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中國大陸對東協政策的變遷: 2002-2012

Transformation of China's ASEAN Policy: 2002-2012

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Advisor: Ming Lee

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## **Abstract**

China-ASEAN relations have been transformed over the last decade by Beijing's aim to create a stable neighboring environment as outlined in its state policy of peaceful development. This relationship has been embodied in a series of joint plans and statements with ASEAN between 1997 and 2012. In the three areas of politics and security, economy, and connectivity and infrastructure, the paper will show the relationship has followed a similar pattern, that is cooperation has been deepened according to China's aims for its relationship with Southeast Asia. While relations have continued to develop in these areas, constant focus on the issues of assertiveness and territorial disputes, particularly over the last 3 years, means that progress and development in the relationship often receives little attention. The South China Sea is a complex issue, however security-related dialogue between China and ASEAN member states will be shown to have mitigated this problem to a certain extent. The paper will show that the challenges to Beijing's policy lies with countries from outside the sub-region and their return, or growing role in Southeast Asian affairs, and that in fact during the period when China has been labeled more 'assertive' its relationship with ASEAN has deepened and developed as planned. In its use of materials the paper will employ the qualitative research method of document analysis.

## 摘要

近十年來，北京已轉變它在東南亞區域的外交政策，希望與東盟成員國家能維持一定的良好關係，並發展出一個和平又互利的戰略夥伴關係。1997 年到 2012 年之間，中國與東盟從建立對話機制開始，雙方實質上的經貿投資與聯合計畫都快速增長。從多方面顯示：不僅在政治、經濟與維持區域安全等方面，中國與東盟成員都已共享務實的合作成果，近來更大力拓展雙方的互連互通與交通基礎建設，期使共同邁向實質的中國—東盟戰略夥伴關係。

南中國海周邊各國的利害與衝突不一，是個複雜的區域；而中國與東盟成員之間的對話機制與合作關係的基礎上，有助於減緩此一緊張情勢。本報將採用文獻分析的定性研究方法指出

（實際上）（1）北京的東南亞外交政策正面臨的主要挑戰是有東盟以外國家新勢力的強力介入或是舊有勢力的急速恢復，進而互相抗衡。（2）中國被稱為有過分自信的政策規劃期間，北京在推動與東盟戰略夥伴關係，實際上中國與東盟成員關係都已共享務實的合作成果。

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## Chapter 1: Introduction

Over the past three years important milestones in the relationship between China and the Association of South East Asian Nations (ASEAN) have been commemorated. 2011 saw the 20th anniversary of dialogue relations between the two countries. 2012 marked the 10th anniversary of the signing of the Framework Agreement on China-ASEAN Comprehensive Economic Cooperation, in which the two sides agreed to launch the beginning of the China-ASEAN Free Trade Area (CAFTA). 2013 saw ten years of the China-ASEAN strategic partnership.

The agreements and documents commemorated in these anniversaries, signed at the start of the new millennium, were the outcome of improvements in relations between China and ASEAN beginning in the late 1980s and continuing into the early to mid-1990s.

Despite the negative impact of the Asian Financial Crisis, the year 1997 marked a high point in the developing relationship. China's actions were recognized, praised and even lauded by ASEAN for their high sense of responsibility and cooperation which spared the region a much worse consequence.<sup>1</sup> In December of 1997, Chinese and ASEAN leaders met in an unprecedented summit. They issued a joint statement 'establishing a partnership of good neighborliness and mutual trust toward the twenty-first century,' which put into place a framework to chart the course for the all-round growth of their relations.<sup>2</sup>

With the relationship of good neighborliness and friendship in place, China went on in 1999 and 2000 to sign bilateral framework agreements with every member state of ASEAN. These joint statements and communiques in part also helped to deepen military interaction between China and ASEAN member states.<sup>3</sup>

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<sup>1</sup> Alice D. Ba, "China and ASEAN: Renavigating Relations for a 21<sup>st</sup>-Century Asia," *Asian Survey*, vol. 43, pp.622-647, 2003.

<sup>2</sup> Saw Swee-Hock, Sheng Lijun, Chin Kin Wah, "An Overview of ASEAN-China Relations," in *ASEAN-China Relations: Realities and Prospects*, Saw Swee-Hock, Sheng Lijun, Chin Kin Wah, Ed. Singapore: Institute of Southeast Asian Studies, 2005, pp. 2-7.

<sup>3</sup> Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia," *Asian Security*, vol. 8, pp. 287-310, 2012.



The environment of the crisis itself led to deepening cooperation in the realm of economy, ultimately leading to China making a proactive move for a free trade agreement with ASEAN in 2000. At the ASEAN-China Summit in November 2001 China formally raised the proposal for the China-ASEAN free trade agreement with a framework agreement for the FTA being signed in 2002.

China's serious commitment to a sub-regional cooperation based on its "good neighbour" diplomacy has also been seen in its keenness to push integration in the sub-regional organisation, the Greater Mekong Sub-region (GMS).<sup>4</sup> This is an element under the umbrella of economic relations between China-ASEAN with sub-regional connectivity and infrastructure organizations aimed at providing links facilitating trade between the two sides. China has expressed its continuous support to advance and deepen connectivity cooperation, and connectivity has taken on an even greater significance in the past few years.

In October 2003, China and ASEAN leaders signed the Joint Declaration of the Heads of State/Government of Association of South East Asian Nations and the People's Republic of China on Strategic Partnership for Peace and Prosperity. After the joint declaration the two sides worked on a plan to deepen and broaden relations.

Announced the following year in 2004, the "Plan of Action to implement the Joint Declaration on China-ASEAN Strategic Partnership for Peace and Prosperity" was the guide for cooperation during the period 2005-2010.

At the same time as setting up the strategic partnership in October 2003, China became the first dialogue partner to accede to ASEAN's Treaty of Amity and Cooperation in southeast Asia, a key security protocol of ASEAN which provided reassurance to the peace and security of the region,<sup>5</sup> and 'which sent a benign message through the region

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<sup>4</sup> Liu, Fu-kuo. "Beijing's Regional Strategy and China-ASEAN Economic Integration," China Brief, 2008, Vol. 8, 10, May 12, 2008. Available at [http://www.jamestown.org/programs/chinabrief/single/?tx\\_ttnews\[tt\\_news\]=4916&tx\\_ttnews\[backPid\]=168&no\\_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=4916&tx_ttnews[backPid]=168&no_cache=1)

<sup>5</sup> Ong Keng Yong, "Securing a Win-Win Partnership for ASEAN and China," in ASEAN-China Relations: Realities and Prospects, Saw Swee-Hock, Sheng Lijun, Chin Kin Wah, Ed. Singapore: Institute of Southeast Asian Studies, 2005, pp. 19-26.

and won China the trust of its neighbors.’<sup>6</sup> In the sphere of security, the territorial issues existing in the South China Sea have long been a problem in China-ASEAN relations. Yet the signing of the Declaration on the Code of Conduct of Parties in the South China Sea (DOC) in 2002 reflected a move to resolve problems in the South China Sea and had the effect of dramatically reducing security concerns in the region caused by China.<sup>7</sup> Thus we can see between 1997 and 2004, China-ASEAN relations saw progress and cooperation in every area.

### **1.1 China’s state policy and ASEAN: Good neighborliness and friendship to peaceful development**

At this point we need a brief understanding of what guides China’s foreign policy toward external relations, especially with neighboring and nearby countries. As we have seen, 1997 marked the beginning of a relationship between China-ASEAN that was guided by ‘good neighborliness’. President Jiang Zemin said that it was “the beginning of a new stage of development in Chinese-ASEAN relations,” which involved more active participation, enhanced mutual trust and strengthened cooperation. It marked the beginning of a more concerted and focused approach toward Southeast Asia.<sup>8</sup>

Informal summits continued, Chinese Vice President Hu Jintao attended the second ASEAN-China informal leadership meeting in Hanoi in 1998. On November 28, 1999,

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<sup>6</sup> Fu-kuo Liu, “Asian Regionalism, Strategic Evolution, and the U.S. Policy in Asia: Some Prospects for the Cross-Strait Development,” Center for Northeast Asian Policy Studies, The Brookings Institution, Washington D.C, June, 2008.

<sup>7</sup> Ibid.

<sup>8</sup> Alice D. Ba, “China and ASEAN: Renavigating Relations for a 21st-Century Asia,” Asian Survey, vol. 43, pp.622-647, July/August, 2003.

Premier Zhou Rongji attended the third ASEAN-China informal leaders meeting in Manila.<sup>9</sup>

In 2002 and 2003 the transition took place between the Jiang Zemin and Hu Jintao administrations. Peaceful rise was one of the first new foreign policy concepts introduced under the Hu Jintao administration. Zheng Bijian espoused the idea of China's peaceful rise as a way to mitigate the problems existing between China and the U.S., particularly the theory of the 'China Threat' after his trip to the U.S. in December 2002. It became an accepted government foreign policy strategy after its evolution to the 'Path of Peaceful Development'.<sup>10</sup> Peaceful development is a development path put forward by the CPC Central Committee with Hu Jintao as the General Secretary. In a 2011 white paper the path of peaceful development is described as a path of scientific, independent, open, peaceful, cooperative and common development. It is therefore very much a part of Hu's stamp on the CPC.<sup>11</sup>

In its early form, still as peaceful rise, Zheng Bijian spoke on 'A New Path for China's Peaceful rise and the Future of Asia,' at the Bo'ao Forum for Asia in 2003. With reference to the CAFTA, he stated that there was a new cooperative relationship of mutual promotion, mutual benefit, mutual support, and complementarity forged between China and other Asian countries. The speech concluded, 'China's peaceful rise will be a part of Asia's peaceful rise. This not only means that China's reform, opening up, and rise are partly attributable to the experience and development of other Asian countries; it also means that China, as an Asian country, will play a more active and useful role in the development, prosperity and stability of all the other Asian countries and its neighbors in particular.'<sup>12</sup>

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<sup>9</sup> "China and ASEAN: partnership of good neighborliness and mutual trust," Ministry of Foreign Affairs, China, Events and Issues, [http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18034.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18034.shtml)

<sup>10</sup> Bonnie S Glaser and Evan S Medeiros, "The Changing Ecology of Foreign Policy-Making in China: The Ascension and Demise of the Theory of "Peaceful Rise," *The China Quarterly*, vol. 190, pp. 291-310, June 2007.

<sup>11</sup> Ibid.

<sup>12</sup> Bijian Zheng, *China's Peaceful Rise: Speeches of Zheng Bijian, 1997-2005.*, Washington D.C: The Brookings Institution, 2005.

For Asia, the essence of peaceful rise was a strategic reassurance to China's neighbors. In another speech in 2004, Zheng stated that China's role in sub-regional mechanisms and the closer links that China had made with its neighbors were forged as a result of the peaceful rise.<sup>13</sup>

By 2005, a white paper had been released by the Information Office of the State Council, which completely and systematically clarified the Chinese government's practice of peaceful development. It says of its relations with Asia that it has always adhered to the principle of being a friendly neighbor and developed cooperative relationships with surrounding countries. It emphasizes that China's actions in the 1997 Asian financial crisis were to help the region and aid those affected and that it actively promotes dialogue and cooperation on regional security and plays a positive and constructive role in regional mechanisms such as with ASEAN.<sup>14</sup>

We see a much greater and growing emphasis on those on China's periphery in a document on peaceful development in 2010, which stated that the purpose of Beijing's Asia-Pacific strategy was to create a good, stable neighboring environment for its own development and to achieve co-agreements and common progress with all countries. The paper states, 'We want to be a good friend, good neighbor and good partner of ASEAN and all countries in Asia. The bilateral and multilateral agreements we have signed with Asian countries do not have a single article that is exclusive. We are open to regional cooperation and our intentions are transparent and good.'<sup>15</sup>

In 2011, China's State Council published another white paper on peaceful development which emphasized that China's prosperity, development and long-term stability represent an opportunity rather than a threat to its neighbors. It stated that China would remain a good neighbor, friend and partner of other Asian countries.<sup>16</sup> From 1997 to 2011, we can

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<sup>13</sup> Bijian Zheng, *China's Peaceful Rise: Speeches of Zheng Bijian, 1997-2005.*, Washington D.C: The Brookings Institution, 2005.

<sup>14</sup> "White Paper on Peaceful Development Road Published," *China.org.cn*, December 22, 2005, <http://www.china.org.cn/english/2005/Dec/152669.htm>

<sup>15</sup> "Stick to the path of peaceful development," *China Daily*, December 13, 2010, [http://www.chinadaily.com.cn/cndy/2010-12/13/content\\_11689670.htm](http://www.chinadaily.com.cn/cndy/2010-12/13/content_11689670.htm)

<sup>16</sup> "China's Peaceful Development," *Xinhua*, September 9, 2011, [http://news.xinhuanet.com/english2010/china/2011-09/06/c\\_131102329.htm](http://news.xinhuanet.com/english2010/china/2011-09/06/c_131102329.htm)

see that the state policies of good neighborliness and friendship and peaceful development have set out a peaceful and cooperative approach for Beijing's China-ASEAN policy.

There is however an element to China's state policy that is also found in the 2011 white paper released on peaceful development. While peaceful development is echoed in every facet of Beijing's state policy with regard to Asia, Beijing's foreign policy is also clear, state sovereignty and territorial integrity are a prerequisite for development and modernization, as the white paper states:

China is firm in upholding its core interests which include the following: state sovereignty, national security, territorial integrity and national reunification, China's political system established by the Constitution and overall social stability, and the basic safeguards for ensuring sustainable economic and social development.<sup>17</sup>

Territorial integrity as a prerequisite for development is an important part of China's state policy and is one that must always be considered in any analysis of Beijing's action in the differing realms of politics and security, economy and connectivity, and in the South China Sea.

## **1.2 Research purpose**

Peaceful rise was originally conceived to placate the 'China Threat' theory, but despite its progression to peaceful development and the development path chosen by Beijing outlined above, China has been labeled assertive for some time. Particularly in China's actions from 2008 and 2009, some academics seeing it as early as 2006, there is a great

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<sup>17</sup> China's Peaceful Development," *Xinhua*, September 9, 2011, [http://news.xinhuanet.com/english2010/china/2011-09/06/c\\_131102329.htm](http://news.xinhuanet.com/english2010/china/2011-09/06/c_131102329.htm)

amount of material written by western observers centering around the issue of Beijing's assertiveness internationally and toward the U.S.<sup>18</sup>

With regard to Asia it was stated by one academic that 'in a departure from the policy of reassurance it adopted in the late 1990s, China has damaged relations with most of its neighbors'.<sup>19</sup> Another paper discussing China's '9 dash line' and controversy over 'core interests', concluded that Chinese actions were increasing 'growing concerns among ASEAN countries that China was becoming more assertive' regarding the issue of the South China Sea.<sup>20</sup>

The paper will firstly show that over the past decade in the areas of politics and security, economy, and connectivity and infrastructure the relationship has followed a similar pattern, that is cooperation has deepened according to China's aims for its relationship with Southeast Asia, despite claims of assertiveness.

In the period after 1997 through to 2003, through China's policy of Good Neighborliness and Friendship and its aim for peaceful relations with Southeast Asian states, China-ASEAN relations were settled in the political and security realm through 10 bilateral agreements signed in 1999 and 2000. This continued through subsequent bilateral

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<sup>18</sup> See Micheal D. Swaine, "Perceptions of an Assertive China," *China Leadership Monitor (Hoover Institution)*, Issue 32, May 11, 2008, <http://www.hoover.org/sites/default/files/uploads/documents/CLM32MS.pdf>.--- "China's Assertive Behavior – Part One: On "Core Interests", *China Leadership Monitor (Hoover Institution)*, Issue 34, February 22, 2011, <http://www.hoover.org/sites/default/files/uploads/documents/CLM34MS.pdf>.--- "China's Assertive Behavior – Part Two: The Maritime Periphery", *China Leadership Monitor (Hoover Institution)*, Issue 35, September 21, 2011, <http://www.hoover.org/sites/default/files/uploads/documents/CLM35MS.pdf>.--- "China's Assertive Behavior – Part Three: The Role of the Military in Foreign Policy", *China Leadership Monitor (Hoover Institution)*, Issue 36, January 6, 2012, <http://www.hoover.org/sites/default/files/uploads/documents/CLM36MS.pdf>.--- "China's Assertive Behavior – Part Four: The Role of the Military in Foreign Crises", *China Leadership Monitor (Hoover Institution)*, Issue 37, April 30, 2012, <http://www.hoover.org/sites/default/files/uploads/documents/CLM37MS.pdf>

<sup>19</sup> Thomas J. Christenson, "The Advantages of an Assertive China: Responding to Beijing's Abrasive Diplomacy," *Foreign Affairs*, Volume 90, Number 2, March/April 2011, <https://www.foreignaffairs.com/articles/east-asia/2011-02-21/advantages-assertive-china>

<sup>20</sup> International Crisis Group, "Stirring up the South China Sea (I)," Asia Report No 223, April 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf>



strategic partnerships with most ASEAN member states, as well as the signing of the strategic partnership between China and ASEAN itself. In the sphere of economy China made a proactive move for an FTA with ASEAN and this has been realized. Under the umbrella of economic affairs a whole host of infrastructure projects and plans exist between China and ASEAN providing linkages for growing sub-regional connectivity to facilitate trade and bring the two sides closer together.

While relations have continued to develop in every area outlined above, constant focus on the issues of assertiveness and territorial disputes, particularly over the last 3 years, mean that progress and development in the relationship often receives little attention.

The research purpose is to show that the challenges to Beijing's ASEAN policy lies with countries from outside the sub-region and their return, or growing role in Southeast Asian affairs. The Obama administration has implemented its policy of return to the Asia-Pacific to restrict or contain the growing power of China in this region (歐巴馬政府採取重返東亞的外交政策，以制衡或遏制中共在此一地區日曾的權利地位。)<sup>21</sup> Aside from defense posture, U.S. rebalancing is also defined by deeper economic and political engagement. The U.S. is seeking greater influence with Mekong River countries through its own growing involvement in sub-regional organizations.

Japan has increased its security ties with ASEAN member states. Philippine President Benigno Aquino agreed to strengthen maritime security ties, while emphasizing stability in the South China Sea, during a period of territorial spats with China, on a four-day visit to Japan in September 2011.<sup>22</sup> During 2011, Japan and Vietnam also agreed to reinforce their defense cooperation in light of China's increasing influence in the South China Sea.<sup>23</sup>

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<sup>21</sup> Kao-cheng Wang, "The Power Transition Theory and Sino-U.S. Relations," in Strategic Change in the Asia-Pacific, Ming-hsien Wong, Ed. New Taipei: Graduate Institute of International Affairs and Strategic Studies Tamkang University, 2012, pp. 185-233. 變遷中的亞太戰略情勢/王高成等作；翁名賢主編，新北市：淡江大學國際事務與戰略研究，2012年5月

<sup>22</sup> "Tokyo and Manila Strengthen Defense Ties With an Eye Toward China, China," *The Wall Street Journal*, September 28, 2011, <http://online.wsj.com/news/articles/SB10001424052970204831304576596691589162226>

<sup>23</sup> "Japan, Vietnam agree on defense cooperation," *The Asahi Shimbun*, October 25, 2011, [http://ajw.asahi.com/article/behind\\_news/AJ2011102515718](http://ajw.asahi.com/article/behind_news/AJ2011102515718)

Similarly it has been reported that Japan's growing development role in the Mekong region since 2007 is an independent initiative of the Japanese foreign ministry with the main focus being to exclude China from the area.<sup>24</sup>

The growing role of India as a strategic competitor to China in Southeast Asia will also be looked at to some extent in the paper.

### **1.2.1 Framework**

In order to fulfill the research purpose, chapters 2, 3, and 4 will follow the same pattern. In the first half they will show how cooperation has continued to grow and develop in accordance with China's policy for a peaceful relationship with ASEAN based on those documents and agreements signed in the period around 1999-2003. The second half of these chapters will then show that challenges to China in Southeast Asia and Beijing's relationship with ASEAN come from outside the region, from the U.S. and Japan and their ties in Southeast Asia.

The South China Sea is a special area. It must be stated at the outset that the paper will not look at the specific actions of the individual territorial spats that have happened, particularly the numerous incidents in 2011. The first part of the chapter 5 will show that the documents and agreements signed in the period between 1999-2003 with Vietnam and the Philippines have provided cooperative mechanisms which were the basis for the continuation of diplomacy between the sides during a time of tensions, and that to some extent they have mitigated problems in the South China Sea. In keeping with the aim of the paper it will then show actions by the United States, Japan and to some extent India challenge China's policy in the South China Sea.

Finally, although the paper will not look at individual incidents in the South China Sea, the Sansha development is a controversial area of policy that could certainly be construed as signaling departure from previous policy for China, currently, and for the future. The

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<sup>24</sup> "Mekong Unquiet Over Contain China Moves," *Inter Press Service*, January 30, 2012, <http://www.ipsnews.net/news.asp?idnews=106595>



paper will gauge some of the reactions from within and without the region to China's Sansha development.

The final chapter will again show the continuing development of relations between China and ASEAN but by looking at the most recent activity, namely in 2012 and 2013.

### **1.3 Document analysis as a research method**

In its use of materials the paper will employ the qualitative research method of document analysis. One form of qualitative research is to develop a preliminary hypothesis and gather evidence to support or refute it. The research method of document analysis within qualitative research, 'yields data – excerpts, quotations, or entire passages – that are organized into major themes, categories and case examples specifically through content analysis.'<sup>25</sup> It is in this vein that information in the paper will be organized to show what has been outlined in the research purpose.

Materials that can be used in document research include 'advertisements; agendas, attendance registers, and minutes of meetings; manuals; background papers; books and brochures; diaries and journals; event programs (i.e., printed outlines); letters and memoranda; maps and charts; newspapers (clippings/articles); press releases; program proposals, application forms, and summaries; radio and television programs' scripts; organisational or institutional reports; survey data; and various public records.'<sup>26</sup>

The greatest emphasis will be on releases from China's Ministry of Foreign Affairs and other foreign ministries of ASEAN member states.

Looking at point 1, 2 and 9 of the functions of China's Ministry of Foreign affairs, it states the ministry's responsibilities as:

1. To implement the state's diplomatic principles and policies and related laws and regulations; safeguard national sovereignty, security and interests on behalf of the

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<sup>25</sup> Glenn A. Bowen, "Document Analysis as a Qualitative Research Method," *Qualitative Research Journal*, vol. 9, no. 2, pp. 27-40, 2009.

<sup>26</sup> Ibid.

state; run diplomatic affairs on behalf of the state and the government; and handle diplomatic activities between leaders of the CPC and the state with foreign leaders.

2. To study overarching and strategic issues in international situation and international relations; analyze major issues concerning diplomatic work in such areas as politics, economy, culture and security; and advise the CPC Central Committee and the State Council on adopting diplomatic strategies, principles and policies.

9. To release information about important diplomatic activities, elaborate on foreign policies, conduct information-related work about important diplomatic activities, organize public diplomacy activities, and take charge of the affairs related to foreign journalists in China and resident foreign news agencies.<sup>27</sup>

Not being able to interview, the author can only take the position that releases from the Chinese Ministry of Foreign Affairs and other ASEAN foreign ministries reflect and embody official state policy with integrity, and similarly so too do the joint documents of China-ASEAN relations. The paper will then use academic papers, journals and also media articles.

A series of joint plans and statements chart the course of China-ASEAN relations over the last decade. These documents will be used in the paper. Some of them are listed as follows:

1997 Joint Statement of the Meeting of Heads of State/Government of the Member States of ASEAN and the People's Republic of China, Kuala Lumpur, Malaysia, 16 December 1997

2003 Joint Declaration of the Heads of State/Government of Association of South East Asian Nations and the People's Republic of China on Strategic Partnership for Peace and Prosperity

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<sup>27</sup> "Main Responsibilities of the Ministry of Foreign Affairs of the People's Republic of China," *Ministry of Foreign Affairs of the People's Republic of China*, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zyzz\\_663306/](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zyzz_663306/)

2004 Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic for Peace and Prosperity

2006 Joint Statement of China-ASEAN Commemorative Summit marking the 15th anniversary of China-ASEAN dialogue relations

2010 Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity (2011-2015), 13th ASEAN-China Summit (in October 2010 in Ha Noi.)

2011 Join Statement of China-ASEAN Commemorative marking the 20th anniversary of China-ASEAN dialogue relations

China-ASEAN Cooperation: 1991-2011, Chinese Foreign Ministry

China-ASEAN Cooperation in 2012, Chinese Foreign Ministry



## Chapter 2: China's political and security cooperation with ASEAN

In order to enhance mutual understanding and promote peace in the region, the 2003 Joint Declaration on Strategic Partnership for Peace and Prosperity specifically called for China-ASEAN security-related dialogue.<sup>1</sup> After 2003, China entered into a number of strategic partnerships with ASEAN countries to create and maintain a stable environment. It must also be noted that before these partnerships China separately signed political documents with each of the ten ASEAN countries aimed at development of bilateral relations in the 21st century. These joint statements and communiques in part also helped to deepen military interaction between China and ASEAN member states.<sup>2</sup>

The first half of the chapter will very briefly look at the relevant joint communiques or statements signed by China with ASEAN countries in 1999-2000 and the strategic partnerships during 2002-2012 as a background. In an academic paper on defense cooperation between China and ASEAN member states, the author refers to PRC Foreign Ministry press releases which report the joint communiques of 1999-2000. This paper will look also look at the content of those releases first hand. The generic language in the communiques makes their use appear limited, however in supporting the hypothesis that China-ASEAN relations continue to grow in the period Beijing has been labeled more 'assertive', the paper will show they have become the basis for further cooperation throughout the decade and during the last three years.

Secondly, it will find evidence to show how, particularly during the period where China is viewed to have been more assertive, that these security-dialogue arrangements continue to function, expand and provide cooperation mechanisms.

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<sup>1</sup> "Joint Declaration of the Heads of State/Government of the Association of Southeast Asian Nations and the People's Republic of China on Strategic Partnership for Peace and Prosperity," *Association of Southeast Asian Nations*, October 16, 2012, <http://www.asean.org/news/item/joint-declaration-of-the-heads-of-stategovernment-of-the-association-of-southeast-asian-nations-and-the-people-s-republic-of-china-on-strategic-partnership-for-peace-and-prosperity-2>

<sup>2</sup> Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia," *Asian Security*, vol. 8, pp. 287-310, 2012.

