

China and Southeast Asia: The Future Perspectives

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The principal foreign policy of the Southeast Asian states has been to preserve their sovereignty and autonomy. This has been the fulcrum of their greater engagement in the region owing to the active engagement of the military powers and the emerging powers in the region¹. Also the threat perception with regard to traditional and non-traditional threats has led to many Southeast Asian states entering into defence alliances and defence cooperation agreements with the external powers in the past and also the reactivating of the alliances (more specifically Five Power Defence Agreement and bilateral defence cooperation agreements). Most of the agreements were aimed at protection against the communist bloc ideological influx. But during the Cambodian crisis China did enhance its standing in the Southeast Asian countries and also became 'not an adversary' country for the USA, with the end to the Cambodian crisis and demise of the Soviet Union the situation changed. The most important issue was the Taiwan Straits crisis in 1996, which clearly demarcated the priorities between the USA and China. China's political and security relations with southeast Asian countries have improved significantly after the Taiwan crisis in spite of concerns in the region about the security implications of China's growing economic and military capabilities.² China had been perceived as a major security threat by many countries of the region because of the contentious issues like Taiwan and Spratly islands, but instead of merely adopting tactical or time-buying policies, key Southeast Asian states have actively tried to influence the shaping of the new regional order through engagement with China.

The threat perception with regard to China has gone through the usual cycle of crests and troughs but China as a threat "is never publicly articulated"³. The defence cooperation between China and Southeast Asia has not fructified to such a large extent but then China is making great strides in winning the support of its Southeast Asian neighbours through free trade agreement with ASEAN and other forms of economic aid. The resultant effect has been the mellowing down of Chinese position on certain issues and also showing signs of resolving differences on the contentious issues like Spratlys in an amicable manner, time and again China has been harping on constructive engagement and apart from providing military assistance to Myanmar, it has started giving military doles to the neighbouring countries. Prominent among the contributions made by the Chinese is the supply of military equipment to Thailand in return for 0.1 million tons of Longans (Thai fruit) and also providing military trucks, bulldozers and earth graders to the Philippines.

The question that arises is why is China providing economic and military aid and assistance in the form of equipment and friendly prices to its Southeast Asian neighbours? The agenda could be to create a strategic periphery of its own, which can act to its advantage for economic, energy and strategic security. This can be termed as China's "Spider Strategy"⁴ which means creating a web, which is flexible yet strong enough to thwart any US assertion in the region. These initiatives on the part of China have been well received in Southeast Asia but it is to be seen how much trust China can generate among the Southeast Asian nations in the next decade or so, especially when strategic thinkers have raised issues about the discrepancies in China's economic and defence policies⁵. It is true that China has shown potential to be a responsible power in the region but very few can commit themselves to China's charm offensive in the region and this gains importance due to the fact that whenever China has tried to garner political and diplomatic mileage in any multilateral forum, it has been nullified or balanced by to the presence of Japan, USA or India. The recent case of East Asian Summit is an example to quote in this regard. In this milieu, it is important to decipher the attitude of four countries of the region towards China and thereafter, the paper would discuss the present initiatives.

Singapore and China: Early Engagement

In the past, owing to its sense of insecurity, Singapore has refused to be a party to Chinese attempts to reduce the USA's military presence in East Asia. On the contrary, in January 1998, Minister of Defence, Dr Tony Tan, announced that the US aircraft carriers and other warships would be accorded access to a new Changi Naval base when ready for use at the turn of the century as an alternative to off-shore anchorages. Annually, about 100 US naval ships visit Singapore. Singapore has been realistic about the potential effects of China's growing power. Singapore Prime minister Goh Chok Tong conceded that since "a corollary of strong economic growth is strengthened strategic weight"; with China's growth, "some reconfiguration of the regional order, therefore, seems inevitable"⁶.

In fact, engagement of China in the region has been projected by Singapore as a two-way method because more entrenchment into the affairs of Southeast Asia, in both economic and political terms, would make it difficult for China to get out of the set-up and hamper its position in the regional power balance. In fact, Singapore has initiated contacts with China and India because its concept of two wings of Asia namely, India and China along with Japan would lift Southeast Asian economy to new heights. The engagement of big powers like India and China as well as Japan and the USA form a larger strategy on the part of Singapore for its economic and strategic security. On the same philosophy, Singapore has initiated a series of measures to engage India militarily and economically after the liberalisation process took off in India.

