

# COMPARATIVE

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CHINA - SOUTHEAST ASIA

### PUSHING REGIONAL ADVANTAGES AMID HEIGHTENED US RIVALRY

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China's [recognition](#) of the strategic challenge posed by close Biden administration relations with the Quadrilateral Security Dialogue (Quad) powers Australia, India, and Japan reinforced Beijing's strong efforts to preserve and expand its advantageous position in Southeast Asia in the face of rising competition with the United States. Beijing used uniformly critical coverage of US withdrawal from Afghanistan to [highlight](#) US unreliability, and attempted to discredit Vice President Kamala Harris' Aug. 22-26 visit to the region, the highpoint of Biden government engagement with Southeast Asia. It also widely publicized evidence of China's influence in the competition with the United States in Southeast Asia, even among governments long wary of China, like Vietnam. That effort underlined the lengths Vietnam would go to avoid offending China in reporting that Hanoi allowed the Chinese ambassador to publicly meet the Vietnamese prime minister and donate vaccines, upstaging Vice President Harris, who hours later began her visit and offered vaccines.

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## Reinforcing China's Influence; Parrying US Initiatives

President Xi Jinping's speeches and interchange with Southeast Asian counterparts supported the efforts of Foreign Minister Wang Yi. After visiting nine of the 10 ASEAN countries since October and hosting four Southeast Asian foreign ministers visiting China, Wang resumed in-person China-ASEAN foreign minister meetings with two days of meetings in China on June 7 and 8. The conclave included several one-on-one meetings between Wang and individual Southeast Asian foreign ministers, with a focus on ASEAN's role in Myanmar. Indonesian Foreign Minister Retno Marsudi said at the meeting that ASEAN would appreciate China's assistance in helping it enforce the five-point consensus reached by the Southeast Asian bloc to resolve the crisis in Myanmar.

Beijing commentary echoed foreign assessments highlighting China's growing influence in Southeast Asia and ASEAN over the past decade as US regional influence declined. The Biden government was seen as inattentive and out of step with regional concerns, and disruptive with its shows of military power in the disputed South China Sea. US unreliability was emphasized following the rapid Taliban conquest of and chaotic US withdrawal from Afghanistan in August. China is the region's leading trading partner, with ASEAN now ranked as China's top trader; trade was [valued](#) at \$410 billion for the first half of 2021, a 38% increase over 2020. China's investment and infrastructure financing in the region grew impressively over the preceding decade. Beijing worked hard to sustain production chains with China at the center, underscoring to the region that China was its engine of economic growth. China was the [leading source](#) of medical supplies and vaccines for Southeast Asian countries during the pandemic. It was the most important country managing water flow and development along the Mekong River. By keeping on good terms with both the Myanmar junta and ASEAN, Beijing was in a much more influential position than the United States to deal with the crisis. China's military, coast guard, and maritime militia controlled and defended China's claim to most of the South China Sea against comparatively weak Southeast Asian claimants, with ASEAN loathe to object and most Southeast Asian states publicly silent in the face of Chinese expansionism.

Building on these strengths, China's Belt and Road Initiative (BRI) international conference this year focused on the Asia-Pacific, with Xi Jinping on June 23 pledging "high standard and sustainable development." Wang Yi presided over the conference and Chinese commentary took [aim](#) at the US-backed Build Back Better World Initiative, arguing that China's BRI meets "practical needs" while the US seeks "geopolitical advantage." Xi [told](#) the APEC Informal Economic Leaders' Retreat on July 16 that China had supplied 500 million doses of vaccine to developing countries and would supply another \$3 billion in aid over the next three years to COVID-19 response and recovery in developing countries. Chinese commentary linked ASEAN's economic growth with the Regional Comprehensive Economic Partnership (RCEP) and China's impressive growth amid the pandemic serving as a driver of regional development. China's 2020 [trade](#) with the 14 other RCEP members was valued at \$1.58 trillion, 31% of China's foreign trade.