This is particularly pertinent in the case of the Philippines and Vietnam. Security-related dialogue and high level bilateral exchanges were used by China during 2011, a time of tension over the South China Sea issue, ‘to play a calming role in the region’ and were part of ‘a deliberate effort by Beijing to focus on its relations with the region.’<sup>3</sup> To show how security-related dialogue provided linkages and cooperation mechanisms which could ameliorate security problems in 2011 and 2012, China’s relations with Vietnam and the Philippines will also be looked more closely in the chapter on the South China Sea.

Thirdly, as in each chapter, the second half will look at the challenges from without the region. The role of Myanmar as a site for growing strategic competition between China and the U.S. appears to be taking on more and more significance. Rather than looking into the large topic of traditional China-Myanmar security ties and Chinese policy toward Myanmar, the paper will look briefly at how the U.S. is challenging China here and so too is Japan.

While it is noted that the bilateral strategic partnerships with ASEAN member states have been labeled ‘symbolic’ and their significance is at times more based on economic cooperation,<sup>4</sup> we can see, however, they constitute the growth of China’s relations according to its national policy of peaceful development with regard to the Asia-Pacific, specifically in Southeast Asia.

### **2.1.1 Developing relations with Thailand**

Thailand was the first country to issue a joint statement on enhanced cooperation with the PRC on February 5, 1999. The Joint Statement on the Plan of Action for the 21st Century Between the People's Republic of China and the Kingdom of Thailand was signed in Bangkok and according to an article by the People’s Daily, an organ of the Central of the Communist Party of China, its significance was in guiding the future development of

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<sup>3</sup> International Crisis Group, “*Stirring up the South China Sea (I)*,” Asia Report No 223, April 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf>

<sup>4</sup> Chenyang Li, “China-Myanmar Comprehensive Strategic Cooperative Partnership: A Regional Threat?,” *Journal of Current Southeast Asian Affairs*, vol. 31, pp. 53-72, January, 2012.

Sino-Thai relations.<sup>5</sup> The two sides agreed to ‘strengthen cooperation between their military personnel and diplomatic officials on security issues.’<sup>6</sup>

When then Prime Minister of Thailand Thaksin Shinawatra visited China in 2001 and met with former Chinese President Jiang Zemin the two sides issued a communique which reaffirmed the significance of the 1999 Joint Statement, expressed satisfaction with development of Sino-Thai relations and agreed to work for strategic cooperation between China and Thailand.<sup>7</sup>

China and Thailand then issued a Joint Action Plan on China-Thailand Strategic Cooperation during former Thai Prime Minister Surayud’s visit to China in May, 2007. On April 17, 2012 when Prime Minister Yingluck met with then Premier Wen Jiabao, the two countries worked out a Joint Action Plan on China-Thailand Strategic Cooperation for the period 2012-2016, setting out objectives and a schedule of political and diplomatic cooperation.<sup>8</sup>

A media article on the meeting held in April 2012 summarizes Sino-Thai bilateral relations. It states:

1. The two sides reaffirmed their political will to continue and further develop their partnership, and further concretize their multi-dimensional cooperation as premised on 1) Joint Statement of the Kingdom of Thailand and the People’s Republic of China on a Plan of Action for the 21st Century, signed in Bangkok on 5 February 1999; 2) Joint Communique for Strategic Cooperation, signed on 29 August 2001; and finally of equal

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<sup>5</sup> “China, Thailand Issue Joint Communique,” *People’s Daily*, August 29, 2001, [http://english.peopledaily.com.cn/english/200108/29/eng20010829\\_78771.html](http://english.peopledaily.com.cn/english/200108/29/eng20010829_78771.html)

<sup>6</sup> Ian Storey, “China’s Bilateral Defense Diplomacy in Southeast Asia,” *Asian Security*, vol. 8, pp. 287-310, 2012.

<sup>7</sup> “China, Thailand Issue Joint Communique,” *People’s Daily*, August 29, 2001. Available at [http://english.peopledaily.com.cn/english/200108/29/eng20010829\\_78771.html](http://english.peopledaily.com.cn/english/200108/29/eng20010829_78771.html)

<sup>8</sup> Chenyang Li, “China-Myanmar Comprehensive Strategic Cooperative Partnership: A Regional Threat?,” *Journal of Current Southeast Asian Affairs*, vol. 31, pp. 53-72, January, 2012.

importance, 3) Joint Action Plan on China-Thailand Strategic Cooperation (2012-2016) , signed on 17 April 2012 in conjunction with this visit.<sup>9</sup>

Thus we can see extremely clearly how subsequent agreements and relations developed and were guided by the joint statement in 1999 and communique in 2001.

### **2.1.2 Developing relations with Vietnam**

The same pattern of development of China's bilateral relations, guided by the 1999-2000 joint statements and communiqués, can be shown for Vietnam and other ASEAN member states. China and Vietnam issued a joint statement in 1999 and another in 2000. The academic paper on China's bilateral relations says, 'In its efforts to promote bilateral relations in Southeast Asia China issued joint statements with Laos, Cambodia and Vietnam in late 2000.'<sup>10</sup> In the joint statement signed on February 27, 1999, the general secretaries of the two parties 'set the principle guiding the development of this relationship in the 21<sup>st</sup> century, namely "long-term stability, orientation towards the future, good-neighborliness and friendship and all-round cooperation."<sup>11</sup>

Of particular relevance to this paper are the elements of point 9 in the 2000 joint statement, which states the two sides will continue, 'To carry out multi-level military exchanges in various fields to enhance mutual understanding and mutual trust, build closer relations between the national defense organs and the armed forces between the two countries, and expand exchange and cooperation in the security field.'<sup>12</sup> Regarding maritime territorial issues that are relevant to chapter 5, it states:

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<sup>9</sup> "Joint Statement between the People's Republic of China and the Kingdom of Thailand," *Thailand Times*, April 19, 2012, <http://thailandtimes.asia/thailand-news/joint-statement-between-the-peoples-republic-of-china-and-the-kingdom-of-thailand/>

<sup>10</sup> Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia," *Asian Security*, vol. 8, pp. 287-310, 2012.

<sup>11</sup> "Joint Statement on All-round Cooperation in the New Century Between the People's Republic of China and the Socialist Republic of Viet Nam," *Ministry of Foreign Affairs, China*, Dec 26, 2000, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/gjlb\\_663354/2792\\_663578/2793\\_663580/t16248.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2792_663578/2793_663580/t16248.shtml)

<sup>12</sup> Ibid.



The two sides agree to maintain the existing negotiation mechanism on the marine issue and to persist in seeking a fundamental and everlasting solution acceptable to both sides through peaceful negotiations. Pending the solution, the two sides will, in a spirit of tackling easier issues before difficult ones, actively explore the possibilities and measures for conducting marine cooperation in ocean environment protection, meteorology, hydrology, disaster prevention and alleviation. At the same time, they will not take actions to complicate or aggravate disputes. Nor will they resort to force or threat of force. They will consult each other in time in case of disputes and adopt a cool and constructive attitude to handle them properly.

They will not allow disputes to impede the normal development of their relations.<sup>13</sup>

After another joint communique in May 2004, the significance of which centered on agreeing to double trade volume between the two countries to \$10 billion by 2010,<sup>14</sup> Vietnam was in fact the second country to establish annual defense talks with China in April 2005, only after Thailand. Only a short news release was issued from the closed door meeting held on April 11 in Beijing, stating the two sides exchanged views on ‘international and regional security, defense policy and army building and the relationship between the two nations and the two armed forces,’ with military exchange being ‘strengthened’.<sup>15</sup>

On May 30, 2008, China and Vietnam agreed to establish a comprehensive strategic cooperation partnership. Within the agreement the two sides reiterated they would maintain negotiation mechanisms for maritime issues, agreed on mutual sea visits by naval fleets and the establishment of a direct information exchange mechanism between

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<sup>13</sup> “Joint Statement on All-round Cooperation in the New Century Between the People’s Republic of China and the Socialist Republic of Viet Nam,” Ministry of Foreign Affairs, China, Dec 26, 2000, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/gjlb\\_663354/2792\\_663578/2793\\_663580/t16248.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2792_663578/2793_663580/t16248.shtml)

<sup>14</sup> “China and Vietnam Issues a Joint Communique,” *Ministry of Foreign Affairs, China*, October 8, 2004, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/gjlb\\_663354/2792\\_663578/2793\\_663580/t163759.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2792_663578/2793_663580/t163759.shtml)

<sup>15</sup> “China, Vietnam hold first round of consultation on defensive security,” *People’s Daily Online*, April 12, 2005, [http://en.people.cn/200504/12/eng20050412\\_180554.html](http://en.people.cn/200504/12/eng20050412_180554.html)



the two militaries.<sup>16</sup> Of eight cooperation agreements signed one included the installation of a hotline between the leaders of the two countries.<sup>17</sup> Going into 2011, a period of territorial spats, the two sides strengthened the partnership, and this will be further looked in the chapter on the South China Sea.

### 2.1.3 Developing relations with the Philippines

In its bid to improve relations with Southeast Asian countries and despite a decade of ‘strained relations over conflicting territorial aims in the South China Sea,’<sup>18</sup> China and the Philippines issued a joint statement on the framework of their bilateral cooperation in the 21<sup>st</sup> century on May 16, 2000, in Beijing. The new framework was to establish a long term and stable relationship on the basis of ‘good neighborliness and cooperation,’<sup>19</sup> the state policy of Beijing guiding its relations with ASEAN countries. The two sides did make provisions to ‘make further exchanges and cooperation in the defense and military fields, strengthen consultations between their military and defense personnel and diplomatic officials on security issues’.<sup>20</sup>

In an academic book on China-ASEAN relation it states that having greatly improved since the late 1990s, relations between China and the Philippines reached a new height with the state visit to China by former Philippine President Gloria Macapagal-Arroyo in early September 2004.<sup>21</sup> A Chinese foreign ministry press statement outlined significant progress, steady expansion, deepening cooperation and commitment to work on

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<sup>16</sup> “China-Viet Nam Joint Statement,” *Ministry of foreign Affairs, China*, October 25, 2008, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/gjlb\\_663354/2792\\_663578/2793\\_663580/t520438.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2792_663578/2793_663580/t520438.shtml)

<sup>17</sup> Ibid.

<sup>18</sup> Ian Storey, “China’s Bilateral Defense Diplomacy in Southeast Asia,” *Asian Security*, vol. 8, pp. 287-310, 2012.

<sup>19</sup> “Joint Statement Between the Government of the People’s Republic of China and the Government of the Republic of the Philippines on the Framework of Bilateral Cooperation in the Twenty-First Century,” Ministry of Foreign Affairs, China, May 16, 2000, [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t15785.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t15785.shtml)

<sup>20</sup> Ibid.

<sup>21</sup> Saw Swee-Hock, Sheng Lijun, Chin Kin Wah, “An Overview of ASEAN-China Relations,” in *ASEAN-China Relations: Realities and Prospects*, Saw Swee-Hock, Sheng Lijun, Chin Kin Wah, Ed. Singapore: Institute of Southeast Asian Studies, 2005, pp. 2-7.

comprehensive development of ties, guided by the joint statement of 2000.<sup>22</sup> Of particular significance in 2004 was the agreement to establish annual defense talks in the following year and the first bilateral defense talks were held in May 2005.

But just prior to the first bilateral defense talks, former President Hu Jintao visited the Philippines. In meetings with then President Arroyo, China and the Philippines did agree to establish strategic and cooperative relations that aimed at peace and development,<sup>23</sup> which a number of media articles and foreign ministry releases outline. This paper is of the opinion that it was an important development for the basis of future ties. As in 2011 when Chinese President Hu Jintao met with former Philippine President Benigno Aquino III, their continuing meetings, despite a time of tensions, were based on around the 2005 'China-Philippines relationship of strategic cooperation for peace and development.' This point is made very clearly in a Chinese Foreign Ministry release in 2011.

The paper on China's bilateral defense diplomacy states that China delivered equipment to the Armed Forces of the Philippines in 2006, as agreed in the inaugural defense talks, and made a further offer for aid in 2007. The Philippines did not accept the offer. It goes on to say that there was inactivity in China-Philippine defense ties due to an 'uptick in bilateral tensions in the South China Sea' beginning in 2007, while U.S.-Philippine defense ties had strengthened considerably.<sup>24</sup>

Despite this point and in keeping with the trend of China's relations with ASEAN countries there was significant diplomatic activity in 2007 and 2009. During former Premier Wen Jiabao's official visit to the Philippines in January 2007, both sides issued a joint statement, reaffirming the commitment of taking further steps to deepen the strategic and cooperative relationship for peace and development between the two

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<sup>22</sup> "Joint Statement Between the Government of the People's Republic of China and the Government of the Republic of the Philippines on the Framework of Bilateral Cooperation in the Twenty-First Century," Ministry of Foreign Affairs, China, May 16, 2000,

[http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t15785.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t15785.shtml)

<sup>23</sup> "Hu Jintao Holds Talks with President Arroyo of the Philippines," Ministry of Foreign Affairs, China, April 27, 2005, [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/hjtfw\\_665840/t193956.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/hjtfw_665840/t193956.shtml)

<sup>24</sup> Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia," *Asian Security*, vol. 8, pp. 287-310, 2012.

countries.<sup>25</sup> In 2009, then Chinese foreign Minister Yang Jiechi met with both then President Arroyo and after with the Philippine foreign minister. A foreign ministry press release describes pushing forward bilateral strategic cooperative relations and advancing China-Philippine strategic cooperative relations, but most importantly following these talks, the two foreign ministers signed the Joint Action Plan for Strategic Cooperation.<sup>26</sup>

There is certainly significance in this cooperation pertinent to a time of much greater tensions in the South China Sea between China and the Philippines in 2011 and 2012, when diplomacy between the two countries' presidents evolved around the meetings and agreements of 2000, 2004, 2005, 2007 and 2009.

#### **2.1.4 Developing relations with Malaysia**

According to a piece by the People's Daily, Chinese Foreign Minister Tang Jiaxuan and Malaysian Foreign Minister Syed Albar signed a joint statement on a framework for future bilateral cooperation between the PRC and Malaysia on May 31, 1999. The two sides agreed to maintain close and frequent exchanges of government leaders and officials in order to contribute to a comprehensive and sustained development of PRC-Malaysia bilateral relations. The statement called for defense cooperation and also maintaining peace and stability in the South China Sea.<sup>27</sup>

At the end of May 2004, former Malaysian Prime Minister Badawi visited China and attended the celebration of the 30th anniversary of China-Malaysia diplomatic ties. Wen Jiabao made a five-point proposal to further expand and deepen bilateral relations working within 'the framework of China's strategic partnership with ASEAN,' which had been signed in 2003. An article by the China Daily reports the former Chinese premier

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<sup>25</sup> "Overview of China-Philippine Bilateral Relations," Embassy of the People's Republic of China in the Republic of the Philippines, March 5<sup>th</sup>, 2009, <http://ph.chineseembassy.org/eng/zfgx/zzgx/t180703.htm>

<sup>26</sup> "Philippine President Arroyo Meets with Chinese Foreign Minister Yang Jiechi," Ministry of Foreign Affairs, China, October 30, 2009, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/gjlb\\_663354/2762\\_663528/2764\\_663532/t624091.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2762_663528/2764_663532/t624091.shtml)

<sup>27</sup> "China, Malaysia Sign Joint Statement," *People's Daily*, May 31, 1999, [http://www.people.com.cn/english/199906/01/enc\\_990601001033\\_HomeNews.html38](http://www.people.com.cn/english/199906/01/enc_990601001033_HomeNews.html38)

described the relationship as the best it had ever been.<sup>28</sup> In early June 2004, at a celebration held in Kuala Lumpur by the Chinese ambassador to Malaysia, the Malaysian Foreign Minister also stated that bilateral relations were at their best stage, that the recent visit to China by the Malaysian prime minister and the joint communique issued at the end of the visit enhanced cooperation, and that bilateral ties were expected to intensify as the two countries launched a new “strategic partnership.”<sup>29</sup>

In 2009, former Chinese President Hu Jintao met with the Malaysian Prime Minister twice. In a June meeting Chinese state press agency Xinhua reports Hu said cementing the strategic and cooperative partnership was an important component in China’s peripheral diplomacy, the two governments signed a joint action plan on strategic cooperation and Hu said the occasion of the 35<sup>th</sup> anniversary of China-Malaysia diplomatic ties would be used to promote cooperation.<sup>30</sup> In November 2009, former President Hu visited Malaysia as the first Chinese head of state to do so in 15 years, saying he hoped the visit would deepen strategic cooperation and take China-Malaysia relations to a new level.<sup>31</sup>

A press release by the Malaysian Ministry of Foreign Affairs describes the bilateral consultation as an annual dialogue hosted alternately by Malaysia and China since 1991. It serves as a mechanism for both sides to share and exchange views on various bilateral, regional and issues of mutual interest as well as to follow-up on matters discussed by leaders of Malaysia and China.<sup>32</sup>

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<sup>28</sup> “China, Malaysia consolidate relations,” *China Daily*, May 28, 2004, [http://www.chinadaily.com.cn/english/doc/2004-05/28/content\\_334735.htm](http://www.chinadaily.com.cn/english/doc/2004-05/28/content_334735.htm)

<sup>29</sup> “Malaysia-China relations at best stage: Malaysian FM,” *People’s Daily Online*, June 10, 2004, [http://english.peopledaily.com.cn/200406/10/eng20040610\\_145846.html](http://english.peopledaily.com.cn/200406/10/eng20040610_145846.html)

<sup>30</sup> “China, Malaysia to upgrade cooperation” *China View*, June 4, 2009, [http://news.xinhuanet.com/english/2009-06/04/content\\_11488817.htm](http://news.xinhuanet.com/english/2009-06/04/content_11488817.htm)

<sup>31</sup> “Chinese, Malaysian leaders discuss development of strategic cooperation,” *People’s Daily Online*, November 11, 2009, <http://english.people.com.cn/90001/90776/90883/6809860.html>

<sup>32</sup> “2nd Strategic Consultation Between Malaysia and the People’s Republic of China, Beijing, 27 August 2012,” *Ministry of Foreign Affairs, Malaysia*, August 28, 2012, [http://www.kln.gov.my/web/chn\\_beijing/ps2012/-/asset\\_publisher/ME2g/blog/press-release:-2nd-strategic-consultation-between-malaysia-and-the-people%E2%80%99s-republic-of-china-beijing-27-august-2012?redirect=%2Fweb%2Fchn\\_beijing%2Fps2012](http://www.kln.gov.my/web/chn_beijing/ps2012/-/asset_publisher/ME2g/blog/press-release:-2nd-strategic-consultation-between-malaysia-and-the-people%E2%80%99s-republic-of-china-beijing-27-august-2012?redirect=%2Fweb%2Fchn_beijing%2Fps2012)

Regarding more recent developments, the Malaysian foreign ministry release says in 2010, both sides agreed to change the name of the bilateral consultation to a strategic consultation to signify the growing importance of Malaysia-China relations within the political-security framework of the Asia Pacific region. The first strategic consultation was held in Putrajaya on November 9, 2011.<sup>33</sup> The significance of the second strategic consultation will be looked at in the final chapter, which shows the continuing development of China's bilateral ties with ASEAN member states.

### **2.1.5 Developing relations with Indonesia**

Indonesia and China followed up their 1999 joint statement, which aspired to strengthen cooperation in “military circles”, with a declaration on “Building a Strategic Partnership” in April 2005.<sup>34</sup> During this time there were high-level exchanges. The China-ASEAN Center lists these visits in the description of bilateral relations between the two countries. Then Vice-President Hu Jintao visited Indonesia in July 2000. Former Premier Zhu Rongji visited Indonesia in November 2001. The Indonesian president visited China in March 2002. In May 2000, the Chinese and Indonesian foreign ministers signed the Joint statement on the Course for Future Bilateral Cooperation between the People's Republic of China and the Republic of Indonesia, and Memorandum of Understanding on the Joint Committee of Bilateral Cooperation between the People's Republic of China and Republic of Indonesia in Beijing.<sup>35</sup>

A Chinese Foreign Ministry release states that in April 25, 2005, President Hu Jintao held talks with the Indonesian president in Jakarta and exchanged in-depth views on bilateral relations and regional and international issues of common concern. They then signed The

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<sup>33</sup> “2nd Strategic Consultation Between Malaysia and the People’s Republic of China, Beijing, 27 August 2012,” *Ministry of Foreign Affairs, Malaysia*, August 28, 2012, [http://www.kln.gov.my/web/chn\\_beijing/ps2012/-/asset\\_publisher/ME2g/blog/press-release:-2nd-strategic-consultation-between-malaysia-and-the-people%E2%80%99s-republic-of-china-beijing-27-august-2012?redirect=%2Fweb%2Fchn\\_beijing%2Fps2012](http://www.kln.gov.my/web/chn_beijing/ps2012/-/asset_publisher/ME2g/blog/press-release:-2nd-strategic-consultation-between-malaysia-and-the-people%E2%80%99s-republic-of-china-beijing-27-august-2012?redirect=%2Fweb%2Fchn_beijing%2Fps2012)

<sup>34</sup> Ian Storey, “China’s Bilateral Defense Diplomacy in Southeast Asia,” *Asian Security*, vol. 8, pp. 287-310, 2012.

<sup>35</sup> “Member Countries – Indonesia,” *ASEAN-China Center*, [http://www.asean-china-center.org/english/2010-07/09/c\\_13391647.htm](http://www.asean-china-center.org/english/2010-07/09/c_13391647.htm)

Joint Statement on Establishing the Strategic Partnership between the People's Republic of China and The Republic of Indonesia. In the release it says Hu Jintao expressed that in order to drive China's strategic partnership with Indonesia for substantial progress they should strengthen the strategic consultation of both countries, realize the mutual visits of the heads of state within this year, and expand the exchange between the governments and deepen strategic cooperation.<sup>36</sup>

A press release from the Indonesian Foreign Ministry describes how after the 2005 meeting, the Bilateral Dialogue Consultation was formed in 2006 to implement the Joint Declaration on Strategic Partnership between the two countries.<sup>37</sup> The Bilateral Dialogue is the highest forum of bilateral dialogue mechanism between the two countries. At the third meeting in February 2012, it was stated that since the two countries started their strategic partnership in 2005, the bilateral relations of the two countries have increased dramatically. The release states the 3<sup>rd</sup> Bilateral Dialogue was considered successful by PRC's Prime Minister and he praised the decision of the minister and State Councilor Dai Bingguo who, according to the ministry release, changed the biennial meeting into an annual one to anticipate the growing trend of relations between Indonesia-PRC as well as in efforts to confront greater challenges in the future.<sup>38</sup>

At the beginning of 2012 an Indonesian Foreign Ministry statement said that Indonesian – PRC relations and military cooperation had reached their peak. The Indonesian Ambassador to the PRC met minister of defense of the PRC, on January 16, 2012. The ambassador reported growing bilateral cooperation and relations in the military sector and the escalation of exchange of visits between both states' high military officials since 2007.<sup>39</sup>

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<sup>36</sup> "Hu Jintao Holds Talks with Indonesian President Susilo." *Ministry of Foreign Affairs of the People's Republic of China*, April 25, 2005,

[http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/hjtfw\\_665840/t193909.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/hjtfw_665840/t193909.shtml)

<sup>37</sup> "Indonesia-China are Responsible in Keeping Regional Security," *Ministry of Foreign Affairs Republic of Indonesia*, March 1, 2012, <http://www.kemlu.go.id/Pages/News.aspx?IDP=5477&l=en>

<sup>38</sup> Ibid.

<sup>39</sup> "RI-PRC Military Cooperation Reach the Peak in History of Bilateral Relations," *Ministry of Foreign Affairs Republic of Indonesia*, January 17, 2012, <http://www.kemlu.go.id/Pages/News.aspx?IDP=5418&l=en>



### 2.1.6 Developing relations with Cambodia

China's efforts to 'promote bilateral relations with Southeast Asia were capped in late 2000' with more joint statements one of which being with Cambodia.<sup>40</sup> In 2000, President Jiang Zemin became the first Chinese head of state to visit Cambodia. During the visit the two sides agreed to consolidate and develop traditional relations in the new millennium. Former chairman of the National People's Congress, Li Peng, visited Cambodia in 2001 and former Premier Zhu Rongji in 2002. Hun Sen visited the PRC six times post-1997.<sup>41</sup>

A Chinese government release states that in April 2006, China and Cambodia announced the establishment of an all-round cooperative partnership during a visit by then Premier Wen Jiabao to Phnom Penh. It reports the Chinese premier said 'the relationship between China and Cambodia is developing into a new stage and the two countries should grasp the opportunity to deepen the mutually beneficial cooperation and join hands in promoting the comprehensive partnership of cooperation'.<sup>42</sup>

In December 2010, China and Cambodia agreed to establish a comprehensive strategic partnership of cooperation and further strengthen bilateral cooperation. According to an article by the People's Daily the consensus was reached during talks between then Chinese Premier Wen Jiabao and visiting Cambodian Prime Minister Hun Sen in Beijing during December 2010. Wen said China and Cambodia had forged closer bilateral relations in recent years with frequent high-level contacts, close cooperation on issues involving each other's major concerns and common interests, increasing political and strategic mutual trust, and expanding pragmatic cooperation.<sup>43</sup>

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<sup>40</sup> Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia," *Asian Security*, vol. 8, pp. 287-310, 2012.

<sup>41</sup> Ian Storey, "China's Tightening Relationship with Cambodia," *Association for Asian Research*, January 7, 2006, <http://www.asianresearch.org/articles/2881.html>

<sup>42</sup> "Chinese, Cambodian PMs pledge to develop comprehensive partnership of co-op," *Gov.cn*, April 9, 2006, [http://www.gov.cn/misc/2006-04/09/content\\_249210.htm](http://www.gov.cn/misc/2006-04/09/content_249210.htm)

<sup>43</sup> Ibid.

