

PACIFIC FORUM

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

CHINA'S GROWING INFLUENCE OVERSHADOWS US INITIATIVES

ROBERT SUTTER, GEORGE WASHINGTON UNIVERSITY
CHIN-HAO HUANG, YALE-NUS COLLEGE

Beijing's extraordinary high-level attention to Southeast Asia since last year continued in the current reporting period. It culminated in President Xi Jinping presiding over a special summit he convened to commemorate the 30th anniversary of ASEAN-China dialogue on Nov. 22, which featured an array of Chinese advances. Keenly attentive to US efforts to reverse its recent decline and compete more effectively with China in Southeast Asia, Beijing has relied on ever-expanding Chinese influence in Southeast Asia to eclipse and offset US initiatives. Beijing faced a setback when Philippines President Rodrigo Duterte sharply rebuked Chinese coercion in the disputed South China Sea during the November summit. Similarly, China's role in the political turmoil in Myanmar got noticeable pushback from ASEAN leaders as the humanitarian situation in Myanmar remains unstable.

This article is extracted from *Comparative Connections: A Triannual E-Journal of Bilateral Relations in the Indo-Pacific*, Vol. 23, No. 3, January 2022. Preferred citation: Robert Sutter and Chin-Hao Huang, "China-Southeast Asia Relations: China's Growing Influence Overshadows US Initiatives," *Comparative Connections*, Vol. 23, No. 3, pp 71-78.

High-Priority Attention to Southeast Asia

In 2020, Chinese officials and media devoted more attention to Southeast Asia than to any other foreign topic apart from relations with the United States. Senior Chinese officials, with Xi in the lead, have been much more active in interactions with regional leaders than officials of the US or any other foreign power. Despite COVID-19 restrictions, Foreign Minister Wang Yi set an extraordinary record of in-person interaction with Southeast Asian counterparts in the region and in China. The positive results reinforced recent regional [perceptions](#) of China as by far the most influential foreign power in Southeast Asia. In the face of the Trump administration's episodic challenges and the more systematic Biden initiatives targeting China in Southeast Asia, Chinese authorities have not changed course. They have used a longstanding strategy employing a combination of impressive positive incentives and coercive mechanisms to generally succeed in having their way in the region, and sidelining US opposition.

Pertinent [examples](#) leading up to the recent reporting period include Beijing taking advantage of [Trump's absence](#) from the East Asian Summit and APEC leaders meetings in November 2020 to highlight agreement on the Regional Comprehensive Economic Partnership (RCEP), excluding the United States, as well as to highlight Xi's initiative, further isolating the US, to join the other major regional trade agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which the US rebuffed. Wang Yi visited leaders in nine Southeast Asian countries from October 2020-January 2021 and then held in-person meetings in China in April with four regional foreign ministers. US Secretary of State Antony Blinken's failed video conference with ASEAN counterparts in late May contrasted sharply with Wang's successful two days of in-person [meetings](#) with ASEAN foreign ministers in China in early June.

The substance of China-ASEAN relations advanced strongly, reinforcing Chinese influence. ASEAN-China trade and Chinese investment in ASEAN [boomed](#). China was the leading [source](#) of medical supplies and vaccines for Southeast Asian countries. Its control of headwaters of rivers important to Southeast Asian development provided unique leverage against down-river countries. It sustained good relations with the Myanmar junta and ASEAN, putting Beijing in a much better position than the

United States to deal with the crisis. China's military, coast guard, and maritime militia ably controlled and defended China's enormous claim to most of the South China Sea against weak Southeast Asian claimants. ASEAN remained loathe to object; most Southeast Asian states remaining publicly silent in the face of Chinese expansionism. A broader [pattern](#) saw Southeast Asian governments avoid criticism of a wide range of Chinese policies, even though they freely criticized US policies and practices.

Beijing's less overt but common [means](#) of influence also showed no let up. These included efforts at influencing Chinese diasporas in Southeast Asia; leveraging Chinese-provided transportation, communication, and other infrastructure to compel recipients' deference to Chinese requirements; routinely accommodating corrupt regional leaders in economic agreements, winning their support; fostering Chinese state penetration of local media, gaining positive publicity; and repeatedly using the flow of Chinese tourists that dominate this regional industry as leverage to advance Chinese ambitions.

