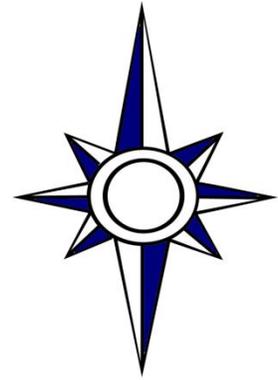


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



**China-Southeast Asia Relations:**

## **US Interventions Complicate China's Advances**

**Robert Sutter, Georgetown University**

**Chin-Hao Huang, University of Southern California**

China was on the defensive this quarter, reacting to interventions by the US, including a notable statement by Secretary of State Hillary Clinton at the annual ASEAN Regional Forum (ARF) meeting in Hanoi regarding the South China Sea. The ARF meeting also saw a new US commitment, backed by ASEAN, to participate actively in the East Asian Summit, raising the profile of that regional body over China's preference for Asian-only regional groups. Further complicating China's regional calculus were prominent advances in US relations with Vietnam shown during celebrations of a US-Vietnam anniversary in August that involved exercises with a US aircraft carrier deployed near disputed regions of the South China Sea. Chinese officials and commentary in Chinese media at first countered that the US actions were self-serving and destabilizing. Those attacks meshed with public Chinese attacks on concurrent US military exercises with South Korean forces in reaction to North Korea's sinking of a South Korean warship. Later, some Chinese commentary dissented from the harsh public approach, and by the end of the quarter, the criticism of the US and others over the South China Sea disputes and other issues subsided. For the time being at least, it appeared that China will remain focused on publicly stressing trade and reassuring diplomacy in Southeast Asia, while defending its territorial claims and continuing to build military capabilities.

### **South China Sea tensions and interventions at the ASEAN Regional Forum (ARF)**

Background. The immediate backdrop for the interventions at the ARF meeting in Hanoi in late July included reported complaints from US defense officials, notably Secretary of Defense Robert Gates at the Shangri-La Dialogue in May, voicing US support for free navigation and stability and opposing use of "intimidation" in pursuing territorial claims and interests in the South China Sea. US determination to show military backing for its stance was underlined by Asian media reports of the simultaneous surfacing in late June of three *Ohio*-class submarines armed with hundreds of advanced cruise missiles in ports in Korea, the Philippines, and the Indian Ocean.

China long has relied on a regional approach based on growing trade and other economic contacts and bilateral and multilateral diplomacy designed to reassure Southeast Asian neighbors. As disputes in the South China Sea with regional claimants and the US have gained prominence, China has become more assertive in defending its claims. It notably reconfigured military ships for use in enforcing unilateral fishing bans, deployed strong forces from all three Chinese naval fleets in shows of force, and recently asserted that China's claims to the islands,

waters, and resources of South China Sea represented a “core interest” of China that presumably brooks no compromise.

Meanwhile, Indonesia joined other regional claimants in formally disagreeing with China’s claims in the South China Sea in a letter to the United Nations on July 8. In the past, Indonesia had tended to avoid direct involvement in the territorial disputes China has with the other claimants to the South China Sea – Vietnam, the Philippines, Malaysia, and Brunei. Jakarta’s intervention came after confrontations between Chinese and Indonesian patrol vessels in the South China Sea on May 15 and June 23 that were reported by *Mainichi Shinbun*. In the June incident, an Indonesian patrol boat seized a Chinese boat fishing in what was seen as Indonesia’s Exclusive Economic Zone (EEZ). One of the large, armed Chinese military vessels that have been converted to patrol the South China Sea arrived on the scene and demanded the release of the Chinese boat, claiming China did not recognize the area as Indonesia’s EEZ. The boat was released but captured again the following morning when an Indonesia Navy ship arrived on the scene. The large Chinese patrol vessel returned and again insisted on the release of the Chinese fishing boat. The Indonesia patrol craft holding the Chinese fishing boat, being vulnerable to possible gunshots from the armed Chinese patrol boat, released the fishing boat.

China’s reaction to the ARF interventions on South China Sea. Regarding the ARF meeting in Hanoi on July 23, officials and specialists in the US and Southeast Asia in private consultations in the following weeks had different views as to whether Chinese Foreign Minister Yang Jiechi had been surprised by Secretary Clinton’s intervention and those of 11 other participants in the meeting raising concerns over South China Sea disputes. They also differed over whether Yang’s private speech to the group in reaction to the interventions reflected China’s official response or something less coherent and coordinated.