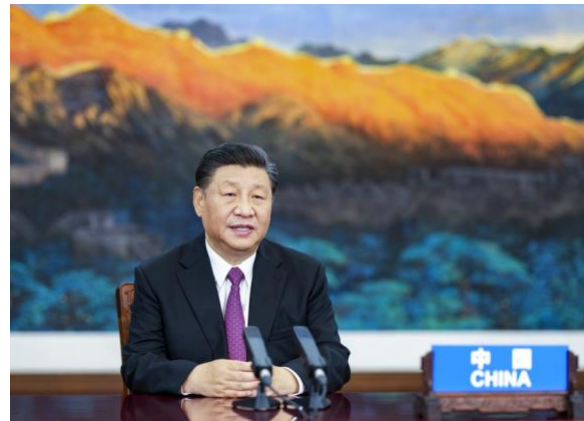


Figure 1 Xi Jinping gives a speech at an informal APEC meeting. Photo: China Daily

Beijing's negative commentary about US policy in Southeast Asia focused as usual on negative reactions to US freedom of navigation operations in the disputed South China Sea. Secretary of State Antony Blinken's statement reiterating US support for the ruling of the UN Law of the Sea tribunal against China's South China Sea claims on its fifth anniversary July 12 prompted a sharp [rebuttal](#) from China's foreign ministry spokesman and related media. The Chinese representative at the UN Security Council meeting on maritime security on Aug. 9 [countered](#) Blinken's criticism of China's behavior in the South China Sea by charging that the United States was "the biggest threat to peace and stability in the South China Sea."

Chinese official commentary followed closely and responded negatively to the notable increase in senior-level US visits and interaction with Southeast Asian governments. Those began in late July with Defense Secretary Lloyd Austin's visits to Singapore, the Philippines, and Vietnam in late July; included Blinken's back-to-back meetings in the first week of August with Southeast Asian counterparts during the annual foreign minister gatherings of ASEAN and regional officials including the ASEAN Regional Forum; and concluded with Vice President Kamala Harris' visits to Singapore and Vietnam. Beijing accused the Biden government of pressing Southeast nations to side with the United States against China, disrupting what China saw as stability in the South China Sea managed by China and ASEAN countries. It charged the US with creating [cliques](#) with Asian and NATO partners to thwart China's rise, and was trying to complicate and challenge China's BRI with competing infrastructure, including digital networks.

Meeting with ASEAN counterparts on Aug. 3, Wang Yi urged vigilance against outside powers interference in the South China Sea disputes and called for an agreement on the China-ASEAN Code of Conduct at "an early date." Meeting with ASEAN counterparts and those from South Korea and Japan that day, Wang stressed greater cooperation through the ASEAN+3 framework and the RECP agreement. Wang laid out [four principles](#) for handling the South China Sea disputes during the East Asia Summit foreign ministers meeting on Aug. 4, warning of the "malicious" intentions of non-regional forces in the disputes.



Figure 2 Chinese State Councilor and Foreign Minister Wang Yi attends the ASEAN+3 Foreign Ministers Meeting. Photo: CGTN via China's Ministry of Foreign Affairs

## Vaccine Diplomacy

Chinese commentary repeatedly criticized the United States for using the provision of COVID-19 vaccines and related assistance to gain international influence. This commentary ignores China's internationally recognized role as the power first out of the gate to use provision of masks, other protective equipment, plus ventilators and vaccines as sources of foreign policy leverage from the outset of the pandemic in early 2020.

Helping to meet ASEAN needs, China's ambassador to ASEAN said in early August that more than 100 million Chinese doses were delivered to ASEAN members, amounting to 70% of global vaccine assistance to the region. Wang Yi told the ASEAN+3 foreign ministers meeting on Aug. 4 that China gave 750 million doses of COVID-19 vaccines overseas, and China would provide an additional 110 million doses for international distribution through the World Health Organization backed—COVAX. Wang also repeated Xi Jinping's earlier pledge of \$3 billion in assistance to developing countries for COVID-19 recovery over the next three years. Xi [told](#) an international forum on COVID-19 vaccine cooperation on Aug. 5 that China would provide a total of 2 billion doses of COVID-19 vaccines to the world "this year."

Meanwhile, the United States followed the pledge of the Quad leaders in March to provide 1 billion vaccine doses to ASEAN and the Indo-Pacific with targeted donations to several ASEAN states. Attempting to clarify this complicated and evolving situation, *The New York Times* [noted](#) on Aug. 7 that it was unclear whether Xi's 2 billion doses pledge would involve new supplies or those already sold. It cited a study showing China had already sold 952 million doses worldwide and had donated 33 million doses. It said the United States had sent 110 million doses abroad and had purchased another 500 million doses of the Pfizer vaccine—worth \$3.5 billion—for distribution through COVAX. In July, two Chinese vaccine makers signed an agreement with COVAX to sell a half-billion doses for international distribution. With widespread experience with Chinese vaccines, the most commonly used in Southeast Asia but seen as having less efficacy especially against recent variants of COVID-19, Southeast Asian governments were [reported](#) keen to get Western and Russian vaccines to compensate for less effective Chinese doses.