### 2.1.7 Developing relations with Laos

An academic paper describes that during former Chinese President Jiang Zemin's visit to Laos in November 2000, the two countries agreed to develop stable comprehensive cooperative relations based on good-neighborliness and mutual trust.<sup>44</sup>

According to an article released by an official portal of the Chinese government, in September 2009, President Hu Jintao and the Lao president agreed to lift bilateral ties to a comprehensive strategic partnership and pledged to boost relations between the two countries and their ruling parties.<sup>45</sup>

It states that Hu Jintao said that the establishment of the comprehensive strategic partnership in the new situation of the 21st century would further bolster bilateral ties and cooperation, and be conducive to the two countries' reform and opening-up efforts. China and Laos could expand trade and economic cooperation with the principles of equality, mutual benefit, result-oriented, richness of forms and common development. The article says Hu also proposed the two states should strengthen cooperation under regional cooperation frameworks such as the mechanism of Association of Southeast Asian Nations (ASEAN)-China and ASEAN-China, Republic of Korea and Japan, as well as the Mekong sub-region cooperation framework. "China is a reliable strategic friend of the Laotians and to develop the comprehensive strategic cooperation with China is always a very important priority in our foreign policy," he said. He pledged to further contact with China on major issues, to speed up economic and trade cooperation and promote cultural and people-to-people exchange. More on China-Laos ties will be shown in the final chapter.<sup>46</sup>

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<sup>44</sup> Chenyang Li, "China-Myanmar Comprehensive Strategic Cooperative Partnership: A Regional Threat?," *Journal of Current Southeast Asian Affairs*, vol. 31, pp. 53-72, January, 2012.

<sup>45</sup> "China, Laos establish strategic partnership," *China.org.cn*, September 10, 2009, [http://www.china.org.cn/international/2009-09/10/content\\_18499021.htm](http://www.china.org.cn/international/2009-09/10/content_18499021.htm)

<sup>46</sup> Ibid.



### 2.1.8 Developing relations with Brunei

While Brunei is only one of two ASEAN countries that haven't entered into a strategic partnership with China, with its chairmanship of ASEAN in 2013, which is also the 10<sup>th</sup> anniversary of the China-ASEAN strategic partnership, China-Brunei relations have also been emphasized as we will see in the final chapter. A release by Brunei's Ministry of Foreign affairs shows how joint communiques issued in 1999 and 2004, with a joint press statement issued in 2005, have set the course for bilateral relations and cooperation between China and Brunei. While in September 2003 the Ministry of Defense of Brunei Darussalam and the Ministry of National Defense of the People's Republic of China signed a Memorandum of Understanding on Military Exchanges facilitating progress in defense cooperation.<sup>47</sup>

### 2.1.9 Developing relations with Singapore

Whilst not having signed a strategic cooperation pact with Singapore and despite Singapore's traditional security ties lying outside the region, relations between China and Singapore can be shown to have grown in the area of security. China had in fact begun defense exchanges with Singapore prior to the signing of then ten agreements in 1999 and 2000 with all ASEAN member states. The Singapore Ministry of Defense states that the regular exchange of high-level bilateral visits by top leaders of both countries now is a continuation of those meetings of defense ministers that have taken place since 1997.<sup>48</sup>

In April 2010, then Chinese Vice President Xi Jinping met with Singaporean Deputy Prime Minister Teo Chee Hean in Beijing. According to a Chinese media article Chinese Vice President Xi Jinping told visiting Singaporean Deputy Prime Minister Teo Chee Hean, "As this year marks the 20th anniversary of our diplomatic ties, China would like

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<sup>47</sup> "Joint Statement between Brunei Darussalam and the People's Republic of China." *Ministry of Foreign Affairs and Trade Brunei Darussalam*, October 11, 2013, <http://www.mofat.gov.bn/index.php/news/news-highlights/item/905-joint-statement-between-brunei-darussalam-and-the-peoples-republic-of-china>

<sup>48</sup> "DPM Teo Visits China," *MINDEF Singapore*, April 20, 2010, [http://www.mindef.gov.sg/imindef/press\\_room/official\\_releases/nr/2010/apr/20apr10\\_nr.html#.UqN6GCdpghA](http://www.mindef.gov.sg/imindef/press_room/official_releases/nr/2010/apr/20apr10_nr.html#.UqN6GCdpghA)

to work with Singapore to take relations to a new high and contribute to world and regional peace and stability,"<sup>49</sup> Teo was leading a defense delegation to visit China in his capacity as Singapore's Defense Minister. The Singapore Ministry of Defense states about the trip:

Mr Teo's visit is part of the regular exchange of high-level bilateral visits by top leaders of Singapore and China and is a continuation of the exchange of visits by defense ministers since 1997. It underscores the multifaceted and broad-based relationship between Singapore and China, and the good defense ties following the signing of the bilateral agreement on Defence Exchanges and Security Cooperation (ADESC) in January 2008. The two armed forces interact regularly through the exchange of visits, courses, seminars and port calls, and conducted their inaugural bilateral training exercise in Guilin, China in June 2009<sup>50</sup>

Of the defense cooperation and training exercises Singapore MOD also stated:

Permanent Secretary (Defense) Chiang Chie Foo visited China in January 2008 to sign the Agreement on Defense Exchanges and Security Cooperation with the People's Liberation Army (PLA) Deputy Chief of General Staff GEN Ma Xiaotian and to co-chair the inaugural China-Singapore Defense Policy Dialogue (DPD) with GEN Ma. GEN Ma also made a courtesy call on Mr Teo at the sidelines of his visit to Singapore in March 2009 to co-chair the 2nd DPD with Mr Chiang.

-The Singapore Armed Forces and the PLA conducted their inaugural joint training exercise in Guilin, China in June 2009. Codenamed COOPERATION 2009, the joint training exercise focused on the conduct of security operations for major events and marks the first bilateral training exercise between the SAF and the PLA. COOPERATION 2009 also serves to enhance the mutual understanding

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<sup>49</sup> "China, Singapore pledge stronger collaboration," *Sina English*, April 22, 2010, <http://english.sina.com/china/p/2010/0422/315856.html>

<sup>50</sup> "DPM Teo Visits China," *MINDEF Singapore*, April 20, 2010, [http://www.mindef.gov.sg/imindef/press\\_room/official\\_releases/nr/2010/apr/20apr10\\_nr.html#.UqN6GCdpghA](http://www.mindef.gov.sg/imindef/press_room/official_releases/nr/2010/apr/20apr10_nr.html#.UqN6GCdpghA)

and friendship between the SAF and the PLA, which interact regularly through exchanges of visits, courses, seminars and port calls.<sup>51</sup>

Thus, just as with all the ASEAN member states, we can see that China's relationship with Singapore has developed through China's wish to have good relations with those on its periphery since 1997.

### **2.1.10 Developing relations with Myanmar**

China and Myanmar also signed a joint statement on a framework for bilateral relations and cooperation in 2000, and there were similar high-level exchanges and statements between the two sides in the following decade. Jiang Zemin met with the chairman of the Myanmar State Peace and Development Council (SPDC) in 2001 and 2003. As President Hu Jintao met with Myanmar's prime minister in 2004 and 2006, and with the chairman of the SPDC, Than Shwe, in 2005 and 2010, culminating in the agreement to upgrade bilateral ties to comprehensive strategic cooperative partnership in May 2011,

The relationship between China and Myanmar has been defined by Myanmar being a principal recipient of military assistance from China in the 1990s, a period during which China provided arms to friendly governments.<sup>52</sup> Arms sales have continued into the 2000s with the value of Chinese defense equipment delivered to Myanmar between 1989 and 2008 at \$1.757 billion.<sup>53</sup>

China-Myanmar relations will be looked at further in the second half of this chapter, in the chapter on connectivity, and in the sixth chapter also.

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<sup>51</sup> "DPM Teo Visits China," *MINDEF Singapore*, April 20, 2010, [http://www.mindef.gov.sg/imindef/press\\_room/official\\_releases/nr/2010/apr/20apr10\\_nr.html#.UqN6GCdpghA](http://www.mindef.gov.sg/imindef/press_room/official_releases/nr/2010/apr/20apr10_nr.html#.UqN6GCdpghA)

<sup>52</sup> Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia," *Asian Security*, vol. 8, pp. 287-310, 2012.

<sup>53</sup> *Ibid.*

## 2.2 Challenges to China's ASEAN policy: The United States

The challenge presented by the U.S. to China's ASEAN policy centers around a shift in the Obama administration's East Asia policy. An academic paper using the international relations theory of power transition to look at Sino-U.S. relations, and another paper discussing China-U.S. competition in the South China Sea will be used to highlight the critical changes in U.S. policy.

During his election campaign in 2008, President Obama emphasized China was not an enemy and not a partner. After taking office the new government's attitude to China was positive and friendly for several reasons. Firstly the Obama administration needed cooperation with China to recover from the global financial crisis and revive the American economy. Secondly to lessen the threat of global terrorism the U.S. needed the support and assistance of China. Thirdly to prevent the proliferation of nuclear weapons and the threat from North Korea and Iran the U.S. would again need the support and assistance of China. Fourthly to deal with the non-traditional security threats, America also needed the support and cooperation of China.<sup>54</sup>

In November 2009, President Obama made his first visit to Asia. He made a speech in Tokyo where he outlined America's East Asia policy. The academic paper using the international relations theory of power transition to look at Sino-U.S. relations concludes that the speech demonstrated the U.S. would not see a rising China as an enemy or competitor, furthermore it would seek to build a cooperative relationship and mutually resolve all international problems.<sup>55</sup>

In China, President Obama met with Hu Jintao. The result of the meeting was the U.S.-China Joint Statement on November 17, 2009, which emphasized building a positive, cooperative and comprehensive relationship. It was also the first time in twelve years

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<sup>54</sup> Kao-cheng Wang, "The Power Transition Theory and Sino-U.S. Relations," in Strategic Change in the Asia-Pacific, Ming-hsien Wong, Ed. New Taipei: Graduate Institute of International Affairs and Strategic Studies Tamkang University, 2012, pp. 185-233. . 變遷中的亞太戰略情勢/王高成等作; 翁名賢主編, 新北市: 淡江大學國際事務與戰略研究, 2012 年 5 月

<sup>55</sup> Ibid.

they had released a joint statement and was a symbol of an improving relationship. The content of the statement demonstrates the raising of Sino-U.S. relations.<sup>56</sup>

However after the Obama-Hu meeting differences in standpoints and interests appeared and cooperation was limited. American policy toward China hardened, the tougher stance of the U.S. to China centered around problems occurring in these issues; China's stance at the Copenhagen Climate Change Conference, Iran, weapons sales to Taiwan, economic and trade issues between China and America, and the issue of the Dalai Lama. The Obama administration sent a message that it was no longer "reluctant to clash with Beijing to protect its interest and values."<sup>57</sup> The Obama administration implemented its policy of the return to the Asia-Pacific to restrict or contain the growing power of China in this region. (歐巴馬政府採取重返東亞的外交政策，以制衡或遏制中共在此一地區日曾的權利地位.)

### 2.2.1 The Asian Pivot

Two articles from the same website which commentates on East Asian issues state that the Obama administration forged ahead with its pivot, or rebalancing, toward the Asia Pacific after U.S. Secretary of State Hillary Clinton outlined the key elements of this policy in her 2011 *Foreign Policy* article.<sup>58</sup> Obama's participation in the East Asia Summit (EAS) immediately after the U.S. election was clear affirmation of his administration's priority in rebalancing U.S. diplomacy toward Asia — the so-called Asian pivot.<sup>59</sup>

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<sup>56</sup> Kao-cheng Wang, "The Power Transition Theory and Sino-U.S. Relations," in *Strategic Change in the Asia-Pacific*, Ming-hsien Wong, Ed. New Taipei: Graduate Institute of International Affairs and Strategic Studies Tamkang University, 2012, pp. 185-233. . 變遷中的亞太戰略情勢/王高成等作；翁名賢主編，新北市：淡江大學國際事務與戰略研究，2012年5月

<sup>57</sup> Fu-kuo Liu, "The U.S.-China Competition In The South China Sea: Strategic Implication for Regional Security," *East Sea (South China Sea) Studies*, July 15, 2011, <http://nghiencuubiendong.vn/en/conferences-and-seminars/-second-international-workshop/589-the-us-china-competition-in-the-south-china-sea-strategic-implication-for-regional-security-by-fu-kuo-liu>

<sup>58</sup> Ryo Sahashi, "Is Japan making the most of the U.S. pivot?," *East Asia Forum*, 6 November, 2012, <http://www.eastasiaforum.org/2012/11/06/is-japan-making-the-most-of-the-us-pivot/>

<sup>59</sup> Peter Drysdale, "America's pivot to Asia and Asian akasia," *East Asia Forum*, 26 November, 2012, <http://www.eastasiaforum.org/2012/11/26/americas-pivot-to-asia-and-asian-akrasia/>

We can see important steps in the U.S. implementing its policy of return to Asia in 2011 and 2012. As Obama visited Australia before the East Asia Summit, he said in a major speech on Washington's vision for the Asia-Pacific region, "As we end today's wars, I have directed my national security team to make our presence and missions in the Asia Pacific a top priority. As a result, reductions in U.S. defense spending will not -I repeat, will not - come at the expense of the Asia Pacific." A first step in extending the U.S. military reach into Southeast Asia was to see U.S. Marines, naval ships and aircraft deployed to northern Australia from 2012.<sup>60</sup>

U.S. Secretary of Defense Leon Panetta also outlined his plan for the rebalancing in his remarks at the June 2012 Shangri-La Dialogue, an annual security conference in Singapore attended by civilian and military leaders from Asia-Pacific and Western nations. He emphasized the continued presence of the U.S. in the Asia Pacific and the Indian Ocean regions.<sup>61</sup> According to an article from an international media outlet he said, "Make no mistake, in a steady, deliberate and sustainable way, the United States military is rebalancing and bringing an enhanced capability development to this vital region," Panetta told the Shangri-La Dialogue.<sup>62</sup>

The media article reports that Panetta said, "By 2020, the navy will re-posture its forces from today's roughly 50/50 percent split between the Pacific and the Atlantic to about a 60/40 split between those oceans,". "That will include six aircraft carriers in this region, a majority of our cruisers, destroyers, littoral combat ships and submarines".

According to the article the U.S. Navy then had a fleet of 285 ships, with about half of those vessels deployed or assigned to the Pacific. Although the total size of the overall fleet might decline in coming years depending on budget pressures, Pentagon officials said the number of U.S. naval ships in the Pacific would rise in absolute terms. The U.S.

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<sup>60</sup> "Obama tells Asia, U.S. "here to stay," *Reuters*, November 17, 2011.

<http://www.reuters.com/article/2011/11/17/us-obama-asia-idUS.TRE7AF32X20111117>

<sup>61</sup> Ryo Sahashi, "Is Japan making the most of the U.S. pivot?," *East Asia Forum*, 6 November, 2012,

<http://www.eastasiaforum.org/2012/11/06/is-japan-making-the-most-of-the-us-pivot/>

<sup>62</sup> "Firepower bristles in South China Sea as rivalries harden," *Reuters*, June 13, 2012,

<http://www.reuters.com/article/2012/06/14/china-southchinasea-idUS.L3E8H902520120614>

also planned to expand military exercises in the Pacific and to conduct more port visits over a wider area extending to the Indian Ocean.<sup>63</sup>

The media article states the announcement on the future of the U.S. fleet provided the clearest evidence yet of a shift to Asia, and the speech appeared designed to reassure allies that Washington would back its much-publicized “pivot” to Asia with tangible action.<sup>64</sup>

### **2.2.2 China’s response to the U.S. pivot to Asia**

In an address by then Chinese Assistant Foreign Minister Le Yucheng titled ‘The Rapid Development of China's Diplomacy in a Volatile World’ at a Seminar on China's Diplomacy in 2011 and its Prospects, the minister addressed U.S. policy in what could be considered a very reserved reaction to the U.S. pivot. A release by China’s foreign ministry reports he said:

Recently, the United States has adjusted its policies toward the Asia-Pacific and increased its input in this region. Some people are thus worried and doubt if China and the U.S. can coexist peacefully in the Asia-Pacific. Some even believe that China's surrounding environment has deteriorated. In my view, the U.S. has never left the Asia-Pacific, so there is no "return" to speak of. China does not want to and cannot push the United States out of the Asia-Pacific. We hope the U.S. can play a constructive role in this region, and that includes respecting China's major concerns and core interests.<sup>65</sup>

In late 2011, former Ambassador to the United States, Zhang Yesui, spoke on two occasions on China-U.S. relations, the peaceful development of China and China’s role in the world. A similar mild reaction to the U.S. pivot is evident in one of the speeches where he said:

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<sup>63</sup> “Firepower bristles in South China Sea as rivalries harden,” *Reuters*, June 13, 2012, <http://www.reuters.com/article/2012/06/14/china-southchinasea-idUS.L3E8H902520120614>

<sup>64</sup> Ibid.

<sup>65</sup> “The Rapid Development of China's Diplomacy in a Volatile World - Address by Assistant Foreign Minister Le Yucheng at the Seminar on China's Diplomacy in 2011 and its Prospect,” *Ministry of Foreign Affairs of the People’s Republic of China*, December 27, 2011, [www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t890675.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t890675.shtml)



China is an Asian-Pacific country. We have a stake in a prosperous and secure Asia-Pacific and will contribute to it with our own development. The fundamental goal of our Asia-Pacific policy is to achieve mutually beneficial and common development with regional countries, including with the United States.

China and the U.S. share broad common interests in the Asia-Pacific. We are brought together by the common mission to maintain peace and stability and achieve prosperity in the region. We respect the legitimate interest and presence of the U.S. in the Asia-Pacific, and welcome a positive and constructive role by the U.S. in this region. We support and welcome the United States' participation in the East Asia Summit. We attach great importance to the Asia-Pacific Affairs Consultation and see it as an effective cooperative mechanism to advance bilateral interests as well as the common good for the entire region.<sup>66</sup>

At the Shangri-La Dialogue in 2012 where Panetta made the announcement regarding the U.S. Navy, People's Liberation Army (PLA) Lieutenant General Ren Haiquan, who was leading the Chinese delegation to the regional security dialogue, is reported to have said China would intensify its vigilance, but not lash back. A media article states Ren said "First, we should not treat this as a disaster," He also said "I believe that this is the United States' response to its own national interests, its fiscal difficulties and global security developments."<sup>67</sup>

These statements in response to the U.S. pivot to Asia show extreme moderation. There was a much more extreme reaction to the U.S. release of a press statement regarding the South China Sea and the Sansha development as we shall see in the fourth chapter.

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<sup>66</sup> "China-U.S. Relations and China's Role in the World—Address by Ambassador Zhang Yesui at the Harvard Kennedy School," *Embassy of the People's Republic of China in the United States of America*, October 12, 2011, <http://www.china-embassy.org/eng/gdxw/t868009.htm>

<sup>67</sup> "China says to step up vigilance after U.S. navy shift," *Reuters*, June 3, 2012, <http://in.reuters.com/article/2012/06/03/asia-security-china-idINDEE85201L20120603>

### 2.2.3 The United States: Growing regional cooperation in Southeast Asia

As secretary of state Hilary Clinton wrote an article on U.S. foreign policy published in October 2011. The article stated, ‘the Philippines and Thailand are the fulcrum for our strategic turn to the Asia-Pacific. They have underwritten regional peace and security for more than half a century, shaping the environment for the region's remarkable economic ascent. They leverage our regional presence and enhance our regional leadership at a time of evolving security challenges.’<sup>68</sup> These constitute America’s traditional security ties in East Asia. However, the U.S. has also been deepening its ties with other Southeast Asian nations. A newspaper editorial titled, ‘U.S. asserts its power in Indo-China’ lists some points which show the increasing U.S. presence in the region which the paper will consider here.

### 2.2.4 U.S. Cooperation with Vietnam

- In 2005, the U.S. and Vietnam signed a military cooperation agreement, which included plans for the U.S. to provide military education and training to officers in the Vietnamese armed forces, and in June 2006 then-U.S. secretary of defense Donald Rumsfeld visited Vietnam for the first time.<sup>69</sup>
- Vietnam offered access to the Cam Ranh Bay navy base, invited U.S. companies to drill in its offshore oilfields, exchanged high-level visits and welcomed U.S. businesspeople and Vietnamese Americans to invest in Vietnam, according to the editorial since it felt threatened by China’s growing power and its activities in the South China Sea.<sup>70</sup>
- Vietnam and the U.S. have also held an annual U.S.-Vietnam Political, Security and Defense Dialogue, with the venue alternating between Hanoi and Washington since 2008. The two sides discuss peacekeeping actions and training,

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<sup>68</sup> Hilary Clinton, “America’s Pacific Century,” *Foreign Policy*, October 11, 2011, [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century)

<sup>69</sup> “U.S. asserts its power in Indochina,” *Taipei Times*, March 25, 2011, <http://www.taipeitimes.com/News/editorials/archives/2011/03/25/2003499036>

<sup>70</sup> Ibid.

humanitarian assistance, disaster relief, maritime security, cooperation in fighting terrorism and narcotics trafficking, border security, preventing weapons proliferation, mutual visits by senior figures from both sides, as well as how to strengthen understanding between the two countries' armed forces among others.

- In November 2009, the U.S. Navy sent missile destroyer the U.S.S Lassen, under the command of its first-ever Vietnamese-American captain, Hung Ba Le, on a goodwill visit to the port city of Da Nang. On Aug. 9 last year, another missile destroyer, the U.S.S John S. McCain, visited Da Nang, and took part in a joint training exercise with the Vietnamese navy. At the same time, the U.S. also dispatched a strike group of three destroyers to take part in joint exercises with the Vietnamese navy in the South China Sea.<sup>71</sup>

### **2.2.5 U.S. Cooperation with Cambodia**

Similar developments have been taking place in relation to Cambodia:

- In 2004, the U.S. Department of State and Department of Defense launched the Global Peace Operations Initiative, the purpose of which is to assist countries in preserving peace by countering terrorism, rebellions, crime and intercommunal conflict. Under this initiative, on May 3 last year, the U.S. allocated U.S.\$1.8 million to set up a Peacekeeping Training Center in Cambodia.<sup>72</sup>
- Since 2006, the U.S. has supplied Cambodia with U.S.\$4.5 million worth of military equipment and training. It also plans to continue assisting Cambodia in defense reform, military professionalization, border and maritime security, counterterrorism, civil-military operations and landmine clearance, with the purpose of strengthening civil and military relations between the two countries.
- On July 12 last year, 23 countries including France, Indonesia, the Philippines, Australia, India, Italy, Japan, the UK, Mongolia and Germany took part in the Angkor Sentinel peacekeeping exercise in Cambodia, sponsored by the U.S.

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<sup>71</sup> "U.S. asserts its power in Indochina," *Taipei Times*, March 25, 2011, <http://www.taipeitimes.com/News/editorials/archives/2011/03/25/2003499036>

<sup>72</sup> Ibid.

armed forces. The maneuvers involved 1,200 military personnel. It was the first time Cambodia has hosted such a large-scale international peacekeeping exercise.<sup>73</sup>

## 2.2.6 U.S. Cooperation with Myanmar

A commentary on East Asian affairs discussing President Obama's first trip to Asia after his re-election states he became the first U.S. President to visit Myanmar, before attending the East Asia Summit in Cambodia. Of the visit the piece says 'This was a bold and welcome initiative that extends support to those inside and outside the country behind Myanmar's opening toward the outside world. Obama's participation in the East Asia Summit (EAS) immediately after the U.S. election was clear affirmation of his administration's priority in rebalancing U.S. diplomacy toward Asia — the so-called Asian pivot.'

It continues 'The visit to Burma allowed low-key but purposeful underscoring of two of America's foreign policy priorities in Asia: support for commitment to opening Burmese society and its economy and its participation in cooperative regional and international arrangements; and the projection of American economic as well as its political interests as a stabilizing force in Asia. The first (support for Burmese opening), of course, can be read as a metaphor for America's overriding ambition for Asia and both encompass America's fundamental interests in Asia's development.'<sup>74</sup>

The paper here would like to expand on the strategic changes in Myanmar that have occurred after its democratization, particularly the competition between the U.S. and China. It will rely on another academic paper which captures the strategic competition over Myanmar with the deepening of ties with the U.S.:

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<sup>73</sup> "U.S. asserts its power in Indochina," *Taipei Times*, March 25, 2011, <http://www.taipeitimes.com/News/editorials/archives/2011/03/25/2003499036>

<sup>74</sup> Peter Drysdale, "America's pivot to Asia and Asian akasia," *East Asia Forum*, 26 November, 2012, <http://www.eastasiaforum.org/2012/11/26/americas-pivot-to-asia-and-asian-akasia/>

China's strategic interests in Myanmar are seen further undermined by the engagement of the U.S. China invariably sees the U.S. engagement in Myanmar and their rapidly improving ties as Washington's strategic move to undermine China's regional influence, a concern that was openly expressed by China's Vice Foreign Minister. As early as 2009, Chinese Southeast Asia experts such as Zhang Xizhen and Yu Changsen had warned that the normalization of U.S.–Myanmar relations was bound to threaten China's security, damage the existing China–Myanmar cooperation and indirectly hurt the security of Chinese border and energy transportation route. The prophecy seemed to have proven true, as Myanmar becomes “an important pawn for the U.S.’ deployment to China’s borders”. Chinese officials and scholars essentially see the game as a zero sum one, China’s quagmire in Myanmar today is a result of U.S. manipulation to alienate China and Myanmar, and an essential component of the U.S. pivot to Asia.<sup>75</sup>

### **2.3 Challenges to China: Japan**

Challenges to China from Japan are inextricably tied to the strategic ties between the U.S. and Japan. Of these ties the same article by Hilary Clinton stated:

The alliance with Japan, the cornerstone of peace and stability in the region, demonstrates how the Obama Administration is giving these principles life. We share a common vision of a stable regional order with clear rules of the road -- from freedom of navigation to open markets and fair competition. We have agreed to a new arrangement, including a contribution from the Japanese Government of more than \$5 billion, to ensure the continued enduring presence of American forces in Japan, while expanding joint intelligence, surveillance, and reconnaissance activities to deter and react quickly to regional security challenges, as well as information sharing to address cyber threats.

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<sup>75</sup> Yun Sun, “China and the Changing Myanmar,” *Journal of Current Southeast Asian Affairs*, vol. 31, no. 4, pp.51-77, 2012.

