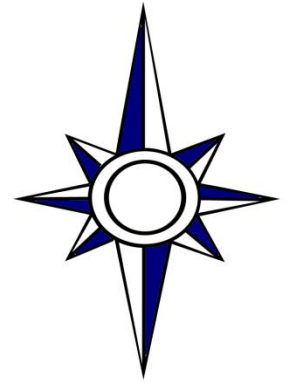


Comparative Connections

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China-Southeast Asia Relations:

China's Growing Resolve in the South China Sea

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Tensions in Chinese relations with Southeast Asian countries caused by disputes over territorial claims in the South China Sea posed less serious challenges for China's newly installed leadership than the intense international crisis in Korea or the Sino-Japanese confrontation over disputed East China Sea islands. Nevertheless, Chinese leaders from President Xi Jinping and Prime Minister Li Keqiang on down reinforced the sinews of China's power that were used in extraordinary ways in 2012 to coerce and intimidate others from challenging Beijing's South China Sea claims. They averred unwavering determination to defend and advance the claims and uphold China's sovereignty and territorial integrity. At the same time, Chinese leaders continued to emphasize China's broad commitment to following a path of peaceful development and expanding mutually beneficial relations with neighboring countries, the US, and others. Unlike many observers abroad, the senior Chinese leaders denied there was a contradiction between the increased exertions of Chinese power and intimidation on the one hand and avowals of peaceful development on the other. In effect, they sustained the pattern of the past year, which established a choice. Those countries that pursue policies and actions at odds with Chinese claims to the South China Sea and elsewhere will meet the kinds of extraordinary coercive and intimidating measures seen in 2012; those that mute opposition or acquiesce regarding Chinese claims are promised a peaceful and mutually beneficial relationship with a more powerful China.

Addressing the "contradiction"

At one in a series of policy study sessions of the top Chinese Communist Party leaders held in recent months, newly installed party General Secretary Xi Jinping on Jan. 29 underlined the firm stance he has taken in various venues on defending Chinese security and sovereignty. Though committed to following the road of peaceful development, Xi emphasized that under his leadership China "will never give up" our legitimate rights or sacrifice our national core interests. He added "No country should presume that we will engage in trade involving our core interests or that we will swallow the 'bitter fruit' of harming our sovereignty, security or development interests."

Newly installed Prime Minister Li Keqiang went out of his way at his first press conference after his appointment at the National People's Congress (NPC) on March 17 to explain to foreign observers how China's "steadfast" determination to uphold national sovereignty and territorial integrity fits together with its avowed focus on peaceful development. According to Li, these two "principles" of Chinese foreign policy "do not contradict each other, and they comply with the rules that maintain regional stability and world peace."

Other officials addressed in greater detail the seemingly awkward meshing of these two recently salient principles in Chinese policy. An official with the China Institutes of Contemporary International Relations in an editorial in *China Daily* on March 7 explained that popular pressure for a stronger Chinese government policy on territorial issues and the Chinese leadership's judgment that previous, more moderate Chinese policies on territorial disputes were viewed abroad as signs of weakness explain the stronger Chinese leadership determination to advance and defend disputed territorial claims. The author foresaw difficulty for China in explaining a more forthright and determined Chinese stance on territorial issues along with China's ongoing commitment to peaceful development.

Stronger power, advancing control

Along with prominent statements of leadership resolve on sovereignty and territorial integrity, evidence of China building a wide range of government power and control in the South China Sea steadily advanced. In January, China issued a new official map that increased the number of disputed areas from 29 to 130, including those in the South China Sea, marked as officially part of the People's Republic of China. A feature story in *China Daily* reported rapid development in the Sansha administrative region, created in 2012 with jurisdiction over all the Chinese claimed territories in the South China Sea. It highlighted plans to establish a fishing fleet of 200 ships, an upgraded port on Yongxing (Woody) Island, regular visits by tourist cruise ships, and development of oil and gas industries.

