



**China-Southeast Asia Relations:
Military Diplomacy and China's Soft Power**

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The major developments in this quarter included China's military activism and greater emphasis on "soft power" diplomacy. Assessment of the high-level China-Southeast Asian interchange shows that while China's influence is rising, Beijing continues to face several constraints and limitations in allaying Southeast Asian governments' concern about its long-term intentions.

On April 13-15, Chinese Defense Minister Gen. Cao Gangchun visited Malaysia, Singapore, and Vietnam to enhance military cooperation between China and Southeast Asia. With more than 70 percent of Chinese imported oil coming through the Malacca Strait, China's national security interests and stakes in Southeast Asia are rising. According to the People's Liberation Army's (PLA) *White Paper on National Defense* in 2004, the defense of sovereignty, territorial integrity, and "maritime rights and interests" were all classified as "national security goals." China may be regarded as a rising continental power, but its vast coastline makes it an important maritime nation as well.

Cao's visit reflected a low-key approach that endeavored to minimize regional concerns about rising Chinese military and other power, and to seek greater common ground with neighboring countries. Outwardly, Cao's trip to Southeast Asia amounted to little more than observations of the various military camps and establishments in Singapore, Malaysia, and Vietnam. Cao's dialogues with his counterparts were said to include clarifying growing U.S. military involvement in Southeast Asia. There were no formal joint statements issued at the conclusion of the Southeast Asian leg of his trip.

This Chinese military activism comes at a time of greater U.S. military involvement in Southeast Asia and is seen by some observers as a sign of a continuing Chinese interest in regional strategic adjustments and realignments, especially with countries that provide military access to the United States. Singapore's close military relationship with the U.S., for example, gives U.S. warships a convenient entrance to the region. Meanwhile, Singapore's training fields in Taiwan (not to mention Lee Hsien Loong's visit to the island in 2004 before he was prime minister) are also a cause of concern for Beijing.

As for the Malacca Strait, the longstanding problem of piracy on the high seas is a looming concern for China. The disruption of China's energy supplies would be a great detriment to its burgeoning economy, and Cao's visit highlighted China's willingness to step up its effort to cooperate with Singapore and Malaysia in patrolling the Malacca Strait. In Vietnam, Cao's visit was said to include consideration of Cam Rahn Bay. The port facilities at Cam Rahn include two well-paved runways, a deep-water port, and a large storage site for petroleum. Due to its close proximity to Hainan Island, Cam Rahn Bay is strategically located to monitor and intercept communications in the southeastern coast of China. China complained for years over the Soviet Union's use of the base against China's interests, and presumably would oppose any U.S.-Vietnam military cooperation that would involve U.S. use of the base.

According to a report issued at the Aspen Institute Congressional Conference on U.S.-China Relations in April, China's military modernization – especially the PLA Navy's capabilities to secure “blue water” naval surface fleet – is a trend that will continue unabated and a reality with which countries in the region and the U.S. will have to come to terms. China continues to reassure its neighbors that its rising military and other power will not endanger their interests as Chinese officials remain well aware of the concern among many Southeast Asian governments regarding China's long-term intentions.

Shangri-La Dialogue

Despite Cao's visit and other military contacts with Southeast Asia, China once again chose to participate at a minimal level by sending a nonministerial delegation to the annual Shangri-La Dialogue in Singapore in June. As a result, China missed an opportunity for close consultations on maritime security with countries with major trade routes passing through Southeast Asia and littoral states in the region. The military chiefs at the conference introduced and institutionalized several mechanisms to combat terrorism and piracy on the high seas through the strengthening of multilateral coastguard patrols, enhancing naval surveillance systems and sharing data, and revamping the littoral states' navies. The conference also included a Malaysian proposal for a regional disaster-relief center to coordinate military and civilian aid in emergencies. The U.S. proposed closer military cooperation between countries in the Asia-Pacific region two years ago. Efforts by involved Southeast Asian states to strengthen naval cooperation are welcomed by the U.S. and defense ministers from other parts of the world as they pledge to provide greater technical and monetary assistance to Southeast Asian navies and militaries. China's conspicuous absence at the conference implied that it may not feel comfortable with military cooperation that so prominently involves the U.S.