The Chinese Foreign Ministry took pains to publicize a coherent version of the points Yang made in his private remarks at the ARF on its website two days after the Hanoi meeting. Commentary in *Xinhua* and less authoritative Chinese media then took aim at the US for instigating a dispute between China and ASEAN members over the South China Sea. The Chinese comment reaffirmed territorial claims; denied resort to coercion and intimidation; urged seeking to manage and resolve territorial issues through bilateral negotiations; and warned against alleged US efforts to turn the South China Sea into an issue of international or multilateral concern, warning that such moves would “only make matters worse.”

Chinese commentary endeavored to show support among ASEAN members for China’s positions, in opposition to the US intervention. It generally refrained from criticizing other ARF members over South China Sea disputes, with the exception of Vietnam, which was seen in some Chinese commentary as colluding with the US in opposition to China.

Amid its initial public reaction affirming China’s claims and criticizing the US, China underlined its determination to protect its interests by deploying in late July advanced warships from its three fleets into the South China Sea for a military exercise observed by the People’s Liberation Army (PLA) chief of the General Staff and the commander of the Navy. The exercise was seen abroad as the largest Chinese exercise in the South China Sea; it was shown on Chinese television and on the Ministry of Defense website on July 29. On July 30, the Defense Ministry

spokesman firmly reiterated China's claims to the South China Sea in a statement *Xinhua* said was in reply to Secretary Clinton's statement at the ARF meeting in Hanoi regarding US national interests in the South China Sea. On Aug. 26, Chinese media reported that a small manned submarine had planted the Chinese flag on the sea bed of the South China Sea.

China's Foreign Ministry spokesperson on Sept. 21 warned against "any kind of statement that might be issued by the US and ASEAN over the South China Sea" as a result of President Obama's meeting with ASEAN leaders in New York on Sept. 24. Chinese media reaction to various statements coming from the Obama meeting, some of which mentioned the South China Sea, was critical but low-key.

Reaction to the US in the East Asian Summit. Secretary's Clinton's announcement at the ARF meeting in Hanoi that the US would join the East Asia Summit (EAS) received lower-level Chinese media attention than that devoted to the South China Sea issue. On the one hand, Chinese media said that the Chinese Foreign Ministry "respects the consensus reached among the ASEAN members concerning the enlargement of the summit." At the same time, lengthy commentaries by Chinese academic and other nongovernment specialists said the US move was part of broad-ranging efforts by the Barack Obama administration to buttress the US influence around the rim of China in order to counterbalance and contain China. The efforts allegedly included the use of the *Choenan* incident to strengthen US alliances with South Korea and Japan and to threaten China with exercises in the Yellow Sea, Secretary Clinton's alleged call to internationalize the South China Sea disputes, and President Obama's summit meetings with ASEAN leaders. The Chinese commentary repeatedly warned ASEAN against "big power domination" allegedly sought by the US.

### **China, Vietnam, and the United States**

The quarter began with reports highlighting the positive outcomes of the fourth meeting of the China-Vietnam Steering Committee on Cooperation, co-chaired by Chinese State Councilor Dai Bingguo and Vietnamese Deputy Prime Minister and Foreign Minister Pham Gia Khiem. *Xinhua* on July 2 reported that Dai said that "pragmatic cooperation between the two countries had achieved new progress." On July 7, agreements regarding the land border between China and Vietnam went into effect. Later in the quarter, Vietnam sent a delegation to China to solicit China's participation in the ASEAN-sponsored Defense Ministers Meeting in Hanoi in October.

Disputes between China and Vietnam came into public view when Vietnam, in early August, accused China of violating its sovereignty by carrying out seismic exploration near the Chinese occupied and Vietnamese claimed Paracel Islands. The Chinese Foreign Ministry spokesman promptly rebutted Vietnam's claim.

The start on Aug. 8 of a week-long series of US-Vietnamese naval activities and exercises involving a US aircraft carrier and a guided-missile destroyer with the symbolically significant name *USS John S. McCain* highlighted the recent advances in US security and other cooperation with Vietnam. It also was disclosed that the US was actively pursuing an agreement to share nuclear fuel and technology with Vietnam.

China reacted with commentary in official media that sharply criticized Vietnam and the US. A prominent Chinese security affairs commentator, Adm. Yang Yi, warned in an interview with *Phoenix Television* that “Vietnam was playing a dangerous game of pitting two major powers against each other.” Comment in *China Daily* saw Vietnam working to support efforts by Secretary Clinton to “internationalize” the South China Sea issue as it sought US support to bolster its territorial claims against China. Another *China Daily* comment on the US-Vietnam nuclear negotiations saw the US seeking leverage through the deal along a path similar to the US nuclear deal with India earlier in the decade.

