

China-ASEAN Relations: Making the Rounds

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China's relations with Southeast Asia during the second quarter witnessed the normal pattern of high-level visits. In April, PRC Vice President Hu Jintao traveled to Hanoi to attend a party congress and Fu Quanyou, chief of staff of the People's Liberation Army (PLA), visited Yangon. The following month Li Peng, chairman of the National People's Congress (NPC), paid his first visit to Cambodia and Brunei, while Premier Zhu Rongji journeyed to Thailand. The deputy prime minister of Laos and the king of Malaysia both visited Beijing in April. Sampao Chusri, supreme commander of the Thai Armed Forces, and Chavalit Yongchaiyudh, Thai minister of defense, made separate visits in May and June, respectively. Private Chinese fishing vessels continued to poach in waters claimed by the Philippines and Vietnam, triggering at least one shooting incident. With the exception of Chinese naval activity in May-June in the South China Sea, it was business as usual in the second quarter of the year.

Party Congress in Hanoi

On April 16, the eve of a visit by Hu Jintao to attend the Ninth Congress of the Vietnam Communist Party (VCP), *Nhan Dan* newspaper reasserted Vietnam's territorial claims in the East Sea (South China Sea). In the lead-up to the congress, the incumbent party secretary general, Le Kha Phieu, came under severe internal challenge for poor leadership. Among the charges leveled at him was his pro-China stance, including concessions to Beijing in their border negotiations. Diplomats stationed in Hanoi reported that Beijing had lobbied strongly for Phieu's retention. China dispatched Hu Jintao and a large delegation to attend the congress. Hu is touted to be the next leader of the Chinese Communist Party (CCP). On the day after his arrival, Vietnamese party officials agreed to jettison Phieu and elect Nong Duc Manh to the top post. Both sides papered over the issue. Hu stated that China was willing to join with Vietnam and "push bilateral traditional friendship to a new height." Immediately after the congress, Manh reassured

his Chinese guests by pledging “the relationship between Vietnam and China will develop better and better in the days to come.”

These sentiments were given concrete form in late May when it was disclosed that annual two-way trade between China and Vietnam had reached \$2.5 billion in 2000 and China was now ranked as Vietnam’s fifth largest trading partner. This was an 82-fold increase

in the value of trade since 1991 when relations were normalized. In June, Trade Minister Vu Khoan visited Beijing. He and his host expressed the desire to double bilateral trade by 2005. Khoan made a special plea to China to import more crude oil, coal, rubber, and marine products. China reaffirmed that it would continue to give priority to Vietnamese goods in an effort to reduce the trade gap.

At the Ninth Congress (April 19-22), Vietnam adopted a 10-year socio-economic plan that called for “population settlement in crucial regions, frontier and border gates, and islands, in conformity with national defense and national security strategies.” The report also called for “build[ing] logistic bases in a number of islands for forward movement into open seas and closely combined economic development with marine security protection.” The objective was to “form a sea and island economic development strategy” and “move actively toward the sea and control the territorial sea.” Foreign Minister Nguyen Dy Nien, when asked by the media whether or not this was a new policy, replied, “Pending agreement on the code of conduct, maritime economic development will continue.” Nien also noted that “there remains some differences” in negotiating a code of conduct for the South China Sea with China.

Li Peng Visits Cambodia and Brunei

In May, Li Peng made a 10-day trip to Cambodia, Brunei, and South Korea as part of a strategy to highlight China’s regional diplomatic role and to assuage concerns about the negative impact of China’s impending membership in the World Trade Organization (WTO). Li’s visit to Cambodia and Brunei marked the first time the chairman of China’s NPC had visited these two countries.

Li made an official goodwill visit to Cambodia on May 18-21 at the invitation of Norodom Ranariddh, president of the National Assembly, and Prime Minister Hun Sen. In the previous six months China’s president, defense minister, and foreign trade minister had all called in at Phnom Penh. Li held separate discussions with his two hosts and Chea Sim, head of the Cambodian People’s Party. He also had an audience with King Norodom Sihanouk. Li pushed strongly for an increase in exchanges between the legislatures of the two countries, especially to foster cooperation in international affairs.

Prime Minister Hun Sen used his meeting with Li Peng to lobby for increased Chinese financial support. Hun Sen requested \$48 million in assistance to repair the 200 km road linking Kratie, Stung Treng, and Laos and \$12 million in credit or interest-free loans to pay for the demobilization of 15,000 soldiers. He also sought the disbursement of \$50 million that China had previously pledged for engineering support. Li promised to take back these proposals to Beijing for consideration.