Aid, diplomacy, and soft power

In early April, Premier Wen Jiabao conducted a four nation Asia-Pacific diplomatic tour that dealt with issues of concern to China-Southeast Asian relations and included a two day visit to Cambodia (April 7-8). The tour also involved a visit to Australia marked by accords on Australian uranium exports to China; a visit to Fiji, where Wen attended the China-Pacific Island Countries Economic Development and Cooperation Forum, and

advanced a range of policies promoting development of island countries; and a stop in New Zealand marked by legal, cultural, and educational accords. China concluded 60 bilateral accords during the trip. Wen sought in particular to establish a schedule for completion of the negotiations on China's proposed free trade agreements with Australia and New Zealand, which complement China's accord with Southeast Asian countries, the China-ASEAN Free Trade Agreement.

Earlier media reports disclosed that Wen also planned to visit Thailand on this tour but that visit was postponed because of the political demonstrations that ultimately resulted in the April 4 resignation of Prime Minister Thaksin Shinawatra. Thaksin developed close relations with China since assuming power in 2001. Official Chinese media avoided taking sides in reporting Thaksin's resignation, his assessment of his years as prime minister, and the charges made by opposition forces.

In Cambodia, Premier Wen and Cambodian Prime Minister Hun Sen witnessed the signing of 10 agreements including those dealing with a low-interest Chinese loan, grant aid, and the donation of 30 firetrucks by the Chinese government. Wen also attended a groundbreaking ceremony for a Chinese-funded office complex for Hun Sen and his deputies. The Cambodian leader predicted that "Cambodia will benefit greatly from this visit," and added that China is Cambodia's "most trustworthy friend." The Chinese government in the last decade provided grant aid, agreed to write off past debts, and granted tariff-free status for some 400 Cambodian items. Investments by Chinese companies were said by unofficial media reports to be worth \$240 million in 2005, and were mainly in the garment industry, Cambodia's main foreign exchange earner.

The lengthy joint communiqué marking the end of the visit recounted Cambodia's appreciation of Chinese support and assistance, and China's appreciation of Cambodia's support for closer Chinese relations with ASEAN and Cambodia's opposition to Taiwan. There was no mention of their common interest in deflecting international criticism of their respective human rights practices, nor did the communiqué refer to their positions on long delayed international efforts seeking to bring to justice surviving members of the notorious Khmer Rouge regime that was closely aligned with China as it carried out policies resulting in mass deaths in Cambodia in the 1970s.

The devastating earthquake in Java, Indonesia in May saw a coordinated effort in the international community to provide humanitarian aid to the survivors and the Indonesian government. As international assistance efforts gathered pace, the Chinese government was quick to respond with a highly publicized contribution of \$2 million in cash aid. It also pledged to send a 44-person team of medical and earthquake experts to Java.

The Chinese effort to highlight its contribution and seize media attention seemed reminiscent of the Chinese response to the tsunami that hit Indonesia, southern Thailand, and other parts of southern Asia in December 2004. Although Beijing at that time was relatively quick to react, its efforts were only a relatively small part of the international humanitarian and military assistance to the areas struck by the natural disaster. This time around, Japan led the efforts, with a pledge of \$10 million. It sent in two medical teams.

The U.S., in addition to \$2.5 million worth of aid, also sent doctors and nurses from a military base in Okinawa. According to USAID, U.S. military personnel were also deployed to Yogyakarta, Indonesia, the city worst hit by the earthquake. On June 1, the U.S. Marine Corps Fleet 3rd Surgical Company set up a field hospital in Bantul District.

Beijing continues to make important strides in improving China's soft power and diplomatic image in Southeast Asia. Recent assessments in an article in the journal *Survival* and a policy brief released by the Carnegie Endowment for International Peace noted the success of Chinese economic development as a driver for countries in Southeast Asia and elsewhere, encouraging them to adopt similar reforms through market-style incentives in an authoritarian political system with aspects of a planned economy. Cambodia, Laos, and Vietnam were cited among admirers of the development policies and practices of their neighbor to the north. According to the assessments, these countries have adopted the Chinese model of market-based authoritarianism. Beijing's ability to present an alternative political and economic model is said to be a telling indicator of a growing Chinese ideological influence that is countering Western perspectives that insist democratic principles are a requisite for economic prosperity.