A media article describes the Security Consultative Committee meeting, held in Washington in June 2011, which involved U.S. Secretary of State Hillary Rodham Clinton, U.S. Secretary of Defense Robert Gates, Japanese Minister of Foreign Affairs Takeaki Matsumoto and Japanese Minister of National Defense Toshimi Kitazawa. This was the first meeting of the committee, informally known as the “2+2 ministerial,” in four years. In a joint statement, it said on China that the U.S. and Japan encouraged Beijing’s responsible and constructive role in regional stability and prosperity, cooperation on global issues and its adherence to international norms of behavior. It also reiterated the need for China to improve openness and transparency with respect to its military modernization and activities, and to strengthen confidence-building measures.<sup>76</sup>

In Japan’s annual defense report of 2011, Tokyo expressed that there were regional security concerns about China’s military buildup. A media article quotes the report as saying “Given the modernization of China’s naval and air forces in recent years, its sphere of influence is likely to grow beyond its neighboring waters. It is expected that China will try to keep expanding the area of activities and to make its naval activities a routine practice in waters surrounding Japan, including the East China Sea and the Pacific Ocean, as well as in the South China Sea.”<sup>77</sup>

The U.S. pivot, through its U.S. ties with Japan and Japan’s role in Southeast Asia all provide a challenge to China’s Southeast Asian policy. The role of Japan in the South China Sea and its increased security ties with Southeast Asian nations therefore will also be looked at more closely in the chapter on the South China Sea.

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<sup>76</sup> “U.S., Japan call for strong Asia-Pacific defense,” *Taipei Times*, June 23, 2011, <http://www.taipeitimes.com/News/front/archives/2011/06/23/2003506460>

<sup>77</sup> “Japan wary of rise in PRC naval moves,” *Taipei Times*, August 3, 2011, <http://www.taipeitimes.com/News/world/archives/2011/08/03/2003509829>

## Chapter 3: China-ASEAN: Economy

In the joint statement of 1997 outlining China-ASEAN cooperation toward the 21<sup>st</sup> century, the two sides undertook to deepen cooperation at bilateral and multilateral levels in promoting economic growth and as we have seen this is regarded as an important starting point by China and ASEAN in the rapid development of their bilateral relationship afterwards.

Coming in the midst of the Asian Financial Crisis, the meeting in the Kuala Lumpur also noted the efforts to address the financial situation and promote financial stability in the region. Part 7 of the statement concludes, ‘ASEAN member states noted with appreciation China’s contribution to the recent financing packages in the region and both sides reaffirmed the importance of enhanced cooperation on economic and financial issues between the Finance Ministers of ASEAN and the People’s Republic of China.’<sup>1</sup>

The evolution of economic and financial cooperation between China and ASEAN stems from this point. It is explained in an academic paper, it provided China with ‘a critical opportunity to move into the center of regional cooperation’ and initiate proposals ‘for security and economic cooperation to its neighbors in Southeast Asia to reassure its good intentions and show its serious commitment. A cooperative atmosphere for the construction of a new regional architecture began emerging between China and ASEAN.’<sup>2</sup>

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<sup>1</sup> “Joint Statement of the Meeting of Heads of State/Government of the Member States of ASEAN and the President of the People’s Republic of China Kuala Lumpur, Malaysia, 16 December 1997,” *Association of Southeast Asian Nations*, December 16, 1997, <http://www.asean.org/news/item/joint-statement-of-the-meeting-of-heads-of-stategovernment-of-the-member-states-of-asean-and-the-president-of-the-people-s-republic-of-china-kuala-lumpur-malaysia-16-december-1997>

<sup>2</sup> Fu-kuo Liu, “Asian Regionalism, Strategic Evolution, and the U.S. Policy in Asia: Some Prospects for the Cross-Strait Development,” Center for Northeast Asian Policy Studies, The Brookings Institution, Washington D.C, June, 2008.



### **3.1.1 Completion of China-ASEAN Free Trade Agreement**

It is in the atmosphere described above that then Chinese Premier Zhu Rongji proposed the idea of CAFTA in November 2000. It was the first free trade area negotiated by China with foreign countries and the largest free trade area among developing countries, and is regarded as the cornerstone of China-ASEAN economic relations. In November 2002, China and ASEAN signed the Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN, in which they agreed to launch the building of CAFTA and complete the process by 2010. The document, 'Chinese-ASEAN Cooperation: 1991-2011' released by the Chinese Foreign Ministry describes this progress. It states, 'On January 1, 2004, the initial benefit of CAFTA-"Early Harvest Plan"-was materialized as scheduled. In November 2004, the two sides signed the CAFTA Agreement on Trade in Goods and extended comprehensive tariff reduction to each other in July 2005. The two sides also signed the CAFTA Agreement on Trade in Services in January 2007 and the CAFTA Agreement on Investment in 2009. In January 2010, CAFTA was established as scheduled, and zero tariff treatment was provided for more than 90% of the products exchanged between China and ASEAN. China's average tariff rate for ASEAN dropped from 9.8% to 0.1%, while the average tariff rate of the six old ASEAN member countries for China was slashed from 12.8% to 0.6%. The significant reduction in tariff has lent a strong impetus to the fast growth of bilateral trade.'

<sup>3</sup>

In September 2012 at the opening of the 9<sup>th</sup> China-ASEAN Business and Investment Summit which also marked the 10<sup>th</sup> anniversary of the framework agreement on the CAFTA, then Vice President of the PRC Xi Jinping spoke on the development of the CAFTA. In a release of the address it reports he said:

Two-way trade between China and ASEAN surged from 7 billion U.S. dollars in the early days of our dialogue relations to 362.8 billion last year, registering an average annual growth of over 20%. China has been ASEAN's largest trading

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<sup>3</sup> "CHINA-ASEAN COOPERATION: 1991-2011," *Xinhua*, November 15, 2011, [http://news.xinhuanet.com/english2010/china/2011-11/15/c\\_131248640.htm](http://news.xinhuanet.com/english2010/china/2011-11/15/c_131248640.htm)

partner for three consecutive years and ASEAN has become China's third largest trading partner. The China-ASEAN FTA has laid a solid foundation for ASEAN-centered regional integration and cooperation. We hope that the two sides will continue to implement the various FTA agreements, further improve on trade and investment liberalization and facilitation, and optimize the mix of import and export commodities, so as to meet, as scheduled, the trade volume target of 500 billion U.S. dollars by 2015. We should take the current China-ASEAN science and technology cooperation year as the opportunity to strengthen economic and technological cooperation within the FTA framework. China has already set up in Nanning, Guangxi and Yiwu, Zhejiang China-ASEAN commodity trade centers, which are new platforms that ASEAN companies can use to promote their products and increase their share in the Chinese market.<sup>4</sup>

It quite clearly shows the emphasis on continuing economic cooperation that developed and from the plans of 2002 and China's proactive move to ASEAN for an FTA.

### **3.1.2 China-ASEAN: Regional economic and financial cooperation**

In order to see further cooperation that has taken place, this part will first look at regional financial cooperation as set out in the various China-ASEAN documents described in the introduction. In the 1997 joint statement it says, 'China underlined its conviction that the economics of the East Asian region would continue to be one of the fastest growing in the world.'<sup>5</sup>

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<sup>4</sup> "Work Together Towards Deeper Cooperation and Sustained Development, Address by H.E. Xi Jinping Vice President of the People's Republic of China At the Opening Ceremony of the 9th China-ASEAN Business and Investment Summit and 2012 Forum on China-ASEAN Free Trade Area, September 21, 2012," *Ministry of Foreign Affairs of the People's Republic of China*, September 21, 2012, [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t977453.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t977453.shtml)

<sup>5</sup> "Joint Statement of the Meeting of Heads of State/Government of ASEAN and the President of the People's Republic China Kuala Lumpur, Malaysia, 16 December 1997," *Association of Southeast Asian Nations*, <http://www.asean.org/news/item/joint-statement-of-the-meeting-of-heads-of-stategovernment-of-the-member-states-of-asean-and-the-president-of-the-people-s-republic-of-china-kuala-lumpur-malaysia-16-december-1997>

In the first joint statement for strategic partnership of 2003 it states, ‘Make ASEAN Plus Three mechanism as the main channel to move forward cooperation and regional economic integration in East Asia and Asia as a whole so as to promote sustainable development and common prosperity there.’<sup>6</sup> The 2004 plan outlines China and ASEAN’s regional financial aims as the following:

- Strengthen economic review and policy dialogue through the ASEAN Plus Three framework, including the development of early warning system and monitoring of short-term capital flows;
- Promote closer financial cooperation and greater financial stability in ASEAN Plus Three countries;
- Promote dialogues on macro-economic and financial policies in appropriate fora;
- Enhance the effectiveness of the Chiang Mai Initiative;
- Develop and deepen regional bond markets;
- Promote regional financial and monetary integration;
- Strengthen human resource development and capacity building in banking and financial sectors, particularly under the ASEAN Plus Three cooperation;
- Enhance cooperation and technical assistance to develop ASEAN-China capital markets.<sup>7</sup>

In a joint statement from the 2006 China-ASEAN Commemorative Summit it states ‘China supports ASEAN’s role as the driving force in regional processes, such as the ASEAN Regional Forum, ASEAN Plus Three and East Asia Summit. In Wen Jiabao’s

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<sup>6</sup> “Joint Declaration of the Heads of State/Government of the Association of Southeast Asian Nations and the People’s Republic of China on Strategic Partnership for Peace and Prosperity,” *Association of Southeast Asian Nations*, October 16, 2012, <http://www.asean.org/news/item/joint-declaration-of-the-heads-of-stategovernment-of-the-association-of-southeast-asian-nations-and-the-people-s-republic-of-china-on-strategic-partnership-for-peace-and-prosperity-2>

<sup>7</sup> “PLAN OF ACTION TO IMPLEMENT THE JOINT DECLARATION ON ASEAN-CHINA STRATEGIC PARTNERSHIP FOR PEACE AND PROSPERITY,” *Ministry of Foreign Affairs of the People’s Republic of China*, December 21, 2004, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/dqzzywt\\_663588/t175815.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/dqzzywt_663588/t175815.shtml)

speech at the summit he said that ASEAN would remain at the core of East Asia cooperation and that 10+3 serve as the main vehicle in East Asia cooperation.<sup>8</sup>

In 2010 at the 13th China-ASEAN Summit in Hanoi the completion of the CAFTA was announced. After this, we can see a greater emphasis on the APT process within the China-ASEAN joint plans, which state their aims as:

- Further enhance the effectiveness of the Chiang Mai Initiative Multilateralisation (CMIM);
- Continue to engage in discussions on how to further enhance regional financial cooperation under the ASEAN Plus Three framework and explore future priorities of financial cooperation;
- Collaborate in the establishment of the ASEAN+3 Macroeconomic Research Office (AMRO), an independent regional surveillance unit that will monitor and analyse regional economies, which contributes to the early detection of risks, swift implementation of remedial actions and effective CMIM decision-making;
- Enhance the macroeconomic and financial stability of regional economies by fostering the development of local-currency-denominated bond markets through the Asian Bond Markets Initiative (ABMI), promoting the issuance of and facilitating the demand for local currency-denominated bonds, as well as improving the regulatory framework and related infrastructure for the bond markets;
- Promote human resource development and capacity building in banking and financial sectors; and
- Enhance cooperation and technical assistance to develop ASEAN-China capital markets.<sup>9</sup>

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<sup>8</sup> “Full text of Joint Statement of China-ASEAN Commemorative Summit,” *Xinhua*, October 30, 2006, [http://news.xinhuanet.com/english/2006-10/30/content\\_5268965.htm](http://news.xinhuanet.com/english/2006-10/30/content_5268965.htm)

<sup>9</sup> “Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity (2011-2015),” *Association of Southeast Asian Nations*, <http://www.asean.org/asean/external-relations/china/item/plan-of-action-to-implement-the-joint-declaration-on-asean-china-strategic-partnership-for-peace-and-prosperity-2011-2015>

The joint statement from the 14<sup>th</sup> China-ASEAN Summit in 2011 outlines ‘We reaffirm that the ASEAN Plus Three process would continue as a main vehicle towards the long-term goal of building an East Asian community with ASEAN as the driving force. We look forward to the outcome of the East Asia Vision Group II as part of the efforts to lay down a new vision of East Asia cooperation and community building in light of 15th Anniversary of the ASEAN Plus Three Cooperation in 2012.’<sup>10</sup>

In Wen Jiabao’s statement at 14<sup>th</sup> China-ASEAN Summit he said “we should adhere to ASEAN centrality in promoting East Asian cooperation. China supports ASEAN integration and community building and welcomes a stronger and more influential ASEAN. We are confident that ASEAN is fully capable of leading East Asian cooperation. China will open a permanent mission to ASEAN next year. We will continue to support ASEAN and work with it, and we will continue to take 10+1 as the foundation, 10+3 as the main vehicle and the East Asia Summit as an important supplement in pursuing East Asian cooperation.”<sup>11</sup>

Below we can see some developments in areas related to the joint documents as outlined above.

### **3.1.2.1 The Chiang Mai Initiative**

The Chiang Mai Initiative is described by an outlet that comments on East Asian Affairs as a regional foreign exchange liquidity support mechanism that developed as a result of the 1997–98 Asian financial crisis, and later evolved into a multilateralised mechanism, the Chiang Mai Initiative Multilateralisation (CMIM). The CMIM is a self-managed reserve pooling mechanism of the ASEAN+3 economies, with a total size of U.S.\$120

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<sup>10</sup> “Full text of Joint statement of China-ASEAN commemorative summit,” *Xinhua*, November 20, 2011, [http://news.xinhuanet.com/english2010/china/2011-11/20/c\\_131257696.htm](http://news.xinhuanet.com/english2010/china/2011-11/20/c_131257696.htm)

<sup>11</sup> “Full text of Chinese Premier Wen’s statement at 14<sup>th</sup> China-ASEAN Summit,” *english.sina.com*, November 18, 2011, <http://english.sina.com/china/p/2011/1118/415333.html>

billion.<sup>12</sup>

A regional surveillance unit, the ASEAN+3 Macroeconomic Research Office (AMRO), supports the CMIM. The Singapore launch of the 20-person office, known as AMRO, will monitor economic conditions in the region, detect risk, and decide when and how to deploy the emergency fund. The office is an outgrowth of a decade of work between officials in Japan, China, South Korea and the Association of Southeast Asian Nations-- which includes Indonesia, Thailand, Vietnam, the Philippines, Singapore, Malaysia, and others. It is an effort by Asian countries to prevent another event like the 1998 financial crisis.<sup>13</sup>

In a commentary piece on the Chiang Mai Initiative it states that in early May 2012, the ASEAN +3 Finance Ministers met in Hanoi and reached an agreement on two important issues in the development of the Chiang Mai Initiative (CMI). Firstly, they appointed Wei Benhua to be the first director of the AMRO. Secondly, they decided to double the size of the CMI (to U.S.\$240 billion).<sup>14</sup>

A commentary on East Asian affairs states, ‘The selection of a Chinese national as the first head of the CMI’s surveillance secretariat of AMRO is no accident — indeed it was a bitterly fought diplomatic battle. Typical of the CMI negotiations thus far, the outcome was a compromise between China and Japan. While Wei Benhua will lead the organization in its critical first year, he will not see out the full term of three years. Instead, Wei will step down to allow the younger Japanese national Yoichi Nemoto to take over.’<sup>15</sup>

The commentary continues ‘Placing Wei as the director is a victory for China. While Japan has pioneered the development of the institution, both the secretariat and the directorship were prizes which the Japanese were not able to win. In addition to the

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<sup>12</sup> Chalongphob Sussangkarn, “Towards a functional Chiang Mai Initiative,” *East Asia Forum*, May 15, 2012, <http://www.eastasiaforum.org/2012/05/15/toward-a-functional-chiang-mai-initiative/>

<sup>13</sup> Ibid.

<sup>14</sup> Joel Rathus, “Chiang Mai Initiative: China takes the leader’s seat,” *East Asia Forum*, June 30, 2011, <http://www.eastasiaforum.org/2011/06/30/chiang-mai-initiative-china-takes-the-leader-s-seat>

<sup>15</sup> Ibid.

symbolic victory for China of having a Chinese national leading the CMI — marking China's clear transition to the East Asian leader in terms of the provision of regional public goods — the first director of an international institution sets the tone for future institutional developments. One should therefore expect decisions made this year on personnel and AMRO's structure to favorably position China institutionally.<sup>16</sup> It shows the greater status that China is taking on within the Chiang Mai Initiative.

### **3.1.2.2 Regional Comprehensive Economic Partnership**

Another development in regional economic cooperation is the Regional Comprehensive Economic Partnership. Leaders from ASEAN countries and their six regional free trade partners agreed to start negotiations for the RCEP on 20 November 2012. According to a commentary piece it states the RCEP is a strategy aimed at maintaining regional growth by ensuring the markets of participating countries remain open and competitive.<sup>17</sup>

On November 17, 2012, the Ministry of Foreign Affairs Vice Minister of Foreign Affairs Fu Ying held a briefing for foreign and Chinese media on Premier Wen Jiabao's attendance at the 15th summit between China and ASEAN. Fu said that the Regional Comprehensive Economic Partnership (RCEP) agreement is an important step in the building of a free trade area in East Asia. The economies of 10 ASEAN countries, China, Japan, South Korea, India, Australia, and New Zealand aggregate nearly \$20 trillion. If agreement is reached between these 16 countries, it will give a strong impetus to the economic integration of East Asia. It is hoped that all parties to RCEP should seize the opportunity, take active part in the negotiations, strengthen communication and coordination, and contribute to the maintenance of sustained and healthy growth in the region.<sup>18</sup>

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<sup>16</sup> Joel Rathus, "Chiang Mai Initiative: China takes the leader's seat," *East Asia Forum*, June 30, 2011, <http://www.eastasiaforum.org/2011/06/30/chiang-mai-initiative-china-takes-the-leader-s-seat>

<sup>17</sup> Hank Lim, "The way forward for RCEP negotiations," *East Asia Forum*, December 3, 2012, <http://www.eastasiaforum.org/2012/12/03/the-way-forward-for-rcep-negotiations/>

<sup>18</sup> "The Ministry of Foreign Affairs Holds a Briefing for Foreign and Chinese Media on Premier Wen Jiabao's Attendance at the Meetings of East Asian Leaders and Visits to Cambodia and Thailand," *Embassy*



According to a Chinese Foreign Ministry release, at the summit in his speech Wen said new opportunities in the process of regional integration and China fully supports ASEAN's move for Regional Comprehensive Economic Partnership (RCEP), a consensus that was reached among the countries in the region and defines the development trend of regional economic integration. China will fully support and actively participate in the negotiations needed for the realization of RCEP. All countries should follow a free and fair trade policy, open up their markets and firmly fight against protectionism in all forms.<sup>19</sup>

### **3.1.3 China's bilateral economic relations: Indonesia, Malaysia**

In high-level visits bilateral economic relations are also emphasized. In early 2011 Wen Jiabao visited Malaysia and Indonesia.

According to a media article from a Chinese state-media outlet, in Indonesia in 2011 Wen Jiabao stated that the long-term economic plans of the two countries present tremendous opportunities for cooperation between our two countries. It reports he said "What we need now is to seize the opportunities and work together to translate that into concrete results. We need to carry out closer economic cooperation and trade. We can enhance our cooperation in energy, infrastructure development."<sup>20</sup> In a media report discussing the trip then Foreign Minister Yang Jiechi noted Malaysia had become China's largest trading partner among ASEAN countries for three years in a row and China has become Malaysia's largest trading partner for two consecutive years.<sup>21</sup>

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*of the People's Republic of China in the People's Republic of Bangladesh*, November 17, 2012, <http://bd.china-embassy.org/eng/zgyw/t991256.htm>

<sup>19</sup> "Premier Wen Jiabao Attends 7<sup>th</sup> East Asia Summit," *Ministry of Foreign Affairs of the People's Republic of China*, November 20, 2012, [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/pwjamoelapovcat\\_665698/t992055.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/pwjamoelapovcat_665698/t992055.shtml)

<sup>20</sup> "Discourse: China offers RI extensive bilateral, regional and global cooperation," *The Jakarta Post*, April 27, 2011, <http://www.thejakartapost.com/news/2011/04/27/china-offers-ri-extensive-bilateral-regional-and-global-cooperation.html>

<sup>21</sup> "Wen's visits boost China's ties with Malaysia, Indonesia: FM," *People's Daily Online*, May 1, 2011, <http://english.people.com.cn/90001/90776/90883/7366479.html>

### 3.1.6 China's bilateral economic relations: Vietnam

In late 2011, then Vice President Xi Jin-Ping visited Thailand and Vietnam. In a Xinhua article prior to the trip to Vietnam and Thailand, Chinese Vice Minister of Commerce Chen Jian said China, Vietnam and Thailand have achieved satisfying results in trade, investment and economic cooperation, and that the vice president's visit would further strengthen ties between China and the two countries and facilitate the achievements from their economic cooperation.<sup>22</sup> Furthermore the establishment of the China-ASEAN Free Trade Area (CAFTA) in 2010 has promoted the development of bilateral trade between China and the two countries.<sup>23</sup>

Another Xinhua news report described an interview that the Chinese ambassador to Vietnam gave about Xi Jinping's trip. He said the visit to Vietnam was conducive to promoting the healthy and stable development of the China-Vietnam comprehensive strategic partnership, China-Vietnam friendly exchanges and cooperation in various fields have seen considerable progress thanks to the joint efforts of both sides. Fruitful high-level visits and meetings between Chinese and Vietnamese leaders in recent years have boosted mutual trust between the two countries.<sup>24</sup> The ambassador is reported to have said that China-Vietnam economic and trade cooperation has also made abundant achievements. China has been Vietnam's largest trading partner for seven consecutive years, and Vietnam is China's fifth largest trading partner in ASEAN. China-Vietnam bilateral trade volume reached 35.67 billion U.S. dollars in the first 11 months of 2011, up 35.2 percent year on year, and is expected to hit a new high this year.<sup>25</sup>

He also said, 'China and Vietnam should further expand mutually beneficial cooperation, including the implementation of the "Five-year Plan for Vietnam-China Economic-Trade

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<sup>22</sup> "China hails fruitful economic cooperation with Vietnam, Thailand: official," *Xinhua*, December 19, 2011, [http://news.xinhuanet.com/english/china/2011-12/19/c\\_131315755.htm](http://news.xinhuanet.com/english/china/2011-12/19/c_131315755.htm)

<sup>23</sup> Ibid.

<sup>24</sup> "Interview: Chinese VP's visit to Vietnam to boost bilateral ties: ambassador," *Xinhua*, December 20, 2011, [http://news.xinhuanet.com/english/china/2011-12/20/c\\_122455188.htm](http://news.xinhuanet.com/english/china/2011-12/20/c_122455188.htm)

<sup>25</sup> "Interview: Chinese VP's visit to Vietnam to boost bilateral ties: ambassador," *Xinhua*, December 20, 2011, [http://news.xinhuanet.com/english/china/2011-12/20/c\\_122455188.htm](http://news.xinhuanet.com/english/china/2011-12/20/c_122455188.htm)

Cooperation", support for long-term cooperation on infrastructure and industrial projects, and encouraging more Chinese enterprises to invest in Vietnam.'<sup>26</sup>

### **3.1.7 China's bilateral economic relations: Thailand**

According to a media report in December 2011, Xi Jin Ping visited Thailand as the most senior representative of the Chinese government to do so since the formation of Prime Minister Yingluck Shinawatra's government. He is quoted as saying "My visit is aimed at consolidating bilateral good-neighborliness, enhancing strategic mutual trust and advancing pragmatic cooperation."<sup>27</sup> Emphasis was on economy as Thailand signed a 70-billion-yuan swap agreement with China to strengthen trade and investment between the two nations. The swap agreement for 70 billion Yuan, or about Bt320 billion, was signed by Bank of Thailand Governor Prasarn Trairatvorakul and Hu Xiaolian, deputy governor of the People's Bank of China.

The same article describes that Thai exporters welcomed the agreement, saying it would help reduce costs and boost trade opportunities between Thailand and China amid slower economic growth in the United States and the European Union. The measure would also help reduce the U.S. dollar's influence on the global monetary market and 'increase the weight of other foreign currencies, since the U.S. economy remains fragile. More Thai exporters would trade under the Yuan regime in the future, as more than 90 per cent of the country's exports were transacted in U.S. dollars, which was costly for those who export to China and other Asian markets.'<sup>28</sup>

The two leaders witnessed the signing of memoranda of understanding on the development of a high-speed rail link between Bangkok and Chiang Mai, a railway

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<sup>26</sup> "Interview: Chinese VP's visit to Vietnam to boost bilateral ties: ambassador," *Xinhua*, December 20, 2011, [http://news.xinhuanet.com/english/china/2011-12/20/c\\_122455188.htm](http://news.xinhuanet.com/english/china/2011-12/20/c_122455188.htm)

<sup>27</sup> "Govt inks 70-billion-yuan swap deal with Beijing," *The Nation*, December 23, 2011, <http://www.nationmultimedia.com/business/Govt-inks-70-billion-yuan-swap-deal-with-Beijing-30172508.html>

<sup>28</sup> "Govt inks 70-billion-yuan swap deal with Beijing," *The Nation*, December 23, 2011, <http://www.nationmultimedia.com/business/Govt-inks-70-billion-yuan-swap-deal-with-Beijing-30172508.html>

system connecting ASEAN member countries, and a complete water-management system, including cooperation on flood- and drought-prevention measures.<sup>29</sup>

Discussing policy and relations the media piece makes a conclusion, ‘Apart from its economic importance, the mega-deal puts an international spotlight on Thailand as a strategically important country as far as Sino-U.S. political and economic competition is concerned. Experts see this as an attempt by Beijing to improve ties with its neighbors after Washington's unveiling last month of a strategic shift towards Asia.’<sup>30</sup>

A Xinhua news piece reports that in April, 2012, China and Thailand pledged to make joint efforts to boost regional cooperation in East Asia as Thai Prime Minister Yingluck Shinawatra concluded her first official visit to Beijing. The news report says that a joint statement was released. In the statement it says, "The Chinese side reaffirms its full and continued support for ASEAN-led regional cooperation."<sup>31</sup> The statement says Thailand, as the incoming coordinating country for ASEAN-China relations, pledges to work closely with China to promote ASEAN-China strategic relations and will continue to work closely with China in order to realize region-wide benefits.<sup>32</sup>

At this meeting the two sides also agreed to upgrade the status of China-Thai relations to a comprehensive strategic cooperative partnership. In a release on the Chinese government's website former Vice Premier Wang Qishan, discussing the trip by the Thai prime minister is reported to have said the two nations should strengthen their cooperation in finance, tourism, agriculture and transport in order to expand bilateral trade to 100 billion U.S. dollars annually before 2015. ‘The Chinese government is encouraging domestic enterprises to invest in Thailand and make contributions to the construction of clean energy, water conservancy and railways projects in Thailand’ The release also says Yingluck and Wen set a goal of increasing bilateral trade by 20 percent

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<sup>29</sup> “Govt inks 70-billion-yuan swap deal with Beijing,” *The Nation*, December 23, 2011, <http://www.nationmultimedia.com/business/Govt-inks-70-billion-yuan-swap-deal-with-Beijing-30172508.html>

<sup>30</sup> Ibid.

