Guangdong Province on Oct. 22-28. It was first time ASEAN as a whole held a military exercise with a single country. The drill involved three ships from China and one each from Singapore, Thailand, Vietnam, Brunei, and the Philippines. Also in October, China held a joint naval drill with Thailand and Malaysia.

Meanwhile, the Chinese foreign minister, other ministry spokespersons and official Chinese commentary rebuffed the many challenges China faced from the United States and its allies and partners over the disputed South China Sea and other regional issues. While President Trump's absence was viewed as an opportunity to expand Chinese influence, Trump's stand-in, Vice President Mike Pence, was viewed as a "troublemaker," as he was seen using thinly veiled criticisms of Beijing in efforts to pit China against its neighbors over territorial disputes and other issues. Notably, Pence told the media that his plane's flight from Tokyo to Singapore across the disputed South China Sea was a type of "[freedom of navigation](#)" mission contesting China's territorial claim and showing that the US had no intention of ceding influence or control of the region to Beijing. Underlining this point, National Security Advisor John Bolton told the media that the US opposed China's proposal in the forthcoming China-ASEAN code of conduct that would restrict US military exercises with ASEAN countries and other activities in the South China Sea.

The China-US acrimony in Singapore caused host Prime Minister Lee Hsien Loong to [warn](#) at the end of the meetings that while it's desirable for ASEAN states not to take sides in the rivalry between the two powers, "circumstances may come when ASEAN may have to choose one or the other. I am hoping that it's not coming soon."



Figure 2 A PLA Navy fleet in the South China Sea in April 2018. Photo: The Interpreter

In October, China's prominent South China Sea expert Wu Shichun used the occasion of a near collision of a Chinese warship with the *USS Decatur* conducting a freedom of navigation operation (FONOP) exercise within 12 nm of Chinese artificial islands in the South China Sea on Sept. 30 to underline the marked increase of such US exercises by the Trump government. He said that some of the US FONOPs were not made public and overall they averaged one every two months in 2017, occurring much more often than during the Obama government. Wu took note of US allies Japan, Australia, Great Britain, and South Korea showing support for US efforts by conducting military operations in the South China Sea. Other Chinese commentary highlighted the periodic US B-52 bomber patrols and the frequent large-scale naval exercises there, notably the naval exercise in the disputed South China Sea conducted by two US aircraft carrier battle groups coincident with Xi Jinping's and Li Keqiang's visits to the region.

Xi at APEC, Pacific Islands' issues

President Xi Jinping's prepared remarks at the APEC forum spoke in broad terms of common Chinese media themes of achieving economic development and cooperation in the Asia-Pacific region and the world at large, despite "increasing economic instability and uncertainty," words that reminded participants of recent US disruptions. Along the favored line of state-directed Chinese publicity, Xi's trip highlighted China's concept of a community with a shared future for mankind, deepened partnerships, boosted the construction carried out by the BRI, stressed confidence in multilateralism and sought greater consensus on common development.

Various [media](#) highlighted Vice President Pence's warning against China using the Belt and Road Initiative to saddle smaller nations with unsustainable debt and his oblique reference to China in asserting that "empire and aggression have no place in the Indo-Pacific." Xi for his part seemed to try to stay above the fray in pointing indirectly to the harder US posture against China and advising that "confrontation whether in a Cold War, hot war or trade war will produce no winner." The president left it to Foreign Minister Wang Yi and his subordinates to defend China's interests, which reportedly led Chinese Foreign Ministry officials to barge into a PNG minister's office to

press for changes in the wording of the final communiqué sought by China. Beijing rejected these reports, claiming that unnamed "individual economies" presumably led by the United States, "imposed" language and would not accept China's "reasonable revisions," leading to the first time the APEC Economic Leaders' meeting ended without a closing communiqué. Nonetheless, the credibility of the charges of rude and intimidating Chinese pressure on an official of a much smaller Pacific Island state seemed higher as they followed an incident at the annual meeting of the 18-nation Pacific Islands Forum in Nauru in September where the Chinese delegate caused an incident during the proceeding as he pressured the presiding host, Nauru's president, to adhere to China's demand that the Chinese delegate speak before others.