### **China-ASEAN relations – emphasizing the positive**

Concurrent with and eventually overshadowing and superseding media commentary emphasizing differences between China and the US in Southeast Asia, Chinese officials and commentary pursued a steady path of optimism and cooperation in various interaction with ASEAN and its members. Foreign Minister Yang announced at the China-ASEAN Ministerial Meeting in Hanoi in late July five areas of progress focused on China-ASEAN trade under the rubric of their free trade agreement and exchanges in security, environmental and other areas. Attending the 9<sup>th</sup> ASEAN-China Economics Ministers Meeting in Vietnam in August, China’s Minister of Commerce Chen Deming said that in 2010 China had become ASEAN’s leading foreign trading partner and ASEAN had become China’s fourth largest trading partner. Chen said that ASEAN thus far in 2010 enjoyed a trade surplus with China of over \$7 billion. ASEAN trade figures usually record substantial trade deficits with China. The latest ASEAN trade figures, for 2009, show ASEAN running a \$15 billion trade deficit with China for 2009.

Meanwhile, Chinese media highlighted the remark of a visiting vice defense minister from Vietnam on Aug. 26 that “Vietnam will never become military allies with the United States.” The Vietnamese official was on a four-day stay in Beijing to see Chinese military leaders in preparation for the ASEAN Defense Ministers Meeting slated for Hanoi in October. Also, it was reported in Western media that Chinese officials had departed from past practice and allowed officials from the Mekong River Commission to assess the impact of Chinese dams on the river, especially how they affect the flow to down-river countries. The move was seen as designed to reduce criticism of China on the part of the down-river countries and other governments and organizations concerned that China’s dam building is having serious negative impacts on the environment in down-river states.

Chinese defense ties with Australia edged forward in August as the visiting Australian Air Vice Marshall Margaret Staib met in Beijing with China’s Central Military Commission member General Liao Xilong who pledged to strength defense exchanges and cooperation. China and Australia held live-fire military exercises in September. Among the various high-level Chinese defense meetings with counterparts from ASEAN member countries this quarter, Defense Minister Liang Guanglie pledged in a July meeting in Beijing with a Singapore defense leaders to advance the already active military exchanges and exercises between the two countries.

### **Myanmar leader visits China**

Senior Chinese leaders welcomed and received Myanmar's junta leader Gen. Than Shwe for an official four-day visit in early September. The general's trip came as Myanmar prepares for its first national elections in nearly two decades in November 2010 and solicits Chinese endorsement to help deflect criticisms from the international community about the fairness of the elections. The latest report from the International Crisis Group also notes that China is perhaps equally concerned with the political situation in the upcoming months and would like to ensure that any potential shifts in the military leadership in Myanmar following the elections will be able to maintain stability and order in its southwestern front. It is mindful of the violent ethnic clashes in Kohkang, Myanmar last year when up to 30,000 refugees poured into China's Yunnan province. Moreover, with increasing bilateral business, trade, and economic ties, China does not want its investments in Myanmar disrupted. According to *The Economist*, China has already invested more than \$8 billion in Myanmar this year alone, mostly in such ventures as the exploration and development of Myanmar's oil, gas, and hydropower. China's economic interest in Myanmar will continue to grow in the coming years. In early July 2010, the Ministry of Land Resources issued a study putting Myanmar on a special "watch list" for potential acquisition of such urgently needed natural resources as coal, copper, oil and gas. This will pave the way for more state-owned enterprises as well as private entrepreneurs to invest in Myanmar. Given China's concerns with security and stability along the border with Myanmar and its interest in protecting its economic interests in Myanmar, the general's visit to Beijing was not only a symbolic gesture of support and solidarity. Beijing needed clarifications and assurances that the upcoming elections in Myanmar will not upset the status quo.

### **Taiwan focuses on trade opportunities**

Presumably in response to the controversy over the South China Sea at the ASEAN Regional Forum (ARF) meeting in Hanoi, Taiwan's Foreign Ministry issued a press release on July 29 that reiterated Taiwan's claims to the disputed sea and its territories. Taiwan officials had little to say about the greater Obama administration activism and engagement around the rim of China and in regional multilateral groups, and what this might mean for greater US engagement with Taiwan.

