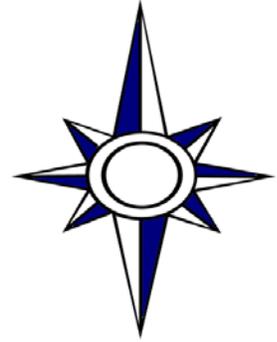


# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**China-Southeast Asia Relations:**

## **China Gains and Advances in South China Sea**

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China's efforts to maintain recent gains and further strengthen its South China Sea maritime territorial claims dominated China-Southeast Asia relations during the final months of 2012. Aggressive patrols by maritime security administration and fishing fleets along with diplomatic initiatives and administrative measures were supported by Chinese media commentary that emphasized patriotism and the validity of China's sovereignty claims. Diplomatic initiatives included several high-level exchanges that emphasized the promise of increased beneficial relations for those who support or acquiesce to Chinese territorial claims. Meanwhile, ASEAN remained in disarray and the prospect for moving forward on a binding code of conduct in the South China Sea seemed unlikely.

### **Tensions in the South China Sea**

Chinese officials showed firm determination to hold recent gains and make further advances in asserting control of the South China Sea. Their actions followed extraordinary use through the summer months of administrative measures, maritime security and fishing fleets, oil exploration plans, extra-legal trade sanctions, and diplomatic threats to coerce and intimidate the Philippines in response to perceived encroachment by Philippine security forces and fishermen in Scarborough Shoal/Huangyan Island. These measures in the South China Sea were strongly supported by Chinese media commentary that stressed patriotic themes of protecting Chinese sovereign claims. They were further reinforced during the massive outpouring of often violent Chinese behavior against Japanese properties and people along with coercive and extra-legal measures in response to perceived Japanese encroachment in disputed East China Sea islands.

Chinese leaders and commentaries persisted with the pattern seen earlier this year, establishing a Chinese choice for regional governments and other concerned powers, including the United States. On the one hand, countries that pursue policies and actions at odds with Chinese territorial claims are threatened with the kinds of extraordinary coercive and intimidating measures – short of direct military force – employed against the Philippines and Japan. On the other hand, those that mute opposition or acquiesce regarding Chinese claims are promised a future of ever-greater mutually beneficial relations.

ASEAN remained divided and ineffective in dealing with China's approach. China exploited this weakness as it used close relations with the ASEAN Chair, Cambodia's Hun Sen, in efforts to keep South China Sea issues from being featured prominently in ASEAN and ASEAN-facilitated leadership meetings, notably the East Asian Summit (EAS) attended by President Barack Obama and other leaders from the broader Asia-Pacific region. Even the Philippines seemed intimidated

as it sought improved relations during September and October despite China's strong-arm occupation of Scarborough Shoal. However, Philippine President Benigno Aquino challenged efforts by Hun Sen to deflect attention to South China Sea issues during ASEAN and ASEAN-related leadership meetings in Phnom Penh in November. Also, Philippines Foreign Secretary Albert del Rosario was outspoken in publicly condemning what he called Chinese dictatorial practices; he achieved notoriety in December by calling on Japan to increase its military power in order to balance China's coercive pressures.

No others in ASEAN joined the Philippines in publicly confronting China over South China Sea territorial issues. More cautiously, some did join the Philippines in pressing Cambodia to delete a passage from the final document of a November ASEAN leadership meeting that said there was agreement among ASEAN members that the South China Sea territorial issues should be not be internationalized, a stance favored by China. Some also discussed South China Sea disputes during the EAS meeting despite China's preference that the issues not be discussed. Several Southeast Asian and other governments registered concerns in November when China issued new passports featuring a map showing China's broad claim to the South China Sea and other disputed territory around China's periphery. Pronouncement in November by China's Hainan provincial authorities with jurisdiction over the South China Sea that police forces would board foreign ships seen carrying out illegal activities in the region also raised concerns. On Dec. 31, the Chinese Foreign Ministry spokeswoman endeavored to calm concern over the issue by telling the media that the Hainan provincial regulations represented no change from regulations passed in 1999 limiting enforcement to within 12 nautical miles of Hainan's coast. At the EAS and in other venues, the US adopted a posture designed to calm tensions over territorial issues in the East China Sea and the South China Sea, which Chinese commentators viewed approvingly as more moderate than US interventions on South China Sea issues in the recent past.