Closing Out 2021: Chinese Advances Counter the US

Mekong River Control

Premier Li Keqiang underscored China's commanding position over Mekong River waters in remarks to the Sept. 9 leaders meeting chaired by Cambodia that included representatives from the other Mekong River countries, Vietnam, Thailand, Laos, and Myanmar. He said China was taking steps to share with down-river countries hydrological data on the upper reaches of the Mekong running through China, and to pursue other measures to enhance cooperation with them. The Trump administration and other foreign critics accused China of using hydropower and other dams in their country to control the river flow to advantage China at the expense of downriver countries. Fearing retaliation, those countries generally eschewed public criticism, seeking to persuade China to agree to share with them hydrological data from Chinese-controlled upper reaches to ensure equitable use of water resources. A subsequent meeting in December of officials of the China-backed Lancang-Mekong Cooperation (LMC) group, involving China, downriver countries, and others such as representatives from the World Bank, praised China's handling of water flow that

impacted downriver countries. In an allusion to the United States and its rival regional subgroup known as the US-Mekong Partnership, which critically targets Chinese practices along the river, a Chinese [report](#) on the meeting averred that China's cooperation countered "some countries ... outside the region" criticizing China's control of river flow.

Competing in Vietnam

Beijing used unexpected Chinese vaccine donations to upstage Vice President Kamala Harris' visit and US donation of vaccines to Vietnam in August and then had Wang visit Hanoi on Sept. 10-11 for the 13th meeting of the Steering Committee for Vietnam-China Bilateral Cooperation. In what was seen by foreign [experts](#) as a response to Harris' vaccine donation, reportedly of 1 million doses, Wang pledged 3 million Chinese doses during his visit. Vietnam appeared to show deference to China over the United States—Hanoi treated Harris with proper protocol involving discussions with Vietnam's president and prime minister, while Wang, who has a much lower protocol rank than a vice president and is not a high-ranking Communist Party official, received higher-level treatment. Notably, in addition to consultations with the prime minister and other government officials, Wang held talks with Vietnam's top leader, General Secretary of the Communist Party of Vietnam Nguyen Phu Trong. The explanation that Harris did not meet top leader Trong while Wang did was the result of Communist Party ties didn't wash. Wang has comparatively low party ranking and Trong does meet leaders who aren't members of the communist party—such as Donald Trump in 2019.

Attacking AUKUS & the Quad

Beijing's sharp reaction to the surprise announcement of the AUKUS alignment in mid-September featured criticism in Chinese media and replays of comments from some Southeast Asian governments warning of its destabilizing impact on the region. In one-on-one [meetings](#) with Beijing-based ambassadors from the Philippines, Singapore, Thailand, Malaysia, and Indonesia on Sept. 17-23, Chinese Foreign Ministry Director for Asian Affairs Liu Jinsong said AUKUS was a "race-based clique"; he linked the agreement with the forthcoming in-person summit of the Quad leaders intending to target China. That summit on Sept. 24 prompted strong Chinese [criticism](#) that the Quad partnership is

transforming into "an Asian version of NATO" focused against China

Competition at the East Asia, APEC summits

Premier Li Keqiang's [presentations](#) at the annual summit with ASEAN leaders and with regional leaders at the ASEAN-hosted East Asia Summit in late October foreshadowed the strong advance in China-ASEAN relations in a China-hosted summit commemorating 30 years of dialogue in November. He hailed the implementation of the RCEP agreement, praised China and ASEAN for pursuing peace and development in the South China Sea, and called for expedited consultations to reach agreement on the proposed China-ASEAN code of conduct in the South China Sea. Li [contradicted](#) President Biden's comments at the East Asia Summit on China's use of coercion. Chinese [media](#) criticized Biden for trying to draw Southeast Asian nations away from China and toward the United States; they targeted Biden's alleged lack of trade, investment, and infrastructure plans attractive to the region and belittled the Quad's pledge to provide 1 billion COVID-19 vaccines to Southeast Asia, claiming that "little has been done to honor that pledge."

Xi's [speech](#) to the APEC leaders' meeting on Nov. 12 gave top priority to supplying vaccines and related assistance to ASEAN and other countries in need. He said China would provide 2 billion doses to foreign users by the end of 2021 and he repeated a pledge made at an APEC retreat in July that China would supply developing countries hit hard by COVID-19 with \$3 billion in international aid over the next three years.

By this time, vaccine competition with the United States increased as Washington followed through with its pledge at the March 2021 Quad meeting to step up vaccine offerings to Southeast Asia. The Chinese ambassador to ASEAN said in August that 100 million Chinese doses were delivered to ASEAN members, representing 70% of global vaccine assistance to the region. Nonetheless, US vaccines were increasing, were viewed as more effective, and—unlike the vast majority of Chinese doses—were free of charge.