In February, the official in charge of South China Sea fisheries told the media that because of greater protection provided by Chinese maritime forces, no Chinese fishing boats operating legally in the South China Sea were detained by foreign powers in 2012. He pledged that China's growing maritime surveillance capacity would allow for daily fishery patrols in the South China Sea in 2014. A *China Daily* report on President Xi Jinping's visit with fishermen in Hainan Island in April highlighted the president's satisfaction that Chinese fishermen feel safe as the growing Chinese maritime security fleet provides protection in the South China Sea. Xi also pointed to the role of the fishermen as China's maritime militia and urged them to collect information and support Chinese advances in the South China Sea. On Feb. 26, the Philippines Department of Foreign Affairs protested increased Chinese fishery patrols in areas of the Spratly Islands claimed by the Philippines. Meanwhile, in early February, a destroyer and two frigates from China's North Sea Fleet held publicized exercises in the South China Sea. Carlyle Thayer from Australia observed that the exercises were notable for involving only North China Sea ships – a demonstration of the growing reach of Chinese naval forces.

March's meeting of the NPC featured plans for restructuring and strengthening Chinese maritime law enforcement forces (discussed below) that will reinforce Chinese ability to counter and coerce competing claimants. Also in March, a four-ship amphibious task force of China's South Sea Fleet, headed by one of the People's Liberation Army (PLA)'s "advanced landing ships," conducted exercises near the Philippines and as far south as James Shoal off the coast of Malaysia and near Brunei. There was extensive Chinese media coverage showing marines storming beaches backed by hovercraft and helicopters. In April, Chinese media highlighted President Xi Jinping touring the ship and talking with the crew during a visit to the South Sea Fleet base on Hainan Island. The Philippines publicly complained about the March exercises.

Coincidental with the fleet's appearance off the coast of Malaysia, Vietnam protested a Chinese naval ship firing flares that seriously damaged a Vietnamese fishing boat in the disputed Paracel Islands of the South China Sea. Chinese government reaction was to criticize the Vietnamese for fishing in Chinese territory and claim that the flares were used to warn the Vietnamese ships to leave Chinese waters.

The March PLA exercise near Malaysia along with more robust maritime surveillance prompted significant reaction from regional specialists. Malaysian expert Tang Siew Mun highlighted Malaysian efforts to mute conflict with China over the South China Sea to argue that the PLA move was "a grave strategic mistake." Ian Storey from Singapore judged that Malaysia and nearby Brunei, another South China Sea claimant, "can no longer afford the luxury of downplaying China's increasing assertiveness in the South China Sea." China-based International Crisis Group expert Stephanie Kleine-Ahlbrandt argued that recent episodes show a greater emphasis on Chinese maritime interests and increased assertiveness over those disputed maritime claims.

Few US officials have commented on the Chinese actions. Director of National Intelligence James Clapper told Congress in his annual global threat assessment on March 14 that China would maintain uncompromising positions on the South China Sea and other territorial disputes, and it would seek to expand its control over the relevant territories and to obstruct regional efforts to manage the disputes. The Chinese posture in part is a response to the Obama government's enhanced engagement with the Asia-Pacific region, according to Clapper. At a conference in San Diego on Jan. 31, Capt. James Fanell, deputy chief of staff for intelligence at the US Pacific Fleet, was more direct in criticizing China, according to media reports. He claimed that the growing Chinese maritime surveillance fleet is focused on the mission of harassing other nations into submitting to China's claims. He argued that China's use of these ships in 2012 to seize control of Scarborough Shoal, a reef claimed by the Philippines, was a clear example of Chinese "aggression" and of how Beijing "bullies" other claimants to submit to Chinese preferences. According to US media, nongovernment specialist Michael Auslin warned that Washington's low-key public posture in the face of Chinese actions in the South China Sea and the East China Sea sends the message to the region that the United States will not confront China on these matters; he warned of serious consequences for US interests.

Stressing peaceful development

President Xi Jinping's keynote speech at the annual Boao Forum for Asia in Hainan Island on April 7 headed the list of authoritative Chinese commentary during the reporting period emphasizing Beijing's determination to develop closer and mutually beneficial relations with Chinese neighbors in Southeast Asia and with other concerned powers, including the US. Xi referred briefly to China's concurrent determination to uphold its sovereignty and territorial integrity in a speech that was replete with forecasts of advancing cooperative economic and other relations to the benefit of China and its neighbors. Chinese media highlighted positive reactions of Southeast Asian leaders attending the forum regarding China's role in advancing their economies. At the forum, Xi devoted special attention to building closer ties with Australia and visiting Prime Minister Julia Gillard and her large delegation amid publicity about the close

economic ties in Australian-Chinese relations. He also met Cambodia's Prime Minister Hun Sen and New Zealand's Prime Minister John Key, both of whom had discussions with Prime Minister Le Keqiang that advanced their economic and other relations with China.