### **Consolidating and advancing gains**

Prime Minister Wen Jiabao told the EAS on Nov. 20 that Huangyan Island, China's name for Scarborough Shoal, "is China's inherent territory, and there is no question over its sovereignty." He added, in reference to recent China's actions to occupy the disputed territory with maritime and fishing surveillance forces and bar any Philippine access or intrusions, that "We have effectively responded to regional emergencies which were not provoked by us" and that "it is proper and necessary for China to safeguard its sovereignty." Wen reiterated China's preference that the concerned parties in South China Sea territorial disputes should follow the practices set forth in the China-ASEAN 2002 Declaration on the Conduct of the Parties in the South China Sea and that the territorial issues should not be broadened to include other powers; they should not be "internationalized," according to Wen.

Apart from the Chinese occupation of Scarborough Shoal, measures taken over the past months to advance Chinese control and claims over disputed areas of the South China Sea included:

- Plans reported in September for building a communications network covering all South China Sea territories claimed by China.

- The November launch of the first of what are planned as regularly scheduled patrols in the South China Sea carried out jointly by maritime security forces from Chinese provinces bordering the sea.
- Plans announced in November for building and improving infrastructure on Woody Island, the headquarters of the newly created Sansha administrative district covering South China Sea claimed territories, so as to better enforce China's "legal rights."
- The issuance of new passports showing China's broad South China Sea claims.
- The announcement by Hainan provincial authorities calling for police forces in the South China Sea to board vessels seen conducting illegal activities, which was clarified by the Chinese Foreign Ministry five weeks later.

Meanwhile, Chinese fishing boats in late November encountered a Vietnamese state-owned ship affiliated with the national oil and gas company conducting seismic survey outside the mouth of the Gulf of Tonkin; two of the fishing boats maneuvered in back of the Vietnamese ship and cut its seismic survey cables.

Strong support for advancing Chinese interests in the South China Sea and other disputed sea areas along China's rim came in outgoing party leader Hu Jintao's keynote report to the 18<sup>th</sup> Chinese Communist Party (CCP) Congress in November. Hu emphasized "maritime power building," which was interpreted by *Xinhua* as referring to the "comprehensive strength in maritime exploration, marine economy development, marine environmental protection and marine control." Along these lines, the head of the Chinese state-controlled energy enterprise CNOOC told delegates to the Congress of the vast energy resources available in the South China Sea and the head of China State Shipbuilding Corporation told delegates that China needed stronger efforts to build ships capable of protecting Chinese maritime rights in disputed seas.

According to prominent Chinese foreign policy specialists visiting Washington after the US presidential elections and a reading of Chinese media coverage, there was a sense of "triumph" among Chinese on how China had been able to advance its claims in the South China Sea and other disputed seas. Adverse reactions to China's repeated use of coercive and intimidating tactics from within ASEAN and among other concerned powers like the US were seen as small and muted, unlikely to dampen the enthusiasm for a more active and assertive Chinese stance on sensitive issues of sovereignty and security. ASEAN divisions not only precluded effective action during the meetings in Phnom Penh in November, but progress in ASEAN efforts to develop a code of conduct among disputants also appeared stalled. Among other things, China adhered to a position that progress on the code was linked to Beijing's interpretation of the China-ASEAN 2002 Declaration on the Conduct of the Parties in the South China Sea, which means that actions by the Philippines and other claimants that raise territorial disputes diminish Chinese willingness to move forward on a meaningful code of conduct.

Among signs of opposition to China's advances and preferred courses of action, some ASEAN members resisted Cambodia's efforts to affirm that there was an ASEAN consensus not to internationalize the South China Sea issues, and several joined the US and other powers in

discussing South China Sea issues during the EAS meeting. Also, the ASEAN secretary general and several governments registered concerns about the Chinese announcement of possible boarding of vessels by Chinese police in the South China Sea. The new Chinese passports with maps showing broad Chinese claims to the South China Sea and other disputed territories were also criticized.