Xi's special summit with ASEAN leaders

Xi hosting a summit to commemorate the 30th anniversary of ASEAN-China dialogue on Nov. 22

marked a major advance of Chinese influence while offsetting US initiatives in Southeast Asia.

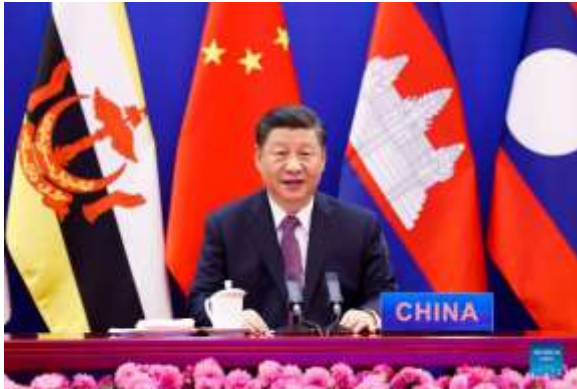


Figure 1 Chinese President Xi Jinping chairs the ASEAN-China Special Summit to Commemorate the 30th Anniversary of ASEAN-China Dialogue Relations via video link in Beijing, capital of China, Nov. 22, 2021. Photo: Xinhua/Huang Jingwen

Full of rhetoric affirming common Chinese-ASEAN interests, Xi [announced](#) that China-ASEAN relations would be elevated from “strategic partnership” to “comprehensive strategic partnership,” which he said would mean more security cooperation would now follow the deep economic and diplomatic ties between China and Southeast Asia. The China-ASEAN Free Trade Agreement will be upgraded. China will donate 150 million doses of COVID vaccine to ASEAN members, contribute an additional \$5 million to the COVID-19 ASEAN Response Fund, step up vaccine joint production and technology transfer, and collaborate on ASEAN becoming self-reliant for needed medicines. Xi pledged an additional \$1.5 billion in development assistance over the next three years and launched a China-ASEAN Science, Technology and Innovation Enhancing Program.

Supporting official commentary said China had already provided ASEAN with 360 million doses of COVID vaccine and “a great volume” of emergency medical supplies. China-ASEAN trade and investment anchored what was said to be the largest and most energetic market in the Asia-Pacific. Bilateral trade reached \$684 billion in value in 2020 and reached \$703 billion in the first 10 months of 2021, representing growth of 30%. Chinese specialists [said](#) that the United States “will never have the ability and motivation” in providing the high level of “meaningful support” in terms of finance or technologies provided by China to ASEAN countries.

Xi ignored private, and occasionally public, complaints by Duterte and other Southeast Asian officials about Chinese bullying in the South China Sea. Reflecting confidence that China has such differences under control, the Chinese leader strongly emphasized a statement—seen by foreign critics as mendacious and hypocritical—that China will “never seek hegemony, still less bully smaller countries.” In line with strong Chinese media criticism and criticism elsewhere in Southeast Asia of the AUKUS agreement as posing a threat of nuclear proliferation in the Indo-Pacific, Xi announced that China would be the first nuclear power to sign the protocol of the ASEAN agreement creating the Southeast Asian Nuclear Weapons-Free Zone.

Some Chinese media criticism came in response to visits to Southeast Asia by US Commerce Secretary Gina Raimondo and Assistant Secretary of State Daniel Kritenbrink in the weeks prior to Secretary of State Blinken’s first visit to the region with planned stops in Indonesia, Malaysia, and Thailand in mid-December. [China Daily](#) anticipated that Blinken would criticize China over the South China Sea in what it forecast would be a futile effort to “drive a wedge” between China and Southeast Asian states. It later reported the delegation departing for home before visiting Thailand because of a COVID infection in the delegation. The Chinese Foreign Ministry [spokesperson](#) and Chinese media offered a measured but authoritative rebuttal that countered Blinken’s criticism of Chinese “aggressive actions” in the South China Sea and elsewhere in the region during his speech in Jakarta on US regional policy.

South China Sea Developments

Despite public avowals of peaceful intent and never bullying, hard tactics were evidenced in the South China Sea, with continued [shows](#) of force by Chinese Coast Guard and Maritime Militia undermining Philippines control of its claimed waters. Indonesia reportedly was [warned](#) against undertaking gas and oil development in areas claimed by China and a Chinese survey vessel spent seven weeks, ending in October, conducting seabed mapping inside Indonesia’s Exclusive Economic Zone (EEZ). Malaysia’s efforts to develop oil and gas in nearby South China Sea waters that are part of its EEZ but claimed by China were regularly [harassed](#) by Chinese Coast Guard ships. In October, Malaysia protested when China sent a survey vessel to

work in the Malaysian zone. Similar tactics were used against Vietnam a few years ago, causing Hanoi to halt oil and gas development contested by China even though the halt involved costly compensation for foreign firms involved.