Signs of greater cooperation with ASEAN over the South China Sea appeared in Chinese reporting following the 19th China-ASEAN Senior Officials Consultations in early April. *Xinhua* reported on April 2 that participants agreed to commit themselves to fully implement the 2002 Declaration on the Conduct of the Parties in the South China Sea and to continue to make joint efforts toward reaching a code of conduct in the South China Sea. Brunei, the chair of ASEAN in 2013, has made pursuing a code of conduct a top priority, according to various media. On April 11, a meeting of ASEAN foreign ministers in Brunei featured the announcement by Indonesia's foreign minister that China has proposed and all ASEAN countries have agreed to a special meeting to advance progress on the code of conduct in the South China Sea. The foreign minister said the date and location of the meeting had not yet been set. On April 25, an ASEAN Summit agreed to a "two step" approach to South China Sea issues, according to Brunei Sultan Hassanai Bolkiah. Step 1: overlapping claims must be dealt with by the claimant states, and step 2: ASEAN and China work on efforts to promote calm and establish a code of conduct.

Philippines and China dispute South China Sea arbitration

In a surprise move, the Philippines in January initiated an international arbitration process regarding the South China Sea under the UN Convention on the Law of the Sea (UNCLOS). The arbitral panel cannot rule on the boundary between the Philippines and China in the disputed sea territories. The Philippines nonetheless has sought rulings on its assertion that China's broad claim to South China Sea islands and resources based on the historic nine-dashed line appearing on Chinese maps is invalid; rulings on the legal implications of Chinese territorial claims of China's occupation of Scarborough Shoal and some other submerged features in the South China Sea; and rulings on Chinese harassment of Philippines nationals in the South China Sea.

In February, China rejected the arbitration process. The Philippines then asked the president of the International Tribunal on the Law of the Sea (ITLOS) to appoint a judge as China's arbiter as part of the appointment of a five-judge panel needed for the arbitration proceedings.

A Chinese Foreign Ministry official visiting Manila in April warned of negative implications for the Philippines trade, tourist industry, and other interests if the arbitration process, anticipated to take as long as four years, went forward. The Philippines foreign minister underlined US Secretary of State John Kerry's support for the Philippines and the arbitration process in a meeting in Washington on April 2, reinforcing reports of Kerry's support for the Philippines initiative during the first phone conversation between the two secretaries in February.

In late April, Philippine officials highlighted the formation of the five-judge arbitration panel and said they expected a decision by the body in July as to whether it had jurisdiction over the matters raised. In reaction, China's Foreign Ministry spokesperson explained in detail China's opposition to the process, repeated Beijing's call for Manila to engage in bilateral talks on the matter, and strongly underlined Chinese claims, demanding that the Philippines withdraw from "illegally occupied" islands and reefs in the South China Sea claimed by China.

The Philippine concern with Chinese economic and other punitive measures seemed offset by the country's rapidly expanding ties with Japan. It was announced in February that Japan would provide the Philippines with 10 patrol boats worth \$11 million each; and that foreign investment in the Philippines economy grew strongly in 2012, with half of the investment coming from Japan. While China is the leading trading partner of most of its neighbors, Chinese sources show it is the Philippines third largest trading partner. An analysis from Nanyang Technological University in Singapore in February disclosed that Japan has been the Philippines largest trading partner, largest export market, and the primary source of foreign investment. It also noted that while the current Philippine government is repaying a Chinese loan for a now cancelled railway project marred with corruption and other irregularities undertaken by the previous Philippines government, Japan has stepped up to provide official development assistance for the Manila commuter rail system and airport construction, pledging over \$3 billion in assistance in 2012.

Restructuring and strengthening Chinese maritime security forces

The impressive use of power and coercive influence by Chinese leaders over the past year against perceived territorial intrusions by the Philippines and Vietnam in the South China Sea is based partly on existing and planned efforts establishing more coherent and better integrated Chinese decision making, according to Chinese and foreign reporting. An analysis in April by Singapore specialists Li Mingjiang and Zhang Hongzhou showed that the overall impact of the reforms has strengthened the "heavy-handed approach" China has adopted to territorial issues with neighboring countries.

Heading the list of recent changes was the establishment of a Central Leading Small Group on the Protection of Maritime Interests in 2012. The body reportedly involves senior officials from the State Oceanic Administration (SOA), Ministry of Foreign Affairs (MFA), Ministry of Public Security (MPS), Ministry of Agriculture (MOA), and the PLA Navy. Western analysts have reported that Xi Jinping has played a leading role in the group's decision making.