### **The role of the United States**

China followed the usual practice in emphasizing the positive in China-US meetings, which in the case of Southeast Asia occurred notably during the ASEAN-related meetings including the EAS in November. Sharp charges against the Obama administration's policy of reengagement with Asia continued to voice the judgment that the US approach represented thinly veiled efforts to contain China. However, Chinese commentary in recent months also reflected approvingly a perception that the US was shifting the emphasis of its reengagement from a security and strategic competition with China to a broader and wide ranging engagement of the region. The commentary highlighted the view that in the process the US was adopting a more muted and moderate stance on territorial disputes along China's rim, allegedly reflecting a calculation of China's great importance to the United States.

Chinese media flagged with prominent headlines President Obama's reassurance to Prime Minister Wen in Phnom Penh on Nov. 20 that the US "will not take sides on disputes" in the seas bordering China. They noted positively the president's voiced conviction that China's peaceful rise and success is in the interests of the United States as it is "crucial to world security and prosperity." A commentary by a specialist at the Chinese Foreign Ministry-affiliated think tank said that the "smarter" Obama government reengagement with Asia features a change in favor of China, which involves a "more cautious" approach toward territorial disputes in the region, whereas the US was said in the recent past to have been "active and even aggressive in interfering in the regional territorial disputes."

### **Outlook – competing views**

Following the EAS in Phnom Penh, some American and Asian media portrayed China as ascendant, ASEAN in disarray and the US in a passive position regarding the South China Sea disputes and perceived Sino-American competition for influence in the region. They saw few impediments to continued Chinese advances. Other commentaries by Ernest Bower from CSIS and Australian Peter Drysdale took a positive view of Obama's efforts at reengagement with Asia during his Southeast Asia trip. Bower favorably compared Obama's "walking softly" with China's continuing to wield a "big stick" in disrupting ASEAN unity and coercing and intimidating various countries in order to have its way over the South China Sea.

Facts on the ground impressed Bonnie Glaser who advised in congressional testimony in September and in a separate CSIS report that Chinese actions in the South China Sea are deliberate and systematic, and do not reflect the bureaucratic politics and poor coordination sometimes seen in recent Chinese foreign relations. She concluded that "The clear pattern of bullying and intimidation of other claimants is evidence of a top leadership decision to escalate China's coercive diplomacy" with broad implications for Southeast Asian claimants and other

concerned powers. International Crisis Group specialist Stephanie Kleine-Ahlbrandt seemed to agree and advised in her review of China's "reactive assertiveness" in the South China Sea and other nearby disputed waters that "if there is a perceived slight, no matter how minor, expect China to pounce" with the kinds of coercive and intimidating measures seen recently in the South China Sea.

### **China-Philippines relations – down, up, and down again**

The tension in China-Philippines relations over Scarborough Shoal and other South China Sea issues saw President Hu Jintao fail to meet his Philippine counterpart, Benigno Aquino, during the APEC Leaders' Meeting in Russia in September even though he met with other Southeast Asia. The move was depicted as a "snub" in Philippine media. Against that backdrop, Aquino sent Interior Secretary Mar Roxas to meet Xi Jinping, China's vice president and soon-to-be president and top party and military leader, at a China-Southeast Asia trade fair in Nanning. Chinese and Philippine media reported the meeting positively and the overall relationship seemed to begin improving. In October, Fu Ying, the vice foreign minister with responsibility for relations with the Philippines and a former Chinese ambassador to Manila, traveled there as part of a normal foreign ministry exchange. Fu was received positively by Aquino, Foreign Secretary del Rosario, and other leaders. The Philippines offered some earthquake relief aid to China and there were pledges to double trade relations within four years and increase tourist exchanges.

As noted above, the ASEAN meetings in Phnom Penh in November saw another downturn in relations as the Philippine president and foreign secretary highlighted continuing disputes with China, with del Rosario voicing especially strong charges against Beijing's behavior in the South China Sea. Chinese commentary warned Manila against the "risks" of raising tensions over the disputed islands, asserting that "a rude Manila" helps no one.