## US Allies and South China Sea Disputes

Chinese commentary reacted negatively to wider cooperation by US allies and partners with America to counter Chinese expansion in the South China Sea and along China's maritime periphery. Great Britain's carrier strike group passed through the South China Sea in late July, to the disapproval of the Chinese military, in preparation for exercises with the United States, Japan, Australia, and France in the Philippines Sea. A German frigate in early August set sail for Asia with an itinerary involving passage through the South China Sea and a visit to Vietnam. Germany also held its first "2-plus-2" security talks with Japan in April with an agenda that covered the South China Sea. Japan advanced its security relations with the Philippines with the first joint air exercises in July. The two have conducted 17 joint naval drills, and Japan has provided warning radars and patrol ships. On Aug. 2, the Indian Defense Ministry said it would soon send a four-warship taskforce to the South China Sea for a deployment that will include exercises with the Quad partners. Chinese officials and commentary in late August criticized the annual *Malabar* exercise of Australian, Indian, Japanese, and US forces held this year in the Philippines Sea along with other exercises involving the British carrier strike group.

The most notable [incident](#) in the South China Sea in this reporting period occurred on May 31 when 16 Chinese military transport aircraft in a tactical formation entered airspace above Malaysia's exclusive economic zone along the Sarawak coast in the South China Sea. Attempts to get the Chinese planes to contact Malaysia's air traffic control failed, prompting the Malaysian air force to scramble its warplanes. The Chinese planes changed course in the airspace above Luconia Shoals, an area claimed by China and Malaysia and routinely patrolled by Chinese Coast Guard vessels. On June 1, Malaysia's Foreign Ministry issued a strongly worded protest. The Chinese said the planes were conducting routine exercises.

The CSIS Asia Maritime Transparency Initiative (AMTI) [linked](#) the surprise Chinese flights with Chinese Coast Guard vessels contesting new Malaysia oil and gas development off the coast of Sarawak, signaling Chinese disapproval of Malaysian development activity. This episode was at least the third time since spring that the Chinese Coast Guard has harassed Malaysian energy exploration/development. It

demonstrated Beijing's persistence in challenging its neighbor's oil and gas activities within its own exclusive economic zone that nonetheless conflicts with China's broad South China Sea claim. AMTI anticipated such harassment would happen again next year when the Malaysians are expected to take added measures to build a well head to tap energy resources in the Sarawak location.

According to a [report](#) in the *South China Morning Post*, Wu Shicun, president of the National Institute for South China Sea Studies, opined that negotiations between China and ASEAN on the code of conduct may be stalling and face growing uncertainty—possibly leading to a "stalemate"—due to growing wariness among Southeast Asian claimant states over China's assertiveness in the maritime dispute. Chinese and ASEAN officials met in June and agreed to restart negotiations and acknowledged that working groups had exchanged views on the latest draft text in virtual meetings in early July, the first such meeting since October 2019.

## Singapore as a Test Bed for Southeast Asia's Position Amid US-China Tension

Vice President Harris' first stop in her maiden Southeast Asian tour was in Singapore, where she met key leaders and sent a strong message of US commitment to Singapore and the region more broadly. In public speeches, Harris highlighted expanding regional cooperation on the pandemic, the climate crisis, building a more resilient supply chain network, and security partnerships. She also called out China's coercive behavior, charging China as a bully in regional security.

While Singapore is keen to see a firmer US commitment to the region, it was also wary of the growing great power competition. As Singapore Prime Minister Lee Hsien Loong articulated in [remarks](#) at the virtual Aspen Security Forum in August 2021, "in this situation [US-China competition], I would say to both: Pause, think carefully before you fast forward. It is very dangerous." Given the uncertainty, Singapore Foreign Minister Vivian Balakrishnan also [discussed](#) bluntly that "it is imperative, for Singapore, or for any other countries for that matter, to want to be able to choose for ourselves, instead of being forced into making decisions by other people." In welcoming US re-engagement with the region as well as China's advances in Southeast Asia, Singapore's carefully calibrated

foreign policy reflects its priority for pragmatic engagement with both sides to maintain its strategic relevance and autonomy. The extent to which this position resonates with the rest of Southeast Asia remains to be seen.