Meanwhile, Taiwan officials were actively pursuing trade and trade agreement possibilities with Southeast Asia as a result of the signing of the Economic Cooperation Framework Agreement (ECFA) with China in June. Taiwan's Premier Wu Den-yih on June 30 urged China not to stand in the way of Taiwan's efforts to forge free trade agreements with other countries now that the cross-Strait ECFA was signed. Taiwan's Ministry of Economic Affairs said on July 14 that the first targets of Taiwan's efforts for free trade agreements were Singapore, the Philippines, Thailand, and Malaysia.

On Aug. 5, the Taiwan office in Singapore and the Singapore office in Taipei announced they would "explore the feasibility of a bilateral economic cooperation agreement on a par with a free trade agreement." The reaction from China came from a Taiwan Affairs Office official who said "We believe Singapore will adhere to the one-China policy, and properly handle the economic and trade relations with Taiwan accordingly." Taiwan's Presidential Office said "We would like to praise China for respecting Taiwan's move to pursue an economic cooperation agreement with Singapore under the framework of the World Trade Organization (WTO)."

## **Hong Kong-Philippine tensions over botched hostage rescue**

A 12 hour stand-off on Aug. 23 between a disgruntled former police officer and police in Manila ended with the deaths of eight Hong Kong tourists who were among a larger group of tourists held hostage by the former policeman. Chinese media reported that the hostage taker opened fire on the hostages and was killed by a police sniper. He had earlier released nine hostages, while seven other hostages were rescued, three of them in serious condition.

Hong Kong officials and media were outraged by the handling of the hostage situation, including gross malfeasance by the police and the alleged refusal of Philippine authorities to respond to urgent messages from Hong Kong leaders during and after the standoff. Chinese officials had fewer complaints about access to Philippine officials, but they and their Hong Kong counterparts strongly demanded a full accounting. Philippine President Benigno Aquino III apologized repeatedly and pledged that a full report would be shared with Chinese and Hong Kong officials.

Chinese media reported that Chinese tourists were cancelling trips to or leaving the Philippines on account of the incident. Media reports from Hong Kong focused on the fears of the 200,000 mainly domestic workers from the Philippines residing in the territory.

### **Outlook**

After the stern Chinese reaction and later moderation seen this quarter, there is considerable uncertainty among officials and specialists in Southeast Asia and the US whether China's posture will change again regarding the US in Southeast and other parts of Asia, and concerning Chinese territorial claims and other disputes with Southeast Asian nations. They await the interaction of Chinese and US defense leaders at the ASEAN Defense Ministers Meeting in Hanoi in October for possible indicators of future trends. Whether and how China will try to punish or pressure Vietnam and other Southeast Asian states that have stood against Chinese ambitions also is subject to much speculation but few conclusions. Those concerned will watch closely the course of Chinese policy and practice with each of the concerned governments.

## **Chronology of China-Southeast Asia Relations**

### **July – September 2010**

**July 1, 2010:** China and Thailand mark the 35<sup>th</sup> anniversary of diplomatic ties. Senior diplomatic representatives reflect on the expanding ties between the two countries, including more frequent high-level exchanges, increased trade cooperation, and enhanced political trust.

**July 2, 2010:** Chinese State Councilor Dai Bingguo and Vietnamese Deputy Prime Minister and Foreign Minister Pham Gia Khiem meet in Beijing to co-chair the fourth round of the China-Vietnam Steering Committee on Cooperation. They agree in principle to maintain regional stability and to “properly deal with the maritime territorial issues in the South China Sea.”

**July 9, 2010:** According to official Chinese media, the Ministry of Land Resources issues a study putting Myanmar on a special “watch list” for potential acquisition of natural resources

such as coal, copper, oil and gas. Other resource-rich neighboring states listed in the study include Mongolia, Vietnam, Kazakhstan, Kyrgyzstan, and Russia's far eastern region of Siberia.

**July 13, 2010:** Chinese Defense Minister Liang Guanglie meets with Permanent Secretary of the Singaporean Defense Ministry Chiang Chie Foo. They agree to strengthen and advance military-to-military relations. Since 2008, China and Singapore have been holding an annual defense policy dialogue to discuss issues of common concern in the region.

**July 14, 2010:** China and Vietnam enforce the Protocol on Border Demarcation and Marker Planting, an agreement that was signed in November 2009 after 36 years of bilateral negotiations on land boundary issues. The new agreement provides a more precise boundary division, as well as regulations on the management, protection, exploitation, and use of water from border rivers and streams, and the cross-border travel of people, vehicles, and commodities.