### **Attentive leadership diplomacy emphasizes the positive**

In contrast with obvious problems in China-Philippines relations, senior Chinese leaders held cordial meetings with counterparts from a majority of Southeast Asian states during the past several months. The meetings came despite preoccupation with domestic issues, notably the preparations for and results of the 18<sup>th</sup> CCP Congress in November. During leadership meetings and in a wide array of official media coverage on developments in Chinese-Southeast Asian relations, Chinese commentary emphasized the broad benefits for both sides as positive relations advance between China and regional states, ASEAN, and related multilateral organizations.

Singapore's Prime Minister Lee Hsien Loong was received cordially by Chinese leaders during his six-day visit to China in September. Media coverage highlighted Singapore's role as the fourth largest foreign investor in China, with \$6.33 billion of new investment in 2011 and growing Chinese investment in Singapore, which increased over 50 percent in 2011, reaching a value that year of \$1.07 billion. Bilateral trade grew 11 percent in 2011, reaching \$63 billion, making it China's third largest trading partner Southeast Asian countries.

Continuing the extraordinary Chinese leadership attention to Cambodia's Hun Sen during 2012, Premier Wen Jiabao met the Cambodian leader on the sidelines of the second China-Eurasia

Expo held in Urumchi, China in September. They discussed Chinese support for Cambodia's leadership in the ASEAN and broader Asian leadership meetings in Phnom Penh in November, and repeated past pledges to double in five years China-Cambodian trade of \$2.5 billion in 2011. Wen also met Hun Sen at the outset of his visit to Phnom Penh in November and, according to Chinese media, reached agreement that the South China Sea disputes should not be a stumbling block in relations between China and ASEAN.

Indonesia's President Susilo Bambang Yudhoyono was among the Southeast Asian leaders Hu Jintao met during the annual APEC Leaders Meeting in Russia in September. The two presidents stressed their common interests in stability in the South China Sea, according to Chinese media. Hu strongly endorsed Indonesia's "leading role" within ASEAN and in ASEAN's convening of broader Asian regional organizations. Among economic benefits in China-Indonesia relations, Chinese media highlighted the growth of trade, advancing over 40 percent in 2011 to \$60 billion. Prime Minister Wen followed up by meeting Yudhoyono in Phnom Penh just prior to the start of the ASEAN-related meetings there in November.

South China Sea claimant Vietnam also received attention from China's top leaders. Hu Jintao met with Vietnamese President Truong Tan Sang at the APEC meeting in Russia and Vice President Xi Jinping met Vietnamese Prime Minister Nguyen Tan Dung at the China-Southeast Asia trade fair in Nanning in September. Chinese commentary emphasized the need to manage differences in a "cool headed" way and cited Vietnamese leaders' determination to deal with them with a "brotherly" spirit.

Regarding Malaysia, another South China Sea claimant, Prime Minister Wen met Malaysian Prime Minister Najib Razak in Phnom Penh prior to the ASEAN meetings in November. The two leaders reportedly reached "broad agreement" on South China Sea issues, according to Chinese officials. Hu Jintao met the Sultan of Brunei, another South China Sea claimant, during the APEC meeting in September.

Prime Minister Wen met Laotian President Choummaly Sayasone on the sidelines of the Ninth Asia-Europe Meeting, which was held in Laos in early November. Wen's attendance was notable as the summit came just before the opening of CCP Congress, and Laotian leaders expressed appreciation of the prime minister's willingness to travel to Laos for the meeting.

Visiting Thailand following the meetings in Phnom Penh in November, Prime Minister Wen met Thai counterpart Yingluck Shinawatra and reviewed advances in economic relations regarding Chinese involvement in various infrastructure projects and purchases of Thailand's surplus rice.

More general themes in Chinese media coverage of Southeast Asian issues stressed growing trade, investment, tourist and cultural exchanges, and road and rail projects linking China with the region. China-ASEAN trade is projected to reach \$500 billion by 2015. While investment from more developed ASEAN countries has long been important for China, Chinese investment in ASEAN has increased recently, reaching a cumulative level of \$18 billion in 2011. China's offer of a \$474 million "maritime cooperation fund" was the headline result of the inaugural meeting in October of the Expanded ASEAN Maritime Forum (EAMF), which included the ASEAN members plus the eight other member countries of the EAS.