Recent polls conducted by *BBC World Service*, a Sydney-based Lowy poll, and the Pew Survey all point to a positive image of Chinese influence. China's charm is primarily focused on trade and a diplomatic agenda that looks at win-win collaboration. In an effort to allay regional fears of China's economic, political, and military clout, Chinese leaders use the guidelines of "do good to our neighbors, treat our neighbors as partners" (*yulin weishan, yilin weiban*) and "maintain friendly relations with our neighbors, make them feel secure, and help to make them rich" (*mulin, anlin, fulin*).

China, the SCO Summit, and ASEAN participation

Chinese commentary and official statements continue to show common ground in Chinese policies and practices with the two major Asian regional bodies China works closely with, the Shanghai Cooperation Organization (SCO) and ASEAN. The annual summit and fifth anniversary of the Shanghai Cooperation Organization (SCO) was held in June in Shanghai, where it was first founded. With much pomp and circumstance, the summit marked the highlight of China's diplomacy during the quarter. Chinese President Hu Jintao rolled out the red carpet, welcoming heads of state from the member countries. Throughout the two-day summit, they were joined by leaders from neighboring countries sitting in as observers, notably Iran, and by senior representatives from ASEAN as well as from the Commonwealth of Independent States. The Chinese hosts ensured seats for each and every regional actor at the working table.

Since its inception five years ago, the SCO has made steady progress in carrying out its mandate for closer regional cooperation on economic and political issues. As a co-founder, China worked to create an organization where broad cooperation among all countries and regional organizations can be sought. It originally started with functional issues including the demilitarization of the Chinese borders with Russia and involved

Central Asian states, tackling drug trafficking, and boosting regional trade. It grew in prominence for efforts against other transnational issues, notably terrorism.

For China and the Southeast Asian delegates, there was good reason to invite ASEAN representatives to the 2006 Shanghai meeting. Last year, Philippine President Gloria Arroyo, among others, proposed that Southeast Asia should also look into collaborating with other regional organizations in Asia to combat terrorism, a transnational threat that observes no borders. In response to ASEAN's request, and with the convenience of playing host to this year's summit, China had the ASEAN secretariat as its guest of honor to further discuss joint efforts between the SCO and ASEAN to counter terrorism.

Assessing China's rise

The U.S. and other international media covered Chinese leaders' visits along the lines of past coverage that emphasized how rapidly China has risen in influence in Southeast Asia and the broader Asia-Pacific region, and how this has undercut U.S. influence in the area, even with close U.S. allies like Australia. Even though Chinese leaders have been at pains to emphasize China's intention to rise "peacefully" and to avoid significant competition with the United States, China's economic growth, burgeoning trade, and adroit diplomacy were depicted by the media as more than a match for U.S. policy and behavior, as the U.S. leadership was seen as distracted and hampered, its focus on the war in Iraq and the broader war on terrorism.

More in-depth assessments by prominent international observers and analytical publications provided greater balance in examining strengths and limitations of China's rise in Southeast Asia, and their implications for U.S. leadership in the region, however.

The American Enterprise Institute and National Defense University published in 2006 the findings of the final conference in a year-long series of seminars and meetings dealing with China in Asia and focusing on China's rise in Southeast Asia and its meaning for the United States. The findings showed that China's economic and military power is increasing, that many Asian countries (especially in Southeast Asia) are accommodating China's increasing influence, and that the U.S. lacks a clear Asia strategy that would be useful in supporting U.S. objectives in the region.

At the same time, the findings showed that while attentive Chinese diplomacy has alleviated regional fears, China's long-term ambitions remain a concern for many countries. A prominent Philippine expert at the meeting was reported to emphasize that his government reacts to China's rise by "hedging," and Manila's alliance relationship with the U.S. is used to balance Chinese influence. A specialist from Thailand explained the balance in Bangkok's relations with China and the U.S. He showed that the level of Thailand's trade with each country is about the same; Thailand runs a trade deficit with China that offends some Thai farmers in particular; and China's policies on Myanmar and Chinese immigration are significant irritants in Thai-Chinese relations.