Li Peng’s visit inevitably raised the question of China’s past support for the Khmer Rouge. Opposition leader Sam Rainsy called Li the “butcher of Tiananmen” in a written statement opposing Li’s visit. Foreign diplomats speculated that in order not to embarrass Li Peng, Cambodian officials had put on hold consideration of an international tribunal to try the Khmer Rouge. The Cambodia media reported that China was implacably opposed to the international tribunal and has exerted pressure on Phnom Penh not to proceed with

it. The media also speculated that China was wooing Cambodia for the purpose of increasing its influence in ASEAN (*Phnom Penh Post*, May 25-June 7, 2001). King Sihanouk's official biographer argued that China was attempting to simultaneously weaken Hun Sen's links with Vietnam and counter U.S. influence (*Bangkok Post*, May 23, 2001).

Li Peng's goodwill visit to Brunei served to mark the 10th anniversary of the establishment of diplomatic relations. In discussions with Sultan Haji Hassanal Bolkiah, Li promised to maintain high-level exchanges and expand economic and trade cooperation.

Zhu Rongji Visits Thailand

At the same time Li Peng was traveling in the region PRC Premier Zhu Rongji visited Pakistan, Nepal, Maldives, Sri Lanka, and Thailand. Zhu's four-day visit to Thailand was his first as China's premier. Zhu held talks with Prime Minister Thaksin Shinawatra, Deputy Prime Minister and Minister of Defense Chavalit Yongchavalit, and parliamentary leaders. He was also given an audience with the king. Trade and investment issues and the war against illegal drugs dominated discussions.

Bilateral trade between China and Thailand jumped from \$4.3 billion in 1999 to \$6.2 billion in 2000, making China Thailand's fourth largest trading partner. However, Thailand had a trade deficit of \$533 million. Prime Minister Thaksin lobbied his guest for greater market access (for rice, rubber, shrimp, sugar, tapioca, and fruit), financial assistance, special quotas and tariff cuts, infrastructure investment, and assistance in stopping the illegal trafficking in amphetamines and other drugs.

Zhu responded by promising that China would continue to buy sugar, rice, and rubber from Thailand after it joined the WTO. Even though China had a rice surplus, Zhu committed China to continued purchases in order to support Thailand's rice price stabilization scheme. Zhu also offer similar price support with respect to rubber. But Zhu argued that the two sides should consider not only traditional commodity trade but trade in goods with high added value such as mechanical and electrical products.

Thaksin requested that China place Thailand on a par with Myanmar and Laos by extending preferential taxation rates on goods traded between northern Thailand and Yunnan province. Zhu replied that he would have to study China's laws before replying. Thaksin pressed Zhu for a commitment to a \$4 billion bilateral standby currency swap agreement. Zhu agreed "in principle" and left the matter for resolution by the two central banks.

Finally, Thaksin asked for Zhu's support in upgrading trilateral talks on anti-drug efforts by including Laos. Zhu responded by offering to host the first regional summit on narcotics trafficking. "But," he noted, "Thailand should solicit further ideas from Myanmar and Laos." Thaksin was informed that China would set up an anti-drug liaison unit at its Bangkok embassy. An editorial in the *Bangkok Post* (May 22) noted, "Zhu's

trip resulted in only a small step forward [on illegal drug problem], when he could have done more.”

Discussions between Zhu and Chavalit focused on transport and communication infrastructure projects. Zhu promised to invest in Bangkok’s elevated railway, to provide \$4 billion to finance a high-speed train link between Thailand and China, and to develop a road network to link southern China and northern Thailand via Laos. Zhu and Chavalit also discussed navigation on the Mekong River and China’s aviation policy. In an immediate follow up to Zhu’s visit, China’s minister of communications, Huang Zhendong, visited Thailand on June 7 to develop plans for maritime cooperation. He held discussions with his counterpart, Wanmuhammadnoor Mathaon, on issues raised during Premier Zhu’s visit. Thailand agreed with a Chinese initiative for Chinese cargo ships to use Thai ports as bases to transport Thai exports. China also offered to assist in helping Thailand develop its shipping capacity.

Fishing in Troubled Waters

The third China-Philippines Experts’ Working Group Meeting on Confidence Building Measures in the South China Sea was held in Manila on April 3-4. The meeting was co-chaired by Willy Gaa, Philippine assistant foreign secretary, and Fu Ying, director general of China’s Department of Asian Affairs, Ministry of Foreign Affairs. The meeting focused on disputes in the South China Sea and Scarborough Shoal (Huangyan Island). A statement issued after the discussions declared, “the two sides agreed to refrain from making any actions or provocative statements that might complicate or escalate the situation.” The two sides also agreed “not to allow bilateral differences to affect the overall development of Philippine-China relations.” Both sides agreed to expand military dialogue and cooperation, study a mechanism for settling fishing disputes, discuss three projects proposed by China on environmental protection, and plan for a joint search and rescue exercise. Fu Ying was later received separately by Philippine President Gloria Macapagal-Arroyo and Vice President Teofisto Guingona.