At the ASEAN-related meetings in Phnom Penh in November, Prime Minister Wen Jiabao also offered strong support for the proposed Regional Comprehensive Economic Partnership (RCEP), which will include ASEAN members, China, Japan, South Korea, India, Australia, and New Zealand. According to Chinese media and officials, the RCEP is preferable to the US-backed Trans-Pacific Partnership (TPP), which is said to divide ASEAN and to insist on “high standards” that exclude some Asian countries.

### **China-Myanmar relations**

Relations between China and Myanmar saw several new developments in the last four months of the year as senior Chinese officials made several high-profile visits to Naypyitaw in an attempt to shore up bilateral relations and protect China’s business, trade, and economic interests.

Myanmar’s decision last year to put the controversial Myitsone Dam project, a giant Chinese hydroelectric project on the Irawaddy River, on hold, was a setback in bilateral relations, and Beijing appears concerned with the status of a large number of projects and investments in the country. More recently, local villagers and Buddhist monks staged large-scale protests opposing the expansion of a Chinese-led copper mine project in central Myanmar, prompting the largest crackdown on protesters since the government came into power nearly two years ago. Following a series of visits by senior Chinese officials in recent months, the Myanmar government has also indicated that the copper mine expansion project will continue as planned. Ma Xiaotian, deputy chief of the General Staff of the People’s Liberation Army (PLA), visited in September as part of his four-nation visit in the region. During the visit, Ma indicated that both sides should continue to consolidate and further develop the existing cooperative relations and emphasized that both governments will continue to work for the “smooth implementation of major cooperation projects.” Wu Bangguo, chairperson of the National People’s Congress Standing Committee, also visited Naypyitaw in September, and said the “two countries should take positive measures to deepen win-win cooperation and ensure the successful advancement of such large projects like China-Myanmar oil and natural gas pipeline project so as to encourage the enterprises to gain confidence in bilateral trade exchanges.”

While both sides continue to emphasize the longstanding positive ties, Chinese officials appear to be concerned with a number of recent developments that may affect relations between the two countries. First, Chinese officials are concerned with the continued ethnic unrest and tensions in Myanmar. In October, the Chinese Foreign Ministry issued a statement calling for Myanmar officials to address the ethnic tensions in Rakhine and to resolve the dispute through peaceful negotiation and consultation so as to restore stability along the China-Myanmar borders. Second, US President Barack Obama’s visit to Myanmar in November has drawn mixed views and responses in Beijing. The Chinese Foreign Ministry spokesperson made limited comments on the issue, indicating the visit is a “matter between the United States and Myanmar.” Some Chinese commentators, however, have expressed reservation about the visit, echoing views similar to those of Deputy Foreign Minister Cui Tiankai who indicated in an article earlier this year regarding the US pivot or rebalancing that “The United States must ... convince China ... that there is no gap between its policy statements on China and its true intentions.” As discussed in a recent article in *The Christian Science Monitor*, other Chinese experts see improvements in

US-Myanmar relations as a positive development, where all sides can work together and benefit from closer cooperation rather than competition.

## **Outlook**

It remains unclear how vigorously China will continue to advance its ambitions in the South China Sea. Patriotic and other domestic pressures for a more assertive stance could run up against pragmatic considerations of avoiding an international controversy in the face of a long list of preoccupations and priorities facing China's new leadership. Whether the Philippines will sustain its uniquely strident public opposition and how other South China Sea claimants, concerned countries in ASEAN, and the US will adjust policies in light of sometimes controversial Chinese initiatives and advances also remains uncertain.

ASEAN divisions over China seem hard to bridge, making prospects dim for progress on a code of conduct or other issues sensitive to Beijing. Brunei, a South China Sea claimant, has become the ASEAN Chair, replacing pro-China Cambodia. Meanwhile, China has been worked hard to sustain close ties with Brunei. Wen Jiabao was the first Chinese prime minister to visit the country in November 2011; his visit was followed by CCP Politburo Standing Committee Member Jia Qinglin in April and Foreign Minister Yang Jeichi in August, along with Hu Jintao's meeting with the Brunei Sultan at APEC in September. How the relationship evolves in the early months of 2013 will be important to watch.