<sup>31</sup> “China, Thailand pledge joint efforts to boost regional cooperation,” *Xinhuanet*, April 19, 2012, [http://news.xinhuanet.com/english/china/2012-04/19/c\\_131538742.htm](http://news.xinhuanet.com/english/china/2012-04/19/c_131538742.htm)

<sup>32</sup> Ibid.

annually over the coming five years, as well as boosting mutual investment by 15 percent.<sup>33</sup>

### **3.2 Challenges to China's economic policy with ASEAN: The United States**

In an international media outlet's article on the lead up to the East Asia Summit in November 2011, it reports on the emphasis President Obama placed on economic relations generally in the Asia-Pacific. It states Obama said the increased focus on the Asia-Pacific region was essential for America's economic future. Discussing a trade deal between Boeing and an Indonesian airline carrier, which at the time was said to be Boeing's biggest commercial order it reports he said, "This is a remarkable example of the trade, investment and commercial opportunities that exist in the Asia-Pacific region... This is an example of a win-win situation where people in the region are going to be able to benefit from outstanding airlines, and our workers back home are going to be able to have job security."<sup>34</sup>

In 2012, there was also emphasis on economic relations. A piece from a commentary on East Asian Affairs discusses a speech by U.S. national security advisor before Obama visited Asia again after his re-election. On the U.S. pivot and Obama's trip the piece concludes, 'The message was that U.S. rebalancing would be defined by far more than defense posture: it would be defined by deeper economic and political engagement.'<sup>35</sup>

#### **3.2.1 The Expanded Economic Engagement agreement**

The same piece states at the East Asia Summit, the United States, through an important agreement with ASEAN, has found a tangible way to contribute to deeper regional

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<sup>33</sup> China, Thailand pledge closer cooperation amid gloomy global economy," *Gov.cn*, April 18, 2012, [http://www.gov.cn/misc/2012-04/18/content\\_2116865.htm](http://www.gov.cn/misc/2012-04/18/content_2116865.htm)

<sup>34</sup> "U.S.-China tensions spills over into Asia summit," *Reuters*, November 18, 2011, <http://www.reuters.com/article/2011/11/18/us-asia-summit-idU.S.TRE7AG2OD20111118>

<sup>35</sup> Peter Drysdale, "America's pivot to Asia and Asian akasia," East Asia Forum, 26 November, 2012, <http://www.eastasiaforum.org/2012/11/26/americas-pivot-to-asia-and-asian-akasia/>

economic integration, through the so-called E3 initiative — the Expanded Economic Engagement agreement.

A release by the Whitehouse describes the development:

At the 2012 United States–ASEAN Leaders Meeting in Cambodia, President Barack Obama and leaders from the 10 members of ASEAN launched the U.S.–ASEAN Expanded Economic Engagement (E3) initiative. This is a new framework for economic cooperation designed to facilitate commerce between the United States and ASEAN and another signal of America’s economic pivot towards Asia.<sup>36</sup> E3 identifies specific cooperative activities to facilitate U.S.–ASEAN trade and investment, increase efficiency and competitiveness of trade flows and supply chains throughout ASEAN, and build greater awareness of the commercial opportunities that the growing U.S.–ASEAN economic relationship presents.

The E3 is to begin with a set of concrete joint activities that would expand trade and investment and negotiation of a U.S.–ASEAN trade facilitation agreement, including simplified customs procedures and increased transparency of customs administration.<sup>37</sup>

### **3.2.2 Trans-Pacific Partnership agreement**

The E3 would also lay the groundwork for ASEAN countries to prepare to join high-standard trade agreements, such as the Trans-Pacific Partnership (TPP) agreement. This was an agreement that the United States is currently negotiating with ten countries in Asia and the Western Hemisphere.<sup>38</sup>

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<sup>36</sup> Andrew Elek, “U.S. Commits to ASEAN integration,” *East Asia Forum*, November 25, 2012, <http://www.eastasiaforum.org/2012/11/25/us-commits-to-asean-integration/>

<sup>37</sup> Ibid.

<sup>38</sup> “Fact Sheet: The U.S.–ASEAN Expanded Economic Engagement (E3) Initiative,” The White House,

A commentary piece on the RCEP and TPP claims that competition is likely to emerge between the two trade agreements. The piece states, ‘The two regional trade pacts have quite similar objectives – trade liberalization and economic integration – and competition between the two to be Asia’s predominant economic arrangement has the potential to divide the ASEAN countries.’<sup>39</sup>

The piece continues that in line with its pivot toward Asia, the U.S. has led the expansion of the TPP and encouraged other APEC countries to join the negotiations. The U.S. argues that the TPP needs to be broadened in order to cover relevant elements of economic cooperation and to meet the economic challenges of the 21st century.<sup>40</sup> Given the similarities between the two agreements, RCEP may pose a challenge to the TPP. The TPP calls for deeper integration than RCEP, promoting trade in goods, services and investment, as well as tackling other issues (for example, IPRs). RCEP will be a partial WTO-plus arrangement, which focuses on trade in goods, several types of services and investment. However, the TPP and RCEP may come into conflict due to the tension between the U.S. and China, as each wants to shape economic cooperation in the Southeast and East Asian regions in order to secure its economic interests. Consequently, rivalry between the U.S. and China might become the predominant factor in how the regional economic architecture develops.<sup>41</sup>

The piece concludes, ‘Such division will profoundly influence the centrality of ASEAN. ASEAN aims to preserve its centrality to economic co-operation within Southeast and East Asia through initiatives such as the EAS and ASEAN+3. If ASEAN does not respond effectively to any potential competition between the TPP and RCEP, ASEAN’s role as a driving force in the various regional arrangements is more likely to decline. The

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Office of the Press Secretary, November 19, 2012, <http://www.whitehouse.gov/the-press-office/2012/11/19/fact-sheet-us-asean-expanded-economic-engagement-e3-initiative>

<sup>39</sup> Beginda Pakpahan, “Will RCEP compete with the TPP?,” East Asia Forum, November 28, 2012, <http://www.eastasiaforum.org/2012/11/28/will-rcep-compete-with-the-tpp/>

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.



rivalry between the U.S. and China could also undermine the crucial role that ASEAN plays.’<sup>42</sup>

Thus we can see the economic facet of the U.S. ‘pivot’, specifically the TPP, is a challenge to continuing emphasis on development of economic relations by the Chinese government with ASEAN as a whole, through regional cooperation, and with individual member states bilaterally.



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<sup>42</sup> Beginda Pakpahan, “Will RCEP compete with the TPP?,” East Asia Forum, November 28, 2012, <http://www.eastasiaforum.org/2012/11/28/will-rcep-compete-with-the-tpp/>

## Chapter 4: China-ASEAN: Connectivity and Infrastructure

At the 14th ASEAN-China Summit to commemorate the 20th anniversary of China-ASEAN relations held in Bali, Indonesia in November 2011, Wen Jiabao put forward 6 initiatives to improve, deepen and open new areas of cooperation between China and ASEAN. High priority was given to connectivity and infrastructural development. The term brings together a host of sub-regional mechanisms that China and ASEAN are involved in, as well as transport plans furthering links between China and Southeast Asian countries, under one specific point. The aim of this chapter is to show China has expressed its continuous support to advance and deepen connectivity cooperation, particularly in the Greater Mekong Sub-region (GMS) and most importantly, as described in an academic paper on Beijing's regional strategy and China-ASEAN Economic integration, 'this reflects China's serious commitment to a sub-regional cooperation based on its "good neighbour" diplomacy.'<sup>1</sup>

This author is of the opinion that Beijing has put new emphasis on the word 'connectivity' particularly in speeches made by Wen Jiabao in 2011 and 2012. When looking at the documents and statements released jointly in the period 2002-2012 between China and ASEAN, and some documents released by the Chinese Foreign Ministry (such as 'China-ASEAN Cooperation: 1991-2011') this specific term is not used, rather there is a combination of 'Transport Cooperation', 'Mekong River Basin Development Cooperation', 'Transportation', and 'Other Sub-regional Initiatives' such as found in the 2004 Plan to Implement the Joint Declaration on ASEAN-China strategic partnership. These elements are also found in those other combined China-ASEAN documents in 2006, 2011 and 2012.

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<sup>1</sup> Fu-kuo Liu, "Beijing's Regional Strategy and China-ASEAN Economic Integration," China Brief (Washington D.C.), vol. 8, issue 10, May 2008, [http://www.jamestown.org/programs/chinabrief/single/?tx\\_ttnews\[tt\\_news\]=4916&tx\\_ttnews\[backPid\]=168&no\\_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=4916&tx_ttnews[backPid]=168&no_cache=1)

At the summit Wen stated that the U.S. \$15 billion credit committed by the Chinese government in 2009 had supported over 50 infrastructure projects covering almost all ASEAN countries and announced that China would provide an additional U.S. \$10 billion credit to ASEAN.<sup>2</sup> To support ASEAN's goal of a truly connected region, Wen Jiabao stated:

To promote smooth and efficient cooperation in this priority area, China proposes the establishment of a China-ASEAN committee on connectivity cooperation, with the goal of realizing land transport connectivity between China and the ASEAN countries concerned at an early date. China attaches great importance to building a network of maritime connectivity with ASEAN countries.<sup>3</sup>

According to an ASEAN Secretariat news article, the result of this was the inaugural meeting between the ASEAN Connectivity Coordinating Committee (ACCC) – the body tasked to coordinate and oversee the effective implementation of the Master Plan on ASEAN Connectivity – and its Chinese counterpart, the Chinese Working Committee of the China-ASEAN Connectivity Cooperation Committee (CWC-CACCC), at the ASEAN Secretariat, Jakarta on November 7, 2012.<sup>4</sup>

It was chaired by H.E. Mr. Kan Pharidh, ACCC Chair and Permanent Representative of Cambodia to ASEAN. The meeting was also attended by representatives of all ASEAN Member States, the ASEAN Secretariat, and the CWC-CACCC, which was led by H.E. Mr. Chen Jian, Vice Minister of Commerce of China. The ASEAN news piece outlines progress made between China and ASEAN:

Against the current backdrop of a global economic slowdown, ASEAN and China believed that cooperation in connectivity would contribute to enhancing regional

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<sup>2</sup> “Statement by H.E. Wen Jiabao Premier of the State Council of the People's Republic of China At the 14th China-ASEAN Summit as a Commemorative Summit To Celebrate the 20th Anniversary of China-ASEAN Relations,” *Ministry of Foreign Affairs of the People's Republic of China*, November 18, 2011, [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/wjbdylrhy\\_665726/t881207.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/wjbdylrhy_665726/t881207.shtml)

<sup>3</sup> Ibid.

<sup>4</sup> “First ACCC-China Meeting on Connectivity,” *Association of Southeast Asian Nations*, November 7, 2012, <http://www.asean.org/news/asean-secretariat-news/item/first-accch-china-meeting-on-connectivity>

economic links, narrowing development gaps, strengthening regional competitiveness and achieving steady economic growth of all countries concerned.

ASEAN updated China on progress in implementing the Master Plan on ASEAN Connectivity, including the coordination mechanism. China briefed the meeting on the implementation status of current cooperation projects and expressed its continuous support to advance and deepen connectivity cooperation.

ASEAN and China further agreed to hold regular meetings to undertake studies and determine key areas and prioritized projects for connectivity cooperation; coordinate technical and financial resources from ASEAN and China to better support financing for connectivity cooperation projects; and support activities such as workshops that foster effective partnerships in the area of connectivity.<sup>5</sup>

#### **4.1 China and sub-regional organisations**

The developments listed above come from a history of connectivity initiatives between the two sides. China has been keen in pushing integration in the sub-regional organisation the Greater Mekong Sub-region (GMS) and this reflects China's serious commitment to a sub-regional cooperation based on its "good neighbour" diplomacy.<sup>6</sup>

President Jiang Zemin and ASEAN leaders signed the Joint Statement of the Meeting of the President of the People's Republic of China and Heads of State/Government of the Member States of ASEAN on December 16, 1997. In the joint statement the leaders 'reaffirmed their common interest in developing the Mekong Basin and pledged to strengthen their support for the riparian countries by promoting activities in the areas of

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<sup>5</sup> First ACCC-China Meeting on Connectivity," *ASEAN Secretariat News*, November 7, 2012. Available at <http://www.asean.org/news/asean-secretariat-news/item/first-accc-china-meeting-on-connectivity>

<sup>6</sup> Liu, Fu-kuo. "Beijing's Regional Strategy and China-ASEAN Economic Integration," *China Brief*, 2008, Vol. 8, 10, May 12, 2008. Available at [http://www.jamestown.org/programs/chinabrief/single/?tx\\_ttnews\[tt\\_news\]=4916&tx\\_ttnews\[backPid\]=168&no\\_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=4916&tx_ttnews[backPid]=168&no_cache=1)

trade, tourism and transport.’<sup>7</sup> Since then, GMS cooperation has taken on a larger and larger role within the signed joint documents.

#### **4.1.1 North-South Economic Corridor**

According to an Asian Development Bank publication, infrastructure in GMS centers around 3 plans drawn up in 2002, named the economic corridor approach. The north-south relates to China the most. The development of the North–South Economic Corridor (NSEC) was identified by the GMS ministers at the Eighth GMS Ministerial Meeting as one of the three priority projects under the economic corridor approach. NSEC development was subsequently included as one of the flagship programs under the Ten-Year GMS Strategic Framework, which was endorsed by the leaders of the GMS countries during the first GMS Summit held in Phnom Penh in 2002, to link major economic hubs in the northern and central parts of the GMS.<sup>8</sup> For the purposes of considering if there has been progress in this project later in the paper, a summary of NSEC can be referred to in an Asian Development Bank publication:

NSEC consists of three major routes along the north–south axis of the GMS that connect major population and economic centers in the northern and central parts of the sub-region, namely, (i) the Kunming–Chiang Rai–Bangkok via Lao People’s Democratic Republic (Lao PDR) or Myanmar route (also referred to as the “Western Subcorridor”), (ii) the Kunming– Ha Noi–Hai Phong route (also referred to as the “Central Subcorridor”), and (iii) the Nanning–Ha Noi via the Youyi Pass or Fangcheng–Dongxing–Mong Cai route (also referred to as the “Eastern Subcorridor”).<sup>9</sup>

On 31 March 2008, Wen Jiabao attended the third Greater Mekong Sub-region (GMS) Summit in Vientiane, Laos. In a media report from the state press agency Xinhua, it

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<sup>7</sup> Poon Kim Shee, “The Political Economy of China-Myanmar Relations: Strategic and Economic Dimensions,” *Ritsumeikan Annual Review of International Studies*, vol. 1, pp. 33-53, 2002.

<sup>8</sup> Asian Development Bank, *Towards Sustainable and Balanced Development: Strategy and Action Plan for the Greater Mekong Subregion North-South Economic Corridor*, Manila: 2012, <http://www.adb.org/sites/default/files/pub/2010/gms-north-south-action-plan.pdf>

<sup>9</sup> Ibid.

writes that the six prime ministers from Cambodia, China, Laos, Myanmar, Thailand and Vietnam agreed to foster cooperation in developing sub-regional physical infrastructure, transform the improved connectivity into enhanced competitiveness. They also agreed that raising economic competitiveness and accelerating socioeconomic development process through the greater use of improved and expanded connectivity would be the key focus of the six countries' cooperation in the coming years.<sup>10</sup>

In another piece by Xinhua it says that at the summit then Chinese Premier Wen Jiabao made a package of proposals on boosting cooperation among members, he said the GMS should step up the building of transport corridors and a highway network linking all members of the sub-region.<sup>11</sup> China is ready to work closely with Thailand and the Asian Development Bank (ADB) to expedite the building of the Houayxay-Chiang Khong International Bridge along the Kunming Bangkok Highway with the aim to link all the sections of the North-South corridor by 2011.<sup>12</sup>

Wen also called for strengthened cooperation on the Singapore-Kunming Rail Link, pledging some 20 million RMB (2.9 million U.S. dollars) to conduct engineering feasibility study on the missing link of the Eastern Route of the Link and also proposed formulating a telecommunications development strategy for the sub-region to speed up the building of the Information Super Highway, and urged developing power grids integration and power trade to form a unified power market in the sub-region.<sup>13</sup>

In further developments in the GMS the Chinese Foreign Ministry release on China-ASEAN relations between 1991-2011 describes that at the third Greater Mekong Sub-region (GMS) Summit Wen also proposed setting up the GMS Economic Corridors Forum to encourage the participation of cities and enterprises along the corridors. It held its first meeting in Kunming in 2008. China has taken an active part in and vigorously

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<sup>10</sup> "GMS countries map out development directions, Special report: Premier Wen visits Laos, attends GMS Summit," *Xinhua*, March 31, 2008, [http://news.xinhuanet.com/english/2008-03/31/content\\_7891215.htm](http://news.xinhuanet.com/english/2008-03/31/content_7891215.htm)

<sup>11</sup> "Chinese premier makes proposals on boosting co-op in GMS," *Xinhua*, March 31, 2008, [http://news.xinhuanet.com/english/2008-03/31/content\\_7890305.htm](http://news.xinhuanet.com/english/2008-03/31/content_7890305.htm)

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

promoted the construction of the GMS Economic Corridor Forum.<sup>14</sup> At the fourth GMS Economic Corridor Forum held in Mandalay, Myanmar on June 28, 2012, it was reported that China put forward a series of proposals on the construction of the GMS economic corridor, including promoting the construction of transport corridor, Pan-Asia railway, industrial parks, cross-border cooperation zone, trade facilitation and information superhighway, realizing full connectivity, and strengthening the capacity building on economic corridor cooperation. China also hosted a workshop of trade facilitation officials for GMS countries in the first half of the year and plans to train 1,500 professionals for GMS countries in the coming three years.

We can also see that there has been progress in the north-south economic corridor as the following progress is described in a Chinese government document on China-ASEAN cooperation.

The third bridge over the Mekong River (Chiang Khong-Houayxay Bridge) linking the Laos and Thailand on the west route of the GMS North-South Economic Corridor (Kunming-Laos-Bangkok highway) was jointly funded by the Chinese and Thai governments. The construction of the bridge started in February, 2012 and is expected to finish and open for traffic in June, 2013. The Chinese section of the middle route of the corridor (Kunming-Hanoi-Haiphong), which is 407 km in length, has been upgraded to expressway standards. The Chinese section of the 1208-km-long east route of the corridor (Kunming-Nanning-Hanoi), which is 179 km in length, has been upgraded to expressway standards.<sup>15</sup>

The final chapter will also look at how China has expressed its continuous support to advance and deepen connectivity cooperation over the last two years and furthered cooperation in this area.

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<sup>14</sup> "CHINA-ASEAN COOPERATION: 1991-2011," Xinhua, November 15, 2011, [http://news.xinhuanet.com/english2010/china/2011-11/15/c\\_131248640.htm](http://news.xinhuanet.com/english2010/china/2011-11/15/c_131248640.htm)

<sup>15</sup> "China-ASEAN Cooperation in 2012," *Embassy of the People's Republic of China in Malaysia*, November 19, 2012, <http://my.china-embassy.org/eng/zgxw/t990453.htm>



## 4.2 Challenges to China's connectivity policy with ASEAN

### 4.2.1 The United States

The U.S. has also shown growing involvement in sub-regional organizations in Southeast Asia. In 2009, the U.S. proposed the Lower Mekong Initiative (LMI), with the participation of the U.S., Vietnam, Cambodia, Laos and Thailand. Foreign ministers of the five participating countries have held three meetings under the initiative.<sup>16</sup> The LMI has set its sights on environment, health, education and infrastructure development through annual assistance worth over 220 million dollars.<sup>17</sup> In July 2010, U.S. Secretary of State Hilary Rodham Clinton spoke at the 17th ASEAN Regional Forum in Hanoi, saying that the U.S. would give four countries in the Mekong River basin — Thailand, Laos, Cambodia and Vietnam — U.S.\$187 million in economic aid.<sup>18</sup> In December 2011, Clinton invited Myanmar to join the LMI and Myanmar has since entered the Lower Mekong Initiative.<sup>19</sup>

A piece on Obama's trip to Asia after his re-election in 2012 from an outlet commentating on East Asian affairs also discusses the LMI saying, 'Underpinning the Obama visit is the United States' relatively small but symbolically significant U.S.\$50 million Lower Mekong Initiative, which aims to assist in infrastructure development and capacity building in mainland Southeast Asia.'<sup>20</sup>

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<sup>16</sup> "U.S. asserts its power in Indochina," *Taipei Times*, March 25, 2011,

<http://www.taipeitimes.com/News/editorials/print/2011/03/25/2003499036>

<sup>17</sup> "Mekong Unquiet Over Contain China Moves," *Inter Press Service*, January 30, 2012,

<http://www.ipsnews.net/news.asp?idnews=106595>

<sup>18</sup> "U.S. asserts its power in Indochina," *Taipei Times*, March 25, 2011,

<http://www.taipeitimes.com/News/editorials/print/2011/03/25/2003499036>

<sup>19</sup> "Mekong Unquiet Over Contain China Moves," *Inter Press Service*, January 30, 2012,

<http://www.ipsnews.net/news.asp?idnews=106595>

<sup>20</sup> Thitinan Pongsudhirak, "Obama's Southeast Asia visit: re-engaging with the region," *East Asia Forum*, November 20, 2012, <http://www.eastasiaforum.org/2012/11/20/obamas-southeast-asia-visit-re-engaging-with-the-region/>



#### 4.2.2 Japan

A media article from an international media outlet discussing competing interests in the Mekong River area refers to a Japanese analyst who stated that Japan's growing development role in the Mekong region since 2007 was an independent initiative of the Japanese foreign ministry with the main focus on China and to exclude China. According to the piece the Japanese Foreign Ministry was nervous about China becoming bigger in the region and was involved to check China's increasing influence. Japan pledged to put in close to 6.5 billion dollars in development assistance from 2009-2012 to strengthen trade and infrastructure from the eastern to the western end of the region.<sup>21</sup>

A release from the Vietnamese Foreign Ministry shows cooperation with Japan by Mekong countries in this area. They met at the 4<sup>th</sup> Mekong-Japan Summit held in Tokyo on April 21 with the presence of Government chiefs of Japan, Cambodia, Laos, Myanmar, Thailand and Vietnam. According to the piece, leaders of Mekong countries and Japan agreed on three future cooperation pillars, namely enhancing connectivity through the establishment of transnational transport corridors, developing information and communication infrastructure, and modernizing customs sector.<sup>22</sup>

According to the foreign ministry, the leaders pledged to boost economic and trade linkages and heighten Mekong region's position in the global value chain by adopting industrial development programs and improving business environment. It states Japan informed the summit it would provide JPY 600 billion in official development assistance over the next three years and Thailand committed to contributing JPY 883 million to support Mekong countries. Speaking at the Summit, PM Nguyen Tan Dung reaffirmed Viet Nam's support for Mekong-Japan cooperation mechanism and also put forward the

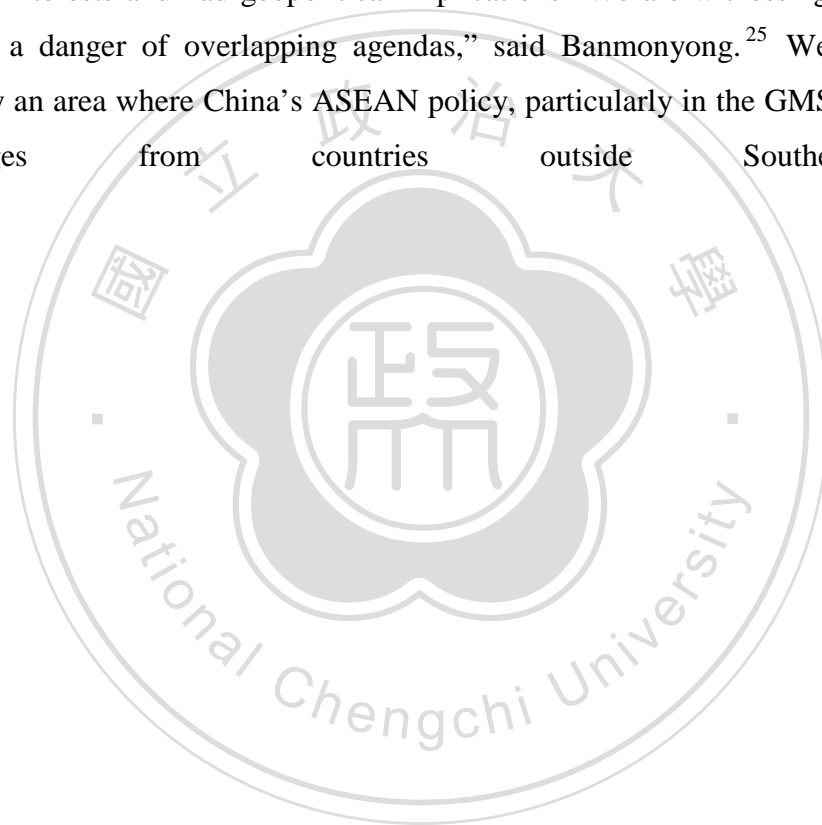
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<sup>21</sup> "Mekong Unquiet Over Contain China Moves," *Inter Press Service*, January 30, 2012, <http://www.ipsnews.net/news.asp?idnews=106595>

<sup>22</sup> "Mekong countries, Japan agree on pillars of cooperation," *Vietnam Ministry of Foreign Affairs*, April 21, 2012, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns120424080209>

initiative of developing multimodal transport system to enhance connectivity among regional economic corridors.<sup>23</sup>

Mekong River countries and Myanmar have been described as an area where a ‘development turf war’ is taking place as they become the focus for competitive connectivity projects and organizations between China and powers from outside the sub-region.<sup>24</sup> Ruth Banmonyong, director at the Centre for Logistics Research at Bangkok’s Thammasat University said that such competition has raised concerns about an inevitable clash of interests and had geopolitical implications “We are witnessing power play and there is a danger of overlapping agendas,” said Banmonyong.<sup>25</sup> We can see this is certainly an area where China’s ASEAN policy, particularly in the GMS, is seeing direct challenges from countries outside Southeast Asia.