**July 19, 2010:** China and Malaysia agree to establish an infectious diseases laboratory to conduct joint research to help prevent future pandemic outbreaks.

**July 21, 2010:** China and Indonesia celebrate the 60<sup>th</sup> anniversary of diplomatic ties. Bilateral relations reached a new level in 2005 when both leaders agreed to forge a strategic partnership. They agree to continue to deepen and broaden bilateral political, economic, and security ties.

**July 22, 2010:** Defense Minister Liang Guanglie meets Laotian Deputy Prime Minister and Minister of Defense Douangchay Phichit in Beijing. They discuss the current state of bilateral military-to-military relations and agree to expand cooperation on the security front.

**July 22, 2010:** Chinese State Councilor and Minister of Public Security Meng Jianzhu meets Singaporean Deputy Prime Minister Wong Kan Seng to discuss increasing cooperation between the Chinese public security officials with the Singapore police forces.

**July 29, 2010:** Singapore hosts the Fifth Conference of the ASEAN-China People-to-People Friendship Organizations. Future prospects for strengthening China-ASEAN relations in five key sectors, including the economy, culture, education, public health, and sports are discussed.

**Aug. 3, 2010:** The first China-ASEAN Education Minister Roundtable Conference takes place in Guiyang, Guizhou Province of China. Chinese State Councilor Liu Yandong proposes that China and ASEAN conduct a feasibility study of educational integration within the China-ASEAN Free Trade Area. Liu also announces that China will offer 10,000 government scholarships in the next 10 years for students from ASEAN countries.

**Aug. 9, 2010:** Chinese Ambassador to Indonesia Zhang Qiyue congratulates the 43<sup>rd</sup> anniversary of ASEAN and remarks that Beijing will continue to support ASEAN's efforts for regional integration into a single community by 2015.

**Aug. 24, 2010:** Defense Minister Liang Guanglie says that China will remain engaged and supportive of the upcoming ASEAN Defense Ministers Meeting in Hanoi, Vietnam in October,

particularly as it seeks to work with regional partners to manage nontraditional security challenges and build mutual trust and cooperation.

**Aug. 26, 2010:** Chinese Minister of Public Security Meng Jianzhu and Cambodian Deputy Prime Minister and Minister of the Interior Sar Kheng agree to increase bilateral cooperation in law enforcement, counterterrorism activities, drug control, and other transnational crimes.

**Aug. 29, 2010:** Defense Minister Liang Guanglie meets his Thai counterpart Prawit Wongsuwan in Beijing to discuss expanding military-to-military cooperation.

**Aug. 30-Sept. 1, 2010:** The maritime police units of Hainan, Guangdong, and Guangxi conduct a joint maritime patrol and control operation and a coordinated emergency response exercise in the Beibu Bay. The purpose is to examine the emergency response capabilities of China's maritime police forces, safeguard its maritime rights and interests, and combat illicit activities.

**Sept. 9, 2010:** Chinese Premier Wen Jiabao meets Myanmar's top leader Gen. Than Shwe in Beijing. They agree to deepen bilateral relations particularly in such large scale projects as oil and gas exploration and development, hydroelectric power, and infrastructure development.

**Sept. 12, 2010:** Chinese Ambassador to the Philippines Liu Jianchao acknowledges the determination of President Benigno Aquino III to conduct a comprehensive investigation of the Aug. 23 hostage crisis in Manila.

**Sept. 16, 2010:** China and Vietnam agree to further enhance law enforcement cooperation to curb illegal border crossing, terrorism, counterfeiting, telecommunications fraud, gambling, human and drug-trafficking, and other cross-border crimes.

**Sept. 17, 2010:** Defense Minister Liang Guanglie meets Cambodian Deputy Prime Minister and Minister of Defense Tea Banh in Beijing. They agree to increase high-level contacts between the two armed forces and expand areas of security cooperation.

**Sept. 17, 2010:** Chen Bingde, chief of the General Staff of the People's Liberation Army (PLA), meets Songkitti Jaggabatara, head of the Royal Thai Armed Forces. They agree to increase bilateral military personnel training and further exchanges between their military academies.

**Sept. 28, 2010:** Chinese and Thai Special Forces announce that they will hold the *Strike 2010* joint counterterrorism training in Guilin, Guangxi Zhuang Autonomous Region in October. This will be their third joint counterterrorism activity and each country will send 60 members for the two-week-long training.