Also this quarter, the academic journal *Asian Security* (2.1:24-57) published what may be the most comprehensive and up-to-date assessment in the fast-growing list of analyses dealing with China's rising influence in Southeast Asia and what it means for U.S. influence. On the one hand, it highlighted evidence that Chinese policies and behavior have reduced the worries of Southeast Asian governments over Chinese intentions. Southeast Asian government leaders more often refer to China as an opportunity than a challenge, and they express frequent appreciation for Chinese actions seen to benefit Southeast Asia. Chinese trade levels with Southeast Asia have grown rapidly and seem likely to continue to grow strongly, adding to China's importance to the region. On the other hand, the article cautioned that it is easy to exaggerate China's influence while underestimating the continued power and influence of other regional actors, notably the United States. There remain long-term concerns in Southeast Asia over whether a more powerful China may decide to try to more assertively increase its influence or even try to dominate the region. According to the article, a prevailing Southeast Asian view is that it is too early to declare that China has proved itself to be a good neighbor, though it has become a better neighbor whose recent contributions to regional peace and prosperity make Southeast Asian representatives more hopeful for the future. Meanwhile, Southeast Asian governments see a variety of significant obstacles to continued improvement in China-Southeast Asian relations, and welcome the continued prominence in the region of the U.S., Japan, and other powers seen as providing balance to China's rise.

The article noted that even in the area of trade, where China's growing role has been most pronounced, few Southeast Asian countries conduct more than 10 percent of their trade with China. The level of Chinese-Southeast Asian trade, after many years of rapid growth, only now is approaching and/or surpassing the level of Southeast Asian trade with Japan and with the U.S. Meanwhile, growing Southeast Asian trade with China depends heavily on U.S. and European consumers purchasing products from China with components and materials from Southeast Asia. China remains a small investor in Southeast Asia, especially in comparison to the U.S., and a small aid donor to Southeast Asia, especially when compared to Japan.

Chinese military ties with Southeast Asia are very small in comparison with the robust and recently enhanced wide range of U.S. military exercises, exchanges, training, and other activities with a broad range of Southeast Asian counterparts. The asymmetry in Chinese and U.S. influence in this area was graphically illustrated in their respective responses to the tsunami disaster in South and Southeast Asia in December 2004.

Apparently taking a cue from Chinese leaders' visits and attentive diplomacy, Japanese and U.S. leaders have joined with Indian, Russian, and European representatives in showing greater interest in and more frequent visits with counterparts from Southeast Asia. All of these powers, along with Australia and New Zealand and with the exception of the U.S., welcomed the opportunity to participate with Southeast Asian leaders in the East Asian Summit of December 2005, even though doing so was at odds with China's initial efforts to restrict the summit to members of ASEAN Plus Three.

The *Asian Security* analysis found few direct negative implications for U.S. interests flowing from China's growing relations with Southeast Asia. The main exception was China's support for Myanmar and for authoritarian governments in Laos, Cambodia, and Vietnam, which is at odds with U.S. efforts to promote democracy abroad. It saw little grounds for the fear of a China-dominated economic regionalism in Southeast Asia; the trading and investment environment is too competitive and China's position too small and dependent on the United States and others to allow it. U.S. alliances and military relations with Southeast Asia seemed secure as Southeast Asian governments generally welcomed the greater U.S. military activism in the region, and China adopted a moderate stance on U.S. military activities in the interest of convincing U.S. leaders of China's commitment to rise "peacefully." China-ASEAN improvements also have reduced the danger of regional conflict and helped U.S. interests in secure sea lanes and regional stability. According to the article, Southeast Asia's growing interest in China ties should not be interpreted as welcoming China's dominance; most ASEAN states welcome closer ties with the U.S., Japan, India, and others as a means to keep the region stable and independent of any one power's dominance.