At the NPC in March 2013, officials announced plans to restructure China's main maritime law enforcement agencies. In particular, four of the major maritime law enforcement forces [i.e., SOA maritime surveillance forces; MPS coast guard forces; MOA fishery enforcement forces, and Customs administration's maritime anti-smuggling police] will be merged as part of SOA with operations supervised by MPS. The Ministry of Defense spokesperson on March 28 pledged to strengthen cooperation with the maritime law enforcement forces in order to better protect China's maritime rights and interests.

Among outstanding questions were how quickly the reorganization will be implemented; how the dual leadership of the new coast guard will be handled by SOA and MPS; and how influential the representatives of SOA, still not a ministerial body, will be in policy deliberations with more senior ranking officials from the Ministry of Foreign Affairs and other ministries.

New developments in China-Myanmar relations

Relations between China and Myanmar remain an important priority for the new Chinese leadership. The Ministry of Foreign Affairs appointed Wang Yingfan, a seasoned diplomat and

former vice foreign minister, as the country's first special envoy and representative on Asian affairs. While his portfolio covers Asia writ-large, it is widely understood that Wang's primary task will focus on China's policies toward Myanmar. On the economic front, the oil and natural gas pipelines running through Myanmar have been completed and will become operational in May 2013. The pipelines will bring important economic growth to China's southwest region, supplying it with critical natural resources for development. The pipelines will also shorten the shipping route from the Indian Ocean and reduce China's overall reliance on the Malacca Strait.

The significant amount of sunk investments in the oil pipelines and other economic projects has made the Chinese authorities more attuned to conflict sensitivities in Myanmar. A Kachin rebel group controls a large area in the border region and recent fighting in the area has disrupted other economic projects and activities such as the Chinese hydroelectric plants and jade mining. Most recently, China lodged protests to the Myanmar government over the number of bombs that were detonated in China's borders as a result of the armed conflict between the Myanmar Army and the Kachin group.

The growing tension and unrest along the China-Myanmar border areas has been a longstanding source of concern for Beijing, particularly with the potential influx of refugees into China's Yunnan Province. It has requested the Myanmar authorities to stop dropping bombs in the border areas, and urged all sides to exercise the "utmost restraint" and resolve the conflict through talks. China has also been pressuring the disputing parties to honor a ceasefire along the border areas and helped broker peace talks between the two sides. In late January 2013, Lt. Gen. Qi Jianguo, deputy chief of the General Staff of the PLA, arrived in Nay Pyi Taw for the first Strategic Security Consultation between the armed forces of China and Myanmar; shortly after the newly negotiated ceasefire was announced. Qi sought confirmation from Myanmar's government that the ceasefire will restore peace and stability along the China-Myanmar border areas. The deepening economic ties and China's role in the peace talks will see continued Chinese involvement in Myanmar's ethnic conflict. What balancing role China will play in the ongoing dispute will merit continued observation in the next several months.

Outlook

An anticipated annual Chinese ban lasting several months on fishing in South China Sea waters risks incidents between Chinese expanded maritime patrols and fishermen from countries disputing China's claims. ASEAN officials are publicly hopeful that progress can be made with China on a code of conduct in the South China Sea prior to an ASEAN-China Summit proposed by Thailand for October.

Chronology of China-Southeast Asia Relations January – April 2013

Jan. 2, 2013: China National Petroleum Corporation (CNPC) announces that it has completed the oil and natural gas pipelines linking China with Myanmar. The 1,100-km pipelines will transport crude oil and natural gas from the Middle East and Africa to China via Myanmar.

Jan. 4, 2013: Chinese Ministry of Foreign Affairs raises concerns over the spillover effect of the armed conflict between the Myanmar government and the Kachin Independence Army. China confirms that three bombs were dropped inside China's borders in December 2012.

Jan. 10, 2013: Philippine Foreign Secretary del Rosario warns that the Chinese nine-dash line claim in the South China Sea poses a threat to the Asian region's security.

Jan. 11, 2013: Fan Changlong, vice-chair of the Central Military Commission (CMC), meets Indonesian Deputy Defense Minister Sjafrie Sjamsoeddin in Beijing. They agree to strengthen security cooperation, expand military-to-military exchanges, and jointly promote the development of their strategic partnership.