The most serious [incident](#) in this reporting period occurred in the week prior to the special summit to commemorate the 30th anniversary of ASEAN-China dialogue on Nov. 22. Chinese Coast Guard ships blocked and used water cannons to spray powerful streams of water at two small Philippines boats carrying supplies to troops occupying a small outpost on Second Thomas Shoal in the disputed South China Sea



Figure 2 The BRP Sierra Madre, run aground on the disputed Second Thomas Shoal, part of the Spratly Islands, in the South China Sea, March 29, 2014. Photo: Radio Free Asia

The supply mission was aborted but later arrangement allowed resupply following strenuous protests by the Philippines that claimed the ships were covered by Manila's mutual defense treaty with the United States—a stance reaffirmed by the US State Department spokesman.

The public rebuke of China's actions in remarks by Duterte at the Nov. 22 summit came amid [assessments](#) that the mercurial Philippines president had ended his four-year favorable posture toward China as the Philippines developed closer security ties with the United States. Chinese officials and government media had little to say about the turn of events, which could mark a serious setback for Beijing in its competition with the United States for influence in Southeast Asia

China [objected](#) to naval exercises carried out in the South China Sea and nearby waters by US forces in conjunction with allies and partners. In addition to US forces, participants in the

reporting period included a British aircraft carrier strike group, and warships or forces from Germany, the Netherlands, Canada, and New Zealand, along with Japanese, Australian, and Indian forces. Beijing commentary focused special [criticism](#) on the collision of and damage sustained by a US nuclear-powered submarine in the South China Sea, viewing the deployment of such advanced vessels as regionally destabilizing and posing the environmental danger of a nuclear leak.

China-Myanmar Relations

China's relations with Myanmar in this reporting period saw continued involvement and intervention from Beijing, albeit with limited success in improving the political impasse and humanitarian situation in the post-coup environment. In October, ASEAN leaders took the unprecedented step of [disinviting](#) Myanmar's military leader Min Aung Hlaing to the regional summit. Citing a lack of progress on the roadmap that the junta had agreed to with ASEAN in April to restore stability in Myanmar, Singapore's Ministry of Foreign Affairs said ASEAN's decision was a "difficult, but necessary, decision to uphold ASEAN's credibility." Thus far, more than 1,000 civilians have been killed by Myanmar security forces, while thousands of other protesters have been arrested.

In November, China and ASEAN held the special summit, noted above, commemorating 30 years of dialogue relations. China had [lobbied](#) for the Myanmar general to attend, but ASEAN leaders objected and pushed back. They insisted that tangible progress must be made on the agreement to let the region's envoy, Brunei's Second Foreign Affairs Minister Erywan Yusof, into Myanmar to mediate a peaceful solution and to meet with all parties in Myanmar, including deposed leader Aung San Suu Kyi, who was detained in the February coup. When asked to comment on Myanmar's absence at the special summit, Chinese Foreign Ministry spokesman Zhao Lijian emphasized China's position, explaining that Beijing continues to support "ASEAN Centrality" on the matter, as well as the five-point consensus agreement ASEAN struck with Myanmar. Following the summit, the Chinese ambassador in Myanmar briefed Myanmar officials on its outcome.

Myanmar's military regime has been keen to [restart](#) several infrastructure projects with China, including power plants, railways, and

ports that are important for Myanmar's economic recovery. The projects have been stalled since February, with continued wariness from Beijing after anti-China protests in Myanmar and multiple attacks on Chinese-owned factories in Yangon following the coup. The World Bank has [projected](#) that Myanmar's economic growth is set to shrink by 18% in 2021. With dwindling foreign direct investment and sanctions imposed by Western governments, the junta has been actively courting Chinese investment. Myanmar's Ministry of Information and Ministry of Investment and Foreign Economic Relations cited the special *paukphaw* or kinship between Myanmar and China over seven decades. To facilitate bilateral financial transactions, Myanmar officials announced that the country would launch a pilot program that accepted the renminbi as official settlement currency for border trade in 2022. Myanmar's military leader Min Aung Hlaing further assured that his government will provide necessary assistance and security to Chinese-owned factories for a safe and stable environment.