Meanwhile, the assessment saw several serious obstacles to China forward momentum in relations with Southeast Asia. Economically, Chinese competitiveness in world trade threatens to leave even some advanced Southeast Asian economies behind, or to relegate them to the position of suppliers of raw materials to the fast-growing Chinese economy. This asymmetrical relationship could lead to serious resentment and backlash from nationalistic Southeast Asian governments. China's growing military power and growing energy needs could prompt disputes with Southeast Asian neighbors over disputed territory similar to the disputes raging between China and Japan today. Assertive Chinese actions against Taiwan, even if provoked by pro-independence leaders on the island, would endanger Asian stability and probably lead Southeast Asian leaders to seek closer ties with one another and other powers, notably the U.S. Meanwhile, Chinese leaders clearly resent Japan's efforts to compete for influence in Southeast Asia, and they may not adjust gracefully to intensified involvement in the region, encouraged by the ASEAN members, of India, Australia, Russia, and the U.S.

Looking ahead

China's foreign policy will continue to assure Southeast Asian governments, reflecting a commitment to "peaceful development." China-Southeast Asian interchange will focus on the positive including closer economic partnerships and providing assistance on infrastructure development such as the Asian Highway network. Increased cooperation with ASEAN in combating avian flu and other emergent communicable diseases, drug trafficking in the region, and disaster management can be expected. To be sure, there will also be challenges. North Korea's missile tests and nuclear standoff will put peace and stability in the Asia-Pacific region into question. China's response will be critical as it retains close communication and considerable influence over North Korea and will draw much attention at the upcoming ASEAN Regional Forum next quarter.

Chronology of China-Southeast Asia Relations April–June 2006*

April 3, 2006: China and Laos agree on direct postal service and transferring mail from a third country to each other in a memorandum of understanding.

April 7, 2006: Chinese Defense Minister Cao Gangchuan visits Vietnam and meets Defense Minister Pham Van Tra. They stress that the two countries should strengthen bilateral relations, including military ties.

April 7-8, 2006: Chinese Premier Wen Jiabao pays official visit to Cambodia. Both sides sign nearly a dozen economic and technical cooperation agreements and documents and pledge to develop a comprehensive partnership. China pledges about \$600 million in grants and loans to Cambodia.

April 12, 2006: Singapore's Senior Minister Goh Chok Tong tells *Xinhua* on the eve of his official visit to China that Singapore welcomes China's growth and sees it as a great opportunity for ASEAN, Asia and the whole world.

April 12, 2006: First China-ASEAN Expo Summit for International Cooperation kicks off in Nanning. 300 representatives from six overseas associations and 23 domestic organizations attend.

April 13-15, 2006: DM Cao visits Singapore and meets Singaporean counterpart Teo Chee Hean. Both sides stress that there is a great potential for the two armed forces to enhance relations. Singapore's Minister Mentor Lee Kuan Yew says in a meeting with Cao that he expects enhancement of bilateral ties.

April 13-15, 2006: Chinese and Vietnamese vice foreign ministers lead government delegations on border negotiations regarding the survey of Sino-Vietnamese land borders.

April 13-23, 2006: Cao Bochun, secretary of the Communist Party of China's Guangxi Zhuang Autonomous Regional Committee, leads a delegation to visit Vietnam, Malaysia, Laos, and Cambodia. Vietnamese President Tran Duc Luong remarks when meeting Cao that Vietnam wants to accelerate the construction of two economic corridors between Vietnam and China and the Beibu Gulf economic belt.

April 18, 2006: ASEAN-China Information and Communications Technology (ICT) Business Forum opens in Kuala Lumpur as part of the second ASEAN-China ICT Business Week.

April 18, 2006: Indonesian Vice President Jusuf Kalla leaves for China to seek China's support in Indonesia's subway development.

* Assisted by Claire Bai, 2005 Vasey Fellow, Pacific Forum CSIS.

April 18, 2006: Franklin Drilon, Philippine Senate president, visits China and meets Wu Bangguo, chairman of the Standing Committee of China's National People's Congress and Jia Qinglin, chairman of the National Committee of the Chinese People's Political Consultative Conference. They remark that ties between the two countries are at a "golden period" and pledge to enhance bilateral strategic cooperation.

April 23, 2006: Chinese Minister of Information Industry Wang Xudong visits Myanmar and meets Prime Minister General Soe Win and Brig. Gen. Thein Zaw, minister of Communications, Posts and Telegraphs, to enhance cooperation for the proposed information technology network of the Greater Mekong Sub-region.