### Philippines–China–US Relations

The US-backed Philippines protests and security-forces deployments in March and April targeting Chinese Maritime Militia in Whitsun Reef and the Union Banks area of the South China–claimed by China and the Philippines–did not reduce the presence of Chinese fishing boats and Maritime Militia in disputed waters according to Philippine reports in May. Nonetheless, [AMTI](#) showed a vigorous expansion of so-called sovereignty patrols by Philippines military and law enforcement vessels challenging Chinese fishing boats, Maritime Militia, and Coast Guard in various sensitive areas, including near Second Thomas Shoal and Scarborough Shoal.

Chinese commentary reacted with equanimity to Secretary Austin’s visit in July and the restoration of the Visiting Forces Agreement and promises to build more active US–Philippines military cooperation. The commentary suggesting division between the Philippines military, which favored closer US ties, and President Rodrigo Duterte, who did not. It argued that the Philippines government would keep a balance in dealing with the United States and China. Chinese commentary reported that Duterte’s final State of the Nation address on July 26 featured thanks to China for being the first country to help the Philippines with vaccines to fight the COVID-19 pandemic.

In his weekly televised address in early August, Duterte said that he agreed to end his opposition to the US Visiting Forces Agreement because of US vaccine donations. In July the Philippines received 3.2 million doses of the Johnson & Johnson vaccine donated by the United States through COVAX and in August Duterte welcomed 3 million doses of the Moderna vaccine again donated by the US through COVAX. At this time, the Philippines had received 34 million doses, most of which were from China. In highlighting the US donations and ending his opposition to the Visiting Forces Agreement in his weekly address, the mercurial Philippines president, after thanking Biden for the vaccine donations, [said](#), “Don’t forget us because we share the same outlook in geopolitics, especially in Southeast Asia.”

### Outlook

A number of developments in the coming months would bring further clarity to regional dynamics. For instance, the crisis in Myanmar will continue to test the Southeast Asian bloc’s resolve and China’s role. whether ASEAN officials and their Chinese counterparts can make progress in negotiating the next steps of the draft for the code of conduct on the South China Sea remains to be seen. The 38<sup>th</sup> and 39<sup>th</sup> ASEAN Summits and related high-profile meetings that are scheduled for the end of October will shape the analysis in the next reporting period on China–Southeast Asia relations.



Figure 3 Philippine President Rodrigo Duterte delivers his final State of the Nation Address in Manila. Photo: Reuters

# CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

## MAY – AUGUST 2021

**May 4, 2021:** China's UN Ambassador Zhang Jun [urges](#) diplomatic channels to resolve the confrontation in Myanmar, warning that further violence could lead to civil war. Zhang backs ASEAN's efforts to mediate the crisis but indicates that China would not support sanctions.

**May 9, 2021:** China and Indonesia [conduct](#) a joint naval exercise off the coast of Jakarta. The exercise is aimed to deepen military-to-military cooperation and to repair bilateral ties following a tense standoff between the two countries 16 months ago when Indonesian President Joko Widodo [deployed](#) warships to the Natuna Islands in a dispute with China over fishing rights in areas claimed by Indonesia.

**May 21, 2021:** Chinese Premier Li Keqiang and Malaysian Prime Minister Muhyiddin Yassin [hold](#) a virtual conference to discuss bilateral cooperation on the pandemic, digital economy, agriculture, and food security, and building a resilient supply chain.

**May 22, 2021:** China and the Philippines [hold](#) talks on the South China Sea under a bilateral consultation mechanism set up in 2016 to address tensions in the maritime dispute. Senior officials from both sides confirm that the talks are "friendly and candid." The discussion is convened just days after Philippines Foreign Minister Teodoro Locsin shared his frustration and ordered Chinese fishing boats out of the disputed areas in his personal Twitter account that was laced with expletives.

**May 31, 2021:** Royal Malaysian Air Force [confirms](#) reports that 16 Chinese People's Liberation Army Air Force (PLAAF) aircraft flying in formation are detected by radar near the Malaysian coast of Sarawak, an incursion in its air space.

**June 2, 2021:** Cambodian Defense Minister Tea Banh [announces](#) that China will help expand and modernize Ream port, Cambodia's largest naval base. The minister explains that development of the port facilities will provide a new base for ship repairs and docking; beyond upgrading the port, China will not be given access to the facility.