## **Chronology of China-Southeast Asia Relations September – December 2012**

**Sept. 1-2, 2012:** Cambodian Prime Minister Hun Sen visits Beijing and meets Prime Minister Wen Jiabao who pledges to give Cambodia \$500 million in loans for infrastructure projects. According to Cambodian officials, Chinese investment in the country was nearly \$2 billion in 2011, more than double the combined investment by ASEAN and 10 times more than the US.

**Sept. 2-11, 2012:** Ma Xiaotian, deputy chief of the General Staff of the People's Liberation Army (PLA), leads a military delegation visit to Myanmar, Malaysia, Singapore, and Vietnam.

**Sept. 3, 2012:** Vietnam and China hold their third Strategic Defense Dialogue in Hanoi. Vietnamese Deputy Defense Minister Nguyen Chi Vinh and Chinese counterpart Ma Xiaotian co-chair the dialogue.

**Sept. 7, 2012:** Chinese Defense Minister Liang Guanglie visits Vientiane and meets his Laotian counterpart. They agree to continue bilateral visits, personnel training, and border patrols to strengthen strategic coordination and cooperation between the two militaries.

**Sept. 20, 2012:** Chinese Vice President Xi Jinping attends the China-ASEAN Exposition and trade fair in Nanning and meets several ASEAN leaders and senior officials.

**Sept. 21-26, 2012:** China, Laos, Myanmar, and Thailand carry out the sixth round of joint patrols on the Mekong River to help secure transportation routes and tackle cross-border crime.

**Oct. 3-5, 2012:** ASEAN Maritime Forum (AMF) is held in Manila. This year's AMF is the first to include the eight non-ASEAN members of the East Asia Summit.

**Oct. 19, 2012:** Chinese Vice Foreign Minister Fu Ying arrives in Manila and meets Philippine Foreign Secretary Albert Del Rosario. They agree to continue the dialogue and consultations for cooperation in the South China Sea.

**Oct. 23, 2012:** China and Vietnam hold third bilateral Public Security Ministerial Meeting in Hanoi. Since its inception in 2008, the forum has provided a channel for bilateral cooperation in controlling cross-border crimes including illegal immigration, human and drug trafficking, and money laundering.

**Nov. 4-6, 2012:** Chinese Premier Wen Jiabao attends the ninth Asia-Europe Meeting (ASEM) in Vientiane. In meeting his ASEAN and European counterparts, Wen calls for closer multilateral cooperation on business and trade, financial markets, and energy security issues.

**Nov. 18-20, 2012:** Premier Wen Jiabao visits Phnom Penh to take part in a series of meetings, including the China-ASEAN Summit, the ASEAN Plus3 Summit, and the East Asian Summit. Wen's message throughout emphasizes the positive effects of cooperation and development to enhance trust and stability in the region.

**Dec. 1, 2012:** Li Jianguo, vice chairperson of the National People's Congress Standing Committee, arrives in Vientiane and meets Laotian leaders. They agree on a four-point proposal to help boost bilateral ties, including deepening cooperation in agriculture, trade, infrastructure, and high-level party-to-party exchanges.

**Dec. 6, 2012:** China and Indonesia hold the first bilateral meeting of the Maritime Cooperation Committee in Beijing. They launch the China-Indonesia Maritime Cooperation Fund to promote closer maritime cooperation projects.

**Dec. 9, 2012:** Vietnamese police disperse anti-China protests in Hanoi and Ho Chi Minh City that stemmed from tensions over territorial claims in the South China Sea.

**Dec. 11, 2012:** Philippine Energy Secretary Carlos Petilla announces Manila will suspend the process for awarding contracts for three oil and gas blocks in the South China Sea.

**Dec. 13, 2012:** Chinese Minister of Public Security Meng Jianzhu meets Cambodian National Police Commissioner Neth Savoeun in Beijing. They agree to enhance law enforcement exchanges, promote cooperation in combating telecommunications fraud, narcotics, and carry out joint police investigations.

**Dec. 25, 2012:** Zhang Guoqing, head of China North Industries Group Corporation (NORINCO), visits Naypyitaw and meets President Thein Sein. They agree to continue implementing bilateral agreements and deals, indicating that joint cooperation will not weaken in spite of mass protests in Myanmar on the projects.