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<sup>23</sup> “Mekong countries, Japan agree on pillars of cooperation,” *Vietnam Ministry of Foreign Affairs*, April 21, 2012, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns120424080209>

<sup>24</sup> Mekong Unquiet Over Contain China Moves,” *Inter Press Service*, January 30, 2012, <http://www.ipsnews.net/news.asp?idnews=106595>

<sup>25</sup> “Mekong Unquiet Over Contain China Moves,” *Inter Press Service*, January 30, 2012, <http://www.ipsnews.net/news.asp?idnews=106595>

## **Chapter 5: China and the South China Sea**

As has been stated in the introduction, rather than looking at the controversy of individual spats themselves, after a brief summary of China's policy historically in the South China Sea, the paper will show that security-related dialogue and cooperative mechanisms which were a result of China's good neighbor policy, continue before and after these individual spats, and to some extent have mitigated sovereignty issues in the South China Sea.

Having established that cooperative mechanisms continued despite territorial disputes the second part of the chapter will again look at how players from outside the sub-region are a challenge for China within this area, namely the U.S., Japan and India.

As this is the one area where cooperation has not deepened according to China's aims for its relationship with Southeast Asia, unlike in the other chapters and in addressing China's controversial recent moves in the South China Sea, in this chapter a third section will look at the Sansha development, which could be construed as a point of departure for Chinese policy. The chapter aims to draw a short conclusion by comparing Beijing's reactions to U.S. calls for freedom of navigation in the South China Sea and then to the U.S. statement the Sansha development.

### **5.1.1 China's policy of joint development in the South China Sea**

Describing peaceful development and regional relations there are differences between the 2005 and 2011 white paper that are very relevant, a very clear one being no mention of territorial disputes in the 2005 white paper, but clear references and the relevance of peaceful development to this issue in the 2011 paper. In the 2005 white paper it states:

China takes practical steps to establish fraternal relations with surrounding regions and promote cooperation in maintaining regional security. In line with the generally acknowledged principles of international law and in the spirit of

consultation on the basis of equality, mutual understanding and mutual accommodation, China has made efforts to properly resolve boundary issues with neighboring countries, settle disputes and promote stability.<sup>1</sup>

In 2011 regarding the South China Sea it elaborates:

China has settled historical boundary issues with 12 land neighbors. It calls for settling disputes over territory and maritime rights and interests with neighboring countries through dialogue and negotiation. For instance, China has made a constructive proposal to "shelve disputes and seek joint development" and done its utmost to uphold peace and stability in the South China Sea, East China Sea and the surrounding areas. China seeks to promote common development and prosperity in the Asia-Pacific region by pursuing bilateral cooperation and participating in regional and sub-regional cooperation.<sup>2</sup>

China has followed this policy of joint development since the 1990s. However, only one joint cooperation agreement on marine resource exploration, the seismic exploration agreement, was signed among oil and gas companies in China, the Philippines and Vietnam. At the time it was hailed by related governments as a milestone for joint development in the SCS.<sup>3</sup>

The signing ceremony of the "Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the South China Sea" by Vietnam Oil and Gas Corporation (PETRO Vietnam), Philippine National Oil Company (PNOC) and China National Offshore Oil Corporation (CNOOC) was held in Manila, in the Philippines on the March 14, 2005. According to the agreement, the three oil companies would

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<sup>1</sup> "White Paper on Peaceful Development Road Published," China.org.cn, December 22, 2005, <http://www.china.org.cn/english/2005/Dec/152669.htm>

<sup>2</sup> "China's Peaceful Development," *Xinhua*, September 9, 2011, [http://news.xinhuanet.com/english2010/china/2011-09/06/c\\_131102329.htm](http://news.xinhuanet.com/english2010/china/2011-09/06/c_131102329.htm)

<sup>3</sup> Jianwei Li, "Cooperation in the South China Sea region: a way to regional peace, stability and prosperity," *South China Sea Studies*, February 24, 2011, <http://southchinaseastudies.org/en/conferences-and-seminars-/517-cooperation-in-the-south-china-sea-region-a-way-to-regional-peace-stability-and-prosperity-by-li-jianwei>

undertake a joint research of petroleum resource potential in an area in the South China Sea.<sup>4</sup>

The 2005 agreement ultimately failed due to public hostility against it in the Philippines.<sup>5</sup> The Philippines did not to renew the agreement due to opposition within Philippine domestic politics, which condemned the government for allowing the area of joint developments overlaps with the country's exclusive economic zone.<sup>6</sup> Since then, according to International Crisis Group Asia's report 'Stirring up the South China Sea', Beijing has failed to implement any joint development plan with other claimants since the launch of the proposal, which has been rejected primarily because of the precondition China set – that the other claimants must accept Chinese sovereignty over the disputed territories before joint development is discussed or implemented. Beijing's interpretation of "joint" means that China must be a partner in every single joint project, which is very difficult for the other claimants to accept...claimants have never accepted this condition but China has failed to come up with any viable alternatives.<sup>7</sup> It is a policy that unlike in the other areas examined so far has seen no progress at all.

### **5.1.2 China's security dialogue with Vietnam**

In the second chapter we saw political cooperation shaped by communiques signed in 1999 and 2000 leading to bilateral defense consultations and a strategic partnership with Vietnam. A piece by the national broadcaster of Vietnam maps out more

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<sup>4</sup> "Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the South China Sea," *Vietnam Ministry of Foreign Affairs*, March 14, 2005, [http://www.mofa.gov.vn/en/tt\\_baochi/pbnfn/ns050314164241](http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns050314164241)

<sup>5</sup> International Crisis Group, "Stirring up the South China Sea (I)," Asia Report No 223, April 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf>

<sup>6</sup> Tran Truong Thuy, "Recent Developments in the South China Sea: Implications for Regional Security and Cooperation," *Center for Strategic and International Studies*, June 30, 2011, [https://csis.org/files/publication/110629\\_Thuy\\_South\\_China\\_Sea.pdf](https://csis.org/files/publication/110629_Thuy_South_China_Sea.pdf)

<sup>7</sup> International Crisis Group, "Stirring up the South China Sea (I)," Asia Report No 223, April 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf>

political cooperation very clearly during the second exchange on the strategic partnership by the two countries' presidents:

Relations in the diplomatic and national defence fields have continued to develop, with the signing of a series of agreements between the two foreign ministries in December 2002, between the two public security ministries in September 2003, between the two national defence ministries in October 2003, between the two securities departments in March 2005 and between the political general departments under the national defence ministries in December 2007.<sup>8</sup>

Concerning territorial disputes in the South China Sea, the report by the International Crisis Group states that politically, as two of the very few remaining communist countries, China and Vietnam maintain a direct channel of communication through their ruling parties. It has allowed the two countries to compartmentalize their South China Sea disputes and to insulate the overall bilateral relationship from them.<sup>9</sup>

In discussing this point the report describes that a Joint Steering Committee led by senior Chinese and Vietnamese officials ensures that business can be conducted as usual despite high levels of strategic mistrust. At a committee meeting in September 2011, for example, there were few signs that incidents in the South China Sea, such as the cable cutting in May and June 2011, were affecting overall relations, attesting to how quickly the two countries were able to repair relations.<sup>10</sup> This author is of the position that releases from the Vietnamese Ministry of Foreign Affairs reveal even more closely how the political and strategic cooperation continued before, during and

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<sup>8</sup> "Vietnam, China strengthen comprehensive strategic partnership," *The Voice of Vietnam*, December 19, 2011, <http://english.vov.vn/politics/vietnam-china-strengthen-comprehensive-strategic-partnership-234577.vov>

<sup>9</sup> International Crisis Group, "Stirring up the South China Sea (II): Regional Responses," Asia Report No 229, 24 July 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/229-stirring-up-the-south-china-sea-ii-regional-responses.pdf>

<sup>10</sup> International Crisis Group, "Stirring up the South China Sea (II): Regional Responses," Asia Report No 229, 24 July 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/229-stirring-up-the-south-china-sea-ii-regional-responses.pdf>

after the territorial spats between March and June of 2011 where we see protests and cooperation continuing immediately after each other.

1: Vietnam Objects Chinese Military Drills in Truong Sa (Spratly) Islands 07/03/2011

Xinhua News Agency (China) on February 25th 2011 reported that the 8th Chinese naval escort fleet had on February 24th conducted counter-piracy drills in Truong Sa Archipelago. On March 2<sup>nd</sup> representatives of the Vietnamese Foreign Ministry met with representatives of the Chinese Embassy in Viet Nam to protest the Chinese drills. The Vietnamese side clearly stated that by conducting the drills in Truong Sa Archipelago, China had violated Vietnamese sovereignty over the Truong Sa Archipelago and completely run counter to the Declaration on Conducts of Parties in the South China Sea (DOC) signed between ASEAN and China in 2002. The Vietnamese representatives reiterated Vietnamese sovereignty over Hoang Sa (Paracel) and Truong Sa Archipelagos and asked that China should refrain from activities that would further complicate the situation and, along with other ASEAN countries, strictly comply with DOC, contributing to peace in the East Sea.<sup>11</sup>

2: Vietnam, China boost military ties 13/04/2011

Defence Minister General Phung Quang Thanh held talks with Vice Chairman of the Central Military Commission of the Communist Party of China, Senior Lieutenant-General Guo Boxiong on April 13 2011. The two sides exchanged viewpoints on relations between the two countries and the two armed forces as well as issues of mutual concern. They agreed that Senior Lieutenant-General Guo Boxiong's visit to Vietnam would be successful and enhance ties between the two armies and two countries. They expressed their pleasure at the fine development of Vietnam-China relations as well as firm developments of military ties.

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<sup>11</sup> "Vietnam Objects Chinese Military Drills in Truong Sa (Spratly) Islands," *Vietnam Ministry of Foreign Affairs*, March 3, 2011, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns110303180915>



The two sides agreed that consolidating and developing the strategic comprehensive cooperation partnership is the unchanged motto of the two Parties and States and the Vietnam and China's armed forces will further strengthen exchanges and cooperation, contributing to speeding up Vietnam-China relations, for peace and stability in the region. They agreed to increase high-ranking visits between the two armies, exchange strategies and share experience in building and managing the armed forces.

The two sides will also continue to cooperate in providing training and the exchange of military students and agreed to deal with differences via dialogues. The two armies are the active force to protect security and the benefits of countries, as well as regional peace and development, they said. On the occasion, the two sides signed a training cooperation agreement between the two Defence Ministries for 2011.<sup>12</sup>

### 3: VN asserts sovereignty over Hoang Sa, Truong Sa 19/05/2011

Vietnam has affirmed its sovereignty over Hoang Sa (Paracel) and Truong Sa (Spratly) archipelagos and protested against China's recent acts relating to the two archipelagos. VNA 19/05/2011 - "The Hoang Sa and Truong Sa archipelagos are inseparable parts of Vietnam's territory," the Vietnam Foreign Ministry's representative told the Chinese Embassy's representative in Hanoi, in response to China's acts violating Vietnam's sovereignty over the two archipelagos.<sup>13</sup>

### 4: Viet Nam and China conduct joint patrol in Tonkin Gulf 20/06/2011

The Vietnam People's Navy and the People's Liberation Army Navy (PLAN) of China have conducted the 11th joint patrol in the Bac Bo (Tonkin) Gulf. Two Vietnamese naval boats and two PLAN boats began the two-day joint patrol at 8am on June 19 with a journey of more than 300 nautical miles along the delimited waters that border Vietnam and China in the Tonkin Gulf.

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<sup>12</sup> "Vietnam, China boost military ties," *Vietnam Ministry of Foreign Affairs*, April 13, 2011, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns110414085618>

<sup>13</sup> "Vietnam asserts sovereignty over Hoang Sa, Truong Sa," *Vietnam Ministry of Foreign Affairs*, May 19, 2011, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns110520145753>

The patrol was intended to maintain security and order at sea, supervise fishing vessels' activities and ensure that the Agreement on Fishing Cooperation in the Tokin Gulf and the Agreement on Delimitation of the Tonkin Gulf signed between the Vietnamese and Chinese Governments was being carried out. The patrol also aimed to stabilise normal production activities of the two countries' fishermen in the Tonkin Gulf, to share experiences between the two navies and promote the friendship between the two navies, armies and peoples.<sup>14</sup>

5:Viet Nam-China joint press release 26/06/2011

The Special Envoy of Vietnam's high-level leaders, Deputy Minister of Foreign Affairs Ho Xuan Son met with Chinese State Councillor Dai Bingguo in Beijing on June 25 2011 to convey the Vietnamese leaders' opinions regarding bilateral relations and the East Sea situation over the recent past.

The Chinese State Councillor presented the stance and policy of China on the development of bilateral relations and the sea issue. Earlier, Deputy Foreign Minister Son held talks with his Chinese counterpart Zhang Zhijun. The two sides held that the relationship between Vietnam and China develops in a healthy and stable manner, meeting the common aspirations and fundamental interests of the Vietnamese and Chinese people and benefiting peace, stability and development in the region.

The two sides underlined the need to persist in directing the Vietnam-China comprehensive strategic cooperative partnership to develop in line with the motto of "friendly neighbourliness, comprehensive cooperation, long lasting stability and looking forwards to the future" and the spirit of "good neighbours, good friends, good comrades and good partners".<sup>15</sup>

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<sup>14</sup> "Viet Nam and China conduct joint patrol in Tonkin Gulf," *Vietnam Ministry of Foreign Affairs*, June 20, 2011, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns110621152318>

<sup>15</sup> "Viet Nam-China joint press release," *Vietnam Ministry of Foreign Affairs* June 26, 2011, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns110626164203>

Continuing on from this we can see that the presidents of the two countries met at the end of 2011 to strengthen the comprehensive strategic partnership, in October in China. With the Chinese vice-president visiting Vietnam after in December. At the meeting when the Vietnamese president visited China from October 11-15, 2011, the two sides inked a cooperative plan between the two parties for the 2011-2015 period.<sup>16</sup> The ICG report states the bilateral agreements included six basic principles to the settlement of the maritime and setting up a hotline mechanism to manage any imminent conflict.<sup>17</sup>

Within this period, a year characterized by territorial spats and by international media as China being 'assertive' we see the emphasis on the documents and agreements that came about as a direct result of China's good neighbor policy ensured bilateral diplomatic cooperation, military and defense exchange and through the strategic partnership established in 2008. It is possible to see here that cooperation with Vietnam did continue throughout the period of spats.

### **5.1.3 China's diplomatic dialogue with the Philippines**

There were a series of incidents relating to territorial disputes in the South China Sea between China and the Philippines in early to mid-2011. Despite this Hu Jintao held talks with Philippine President Aquino on August 31, 2011. It was agreed that both sides should further implement the important political consensus reached by the leaders of the two countries in 2005 on establishing China-Philippines relationship of strategic cooperation for peace and development, and the Joint Action Plan for Strategic Cooperation, signed in 2009, to push bilateral ties for comprehensive, in-depth development. It is stated that President Aquino fully agreed with President Hu's important proposals on furthering bilateral ties. He said the Joint Action Plan for

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<sup>16</sup> "Vietnam, China strengthen comprehensive strategic partnership," *The Voice of Vietnam*, December 19, 2011, <http://english.vov.vn/politics/vietnam-china-strengthen-comprehensive-strategic-partnership-234577.vov>

<sup>17</sup> International Crisis Group, "Stirring up the South China Sea (I)," Asia Report No 223, April 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf>

Strategic Cooperation is of great guiding significance to pushing forward bilateral ties.<sup>18</sup>

Most importantly, with regard to ‘compartmentalizing’ the disputes, a Chinese Foreign Ministry release reports that during the meeting President Aquino ‘reiterated that the Philippines is committed to maintaining peace and stability in the region and implementing the Declaration. The South China Sea issue does not constitute all Philippines-China relations, Aquino said, adding that the issue should not affect the development of bilateral ties and friendly cooperation in various fields. He hoped the issue can be solved at an early date for the benefit of both peoples.’<sup>19</sup>

The ICG report says of the same meeting that ‘China has also taken steps to improve its relations with the Philippines and calm the issue of territorial disputes. During Filipino President Aquino’s five-day state visit to China starting 30 August 2011, Beijing sought to assuage regional tensions with economic incentives as Aquino reportedly brought home \$13 billion worth of planned Chinese investments,<sup>20</sup> with the Chinese Foreign Ministry release stating that the economic and trade relationship was an important part of bilateral ties and that a five-year plan on the bilateral economic and trade relationship would play a role in pushing bilateral economic and trade cooperation.’<sup>21</sup>

The economic aspect of the meeting was also reported positively in Philippine media. An article reported the Philippines president said he had 36 meetings with Chinese businessmen resulting in \$1.3 billion in new investments, \$3.8 billion in “almost

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<sup>18</sup> “Hu Jintao Holds Talks with Philippine President,” Ministry of Foreign Affairs, China, August 31, 2011, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/gjlb\\_663354/2762\\_663528/2764\\_663532/t855400.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2762_663528/2764_663532/t855400.shtml)

<sup>19</sup> Ibid

<sup>20</sup> International Crisis Group, “Stirring up the South China Sea (I),” Asia Report No 223, April 2012, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf>

<sup>21</sup> “Hu Jintao Holds Talks with Philippine President,” Ministry of Foreign Affairs, China, August 31, 2011, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/yzs\\_663350/gjlb\\_663354/2762\\_663528/2764\\_663532/t855400.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2762_663528/2764_663532/t855400.shtml)

certain” investments and another \$7.9 billion worth of possible investments from corporations that had shown interest in the country. That article states Aquino said, “We succeeded in putting across the message we want to bring: the door of the Philippines is open to investments from China. With our economic managers, we showed them the business opportunities in the Philippines. In agriculture, infrastructure, energy, tourism, the two governments saw the good results of Chinese continuing to look for investment opportunities. Our visit to China was about building a strong foundation for development: where our goals are clear; and where the two governments will provide the mechanism so that we could increase our trade and tourism within five years.”

Aquino said during his visit China and the Philippines had signed agreements covering trade, economic and technical cooperation, tourism, media, sports, culture and information and said it was proof that in many fields, the Philippines and China were in agreement and shared the same goals.<sup>22</sup>

Thus we see against the backdrop of territorial disputes that the diplomatic processes between Beijing and Manila did continue, and were based upon the documents and agreements between the countries in 1999, 2000, 2005 and 2009, which were all a result of Beijing’s push for a good relationship with its neighbors.

## **5.2 Challenges for Beijing in the South China Sea**

An academic paper analyzing China-U.S. relations describes how as the Obama administration implemented its policy of the return to the Asia-Pacific to restrict or contain the growing power of China in this region, competition between the two sides emerged in other areas. (歐巴馬政府採取重返東亞的外交政策，以制衡或遏制中共在此一地區日曾的權利地位。在此一思維下雙方又在其他議題出現競爭的作

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<sup>22</sup> “Aquino back home with \$13-B deals,” Inquirer.net, Sept 3, 2011, <http://globalnation.inquirer.net/11553/aquino-back-home-with-13-b-deals>

為。)<sup>23</sup> One of these areas involved freedom of navigation in the South China Sea. (南海自由航行權之爭)<sup>24</sup>

### 5.2.1 The U.S. and freedom of navigation

President Barack Obama called for clear rules to resolve maritime disputes in the South China Sea and throughout the Pacific in June of 2013. His statement came after a meeting with the Philippine President Benigno Aquino in Washington. At the time of the meeting the Philippines was involved in a month-long spat with China in a disputed area of the South China Sea known as Scarborough Shoal known or Huangyan Island in China. The spat began on April 8, 2013. The stand-off erupted after Philippine authorities detected Chinese ships fishing near the Scarborough Shoal. They tried to arrest the crew, but were blocked by Chinese surveillance vessels deployed to what is a rocky outcrop in the South China Sea.<sup>25</sup>

Speaking to reporters after meeting Aquino, Obama said it was critical to avoid escalation of conflicts over strategic waterways and shipping routes. Obama was reported as saying "We discussed not only military and economic issues, but also regional issues, for example trying to make sure that we have a strong set of international norms and rules governing maritime disputes in the region". The White House later said the leaders "underscored the importance of the principles of ensuring freedom of navigation, respect for international law, and unimpeded lawful commerce." "They expressed firm support for a collaborative diplomatic process

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<sup>23</sup> Kao-cheng Wang, "The Power Transition Theory and Sino-U.S. Relations," in Strategic Change in the Asia-Pacific, Ming-hsien Wong, Ed. New Taipei: Graduate Institute of International Affairs and Strategic Studies Tamkang University, 2012, pp. 185-233. . 變遷中的亞太戰略情勢/王高成等作; 翁名賢主編, 新北市: 淡江大學國際事務與戰略研究, 2012 年 5 月

<sup>24</sup> Ibid.

<sup>25</sup> "Beijing denies preparations for South China Sea combat," *The China Post*, May 13, 2012, <https://www.chinapost.com.tw/asia/regional-news/2012/05/13/340880/Beijing-denies.htm>

among claimants to resolve territorial disputes in a manner consistent with international law and without coercion or the use of force," it said.<sup>26</sup>

The paper is of the opinion that China has constantly expressed that freedom of navigation has always been ensured and also that the issue of territorial disputes was a separate matter. On July 22, 2011, Foreign Minister Yang Jiechi met with U.S. Secretary of State Hilary Clinton during his ASEAN Regional Forum in Bali, Indonesia. Yang pointed out the freedom of navigation and security in the South China Sea was not under threat and China was always committed to maintaining the freedom of navigation and security in the South China Sea.<sup>27</sup>

The following day Yang gave an interview to a group of Chinese journalists after attending the ASEAN-plus foreign ministers' meetings. A release from the foreign ministry reports he said, 'I reiterated the consistent position of the Chinese government and pointed out that navigation in the South China Sea is free and the shipping lanes there are safe. The disputes concerning the sovereignty over some islands and reefs and jurisdiction over some waters of the South China Sea should be peacefully resolved through friendly consultation and negotiation between the parties to the disputes. This is in line with the spirit of the DOC. Freedom of navigation and disputes concerning the South China Sea are completely different issues.'<sup>28</sup>

On November 19, 2011, Chinese Premier Wen Jiabao elaborated China's position on the South China Sea at the 6th East Asia Summit in Bali, Indonesia. The foreign ministry reports he stressed the economic development of East Asia and Southeast Asia proved navigation freedom and security in the South China Sea were not affected by the countries' disputes. Navigation freedom granted by international laws in this area had been fully guaranteed. "The South China Sea is an important

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<sup>26</sup> "Obama says clear rules needed to calm South China Sea," *Reuters*, June 8, 2012, <http://www.reuters.com/article/2012/06/08/us-usa-philippines-obama-idU.S.BRE8571E820120608>

<sup>27</sup> "Foreign Minister Yang Jiechi Meets with U.S. Secretary of State Hilary Clinton," *Embassy of the People's Republic of China in the United States of America*, July 22, 2011, <http://www.china-embassy.org/eng/zmgx/t842324.htm>

<sup>28</sup> "An interview with Foreign Minister Yang Jiechi on the ASEAN-Plus Foreign Ministers' Meetings," *Ministry of Foreign Affairs of the People's Republic of China*, July 23, 2011, [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t843527.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t843527.shtml)



transportation passageway for China, regional countries and even the world. The Chinese government has made a positive contribution to safeguard the navigation security in the South China Sea," the premier said.<sup>29</sup>

In its reaction to the U.S. statements China was measured and there was no extreme language or rhetoric. This can be shown to be in great contrast to Beijing's reaction to U.S. statements on the Sansha development.

### **5.2.2 Challenges for Beijing in the South China Sea: Japan**

As it has been introduced, Japan strengthened its security ties with ASEAN nations involved in territorial disputes with China at the time of the disputes. A media report stated that Japan and the Philippines agreed to strengthen maritime security ties while also underscoring the importance of preserving peace and stability in the South China Sea amid rising tensions with China on September 27, 2011, when former Philippine President Benigno Aquino III was on a four-day visit to Japan.

After his talks with Philippine president, Japanese Prime Minister Yoshihiko Noda told reporters that the two sides were committed to bolstering "cooperation between coastguards and defense-related authorities." A joint statement said bilateral ties have evolved from friendly relations to a "strategic partnership," and called for more collaboration on "regional and global issues of mutual concern and interest." The two countries also agreed to conduct frequent discussions on defense at more senior levels and increase the number of Japan Coast Guard missions to help train their Philippine counterparts.<sup>30</sup>

An article from October 25, 2012, in a Japanese media outlet said Japan and Vietnam have agreed to reinforce their defense cooperation in light of China's increasing

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<sup>29</sup> "Chinese Premier restates China's stance on South China Sea," *Gov.cn*, November 19, 2011, [http://english.gov.cn/2011-11/19/content\\_1998317.htm](http://english.gov.cn/2011-11/19/content_1998317.htm)

<sup>30</sup> "Tokyo and Manila Strengthen Defense Ties With an Eye Toward China, China," *The Wall Street Journal*, September 28, 2011, <http://online.wsj.com/news/articles/SB10001424052970204831304576596691589162226>

influence in the South China Sea. The article outlines that Defense Minister Yasuo Ichikawa and his Vietnamese counterpart, PhungQuang Thanh, signed a memorandum on defense cooperation and exchange on October 24, 2012.<sup>31</sup>

It is reported that Ichikawa told Thanh, "The relationship between Japan and Vietnam has entered a new stage of development, Vietnam is our strategic partner for peace and stability in Asia, and we want to deepen our partnership." The piece said Vietnam plans to reinforce its relationship with Japan to counter China's growing military might in the South China Sea. Thanh's visit to Japan was the first for a Vietnamese defense minister in 13 years.<sup>32</sup>

### **5.2.3 Challenges for Beijing in the South China Sea: India**

In order to look at India's growing role in the South China Sea the paper will first look at some historical background from an Indian Defence Review paper on Chinese-Indian maritime rivalry. It will then look at developments and finally more recent actions in the final chapter.