While indirect in criticizing the US at the APEC meetings, President Xi was much more specific in dealing with growing Chinese interests and involvement in Pacific Islands during his concurrent state visit to Papua New Guinea and his summit and other meetings there with leaders of the eight Pacific Island countries that have official relations with Beijing. Six of the small Pacific Island states have official relations with Taiwan. Extensive Chinese publicity of Xi's initiatives coincided with a flurry of foreign reports of China's advanced involvement in the Pacific Islands and resulting counteractions by the US and Australia.

Xi's arrival in Port Moresby, the first by a Chinese president to PNG, saw Chinese commentary highlight China's role in constructing the APEC meeting site and providing for its maintenance, as well as for the six-lane road linking the meeting site to the National Parliament and other important buildings in the capital. Xi's official host, PNG Prime Minister Peter O'Neill, signed an agreement in June making PNG the first Pacific Island state to join the BRI. It was followed in succession by Niue, Samoa, Micronesia, Fiji, and Cook Islands. Vanuatu and Tonga announced that they were joining the BRI during Xi's visit. O'Neill lauded Chinese assistance in a variety of areas while Xi foresaw a bilateral free trade agreement.

The PNG government rebuffed reported efforts by the US, Australia, and Japan to try to persuade it to end the construction of a 3,300-mile network of submarine cables linking 14 coastal

towns by the Chinese firm Huawei, which is viewed with great suspicion by the US and its allies. Australia had succeeded in July in blocking Huawei from laying submarine cable from Sydney to PNG and the Solomon Islands. Relatedly, one of the areas covered by the Huawei cable venture in PNG is Manus Island; Vice President Pence said in Port Moresby that the United States would join Australia to expand a naval base there.

President Xi's meeting with the eight Pacific Island leaders followed his initial such summit meeting in Fiji in 2014. China's trade value with Pacific Island countries was \$7.25 billion in 2017 and its accumulated investment was \$3 billion. 100 Chinese assistance projects completed in the islands involve power stations, roads, bridges, government buildings, and communications networks. Chinese officials rejected the "outdated" mentality seen in the US and Australia regarding the allies' interests in the Pacific Islands, arguing that the region "doesn't fall within any country's sphere or influence." Nevertheless, facing a perceived challenge from China, Australia has worked in consultation with the US and allies New Zealand, Japan, France, and Great Britain in increasing economic and military assistance in the Pacific Islands. And New Caledonia voted in November to keep its status as French territory, enhancing the commitment of the French government and the government in New Caledonia for a "free and open Indo-Pacific," echoing the slogan used by the US, Japan, Australia, and their partners.

Brunei

On Nov. 18-19, Xi made his first visit to Brunei and the first such visit by the Chinese head of state in 13 years. The two countries have amicable relations despite territorial disputes over the South China Sea, which are handled discreetly by Brunei officials. They agreed to establish a strategic cooperative partnership. Xi repeated many common Chinese PR themes emphasizing the BRI, ASEAN-China cooperation, the RCEP, and the upgraded ASEAN-China Free Trade Agreement.

Xi visits Manila, progress amid constraints

Xi's Nov. 21-22 visit to the Philippines marked the first official visit by the Chinese president in 13 years. The two leaders pushed forward in their ever-closer relationship. Xi and Philippine President Rodrigo Duterte reached 29 new

agreements promoting economic cooperation and development. Philippine officials said the agreements included investment valued at an estimated \$9.8 billion and would generate over 10,000 Philippine jobs. Media reports said that over the past year, China has surpassed Japan as the Philippines largest trading partner. Total trade in 2017 was valued at over \$50 billion. Chinese commentary during the visit said Chinese financing is essential to Duterte's infrastructure program known as "Build, Build, Build," which needs an estimated \$68 billion to upgrade Philippines' infrastructure over the next three years. It highlighted the groundbreaking ceremony in July of the construction of two bridges by a Chinese company to ease traffic congestion in Manila. Philippines officials said that the number of Chinese tourists visiting the Philippines grew markedly, reaching 764,000 in the first seven months of the year, making China second only to South Korea as a source of foreign tourists to the Philippines.