**June 7-8, 2021:** Chinese Foreign Minister Wang Yi [meets](#) with his 10 counterparts from ASEAN in Chongqing for the Special ASEAN-China Foreign Ministers' Meeting to discuss regional issues, including the situation in Myanmar. Indonesian foreign minister Retno Marsudi says that ASEAN will appreciate China's support to ASEAN to implement the five-point consensus to resolve the Myanmar crisis.

**June 14, 2021:** Philippine Foreign Affairs Secretary Locsin [announces](#) that Manila will further delay its decision to suspend the Visiting Forces Agreement with the US, citing tension in disputed waters in the South China Sea between the Philippines and China.

**June 23, 2021:** China [convenes](#) a virtual conference on the Belt and Road Initiative with representatives from more than 30 countries and regional and international organizations in attendance. The focus of the conference is on supporting a sustainable recovery from the global pandemic.

**June 24, 2021:** A *Financial Times* report [finds](#) that trade and diplomatic relations between China and Myanmar are resuming since the military coup in Myanmar in February. According to China's customs data, imports from Myanmar for the first five months in 2021 were \$3.38 billion, a 40% increase from 2020.

**July 14, 2021:** Manila [accuses](#) Chinese fishing boats and trawlers of dumping raw sewage on coral reefs in the South China Sea. Using satellite data and imagery, there are signs of sewage from the anchored ships in the Spratlys damaging the coral reefs.

**July 16, 2021:** Chinese President Xi Jinping's remarks at the APEC Informal Economic Leaders' Retreat [highlight](#) China's vaccine diplomacy and contributions to the Global South, as well as China's commitment to strengthening regional and global trade and economic recovery through such trade initiatives as RCEP.

**July 18, 2021:** A report in the *South China Morning Post* [notes](#) that regional concerns over China's assertiveness mean rival claimants are becoming less willing to negotiate the code of conduct on activities in the South China Sea. Wu Shicun, president of China's National Institute for South China Sea Studies, observes: "The rise in China's hard power in the South China Sea has not led to a parallel rise in soft power. Also there is still this unease and hostility from littoral countries towards China's rise, so they're still apprehensive about whether China is seeking regional rule-making dominance through the code of conduct negotiations."

**July 28, 2021:** Chinese Foreign Minister Wang Yi [attends](#) a virtual symposium marking three decades of ASEAN-China dialogue. In remarks, Wang says that ASEAN remains a priority for China's diplomacy in the region and that his country would support ASEAN centrality in regional cooperation.

**July 30, 2021:** Philippines President Duterte [announces](#) decision to restore the Visiting Forces Agreement with the US. The agreement would continue to allow the rotation of thousands of US troops in and out of the Philippines for military exercises. The decision is announced during US Secretary of Defense Lloyd Austin's visit to Manila.

**Aug. 2-6, 2021:** Brunei [hosts](#) a number of ASEAN-related meetings. They include the [ASEAN Foreign Ministers' Meeting](#), East Asia Summit, and the ASEAN Regional Forum. Chinese Foreign Minister Wang Yi participates in high-level discussions with regional counterparts, focusing on the post-pandemic recovery, regional trade and economic integration, and regional security.

**Aug. 11, 2021:** China and Myanmar announce that they will continue to deepen bilateral economic relations. China [announces](#) that it will transfer over \$6 million to Myanmar to support nearly two dozen development projects in the country under the Mekong-Lancang Cooperation framework.

**Aug. 21, 2021:** Chinese Minister of Commerce Wang Wentao and Singapore's Minister for Trade and Industry Gan Kim Yong [meet](#) virtually to convene the 6<sup>th</sup> Investment Promotion Committee. The two sides pledge to strengthen bilateral economic relations and agree to cooperate in digital trade and the green economy.

**Aug. 25, 2021:** China's People's Liberation Army (PLA) Y-20 transport plane arrives in Vietnam to [deliver](#) 200,000 doses of COVID-19 vaccines. Vietnam had approved China's Sinopharm vaccine in early June, the last ASEAN country to do so. Senior officials from both sides cite the delivery as a sign of strengthening bilateral cooperation. The delivery arrives on the eve of US Vice President Kamala Harris' visit to Vietnam.

**Aug. 26, 2021:** Vietnamese Prime Minister Pham Minh Chinh [meets](#) Chinese Ambassador to Vietnam Xiong Bo and explains that his country would not enter into a formal alliance with any country. Pham insists that Vietnam would maintain an independent foreign policy that prioritizes self-reliance, multilateralism, and diversification of ties with all countries, including the US and China. Pham's high-profile meeting with the Chinese envoy is scheduled before he meets Vice President Harris.