On April 23, the Philippine Navy reported that 10 Chinese fishing vessels were spotted poaching in Philippine waters off Thitu and Nanshan Islands and Second Thomas Shoal. On May 1, the Philippine Navy patrol boat *Kanluran* fired warning shots on a Chinese vessel fishing in the same area. The *Kanluran* then confiscated five sampans and other equipment that was left behind. At the end of the month Philippine maritime police detained two Chinese fishing vessels and their crew of 34 for fishing illegally in Philippine waters off Palawan. Chinese spokespersons down played each of these incidents. On June 10, the Vietnamese Coast Guard seized four Chinese vessels and their crew of 51 after they were found fishing illegally in the waters off central Vietnam.

Chinese Naval Activities

The presence of Chinese warships in the South China Sea became a concern during the second quarter. On April 16, for example, a Philippine military official disclosed that China had upgraded its communications facilities and improved structures on Mischief Reef. According to the official, “One thing is sure – [China has] installed modern

communications equipment there, far more sophisticated than before.” The *Washington Times* revealed that in early May U.S. intelligence had detected signs China’s South Sea Fleet was preparing for large-scale military exercises in an area from Hainan to the Paracels in the South China Sea. A PLA advance team was observed on Woody Islands in the Paracels. The Chinese exercises were timed to coincide with Cobra Gold, a multilateral Thai-U.S.-Singapore military exercise held in Thailand.

On May 18, two Chinese Jianghu-class frigates and a suspected intelligence-gathering ship were spotted off Scarborough Shoal. Helicopters launched from these ships were observed flying in the area. These Chinese actions raised concerns in Manila that Beijing was contemplating erecting structures on Scarborough Shoal similar to those on Mischief Reef. In June, more than a dozen Chinese warships, including Luhu-class destroyers and Jianghu-class frigates, transited the South China Sea. These naval deployments coincided with the largest and most complex Chinese war games in the Taiwan Strait simulating a mock attack against Taiwan.

Policy Implications

China’s growing economic and commercial ties with Southeast Asia should be welcomed by the United States. These ties increase Chinese interest in seeing the region remain peaceful and stable. Southeast Asian states share concerns about Chinese attempts to manipulate ASEAN through its political relations with individual members. Regional states are also concerned about China’s commitment to the status quo in the South China Sea. China’s actions this quarter have given rise to the perception that China is continuing with its policy of creeping assertiveness. The Bush administration needs to fashion a response that addresses these concerns. Strong U.S. support for ASEAN and the maintenance of the status quo in the South China Sea should be central planks in a new U.S. policy.

*The views expressed in this article are those of the author, and do not reflect the official policy or position of the Asia-Pacific Center for Security Studies, Department of Defense, or the U.S. government.

Chronology of China-ASEAN Relations April-June 2001

Apr. 2, 2001: Vietnam’s trade minister, Vu Khoan, signs a decision on the Regulation of Chinese Transit Goods that allows the transportation of goods from China via Vietnam to a third country or from a third country via Vietnam to China.

Apr. 3-4, 2001: The third China-Philippines Experts’ Working Group Meeting on Confidence Building Measures in the South China Sea is held in Manila.

Apr. 7-8, 2001: ASEAN finance ministers/deputy ministers hold their fifth meeting in Kuala Lumpur. They conclude with a meeting with the economic ministers from China, Japan, and South Korea (ASEAN Plus Three).

Apr 10-12, 2001: The Sino-ASEAN Symposium on Information and Telecommunication Technology is held in Shenzhen, China.

Apr. 16-23, 2001: Somsaavat Lengsavad, deputy prime minister and FM of Laos visits China.

Apr. 18-22, 2001: China's vice president, Hu Jintao, leads delegation to Hanoi to attend the ninth Congress of the Vietnam Communist Party.

Apr. 23, 2001: The Philippine Navy reports that 10 Chinese fishing vessels had intruded into Philippine waters off Thitu and Nanshan Islands and Second Thomas Shoal.

Apr 24-May 2, 2001: Malaysia's Yang di-Pertuan Agong (King) and Sultan Salahuddin Abdul Aziz Shah make a state visit to China.

Apr. 25, 2001: Two Vietnamese naval ships seize *Danzhou 72007*, a Chinese fishing boat with 11 crew members in the southern fringe of the Tonkin Gulf.

Apr. 25, 2001: Gen. Fu Quanyou, chief of the PLA General Staff, leads a goodwill delegation to Myanmar.

May 5-12, 2001: Le Changchung, member of the CCP Politburo and secretary of the Guangdong province CCP committee, leads a party delegation to Thailand, Malaysia, and Singapore.

May 1, 2001: A Philippine Navy patrol boat fires warning shots at a Chinese fishing vessel in waters off the coast of Palawan island.

May 4, 2001: ASEAN Plus Three economic ministers meet in Malaysia.