In discussing China and India maritime relations the paper says:

The two countries do not share a maritime boundary, but this does not matter. As emerging powers, their vital security interests have been dilating from their immediate peripheries to regional extremities (and even beyond). In other words, while their immediate security imperatives lie in the western Pacific Ocean and Indian Ocean respectively; their strategic spheres have begun to overlap in both areas. This is leading them to stretch their maritime-strategic 'footprint' across the entire Asian region. It is logical therefore, for its effects to be felt in the geo-strategic sub-region of Southeast Asia, which

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<sup>31</sup> "Japan, Vietnam agree on defense cooperation," *The Asahi Shimbun*, October 25, 2011, [http://ajw.asahi.com/article/behind\\_news/AJ2011102515718](http://ajw.asahi.com/article/behind_news/AJ2011102515718)

<sup>32</sup> Ibid.

lies midway in the 'India-China rivalry-arc' extending from north-western Pacific to the Arabian Sea.<sup>33</sup>

While the paper does make it clear that such rivalry is low-keyed, it states India has been steadily increasing its naval forays into the western Pacific. In 2000, India conducted a naval exercise in South China Sea with Vietnam. Although it was a low-level unstructured exercise, it represented an important milestone. It was India's first-ever exercise in South China Sea that demonstrated India's increasing naval reach. It invited China's protest. The 2005 SIMBEX was also conducted in South China Sea. In Apr-May 2007, the Indian Navy participated in a series of exercises in the western Pacific.<sup>34</sup>

The piece concludes that the underpinnings of China-India maritime-strategic rivalry are not difficult to discern. China's approach is clearly driven by strong strategic imperatives in the Indian Ocean Region, which would necessitate fielding of its military power projection capabilities into Indian Ocean in the coming decades. However, given the competitive and even adversarial potential of China-India relations, in these waters, it expects to find itself pitted against India's potent naval power, possibly even in concert with the U.S.'<sup>35</sup>

Exploration of oil and gas plots in the South China Sea that led to friction between China and Vietnam in 2011, also involved India. A media article found on this issue states, 'The conflict between India and China over the South China Sea has been building for more than a year. India signed an agreement with Vietnam in October 2011 to expand and promote oil exploration in South China Sea and has now reconfirmed its decision to carry on despite the Chinese challenge to the legality of Indian presence.'<sup>36</sup> The piece continues that 'China objects to Indian exploration projects in South China Sea. China has been objecting to the Indian exploration

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<sup>33</sup> Gurpreet S Khurana, "China-India Maritime Rivalry," India Defence Review, vol. 23.4 Oct-Dec 2008, <http://www.indiandefencereview.com/spotlights/china-india-maritime-rivalry/>

<sup>34</sup> Ibid.

<sup>35</sup> Gurpreet S Khurana, "China-India Maritime Rivalry," India Defence Review, vol. 23.4 Oct-Dec 2008, <http://www.indiandefencereview.com/spotlights/china-india-maritime-rivalry/>

<sup>36</sup> "Sino-Indian rivalry in South China Sea," *The Brunei Times*, August 4, 2012, <http://www.bt.com.bn/letters-editor/2012/08/04/sino-indian-rivalry-south-china-sea>

projects in the region, claiming that the territory comes under its sovereignty. Whereas India continues to maintain that its exploration projects in the region are purely commercial, China has viewed such activities as an issue of sovereign rights.<sup>37</sup> The paper will show there has been some further recent development within this area in the final chapter.

### **5.3 Sansha – a new development, a new policy?**

Up to this point we have seen that China's security dialogue has helped in territorial disputes to some extent, and Beijing reacted conservatively to U.S. involvement in the issue of freedom of navigation. However, a highly contentious development and what could be construed as a point of departure for Beijing's policy in the South China Sea and perhaps for future policy, and which has created far more extreme reactions from those involved, including China has been the Sansha development.

The focus on the Sansha development centered around the decision of China's State Council to approve the establishment of Sansha as a prefectural-level city in south China's Hainan province to administer the Xisha, Zhongsha and Nansha islands and the surrounding waters in the South China Sea. China's central military authority also approved the formation and deployment of a military garrison in Sansha. Sources with the People's Liberation Army Guangzhou Military Command said that the Central Military Commission had authorized it to form a garrison command in the city.<sup>38</sup>

A report by a state media outlet says that Luo Baoming, Party chief of Hainan province, said in a keynote speech that the provincial government would be devoted

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<sup>37</sup> "Sino-Indian rivalry in South China Sea," The Brunei Times, August 4, 2012, <http://www.bt.com.bn/letters-editor/2012/08/04/sino-indian-rivalry-south-china-sea>

<sup>38</sup> "Mayor elected in China's newly established Sansha City," *Xinhua*, July 24, 2012, [http://news.xinhuanet.com/english/china/2012-07/24/c\\_131733842.htm](http://news.xinhuanet.com/english/china/2012-07/24/c_131733842.htm)

to turning the city into an important base to safeguard China's sovereignty and serve marine resource development.<sup>39</sup>

### **5.3.1 Responses to Sansha: Philippines**

A media article announced the Philippines had filed a diplomatic protest with China over Beijing's establishment of a new prefecture called "Sansha" to administer disputed territories in the South China Sea.

Philippine Foreign Ministry spokesman Raul Hernandez said Sansha's establishment violated Manila's claim to the Scarborough Shoal and parts of the Spratlys, and the continental shelf and waters off the country's western coast.<sup>40</sup>

### **5.3.2 Responses to Sansha: Vietnam**

In a media report from August 14, 2012, it states Vietnam also protested China's plans to establish a military garrison on a disputed island in the South China Sea, describing the move as a violation of international law and the Southeast Asian nation's sovereignty. Vietnam's Ministry of Foreign Affairs spokesman said, "China setting up the so-called Sansha City and implementing the above-mentioned actions violated international law, and seriously infringed upon Vietnam's sovereignty over the Paracel and Spratly island groups," Luong Thanh Nghi said in comments published on the ministry's website today. He criticized an election to appoint delegates of the city, declaring China's actions "invalid".<sup>41</sup>

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<sup>39</sup> "China establishes Sansha City," *China.org.cn*, July 24, 2012, [http://www.china.org.cn/china/2012-07/24/content\\_25995589.htm](http://www.china.org.cn/china/2012-07/24/content_25995589.htm)

<sup>40</sup> "Philippine president denies asking for U.S. spy planes' help in South China Sea," *Taipei Times*, July 6, 2012, <http://www.taipeitimes.com/News/front/archives/2012/07/06/2003537073>

<sup>41</sup> "Vietnam Protests China's Plans for Sansha City," *Bloomberg*, August 15, 2012, <http://www.bloomberg.com/news/2012-07-24/vietnam-protests-china-s-plans-for-sansha-city-garrison.html>

### 5.3.3 Responses to Sansha: U.S.

According to a media article Washington accused Beijing of raising tensions in the region after it announced the establishment of the city of Sansha. U.S. Department of State spokesman Patrick Ventrell said in a statement they were “concerned by the increase in tensions in the South China Sea and are monitoring the situation closely.” The establishment of the garrison and Sansha “runs counter to collaborative diplomatic efforts to resolve differences and risk further escalating tensions in the region,” it is reported he added. In a reference to what he said was “confrontational rhetoric” and incidents at sea, he said: “The U.S. urges all parties to take steps to lower tensions.”<sup>42</sup>

The U.S. response was summarized in a press release released by the U.S. government on the South China Sea issue. The statement says:

As a Pacific nation and resident power, the United States has a national interest in the maintenance of peace and stability, respect for international law, freedom of navigation, and unimpeded lawful commerce in the South China Sea. We do not take a position on competing territorial claims over land features and have no territorial ambitions in the South China Sea; however, we believe the nations of the region should work collaboratively and diplomatically to resolve disputes without coercion, without intimidation, without threats, and without the use of force.

With regard to Sansha it says:

In particular, China's upgrading of the administrative level of Sansha City and establishment of a new military garrison there covering disputed areas of the

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<sup>42</sup> “Beijing hits back over S China Sea,” *Taipei Times*, August 6, 201, <http://www.taipeitimes.com/News/world/archives/2012/08/06/2003539594>

South China Sea run counter to collaborative diplomatic efforts to resolve differences and risk further escalating tensions in the region.<sup>43</sup>

In contrast to earlier reactions to U.S. and on freedom of navigation China's response to the press statement was extremely strong. Spokesperson Qin Gang of the Ministry of Foreign Affairs made a statement China on the U.S. State Department saying:

On August 3, the U.S. Department of State issued a so-called press statement on the South China Sea. The statement showed total disregard of facts, confounded right and wrong, and sent a seriously wrong message. It is not conducive to efforts by the parties concerned to uphold peace and stability in the South China Sea and the Asia-Pacific region at large. The Chinese side expresses strong dissatisfaction and firm opposition to it... And why has the United States chosen to speak out all of a sudden to stir up trouble at a time when countries concerned in the region are stepping up dialogue and communication in an effort to resolve disputes and calm the situation? Such an act of being selective in approaching facts and making responses breaches the claimed U.S. stance of not taking a position on or getting involved in the disputes. It is not conducive to unity and cooperation among countries in the region or to peace and stability in this part of the world.<sup>44</sup>

The issues of freedom of navigation and the Sansha development show two very different reactions from the Chinese government. In the response to calls for freedom of navigation by the U.S., Beijing stressed the economic development of East Asia and Southeast Asia proved navigation freedom and security in the South China Sea were not affected by the countries' disputes and navigation freedom granted by international laws in this area had been fully guaranteed. There was no harsh backlash. But there was 'firm opposition' to the U.S. statement which included the U.S. response to Sansha.

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<sup>43</sup> "South China Sea," *U.S. Department of State*, August 3, 2012, <http://www.state.gov/r/pa/prs/ps/2012/08/196022.htm>

<sup>44</sup> "Statement by Spokesperson Qin Gang of the Ministry of Foreign Affairs of China on the U.S. State Department Issuing a So-called Press Statement On the South China Sea," *Ministry of Foreign Affairs of the People's Republic of China*, August 4, 2012, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2535\\_665405/t958226.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t958226.shtml)



In the introduction it is pointed out that in the 2011 white paper released on peaceful development China states it is firm in upholding its core interests which include: state sovereignty, national security, territorial integrity and national reunification, China's political system established by the Constitution and overall social stability, and the basic safeguards for ensuring sustainable economic and social development.<sup>45</sup> A general statement on international shipping lanes is not an attack on China's territorial integrity whereas an attack on the establishment of Sansha is, and this is what defines the difference in responses.



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<sup>45</sup> "China's Peaceful Development," *Xinhua*, September 9, 2011, [http://news.xinhuanet.com/english2010/china/2011-09/06/c\\_131102329.htm](http://news.xinhuanet.com/english2010/china/2011-09/06/c_131102329.htm)

## **Chapter 6: Recent progress in China-ASEAN relations**

This chapter will focus mainly on the continuation of China's state policy with regard to ASEAN as a development from the information that has been presented in the last four chapters. In reflecting Chinese state policy the chapter in a large part will rely on foreign ministry press releases, which is a valid method of document analysis as stated in the introduction. As explained in the framework, it will present evidence from the most very recent activity between China-ASEAN supporting the research purpose that relations continue to grow according to China's state policy toward Southeast Asia.

### **6.1 China's political and security cooperation with ASEAN**

In 2013, China and ASEAN commemorated 10 years of the strategic partnership. Over the last 2 years we can see the relationship continues to develop largely as set out in the paper previously. 2013 marked the 10<sup>th</sup> anniversary of the China-ASEAN Strategic Partnership and in related meetings Chinese leaders who had been elevated to the highest positions after transitions in 2012 and 2013 spoke about the relationship with ASEAN. Premier Li spoke in detail at the 10<sup>th</sup> China-ASEAN Business and Investment Summit. A foreign ministry release of Premier Li Keqiang's speech reports he said:

China will unswervingly give priority to ASEAN countries in its neighborhood diplomacy, deepen strategic partnership with ASEAN, and work with ASEAN to jointly uphold peace and stability in the region, including the South China Sea. At the same time, we will continue to support ASEAN's development, the ASEAN Community building and ASEAN's centrality in East Asia cooperation. China-ASEAN relations will be defined

by long-term friendship and win-win cooperation, living up to the essence of our strategic partnership.<sup>1</sup>

Proposals put forward by China at the summit are summarized in a separate, more concise release from the Chinese Foreign Ministry. Li Keqiang raised five proposals on further strengthening China-ASEAN cooperation. The first was to create an upgraded version of the China-ASEAN Free Trade Area, where both sides would further lower tariff rates, cut non-tariff-related measures, launch dialogues for a new round of service trade pledge, push forward the actual opening-up for investment, and strive to expand bilateral trade volume to one trillion U.S. dollars by 2020, increase bilateral investment by 150 billion dollars during the next eight years.<sup>2</sup>

The second was to boost mutual connectivity in areas such as roads, railways, water transport, aviation, telecommunication and energy. Through the China-ASEAN Investment Cooperation Fund, China would work actively with various sides to establish a financing platform in Asia, in order to promote the building of an infrastructure-connected Asia.

The third was to boost financial cooperation. The Chinese side would be willing to continue to work with ASEAN members to strengthen multi-layer regional financial security network, improve early-warning and bail-out mechanisms on regional financial risks.

The fourth was to carry out maritime cooperation wherein the Chinese side proposed to set up a "China-ASEAN maritime partnership". The fifth was to promote people-

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<sup>1</sup> "Bring the China-ASEAN Strategic Partnership of Long-term Friendship and Mutually Beneficial Cooperation to a New High." *Ministry of Foreign Affairs, China*, September 3, 2013, [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t1073609.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1073609.shtml)

<sup>2</sup> "Premier Li Keqiang Raises Five Proposals on Further Strengthening China-ASEAN Cooperation." *Embassy of the People's Republic of China in the United States of America*, September 3, 2013, <http://wcm.fmprc.gov.cn/pub/ce/ceus/eng/zgyw/t1073243.htm>

to-people and cultural exchanges. The Chinese side initiated to set the year 2014 as "China-ASEAN Friendly Exchange Year".<sup>3</sup>

## **6.2 China's bilateral relations with ASEAN states**

China's bilateral relations with ASEAN member states have continued to grow on the basis of the agreements and progress outlined in the second chapter, as we shall see here.

### **6.2.1 Bilateral relations with Indonesia**

In October 2013, President Xi Jinping visited Jakarta and made an address to the Indonesian parliament, the first such address by a foreign leader.

In his address to the Indonesian parliament, Xi described China-ASEAN relations as being at a "new historical starting point" and that Beijing attached "great importance to Indonesia's status and influence in ASEAN".<sup>4</sup>

In an interview with Xinhua the Chinese ambassador to Indonesia, Liu Jianchao said he believed Xi's visit would, through joint efforts by both countries, improve strategic mutual trust, enhance all-around cooperation and mark a milestone in the development of the China-Indonesia ties. Indonesia was the first Southeast Asian country Xi visited since assuming the presidency in March, 2013. This reflected the country's important role in China's diplomacy with neighboring countries, Liu said. Specifically about economy, he said bilateral trade had reached 66.22 billion U.S. dollars in 2013 and China had become Indonesia's second biggest trade partner. Bilateral trade in the first half of 2013 hit 33.84 billion dollars, up 4.6 percent from

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<sup>3</sup> "Premier Li Keqiang Raises Five Proposals on Further Strengthening China-ASEAN Cooperation," *Embassy of the People's Republic of China in the United States of America*, September 3, 2013, <http://wcm.fmprc.gov.cn/pub/ce/ceus/eng/zgyw/t1073243.htm>

<sup>4</sup> "Elevating Asean-China ties: Who is wooing whom?," *The Nation*, October 15, 2013, <http://www.nationmultimedia.com/opinion/Elevating-Asean-China-ties-Who-is-wooing-whom-30217026.html>

the same period in 2012. He added that China would make joint efforts with Indonesia to contribute to building the next 10 years into a diamond decade of China-ASEAN cooperation.<sup>5</sup>

Regarding connectivity, in a piece by the Jakarta post it stated that a senior Indonesian official said the Chinese government planned to expand its business presence in Indonesia by constructing several large industrial zones in the eastern part of Southeast Asia's largest economy. According to the piece Industry Minister MS Hidayat said that both the governments of Indonesia and China were currently discussed the plans to build economic zones in the former's eastern regions and that the Chinese government plans to build industrial zones in three or four locations in eastern Indonesia with spaces of 5,000 hectares for each zone. The Indonesian government expected to sign a memorandum of understanding with the Chinese government for the plans in March, 2013, with China's newly installed prime minister.<sup>6</sup>

### **6.2.2 Bilateral relations with Thailand**

The First China-Thailand Strategic Dialogue was held in Bangkok on August 19, 2013. The Meeting was co-chaired by Mr. Liu Zhenmin, Vice-Minister of the Ministry of Foreign Affairs of the People's Republic of China, and Mr. Sihasak Phuangketkeow, Permanent Secretary of the Ministry of Foreign Affairs of Thailand.

According to a foreign ministry release by the Chinese Foreign Ministry both sides noted with the progress and the dynamism made in areas as high-level visits, trade and investment, tourism, culture and education since the adoption of the Joint Action Plan on China-Thailand Strategic Cooperation (2012-2016).

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<sup>5</sup> "Interview: Xi's visit to lift China-Indonesia ties to a new level: Chinese ambassador," *Xinhua*, September 30, 2013, [http://news.xinhuanet.com/english/china/2013-09/30/c\\_132764344.htm](http://news.xinhuanet.com/english/china/2013-09/30/c_132764344.htm)

<sup>6</sup> "Economy in brief: China to build industrial zones in eastern RI," *The Jakarta Post*, December 18, 2012, <http://www.thejakartapost.com/news/2012/12/18/economy-brief-china-build-industrial-zones-eastern-ri.html>

Both sides shared the view that a 3rd Meeting of the Joint Commission on Trade, Investment and Economic Cooperation should be convened to discuss ways to further promote trade and investment in order to achieve the bilateral trade target of 100 billion U.S.D by 2015 set by the leaders of the two countries. Both sides also agreed to fully implement the MOU on Agricultural Trade Cooperation and facilitation trade in agricultural products and RMB should play a greater role in the business transactions between China and Thailand.<sup>7</sup>

### **6.2.3 China's bilateral relations with Malaysia**

The 2<sup>nd</sup> Strategic Consultation between Malaysia and the People's Republic of China was held on 27 August 2012 in Beijing. The Malaysian delegation was headed by His Excellency Tan Sri Mohd Radzi Abdul Rahman, Secretary General of the Ministry of Foreign Affairs while the Chinese delegation was headed by Her Excellency Fu Ying, Vice Minister of Foreign Affairs.

A release by the Malaysian Foreign Ministry stated at the 2<sup>nd</sup> strategic consultation, both sides exchanged views on the progress made in various fields of bilateral cooperation. Both sides agreed that Malaysia-China relations in general were moving on the right track from strength to strength. The active exchanges of high level visits, the establishment of the China-Malaysia Qinzhou Industrial Park and the Malaysia-China Kuantan Industrial Park, China becoming Malaysia's largest trading partner in the world, extensive links in the fields of investment, tourism, agriculture and education are some of the manifestations of the special relationship that has been developed between both countries. Both sides expressed commitment to further strengthen and deepen bilateral relations and cooperation in the future.<sup>8</sup>

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<sup>7</sup> "Press Statement for the First China-Thailand Strategic Dialogue," *Ministry of Affairs of People's Republic of China*, August 19, 2013, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1067514.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1067514.shtml)

<sup>8</sup> "Press Release: 2<sup>nd</sup> Strategic Consultation Between Malaysia and the People's Republic of China, Beijing, 27 August 2012," *Ministry of Foreign Affairs, Malaysia*, August 28, 2012, [http://www.kln.gov.my/web/chn\\_beijing/ps2012/-/asset\\_publisher/ME2g/blog/press-release:-2nd-](http://www.kln.gov.my/web/chn_beijing/ps2012/-/asset_publisher/ME2g/blog/press-release:-2nd-)

The strategic consultation has enhanced understanding and respect between Malaysia and China on each other's views and positions pertaining to current bilateral, regional and international issues which facilitate greater collaboration and partnership between both sides on issues of common interests.<sup>9</sup>

#### **6.2.4 China's bilateral relations with Vietnam**

President Truong Tan Sang received a delegation from the Chinese People's Liberation Army led by Deputy Chief of General Staff Sen. Lieut. Gen. Ma Xiaotian, for the third Viet Nam-China strategic defense talks in Hanoi on September 3, 2012.

Regarding the mitigating effect of security-related dialogue this Vietnamese press release is particularly important. It states Sang welcomed the third Viet Nam-China defense strategic dialogue in Ha Noi, saying he hoped the two armies continue maintaining and bringing into full play the effectiveness of this dialogue channel. The two armies should further enhance exchanges and cooperation in different fields in order to further promote mutual understanding and trust, and increasingly strengthen and boost the Viet Nam-China comprehensive strategic cooperative partnership for both peoples' benefit and for peace, stability, cooperation and development in the region and the world.

Noting the objective existence of differences that both sides have had in the sea issue, the Vietnamese president urged the two sides to solve those differences through negotiations and dialogues. He said that the dialogue provides an important channel

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strategic-consultation-between-malaysia-and-the-people%E2%80%99s-republic-of-china-beijing-27-august-2012?redirect=%2Fweb%2Fchn\_beijing%2Fps2012

<sup>9</sup> "Press Release: 2<sup>nd</sup> Strategic Consultation Between Malaysia and the People's Republic of China, Beijing, 27 August 2012," *Ministry of Foreign Affairs, Malaysia*, August 28, 2012, [http://www.kln.gov.my/web/chn\\_beijing/ps2012/-/asset\\_publisher/ME2g/blog/press-release:-2nd-strategic-consultation-between-malaysia-and-the-people%E2%80%99s-republic-of-china-beijing-27-august-2012?redirect=%2Fweb%2Fchn\\_beijing%2Fps2012](http://www.kln.gov.my/web/chn_beijing/ps2012/-/asset_publisher/ME2g/blog/press-release:-2nd-strategic-consultation-between-malaysia-and-the-people%E2%80%99s-republic-of-china-beijing-27-august-2012?redirect=%2Fweb%2Fchn_beijing%2Fps2012)



for both sides to frankly discuss issues of common concern, bettering their trust and understanding, thus contributing to strengthening and developing the comprehensive strategic cooperative partnership between the Parties, States, peoples and armies of China and Viet Nam.<sup>10</sup>

### **6.2.5 China's bilateral relations with the Philippines**

Similarly a press release by the Philippine department of foreign affairs shows continuing ties between China and the Philippines. It states that on the October 19, 2012, Chinese Vice Foreign Minister and Special Envoy of the Chinese Government Fu Ying met with President Benigno S. Aquino III in the Philippines and 'imparted the message from Chinese President Hu Jintao that China places great importance and value to the long-standing friendship with the Philippines. Vice Foreign Minister Fu also expressed the Chinese government's desire to move Philippines-China relations forward to benefit the peoples of both countries.

Regarding the continuation of earlier meetings, the releases says 'It was noted that Vice Foreign Minister Fu is in Manila to lead the Chinese delegation to the 18<sup>th</sup> Philippines-China Foreign Ministry Consultations (FMC) and that both sides have agreed to work on implementing the consensus reached by President Aquino and President Hu last year which is to achieve a bilateral trade of U.S.\$ 60 billion dollars and a 2 million two-way tourism arrivals by 2016.'<sup>11</sup>

The Philippines highlighted another area of cooperation at the Foreign Ministry Consultation as Philippine and Chinese authorities said they expected better enforcement of laws against criminals from both countries when a mutual assistance pact on criminal matters took effect on November 18, 2012. A release reports 'the enhanced arrangement on legal procedures follows the exchange of instruments of ratification of the Treaty between the Republic of the Philippines and the People's

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<sup>10</sup> "President greets Chinese defence officers," *Vietnam Ministry of Foreign Affairs*, September 3, 2012 <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns120904094755>

<sup>11</sup> "Phl, China aspire for a peaceful, stable region," *Philippine Information Agency*, October 20, 2012, <http://news.pia.gov.ph/index.php?article=2101350721695>

Republic of China concerning Mutual Legal Assistance in Criminal Matters (MLAT), on October 19 on the sidelines of the 18th Foreign Ministry Consultations (FMC) between the Philippines and China.’<sup>12</sup>

## **6.2.6 China’s bilateral relations with Brunei**

On October 11, 2013, Premier Li Keqiang of the State Council held official talks with Sultan Haji Hassanal Bolkiah of Brunei at the Royal Palace of Brunei. As it has been stated Brunei held the rotating presidency of ASEAN in 2013. A Chinese foreign ministry release reports at the meeting Li said that the Chinese government attaches great importance to developing strategic cooperative relations with Brunei and was ready to further uplift the level of bilateral strategic cooperation in these ways:

First, to keep close high-level exchanges and to strengthen coordination on bilateral as well as major international and regional issues. Second, to deepen practical cooperation, to promote rapid growth of bilateral trade, to push forward infrastructure construction cooperation and to expand cooperation on agriculture and fishery. Third, to advance energy cooperation, to explore cooperation in the fields of oil and gas development, refining and oilfield services, to effectively implement the consensus reached between China and Brunei on the joint development of the South China Sea, and to support businesses of the two countries for the joint exploration and exploitation of offshore oil and gas resources so as to achieve mutual benefit and win-win outcomes.