Indonesia and China: A Reluctant Partnership

The rise of energy consumption of China and the Chinese economic growth has been the potential catalyst for creating a change in Chinese policy in Southeast Asia. China, which was to an extent alien to Indonesia has also mended fences with the largest Muslim populated country. Indonesia's significant change of approach towards the People's Republic has not, however, erased a heavy historical legacy of encounters with China and ethnic Chinese, which predisposes the country's political establishment towards a deep suspicion and apprehension of China. The most recent statement of Indonesia's defence policy has pointed out that China's continuing growth will make it, at some date, "the pre-eminent country in the region, both economically and militarily". It also noted China's extensive claims in the South China Sea and the prospect of "military conflict with other claimant countries."⁷

Indonesia enjoys archipelagic status under the terms of the United Nations Convention on the law of the Sea. Under that convention, Indonesia is permitted to draw maritime baselines linking the outermost points of its innermost islands. It is perceived in Jakarta that should China ever be able to extend its jurisdiction so as to realise in full, its irredentist agenda in the South China sea, a revolutionary geo-political fusion of Northeast and Southeast Asia would occur⁸ and this would mean Indonesia's Natuna Islands coming under Chinese Exclusive Economic Zone (EEZ). This scenario is being viewed also from the west; to contain any such misadventures of China, Indonesia gains importance and for China, Indonesia is an important country for active engagement in the region. China has stared making investments in Indonesia in various sectors and has also offered defence cooperation agreement with the erstwhile adversary.

In terms of trade, China-Indonesia two-way trade volume surged to 16.8 billion US dollars in 2005 with an average growth of 20 per cent to 30 per cent in recent years. The two economies are also highly complimentary with Indonesia having advantages in raw material, agriculture and services, while China in manufacturing, human resources and market⁹. China has been trying hard to engage Indonesia more economically and the level of business and economic exchanges bear a testimony to that. China has also been exploring gas supply from Indonesia and secured exploration oil rights. It is sure that the ice has melted between the two countries but trade and investment has still to take off in a big way as compared to other Southeast Asian countries.

China and Malaysia: New Strategic Alignments

China's reluctance to devalue its currency during the financial crisis in 1997-98 has created a positive image of China in Southeast especially in Malaysia. In dealing with China, Malaysia clearly favours a strategy of engagement. As Abdullah Badawi, the then Malaysian Foreign Minister, put it in 1997, "The most important thing is engagement, not containment."¹⁰ In 2004, Malaysian Prime Minister Abdullah Badawi stated, "China is today creator of prosperity of the highest order. Political and social linkages are bound to eventually follow suit. It is therefore important to use every opportunity to establish ties."¹¹ To realise the peaceful rise, China is using a unique blend of trade and confidence building measures and even development assistance to establish itself as an important leader.

Though China is making its presence felt in the region through trade but in some sectors, China's expansion is not welcome namely in electronics, furniture, motorcycles and fruits and those traditionally produced in Southeast Asia and in both Indonesia and Malaysia, people complain that jobs are being lost to China. A growing Chinese economic presence could also fuel latent resentment against the sizeable population of Chinese economic elites in the region. The fallout of any such friction would be surely felt in the Malaysian civil society. In security terms, it is plausible that over time, China's message of non-interference, cooperative security and the diminution of the role of the USA that is implied by China's approach would gain popularity, although the USA may yet again broaden its approach to security and regain territory it has lost¹².

Though Malaysia has time and again dismissed the threat of China but has been harping on the fact that it has a few contentious issues vis-à-vis China; while with the USA it was adverse to the idea of propagating war on terror as the war on Islam. The constraints are there; it is to be seen that which way Malaysia goes while catering to its security objectives.

Chinese Overtures towards Vietnam: Economic Motivation

After tumultuous years of apprehension and doubt, China and Vietnam are infiltrating each other's markets. Also, China has somehow tried to put history behind and has initiated a series of measures to involve Vietnam in a more constructive way. Vietnam and China resumed their official economic and trade relations in 1991, ending a cold war stand-off between the two nations. In the post 1991 phase the bilateral Chinese-Vietnamese trade has grown from \$ 32 million in 1991 to \$ 8.8 billion in 2005. In terms of trade China is having a trade surplus of \$ 1.7 billion in 2004 which increased to \$ 2.8 billion in 2005 and was already \$ 1.8 billion in first six months of 2006¹³. The skewed trade relations has been due to the low technology products that China imports from Vietnam while exporting high technology goods to Vietnam.

In 2005, when Vietnam was celebrating the 20th year of Vietnam's Doi-Moi programme¹⁴, and Chinese initiatives in the form of outward looking policies put the foundation for further engagement between the two nations in economic front, there was friction on the issue of occupation of Mischief Reef and it did cause problems for the relationship to go ahead at a faster pace. The reasonable engagement saw the advent of economic investments in Vietnam from China; and as of mid-2006, China had 377 directly invested projects in Vietnam, with a total registered capital of US \$ 795.6 million ranking China 15th among the 74 countries that have invested in Vietnam¹⁵.

Chinese investments in Vietnam have focused on developing the energy and transport sectors, including the \$ 710 million Cao Ngan thermal power project, the \$ 340 million Hanoi-Hadong urban railway project, a \$ 64 million project to upgrade the signal system for three northern railway lines, and a \$ 2 million project to modernise the information and signal system on the Vinh to Ho Chi Minh City railway line. The Ha Bac Nitrogenous Fertiliser factory, which was gifted by China to Vietnam in the 1960s, prior to the differences between the two communist led governments, was given a \$ 32 million Chinese assistance for up-gradation¹⁶. The Chinese national offshore oil Corp signed an agreement in 2005 to explore jointly for oil and gas in Vietnam's Beibu Bay. A new highway connecting Hanoi to the Chinese industrial city of Nanning has recently been cooperatively completed. China has been seeking ways to facilitate a new economic corridor linking four of their border localities. In theory, the corridor would stretch from China's southwestern city of Kunming to Hanoi, and encompass the Vietnamese industrial town of Hai Phong as well as tourist attractions in the northern province of Quang Ninh.