Outlook

Key regional highlights in the next reporting period include implementation of RCEP in early 2022, which would kickstart the world's largest free trade agreement, along with the prospects of an upgraded China-ASEAN free trade agreement. On the security front, negotiations on a binding set of regional norms and Code of Conduct in the South China Sea remains a priority as ASEAN and China mark the 20th anniversary of the signing of the Declaration on the Conduct of Parties in the South China Sea. Beijing faces more competition for influence in Southeast Asia as the United States and its close allies and partners donate more effective vaccines, develop new openings in the Philippines, and follow through on planned investment, finance, and trade arrangements for regional development.

CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

SEPTEMBER—DECEMBER 2021

Sept. 12, 2021: Chinese Foreign Minister Wang Yi meets Cambodian counterpart Prak Sokhonn in Phnom Penh to [discuss](#) bilateral ties. They agree to step up cooperation on COVID-19, two-way trade, investment, and setting up a free trade agreement. Under the Belt and Road Initiative, they agree to continue with progress and implementation of the Sihanoukville Special Economic Zone and the Phnom Penh-Sihanoukville expressway.

Sept. 22, 2021: Myanmar's military government [announces](#) that it will supply 40,000 doses of Chinese-made Sinopharm COVID-19 vaccines to the Arakan Army, an ethnic armed group in the western Myanmar state of Rakhine.

Oct. 5, 2021: Malaysia's Foreign Ministry [summons](#) China's ambassador to lodge a diplomatic protest against the presence and activities of Chinese survey ships in Malaysia's exclusive economic zone off the coast of Labuan island, near Sabah and Sarawak.

Oct. 26, 2021: Regional leaders [meet](#) virtually to convene the 24th ASEAN-China Summit. Their joint statement focuses on deepening public health cooperation to help recover from the COVID-19 pandemic, including the training of health professionals for emergency responses, supporting the COVID-19 ASEAN response fund, and vaccine supply. Regional leaders also agree to the early implementation of the RCEP Agreement, set to launch in 2022.

Nov. 18, 2021: Philippine Foreign Affairs Secretary Teodoro Locsin Jr. [issues](#) a diplomatic protest to China's ambassador to the Philippines over the presence and activities of three Chinese coast guard vessels in the Second Thomas Shoal. The Chinese ships sprayed water cannons and blocked the Philippine forces' resupply mission to a Marine outpost stationed in the Philippine-claimed and-occupied shoal.

Nov. 22, 2021: Chinese President Xi Jinping [meets](#) regional counterparts in a virtual summit marking the 30th anniversary of ASEAN-China dialogue relations. They agree to upgrade the relationship to one of "comprehensive strategic partnership." Xi assures Southeast Asian leaders that China stands with them and would not seek hegemony. He also pledges additional COVID-19 vaccines to the region and an additional \$5 million to ASEAN's pandemic response fund.

Nov. 25, 2021: Chinese and Philippine officials continue to spar over the Second Thomas Shoal in the South China Sea. Chinese officials demand that the Philippines remove the BRP Sierra Madre, a dilapidated tank landing ship grounded in 1999 in the shoal that serves as a garrison for Philippines' troops. Philippines' Secretary of Defense Delfin Lorenzana [maintains](#) that there is no such commitment to remove the ship and reiterates the Philippines' sovereignty.

Dec. 2-4, 2021: Chinese Foreign Minister Wang Yi [meets](#) Vietnamese counterpart Bui Thanh Son, and they agree to increase bilateral cooperation. China pledges to provide financial support and 500,000 doses of vaccines to help Vietnam combat COVID-19. They agree to ease border and customs procedures on agricultural goods.

Dec. 9, 2021: China-Laos high-speed railway [is inaugurated](#) and officially begins operation. Construction for the railway began in December 2016 and cost nearly \$6 billion. The railway covers about 1,000 km and connects Vientiane, Lao's capital, to Kunming in China's Yunnan province. Due to the pandemic, trains will not carry passengers across the Laos-China border; only freight trains will cross the border for now.

Dec. 11, 2021: Indonesia announces that it is planning on sending fishing boats on a regular basis to the Natuna Islands to report irregular activities in the waters north of the islands, near the contested South China Sea, after China's recent demand that Indonesia stop drilling for oil and gas in the disputed area.

Dec. 27, 2021: Commemorating the 74th anniversary of Myanmar's Navy, Myanmar officially [takes](#) possession of a Chinese diesel electric submarine. Myanmar's navy plans to expand its fleet of both surface vessels and submarines.

Dec. 29, 2021: Senior Chinese and Singaporean officials meet virtually for the 17th Joint Council for Bilateral Cooperation meeting. The two sides [agree](#) on a number of projects, signing 14 pacts that cover such issues as finance and digital trade, conservation, and sustainability.