Jan. 20, 2013: Lt. Gen. Qi Jianguo, deputy chief of the General Staff of the People's Liberation Army (PLA), arrives in Nay Pyi Taw for the first Strategic Security Consultation between the armed forces of China and Myanmar.

Jan. 22, 2013: Philippines announces that it submitted its dispute with China over claims in the South China to a UN Convention on the Law of the Sea (UNCLOS) arbitration tribunal.

Jan. 23, 2013: Chinese and Cambodian militaries sign a Memorandum of Understanding to coordinate in military human resources development.

Feb. 3, 2013: Jia Qinglin, chairperson of the National Committee of the Chinese People's Political Consultative Conference, arrives in Phnom Penh to attend the royal cremation ceremony of the late Cambodian King Norodom Sihanouk.

Feb. 4, 2013: Negotiators from the government of Myanmar and the Kachin Independence Organization (KIO) meet in Ruili, China to discuss reducing military tensions.

Feb. 7, 2013: Le Luong Minh, secretary-general of ASEAN, says progress is needed on the code of conduct to prevent clashes and accidents in the South China Sea.

Feb. 20, 2013: Reports in the *International Herald Tribune* and the *South China Morning Post* note that China considered the use of unmanned aircraft – drones – in the month-long manhunt for Naw Kham, the ringleader responsible for drug trafficking in the Golden Triangle area.

Feb. 19, 2013: China formally rejects a Philippine proposal to take their dispute regarding sovereignty issues in the South China Sea to the UN for arbitration.

Feb. 26, 2013: Chinese Foreign Minister Yang Jiechi meets Brunei's Foreign and Trade Minister Prince Mohamed Bolkiah in Beijing. They agree to deepen bilateral ties, as well as the ASEAN-China partnership.

March 11, 2013: Wang Yingfan, a former vice foreign minister, is appointed China's first special representative for Asian affairs. The Ministry of Foreign Affairs indicates that Wang's primary task will be handling and managing China-Myanmar relations.

March 22, 2013: Adm. Marsetio, Indonesia's navy chief, proposes at the third Jakarta International Defense Dialogue that ASEAN and China should carry out joint naval exercises. Participation in the two-day dialogue includes senior-level military delegations from the region.

March 24, 2013: Four Chinese ships begin military drills at James Shoal, located near the coast of Malaysia in the southernmost part of the South China Sea.

March 28, 2013: PLA Navy acknowledges that one of its ships fired at a Vietnamese fishing boat near the disputed Paracel Islands on March 20. Beijing initially denied such reports, but subsequently admits that the incident did occur, insisting that only flares were shot.

March 29, 2013: Newly appointed Chinese Ambassador to Myanmar Yang Houlan arrives in Nay Pyi Taw and meets Myanmar President Thein Sein to present his credentials. They agree to strengthen bilateral political, economic, and security ties.

April 2, 2013: The 19th ASEAN-China Senior Officials' Consultation concludes with an agreement by the participants to work toward a code of conduct in the South China Sea.

April 4-7, 2013: Hassanal Bolkiah, the sultan of Brunei, visits China to meet President Xi Jinping and attend the Boao Forum, where he gives a keynote address.

April 5, 2013: Lt. Gen. Qi Jianguo, deputy chief of the General Staff of the PLA, visits Kuala Lumpur and meets his Malaysian counterpart. They agree to strengthen high-level exchange, strategic consultations, and joint training.

April 6-8, 2013: The Boao Forum is held in Hainan Province.

April 8, 2013: President Xi Jinping meets Cambodian Prime Minister Hun Sen in Beijing. Xi indicates that China will continue to strengthen bilateral ties and will increase support for infrastructure and economic development in Cambodia.

April 24-26, 2013: The 2013 ASEAN Summit convenes in Brunei. ASEAN leaders agree to work toward a binding code of conduct in the South China Sea and to resolve differences over the South China Sea through peaceful and diplomatic means.

April 25, 2013: Representatives from China and Vietnam meet in Beijing for the third round of bilateral consultations on maritime cooperation programs. The two sides identify several areas of cooperation in low-sensitivity areas, including environmental protection, search and rescue operations, and disaster prevention programs.

April 26, 2013: Chinese Ministry of Foreign Affairs releases a statement that China will adhere to bilateral negotiations to resolve the current disputes with the Philippines and other claimant states in the South China Sea. China reiterates its objection to the Philippines' request and proposal to establish the Arbitral Tribunal on the South China Sea.