Vietnam has been perturbed by the increasing imbalances of trade to the tune of US \$ 2 billion with China, which is unacceptable for long-term growth of Vietnam. Even strategically there are points of divergence between the two countries. China would like to support its manufacturing through cheap raw material from Vietnam and if in case Vietnam develops a similar manufacturing capability like that of China, then China is likely to loose the costs' advantages. This so when Chinese government wants to tone down its subsidies to the manufacturing sector. Apart from the active economic engagement with the four countries China has few irritants, which might create situation of confrontation in future.

Possible Areas of Confrontation

Southeast Asian nations would also be looking for signs of Chinese engagement as well as any adventurous tendencies in the long run. Few nagging issues, which might become central to future policy of China are listed below:

- Firstly, China's policy towards the resolution of the Spratly islands dispute with other contentious partners would give the futuristic vision to China policy in the coming decades. China has two options-either to jointly develop the South China Sea along with other contenders or should let the issue remain in abeyance. In case China tries to reclaim its sovereignty on Spratly then it might be a give away of its future policy. Though many western writers have stated that China might be waiting for an opportune moment and also look for strengthening its Navy for any such calculated risk.
- Secondly, China has intimidated Taiwan in 1996 through its coercive methods and in case Taiwan is coerced again in future by China especially in the wake of membership in UN and pursuit of independence, then Southeast Asian countries might see China in a new light and might vociferously seek US security umbrella against China.
- Thirdly, the rather nascent issue of diverting the course of rivers like Mekong and Brahmaputra¹⁷ for satisfying its own needs would show China's coercive methods to use its leverage with regard to river waters. Though Brahmaputra would be only affecting countries like India and Bangladesh but any such move with regard to Mekong is surely going to affect the countries of mainland Southeast Asia.
- Fourthly, China has time and again tried for securing its energy lines and the initiatives have found place in the writings of academic writers; like the 'string of pearls' strategy and also building up of energy security parameters through investments in Africa and also securing exploration rights be in Myanmar or even entering into joint ventures with the oil companies of Southeast Asia. Energy security might propel China to take on military measures for securing its supply lines and it is to be seen how China gets into the act or how it is forced by the circumstances to do the same.
- Fifthly, the USA has been taking a very status quoist stance with regard to China, be it the military cooperation with countries of Southeast Asia or for that matter giving military equipment to its neighbours. One thing is for sure that in the next decade it is to be seen whether the US human rights violations issue gets it more friends or annoyed allies; and also whether the USA overcomes engagements like Afghanistan, Iraq and Iran, so as to engage itself in Southeast Asia.

These are few of the scenarios which might change the status quo in Southeast Asia and it depends which power would be accused for disturbing the calm strategic waters. China has a huge population and also economic momentum which might propel the country to seek security in terms of water and energy while it would be also imperative for her to maintain the status quo on contentious issues so as to reap the economic benefits. If, in case China adopts a revisionist policy then it would be the neo realists who would be calling the academic shots, but if China acts responsibly then constructivists would change the complete theory of international politics. Whatever may be the result but one thing is for sure that it would be China, which would be either making or unmaking the Asian Century.

Future Perspectives

China got the attention of Southeast Asian nations in the early 1990s when it codified into law the principle of the South China sea as sovereign Chinese territory. since a skirmish with the Philippines in Mischief reef in 1994 bloodied China's public image, China has backed off from those claims but simultaneously it has strengthened its outposts in the region, chief among them are the contested Spratlys islands. While none of the Southeast Asian nations are strong enough to counter Chinese power on their own, maritime powers in the region are working to expand their capabilities through a modernisation of their militaries and through closer relations with the USA. Although USA has been more entwined into issues in Afghanistan and Iraq and counter-terrorism figures more prominently in its strategic thinking, but one thing is certain that with the recent initiatives of giving military and logistics assistance to Philippines, the USA would not like to erase its footprints in the region. But as of date China is gaining more leverage than the USA. China has really taken great strides with regard to improving its relations with its Southeast Asian neighbours and the role of investment and trade has done it's due for the country. It is still to be seen whether China commits any mistake in Southeast Asia or would be forced into doing one due to certain external factors. These are the two sides of the coin, but as of now China is slowly catering to its economic growth, and only economic growth would contain its domestic vulnerability. The integrated economic growth with the four countries would also enhance the perception of China in Southeast Asia as a responsible power. On the other hand a country like Japan is initiating bilateral and multilateral free trade agreements with the countries of Southeast Asia to make itself more relevant and important than China for the countries of the region. Though China has been accused of engaging in raising its military strength but the scenario is same on both sides. China and Southeast Asia have devised certain institutional mechanisms for safeguarding their interests and this might go a long way in concretising China's footprints in the region in strategic terms.

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