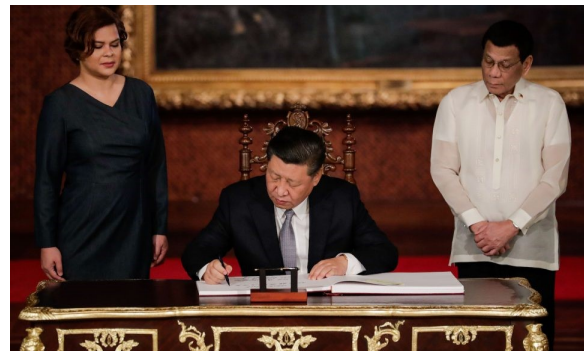


Figure 3 Chinese President Xi Jinping signs the guestbook at Malacanang Palace in Manila on Nov. 20. Photo: Asia Times

Both sides reaffirmed in the [joint statement](#) marking Xi's visit that they would continue to manage their clashing maritime claims in the South China Sea in ways that avoid conflict and allow for greater cooperation. The statement affirmed that "contentious issues are not the sum total of China-Philippines bilateral relations and should not exclude mutually beneficial cooperation in other fields." In the lead-up to the Xi visit, the two sides held in Beijing on Oct. 18 their third meeting of their Bilateral Consultative Mechanism, a formal dialogue that addresses differences, prevents and manages incidents at sea, and enhances maritime discussion and cooperation. A topic of discussion at the meeting was cooperation on jointly exploring and developing offshore oil and gas, on the basis of not prejudicing each other's sovereignty, sovereign rights, and jurisdiction.

Foreign Minister Wang Yi followed with a visit in late October to Duterte's hometown, Davao City, where he presided over the opening of China's third consulate in the Philippines and met the Philippines president and foreign minister to discuss Xi's forthcoming visit. Philippine and Chinese officials forecast that the two sides were close to reaching an agreement allowing for joint exploration and development of offshore oil and gas resources in the disputed South China Sea.

Speaking to the [media](#) at the ASEAN meetings in Singapore in November, President Duterte argued against US and allied military drills contesting Chinese claims in the South China Sea. He said "China is already in possession (of the South China Sea). It's now in their hands. So why do you have to create frictions ... that will prompt a response from China?"

Another advance in the relationship was a bilateral China-Philippines military exercise held in China in conjunction with the China-ASEAN military exercise held in late October.

Despite the progress in China's relations with the Philippines, the actual outcomes of agreements and media and specialist commentary show many shortcomings and obstacles. The Memorandum of Understanding (MOU) on Oil and Gas Development signed during the Xi visit did not show much progress beyond creating a government body to study models for future projects. Such joint projects face constitutional obstacles in the Philippines that critics of Duterte's accommodation of China have pledged to use against any such deal with Beijing. The critics are backed by public opinion polls showing strong opposition to the government's inaction in the face of China's expanding control in South China Sea areas claimed by the Philippines. It has also prompted the foreign affairs secretary to quell public concerns and clarify that the MOU did not specify joint exploration for oil and gas development in the contested areas of the South China Sea.

Widespread skepticism in the Philippines about weak follow-through on various pledges of Chinese investment and infrastructure financing agreed to during Xi's visit and during President Duterte's earlier visits to China is supported by specialist calculations and media reports. They show that of the 27 agreements valued at over \$24 billion reached during

Duterte's visit to China in 2016, as of mid-2018 there was only a \$73 million funding commitment. Also, repeated reports of the Philippine military leadership's strong orientation toward the United States and suspicion of China was underlined as US and Philippine generals conferring in the Philippines just prior to Xi's arrival in Manila. The Armed Forces of the Philippines has agreed to increase the number and scope of Philippines joint military exercises with the United States in 2019.

Outlook

China's activities in the last four months featured back-to-back high-profile visits to the region from two of China's top leaders – Xi Jinping and Li Keqiang. The flurry of regional activities sought to demonstrate Southeast Asia's importance in China's increasingly active foreign policy approach that advances China's influence and limits the US role in the region. While China continues to articulate its vision for win-win partnerships, regional leaders [remain skeptical](#) of China's growing footprint. Notable indicators in the next reporting period will include the near-final stage of RCEP negotiations and the final text of the Code of Conduct in the South China Sea. The negotiation process and outcome for both documents will provide further insights into China's ambitions and influence, as well as the extent to which there are noticeable changes to Southeast Asia's preferred choice for regional leadership.

CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

SEPTEMBER – DECEMBER 2018

Sept. 1, 2018: Chinese Coast Guard and rescue vessels are deployed to provide assistance to a stranded Philippine frigate in the eastern edge of the disputed area of the Spratly Islands in the South China Sea.

Sept. 17, 2018: Chinese Ministry of Foreign Affairs issues a statement of support for the consensus reached between Laos and Cambodia to resolve border tensions, which includes troop withdrawals and joint patrols.

Sept. 20, 2018: Chinese Vice Premier Han Zheng meets Singaporean Deputy Prime Minister Teo Chee Hean in Singapore for 14th joint meeting for bilateral cooperation. They agree to increase and expand economic ties, as well as to launch negotiations for a treaty to provide clearer legal assurance to economic projects under the Belt and Road initiative.

Oct. 14, 2018: Results of a new Pew research survey indicate that 73 percent of the respondents in Asia – Japan, South Korea, the Philippines, Indonesia, and Australia – favor the United States over China as the leading global power.

Oct. 22–28, 2018: China and ASEAN hold their first joint naval exercise off the coast of Guangdong Province. ASEAN will hold a similar confidence building drill with the United States in 2019.

Oct. 24, 2018: China Railway Eryuan Engineering Group and Myanmar Railways sign agreement for a feasibility study on a proposed cross-border rail line from Muse to Mandalay. The rail line was proposed in 2011, but the project was suspended in 2014 by the military junta regime amidst public objections to the project. The study will assess the environment and social impact of the rail line.

Oct. 26, 2018: China, Malaysia, and Thailand hold a trilateral military exercise. The exercise focuses on joint planning and coordination for humanitarian assistance and disaster relief, maritime security, and counter-terrorism.

Oct. 27, 2018: Chinese Defense Minister Wei Fenghe meets Vietnamese Minister of Defense Ngo Xuan Lich in Beijing to discuss ways to improve and expand military and security cooperation between the two armed forces.

Oct. 29, 2018: Chinese State Councilor and Foreign Minister Wang Yi meets Philippine counterpart Teodoro Locsin in Davao, the Philippines, and agrees to increase consultation on the final agreement on the Code of Conduct in the South China Sea. Philippines has recently taken over from Singapore as coordinating country for China-ASEAN relations.

Nov. 5, 2018: President Xi Jinping meets Laotian Prime Minister Thongloun Sisoulith in Shanghai on the sidelines of the inaugural China International Import Expo. They agree to increase the bilateral partnership along the China-Laos economic corridor and the Lancang-Mekong region.

Nov. 9, 2018: Under the Belt and Road Initiative, senior officials from China and Myanmar sign an agreement to develop the first phase of a deep sea port in Myanmar's Kyaukphyu Special Economic Zone.

Nov. 12–16, 2018: Premier Li Keqiang visits Singapore to attend regional meetings, including the China-ASEAN meeting, ASEAN Plus-Three meeting, and the East Asia Summit.

Nov. 17–18, 2018: President Xi attends the 26th Asia-Pacific Economic Cooperation (APEC) Economic Leaders' meeting in Port Moresby, Papua New Guinea.

Nov. 18–19, 2018: President Xi visits Brunei and meets Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah. They agree to deepen practical cooperation and to elevate bilateral ties to a strategic cooperative partnership.

Nov. 19–20, 2018: Senior Chinese and Vietnamese military officials meet for the fifth bilateral border meeting. They pledge defense cooperation for border stability.

Nov. 20–21, 2018: President Xi visits Manila for a state visit and meets Philippine President Rodrigo Duterte. They agree to establish the China-Philippines comprehensive strategic cooperative partnership.

Dec. 16, 2018: Chinese State Councilor and Foreign Minister Wang Yi meets senior officials from Myanmar to discuss border security and the Rakhine issue. Wang pledges that China will play a constructive role in the process and hopes that Myanmar and Bangladesh can finalize the repatriation plans for the Rakhine community at an early date.

Dec. 20, 2018: Senior military officials from China and Myanmar hold a bilateral defense meeting in Kunming to exchange views on the border situation in northern Myanmar. Chinese officials express support for Myanmar's peace process, including the new round of peace talks with minority groups in Myanmar at the Panglong Ethnic conference.