April 27, 2006: Chinese officials say that China's major nongovernmental organizations will hold a large-scale "China-ASEAN Friendship Tour" to ASEAN countries in October in a bid to promote understanding between peoples of China and ASEAN countries.

April 27, 2006: Chinese and Vietnamese navies start a joint patrol in the Beibu Gulf in the South China Sea. This is an action to implement the agreement signed by DM Cao and his Vietnamese counterpart Pham Van Tra, in October 2005. It is the first time for the Chinese navy to patrol jointly with a foreign counterpart.

May 2-4, 2006: The 6th China-Myanmar friendship festival kicks off beside the Shweli River on Myanmar's border with Yunnan province. The festival aims to promote cultural, economic and social relations between the two countries.

May 9, 2006: DM Cao meets with Philippine Chief of Staff of the Armed Forces, Generoso Senga, during his visit to China. They discuss Philippine-China defense ties and areas for greater cooperation. No indication is provided as to whether the previous week's piracy on a Chinese fishing ship by Philippine-based pirates is addressed.

May 9, 2006: Jakarta-based CSIS and the Chinese Embassy co-host a seminar series encouraging open and constructive discussions on Sino-Indonesian relations.

May 11, 2006: Foreign Affairs Office of Sichuan provincial government says the PRC MFA and the Singaporean Embassy in China agreed on opening a Singaporean consulate in Chengdu this year, making it the sixth foreign consular body in the southwestern city.

May 11, 2006: Following a meeting between DM Juwono Sudarsono and a Chinese military delegation, the Indonesian Defense Ministry says it wants to develop closer military ties with China, building upon a strategic partnership established last year.

May 11, 2006: Meng Hongwei, deputy minister of Public Security of China, and Nguyen Khanh Toan, deputy minister of Public Security of Vietnam, sign a memorandum of understanding in Beijing to fight border crimes, such as terrorism, human trafficking, illegal border crossings, drug trafficking and money counterfeiting, and cult organization and instigation.

May 12, 2006: Chinese Vice President Zeng Qinghong meets Singapore MM Lee Kuan Yew who is in Beijing on an eight-day visit at the invitation of the Chinese government.

May 17, 2006: Nongovernmental organizations of China and ASEAN sign declaration vowing to step up people-to-people cooperation.

May 20, 2006: Vietnam, China, and the Philippines agree to strengthen security cooperation in the Spratly Islands after an apparent pirate attack left four Chinese dead.

May 28, 2006: China and Myanmar reach agreement on illegal drug control cooperation.

May 29, 2006: Chinese and Malaysian military leaders agree to intensify cooperation to safeguard regional stability.

May 29, 2006: The 12th China-ASEAN Senior Officials' Consultation opens in Siem Reap, Cambodia, with an aim to deepen cooperation.

May 29, 2006: Chinese government offers \$2 million in aid to Indonesia to help victims of the Yogyakarta earthquake.

June 1-3, 2006: Timor-Leste President Xanana Gusmao makes a state visit to China, and meets Chinese President Hu Jintao. They discuss collaboration on agriculture and fisheries. Beijing pledges to build the Timor-Leste Presidential Office and Ministry of Foreign Affairs, and to provide sports equipment.

June 2-4, 2006: Regional defense ministers and military chiefs meet in Singapore for the Fifth Annual Conference of the Shangri-La Dialogue to increase cooperation on maritime security and to forge stronger security links on the high seas in Southeast Asia. China is represented at a non-ministerial level delegation.

June 4-9, 2006: Vice President of the Philippines Noli de Castro visits China.

June 15-16, 2006: ASEAN's deputy secretary general attends fifth summit of the Shanghai Cooperation Organization (SCO). Both organizations pledge to fight transnational threats including terrorism, money laundering, and diseases.

June 17, 2006: Pres. Hu calls for greater unity between Asian countries at the Second Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA) hosted by Kazakhstan.

June 22, 2006: Chinese Health Minister Wang Longde attends the first China-ASEAN Health Summit in Yangon, Myanmar. The agenda includes closer cooperation on health-related issues, including a China-ASEAN Public Health Fund.

June 27-29, 2006: Australian Prime Minister John Howard meets PM Wen in Shenzhen to deepen cooperation between the two countries in the energy sector.