May 5, 2001: China's MOFTEC Minister Shi Guangsheng visits Cambodia.

May 7, 2001: Myanmar's minister of agriculture and irrigation, Maj. Gen. Nyunt Tin, visits China.

May 8-11, 2001: Myanmar hosts a series of meetings on cooperation in drug control in East Asia with senior officials and ministers from Cambodia, China, Laos, Myanmar, Thailand, Vietnam, and the United Nations Drug Control Program.

May 12, 2001: "Voice of Vietnam" radio opens a new bureau in Beijing.

May 15-29, 2001: Cobra Gold multilateral military exercise is held in Thailand.

May 15-16, 2001: APEC High-Level Meeting on Human Capacity Building is held in Beijing under the co-chairmanship of President Jiang Zemin and Sultan Haji Hassanal Bolkiah of Brunei.

May 17-18, 2001: Vietnam hosts a preparatory ARF Senior Officials Meeting in Hanoi.

May 17-20, 2001: A delegation of Vietnam's Planning and Investment Ministry, led by Minister Pham Xuan Gia, visits China to hold working sessions with Wang Chunzheng, minister of the State Development Planning Commission.

May 18, 2001: APEC Study Center (ASC) Consortium meeting is held in Tianjin, China.

May 18, 2001: Cheng Binhquan, vice chairman of the Guangdong province CCP committee, visits Vietnam and is received by Deputy PM Nguyen Manh Cam.

May 18-21, 2000: Li Peng, chairman of the Standing Committee of China's National People's Congress, pays goodwill visit to Cambodia.

May 19, 2001: Vietnam's Deputy FM Le Cong Phung chairs meeting of ASEAN Plus Three deputy FMs in Hanoi, which reviewed implementation of the Joint Statement of East Asia Cooperation.

May 19, 2001: ASEAN officials hold a dialogue on the Protocol to the Southeast Asia Nuclear Weapons Free Zone Treaty with officials from the five nuclear powers – China, France, Russia, United Kingdom, and the United States.

May 19-22, 2001: Chinese Premier Zhu Rongji makes an official visit to Thailand.

May 21-23, 2001: Li Peng pays goodwill visit to Brunei.

May 22, 2001: Chinese FM Tang Jiaxuan holds talks in Beijing with Brunei's FM Pengiran Muda Mohamad Boikiah.

May 22, 2001: Sampao Chusri, supreme commander of Thai Armed Forces, visits China at the invitation of Fu Quanyou, chief of the PLA General Staff.

May 22-June 7, 2001: The third meeting of the Vietnam-China Joint Committee for Border Demarcation is held in Beijing.

May 23, 2001: Nong Duc Manh, newly elected secretary general of the VCP, receives China's ambassador, Qi Jianguo, and states that "Vietnam will spare no effort to strengthen friendly cooperation with China."

May 23-25, 2001: Asia-Europe Meeting (ASEM) is held in Beijing. The Third ASEM foreign ministers meeting is held from May 24-25.

May 25, 2001: Guangzhou Radio announces that a designated area around the Parcel Islands will be closed for live fire exercises by Chinese naval vessels from May 27- June 3.

May 29, 2001: Seventh China-ASEAN Senior Officials Consultations held in Boao, China.

May 31, 2001: Pham Thuy Thanh, spokesperson for the Ministry of Foreign Affairs, states Vietnam's concern over proposed Chinese military maneuvers near the Paracel islands.

June 6-7, 2001: APEC trade ministers' meeting is held in Shanghai.

June 7, 2001: China's minister of communications, Huang Zhendong, visits Thailand to develop plans for maritime cooperation.

June 7-11, 2001: Singapore Senior Minister Lee Kuan Yew visits China to attend the seventh anniversary of the establishment of the Suzhou Industrial Park, Jiangsu province. Lee is also received by President Jiang Zemin and Li Peng, chairman of the National People's Congress.

June 8, 2001: Vietnam's minister of trade, Vu Khoan, attends second APEC Investment Mart in Shandong province.

June 10-11, 2001: Vu Khoan pays official visit to China to hold working sessions with State Councillor Wu Yi, FM Tang Jiaxuan, MOFTEC Minister Shi Guangsheng, and Wang Jiarui, deputy chairman of the CCP's International Liaison Department.

June 20-22, 2001: Thai Defense Minister and Deputy PM Chavalit Yongchaiyudh visits China.

June 22, 2001: Thai Deputy PM Pongpol Adireksarn makes working visit to China and meets with Premier Zhu Rongji.

June 26, 2001: A four-nation shipping service on the Lancang-Mekong River, involving China, Laos, Myanmar, and Thailand, is launched.

June 29, 2001: Ho Tien Nghi, general director of the *Vietnam News Agency*, visits China at the invitation of Tian Congming, president of the *Xinhua News Agency*. Nghi is received by Premier Li Peng.