Following the talks, the two leaders jointly attended the signing ceremony of bilateral cooperation documents including the Memorandum of Understanding between the Government of the People's Republic of China and the Government of Brunei Darussalam on Maritime Cooperation and the Agreement between China National

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<sup>12</sup> “Philippines, China Boost Efforts to Run After Criminals,” *Philippine Consulate General Shanghai*, October 19, 2012, <http://www.philcongshanghai.org/pages.asp?ids=581>

Offshore Oil Corporation and Brunei National Petroleum Company Sendirian Berhad on Establishing Joint Venture in the Field of Oilfield Services. Both sides issued the Joint Statement between the People's Republic of China and Brunei Darussalam.<sup>13</sup>

Regarding maritime cooperation to promote joint development another statement by the Chinese Foreign Ministry details that ‘The governments on both sides are satisfied with the existing bilateral cooperation in the energy field, especially the cooperation between China National Offshore Oil Corporation (CNOOC) and Brunei National Petroleum Company Sendirian Berhad (PetroleumBRUNEI), and welcome the agreement signed by CNOOC and PetroleumBRUNEI on setting up a joint venture. Both parties agree to support relevant companies of both countries to carry out joint maritime development, and to explore and exploit offshore oil and gas resources, based on the China-Brunei Joint Statement which was published on April 5, 2013.’<sup>14</sup>

### **6.2.7 China’s bilateral relations with Laos**

Chinese President Xi Jinping held talks with his Lao counterpart in Beijing on September 26, 2013, and pledged to further cement the all-around strategic partnership of cooperation between the two countries.

It was reported Li said that China was ready to work together with Laos to enrich and develop the China-Laos partnership featuring mutual trust, mutual assistance and reciprocity, and called for continued high-level interactions, enhanced strategic communication on major issues of both concern and mutual support for each other's

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<sup>13</sup> “Premier Li KeQiang Holds Talks with Sultan Hassanal Bolkiah of Brunei, Stressing to Further Uplift Level of China-Brunei Strategic Cooperation,” *Ministry of Foreign Affairs of the People’s Republic of China*, October 11, 2013, <http://www.fmprc.gov.cn/eng/zxxx/t1088909.shtml>

<sup>14</sup> “China and Brunei Decide to Strengthen Maritime Cooperation to Promote Joint Development,” *Ministry of Foreign Affairs of the People’s Republic of China*, <http://www.fmprc.gov.cn/eng/zxxx/t1088644.shtml>

adherence to the socialist path suitable for their national conditions as well as the ruling of the communist parties.<sup>15</sup>

Connectivity by means of railways has also been a recent topic with Laos. According to a media article Chinese Premier Li Keqiang told his Lao counterpart Thongsing Thammavong that he had instructed officials to speed up their study of the Laos train project during a bilateral meeting on the sidelines of the ASEAN-China Expo in Nanning. The piece reports Li said "The political will of the two leaders is clear and it has never changed. I'm confident that this project will be materialised as planned." <sup>16</sup>

Somsavat said in an interview Laos plans to build the \$7-billion (Bt224 billion) train project to link Vientiane and China's Yunnan province as well as later connect to Thailand and other countries of ASEAN. The article also says the Lao transportation authority is preparing to set up a legal entity, to deal with China for the financial arrangement and form of investment, noting that it was possible Laos would need to borrow from China for the construction.<sup>17</sup>

#### **6.2.8 China's bilateral relations with Singapore**

On May 3, 2013, Prime Minister Lee Hsien Loong of Singapore met with Wang Yi, the visiting Chinese Foreign Minister. In a foreign ministry release from China it states Lee Hsien Loong said Singapore was willing to help deepen the strategic partnership between the ASEAN and China, as the ASEAN is working on establishing an ASEAN Community and accelerating regional integration.<sup>18</sup>

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<sup>15</sup> "Xi says China to cement bilateral partnership with Laos," *Xinhua*, September 26, 2013, [http://news.xinhuanet.com/english/china/2013-09/26/c\\_132753887.htm](http://news.xinhuanet.com/english/china/2013-09/26/c_132753887.htm)

<sup>16</sup> "China, Laos committed to high-speed train project," *The Nation*, September 10, 2013, <http://www.nationmultimedia.com/aec/China-Laos-committed-to-high-speed-train-project-30214529.html>

<sup>17</sup> Ibid.

<sup>18</sup> "Singapore's Prime Minister Lee Hsien Loong Meets with Wang Yi," *Consulate-General of the People's Republic of China in San Francisco*, May 8, 2013, <http://www.fmprc.gov.cn/ce/cgsf/eng/zgxw/t1038491.htm>

The same release states Wang Yi said that the planning of key projects for exchanges and cooperation between the two countries known as the China-Singapore Suzhou Industrial Park, Sino-Singapore Tianjin Eco-city and Sino-Singapore Guangzhou Knowledge City, had achieved major progress. The Chinese government was willing to work with the Singapore government to forge an "upgraded version" of China-Singapore relations in the new era on the already -existed sound basis. The two countries could work together to expand the China-ASEAN strategic partnership at the time of the 10th anniversary of its founding, to promote cooperation in increasing connectivity, handling maritime affairs and building a regional comprehensive economic partnership.<sup>19</sup>

Similar developments took place in October 2013, Vice Premier Zhang Gaoli of the State Council met with Singaporean President Tony Tan Keng Yam and Prime Minister Lee Hsien Loong. Zhang Gaoli and Singaporean Deputy Prime Minister to co-chair the 10th China-Singapore Joint Council for Bilateral Cooperation Meeting, the 15th China-Singapore SIP Joint Steering Council Meeting, and the 6th China-Singapore Joint Steering Council Meeting for Tianjin Eco-city.<sup>20</sup>

### **6.2.9 China's bilateral relations with Cambodia**

As described earlier, in December 2010 China and Cambodia agreed to establish a comprehensive strategic partnership of cooperation during a visit by the Cambodian prime minister to China. Following this in 2011 Chinese vice-president Xi Jinping met with the Cambodian deputy prime minister in Beijing in June. China and Cambodia issued a joint statement in 2012 after President Hu Jintao's state visit to Phnom Penh at the end of March. The statement said the two countries would work

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<sup>19</sup> "Singapore's Prime Minister Lee Hsien Loong Meets with Wang Yi," *Consulate-General of the People's Republic of China in San Francisco*, May 8, 2013, <http://www.fmprc.gov.cn/ce/cgsf/eng/zgxw/t1038491.htm>

<sup>20</sup> "Chinese Vice Premier Zhang Gaoli Visits Singapore and Co-Chairs the Meetings of the Three China-Singapore High-Level Cooperative Mechanisms with Singaporean Deputy Prime Minister Teo Chee Hean," *Ministry of Foreign Affairs of the People's Republic of China*, October 22, 2013, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1092657.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1092657.shtml)

more quickly on an action plan for the implementation of the comprehensive strategic partnership of cooperation.<sup>21</sup>

However, Cambodia's relations with China came under far greater scrutiny in 2012 as Cambodia hosted the 20<sup>th</sup> ASEAN Summit in April and the 45<sup>th</sup> ASEAN Foreign Ministers in July which was noted for its lack of producing a joint communique the first time in 45 years. This development received great international focus as China was accused of using its influence over Cambodia to keep the South China Sea issue, particularly that of the Huangyan incident with the Philippines, out of the content of the joint communique. While the Philippines, according to reports, insisted on it being included. Once more, despite the diplomatic channels between China and the Philippines being open as the paper has shown, the South China Sea proved to be a stumbling block not just bilaterally between the Philippines and China, but in this case between China and ASEAN.

Myanmar's significance as a site of competing claims for influence between the U.S. and China will be looked at further in the second half of this chapter.

### **6.3 China-ASEAN: Economy**

In the second chapter on economy we saw that in September 2012, the opening of the 9<sup>th</sup> China-ASEAN Business and Investment Summit also marked the 10<sup>th</sup> anniversary of the framework agreement on the CAFTA, then Vice President of the PRC Xi Jinping spoke on the development of the CAFTA.

#### **6.3.1 China-ASEAN Free Trade Area**

In proposing further measures to advance the bilateral strategic partnership with ASEAN, Li Keqiang gave precedence to creating an upgraded version of the CAFTA in 2013, saying:

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<sup>21</sup> "China, Cambodia agree to speed up implementation of comprehensive strategic partnership," *GOV.cn*, April 2, 2012, [http://www.gov.cn/misc/2012-04/02/content\\_2105673.htm](http://www.gov.cn/misc/2012-04/02/content_2105673.htm)

The establishment of the China-ASEAN Free Trade Area has created a precedent for trade and investment cooperation in the Asia-Pacific region, which greatly boosted the rapid development of bilateral economic and trade relations. Looking into the future, China will uphold traditions in the establishment of the free trade area over the past ten years, prioritize the ASEAN's representation of their interests, and create more favorable conditions for ASEAN's development. We are willing to upgrade and expand the content and scope of China-ASEAN free trade area agreement based on the principles of mutual benefit and common development. Both sides can consider deepening talks on further lowering tariff rates, cutting non-tariff-related measures, launching dialogues for a new round of service trade pledge, and pushing forward the actual opening-up for investment through policies concerning access and personnel travels, so as to boost the liberalization and facilitation of trade and investment. This will enable the China-ASEAN Free Trade Area keep up with the times and make it into an upgraded version covering more areas and with higher quality.

He concluded, 'Just as the ASEAN is the priority in China's peripheral diplomacy, the ASEAN is also the priority of China's outbound investment. We also welcome enterprises in the ASEAN countries to invest and start businesses in China.'<sup>22</sup>

### **6.3.2 ASEAN Plus Three**

The Commemorative Summit for the 15th Anniversary of ASEAN Plus Three (APT) Cooperation was held in Phnom Penh, Cambodia, on November 19, 2012.

According to a Chinese Foreign Ministry press release, Premier Wen Jiabao Premier Wen said that this year marked the 15th anniversary of the APT cooperation and deepening the East Asian cooperation was at a critical stage. It states he said APT

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<sup>22</sup> "Premier Li Keqiang's keynote speech at 10<sup>th</sup> China-ASEAN Expo," *Xinhua*, September 3, 2013, [http://news.xinhuanet.com/english/china/2013-09/04/c\\_132688764\\_2.htm](http://news.xinhuanet.com/english/china/2013-09/04/c_132688764_2.htm)



needed to continue to enhance internal cohesion and continue to focus on development issues and that APT needed to further strengthen institutional building, step up confidence, make solid progress, and make unremitting efforts for the early realization of the East Asian Community.<sup>23</sup> Wen said that in striving to promote the regional economic integration process. China is supportive of advancing the negotiations on regional comprehensive economic partnership, expanding mutual investment between APT countries, and deepening the industrial integration.<sup>24</sup>

#### **6.4 China-ASEAN: Connectivity and Infrastructure**

As vice-president, Xi Jinping spoke at the Opening Ceremony of the 9th China-ASEAN Business, and Investment Summit and 2012 Forum on China-ASEAN Free Trade Area. Regarding connectivity the foreign ministry website states he said ‘Connectivity within ASEAN and between China and ASEAN is the important foundation for deepening trade and economic cooperation as well as personnel exchanges. It is a measure of strategic importance that will promote intra-regional economic integration and enhance regional competitiveness, thus contributing to a sustained and steady growth of the regional economy. China is ready to establish all-dimensional, in-depth and strategic connectivity with ASEAN. Currently, we are actively preparing for the establishment of the Chinese Committee on China-ASEAN Connectivity and will in due course set up interaction and institutionalized exchanges with relevant ASEAN agencies. We are ready to set up an investment and financing platform for connectivity, step up land connectivity with ASEAN countries, build

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<sup>23</sup> “Premier Wen Jiabao Attends the Commemorative Summit marking the 15<sup>th</sup> Anniversary of ASEAN+3 Cooperation,” *Ministry of Foreign Affairs of People’s Republic of China*, November 19, 2012, [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/pwjamoalapovcat\\_665698/t991668.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/pwjamoalapovcat_665698/t991668.shtml)

<sup>24</sup> “Premier Wen Jiabao Attends the Commemorative Summit marking the 15th Anniversary of ASEAN+3 Cooperation,” *Ministry of Foreign Affairs of People’s Republic of China*, November 19, 2012, [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/pwjamoalapovcat\\_665698/t991668.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/pwjamoalapovcat_665698/t991668.shtml)

maritime connectivity network and expand cooperation in such areas as ports, maritime logistics and port industries.’<sup>25</sup>

## **6.5 Continuing challenges to China’s ASEAN policy**

While in 2012 and 2013 we can see the continuity and development of China-ASEAN relations as set out in the previous chapters, the challenges coming from without the region also continue.

### **6.5.1 The United States**

The U.S. has continued to define its pivot to the region. In January 2012 the U.S. Department of Defense released the document ‘Sustaining Global Leadership: Priorities for 21<sup>st</sup> Century Defense’. It outlines U.S. aims for the Asia-Pacific:

U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities. Accordingly, while the U.S. military will continue to contribute to security globally, we will of necessity rebalance toward the Asia-Pacific region. Our relationships with Asian allies and key partners are critical to the future stability and growth of the region. We will emphasize our existing alliances, which provide a vital foundation for Asia-Pacific security. We will also expand our networks of cooperation with emerging partners throughout the Asia-Pacific to ensure collective capability and capacity for securing common interests. The United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region.

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<sup>25</sup> “Chinese VP’s speech at ninth China-ASEAN Business and Investment Summit and 2012 Forum on China-ASEAN Free Trade Area,” *Gov.cn*, September 21, 2012, <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t977453.shtml>

Furthermore, we will maintain peace on the Korean Peninsula by effectively working with allies and other regional states to deter and defend against provocation from North Korea, which is actively pursuing a nuclear weapons program.

The maintenance of peace, stability, the free flow of commerce, and of U.S. influence in this dynamic region will depend in part on an underlying balance of military capability and presence.<sup>26</sup>

Relations with China are also outlined:

Over the long term, China's emergence as a regional power will have the potential to affect the U.S. economy and our security in a variety of ways. Our two countries have a strong stake in peace and stability in East Asia and an interest in building a cooperative bilateral relationship. However, the growth of China's military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region. The United States will continue to make the necessary investments to ensure that we maintain regional access and the ability to operate freely in keeping with our treaty obligations and with international law. Working closely with our network of allies and partners, we will continue to promote a rules-based international order that ensures underlying stability and encourages the peaceful rise of new powers, economic dynamism, and constructive defense cooperation.<sup>27</sup>

The first chapter on security introduced how Myanmar was becoming a site for growing strategic competition between China and the U.S. A media article continues on this theme. It reports that on October 20, 2012, the U.S. was to invite Myanmar to the world's largest multinational military field exercise. The article claims the invitation was 'another illustration of U.S. President Barack Obama's

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<sup>26</sup> "Global Leadership: Priorities for 21<sup>st</sup> Century Defense," *United States of America Department of Defense*, January 2012, [http://www.defense.gov/news/defense\\_strategic\\_guidance.pdf](http://www.defense.gov/news/defense_strategic_guidance.pdf)

<sup>27</sup> Ibid.

administration's pivot from Iraq and Afghanistan to focus national security resources on the Asia-Pacific region.'<sup>28</sup> An analyst covering Myanmar for a research firm is reported to have said "This appears to be the first step on the part of the U.S. to re-engage Myanmar militarily and to wean it away from its reliance on China."<sup>29</sup>

### 6.5.2 Japan

Japan has increased its security ties with Vietnam. A report in the official Vietnamese newspaper of the state party said visiting Japanese Defense Minister Itsunori Onodera stated at talks with his Vietnam counterpart, General PhungQuang Thanh, in Hanoi on September 16, that Japan attaches great importance to defense co-operation with Vietnam in the interest of both countries and for peace and stability in the region.<sup>30</sup>

The piece discusses recent security ties between the two countries. General Thanh expressed his belief the visit would be a milestone in marking a broader and more intensive level of defence co-operation between the two nations. The defense cooperation between Vietnam and Japan has seen far-reaching development since the opening of the Defense Attaché Office in each country. That defense ties have been defined as one of the main features of the two countries' strategic partnership.<sup>31</sup>

Based on the memorandum of understanding on defense cooperation, signed by the two Ministers of Defense in October 2011, Vietnam and Japan have boosted their defense cooperation, especially in exchanges of delegations at all levels, the annual defense policy dialogue at the deputy-ministerial level, personnel training, humanitarian aid and disaster relief, as well as cooperation in regional and international defense-security fora.<sup>32</sup>

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<sup>28</sup> "U.S. ready to invite Myanmar to join military exercise,' *Taipei Times*, October 20, 2012, <http://www.taipeitimes.com/News/front/archives/2012/10/20/2003545624>

<sup>29</sup> Ibid.

<sup>30</sup> "Vietnam, Japan strengthen defence co-operation," *Vietnam Breaking News*, September 16, 2013, <http://www.vietnambreakingnews.com/2013/09/vietnam-japan-strengthen-defence-co-operation/> originally at <http://nhandan.com.vn/en/politics/external-relations/item/2008502-vietnam-japan-strengthen-defence-co-operation.html>

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

At the same time as the Vietnam meeting, the Philippines made statements about the security role of Japan. In an interview with the Financial Times at the end of 2012, Philippine Foreign Secretary Albert del Rosario said the Philippines would strongly support a rearmed Japan as a counterweight to what it sees as Chinese provocation saying, “We are looking for balancing factors in the region and Japan could be a significant balancing factor,” he told the paper amid growing tensions over the South China Sea. Philippine Department of Foreign Affairs spokesman Raul Hernandez confirmed the government’s view that Japan should upgrade its military from a self-defense force so that it has more freedom to operate in the region.<sup>33</sup>

In 2013 Japanese Premier Abe visited all 10 member countries of the Association of Southeast Asian Nations visiting Laos and Cambodia in November.

A media article reports Abe told reporters before his departure "I wish to strengthen political and security dialogue while promoting investment and expanding cooperation in the health and medical field on the economic front, aside from official development assistance."<sup>34</sup>

Japanese Prime Minister Shinzo Abe has pledged financial support for a plan to expand the international airport in Vientiane, Laos. An agreement on the Wattay International Airport scheme was reached in talks between Mr Abe and Lao Prime Minister Thongsing Thammawong in the Lao capital on Sunday.<sup>35</sup>

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<sup>33</sup> “Manila supports rearmed Japan to counter China,” *Taipei Times*, December 11, 2012, <http://www.taipeitimes.com/News/world/archives/2012/12/11/2003549894>

<sup>34</sup> “Japan PM visits Cambodia, Laos to top off ASEAN tour,” *The Manila Standard*, November 16, 2013, <http://manilastandardtoday.com/2013/11/16/japan-pm-visits-cambodia-laos-to-top-off-asean-tour/>

<sup>35</sup> “Japan to finance Lao airport plan,” *Bangkok Post*, November 18, 2013, <http://www.bangkokpost.com/breakingnews/380482/japan-to-loan-laos-cash-to-fund-airport-expansion-plan>

### 6.5.3 India

On the issue of the South China Sea, a commentary from an outlet discussing foreign affairs reported in July 2013 that Indian Prime Minister Manmohan Singh put emphasis on ASEAN cooperative mechanisms to resolve issues in the China Sea at the East Asian Summit in Brunei, which according to the article suggested a pro-ASEAN stance. Singh said, “Territorial and maritime disputes between countries in this region should be resolved by the countries concerned through friendly consultation.” Indian Prime Minister Manmohan stated at the summit, “We welcome the collective commitment by the concerned countries to abide by and implement the 2002 Declaration on the Conduct of Parties in the South China Sea and to work towards the adoption of a Code of Conduct in the South China Sea on the basis of consensus.”<sup>36</sup>

Recent moves ‘shoring up’ security ties with Vietnam, Thailand, Myanmar, Singapore and Japan by the Indian prime minister and defense minister are a much clearer signal of India trying to increase its influence and check that of China’s in East and Southeast Asia. The same media outlet describes how India has made a number of moves in recent months to strengthen its “Look East” policy.<sup>37</sup>

Following a trip by Vietnam’s foreign minister to Delhi in July 2013, during which he participated in the 15th Joint Vietnam-India Commission meeting and gave an important speech outlining Hanoi’s vision for regional, India offered Vietnam \$100 million credit to buy for military boats, ‘that will undoubtedly be used to resist Chinese inroads in the South China Sea.’<sup>38</sup>

India’s defense minister, A.K Antony, visited Thailand at the end of May 2013. Following the visit to Thailand the two sides pledged to work towards a free trade agreement, India and Thailand already conduct regular joint patrols together. During

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<sup>36</sup> “India Rebukes Beijing on South China Sea,” *The Diplomat*, October 12, 2013, <http://thediplomat.com/flashpoints-blog/2013/10/12/india-rebukes-beijing-on-south-china-sea/?print>

<sup>37</sup> “India and China Battle for Maritime Influence,” *The Diplomat*, July 31, 2013, <http://thediplomat.com/flashpoints-blog/2013/07/31/india-and-china-battle-for-maritime-influence/>

<sup>38</sup> Ibid.

the trip, Antony proposed they expand their joint defense production, including India increasing its arms sales to Thailand.<sup>39</sup>

In July 2013, India approved Myanmar's 'long-standing' request to help build offshore patrol vessels.<sup>40</sup> The announcement on the vessels was made as part of a larger agreement to expand Burmese-Indian defense ties during a visit to Delhi by Myanmar's naval chief, a move which is suggested to improve Delhi's relations with its neighbors since China had been 'making inroads into South Asia.'<sup>41</sup>

In June 2013, after visiting Thailand, the Indian defense minister visited Singapore to renew a bilateral agreement for the conduct of joint army training and exercises for another five years. The Agreement for the Conduct of Joint Army Training and Exercises was first established on August 12, 2008. Its renewal allows the Singapore Army to train and exercise with the Indian Army in India for another five years. The most recent bilateral armour exercise was successfully conducted in March 2013 and both armies also carried out a combined artillery live-firing in December 2012. "The renewal of the Bilateral Agreement is testament to the warm defence relationship between India and Singapore," said a statement issued by the Indian Ministry of Defence.<sup>42</sup>

The Indian prime minister also visited Japan in 2013. During the trip in May, Singh declared that Japan was a "natural and indispensable partner in our quest for stability and peace in the vast region of [the] Asia-Pacific." The interest in strengthening ties between the two countries was also a result of Prime Minister Shinzo Abe's 'courting of maritime democracies like India as a means of balancing against China.'

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<sup>39</sup> "India and China Battle for Maritime Influence," *The Diplomat*, July 31, 2013, <http://thediplomat.com/flashpoints-blog/2013/07/31/india-and-china-battle-for-maritime-influence/>

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> "India, Singapore renew agreement on joint army training," *The Economic Times*, June 3, 2013, <http://economictimes.indiatimes.com/news/economy/foreign-trade/india-singapore-renew-agreement-on-joint-army-training/articleshow/20413641.cms?inttarget=no>



Furthermore, India is clearly interested in further strengthening its ties with Japan as well.<sup>43</sup>

## 6.6 Continuing challenges in the South China Sea

From the point of view of China's policy changes related to the South China Sea, at the very end of 2012, China's southern Hainan province announced new regulations that would authorize Chinese border patrols to board, search and expel foreign ships that would enter what China considered its territorial waters.

According to a media report it is believed that the new rules, which would come into force on January 1 2013, have Beijing's approval, and ASEAN members the Philippines and Vietnam are worried Chinese action according to those rules could lead to clashes in the sea.<sup>44</sup>

Wu Sichun, head of the Hainan foreign affairs office, said in early December that the new rules were partly a response to an increase in Vietnamese fishing boats operating around the Paracel Islands, which both countries claim.

The Vietnamese foreign ministry said the sabotage and the new Chinese maritime rules "complicated" the territorial dispute between the two countries.

China, the Vietnamese foreign ministry said, must respect Vietnam's sovereignty and "immediately stop all this wrong actions and make sure they are not repeated."<sup>45</sup>

Other media reports describe the reaction to the Hainan move. The Philippines said the move could violate international maritime laws allowing the right of passage and accused Beijing of trying to escalate tension in the area.

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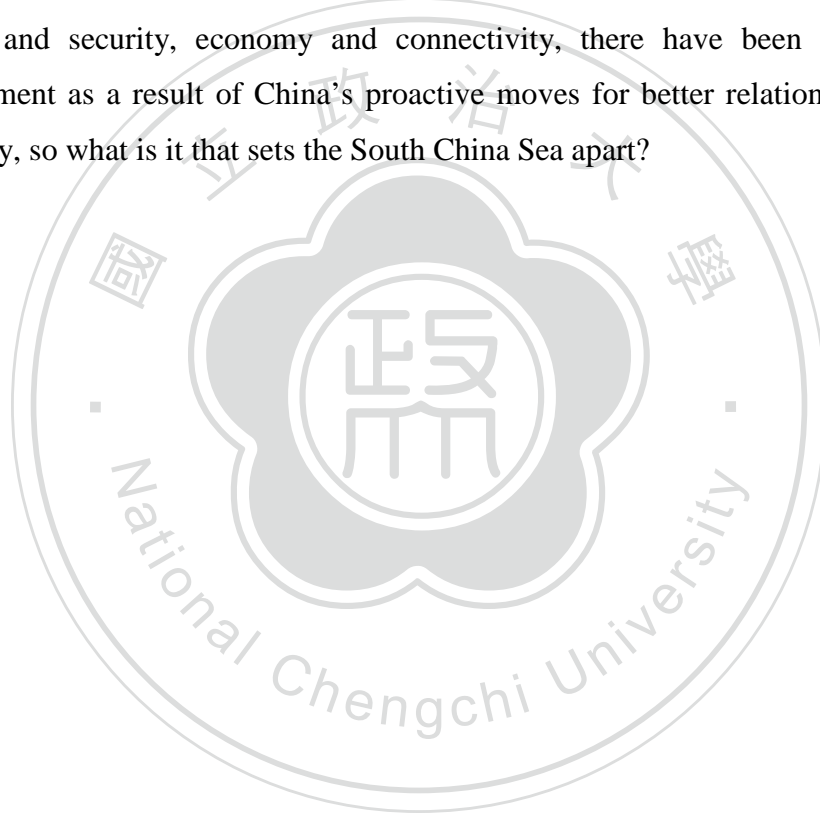
<sup>43</sup> "India and China Battle for Maritime Influence," *The Diplomat*, July 31, 2013, <http://thediplomat.com/flashpoints-blog/2013/07/31/india-and-china-battle-for-maritime-influence/>

<sup>44</sup> "India to Asean: We will not intervene in China dispute," *Inquirer.net*, December 22, 2012, <http://globalnation.inquirer.net/60101/india-to-asean-we-will-not-intervene-in-china-dispute>

<sup>45</sup> Ibid.

“That cannot be. That’s a violation of the international passage [rights],” said Marine Lieutenant-General Juancho Sabban, commander of military forces in the western Philippines, which covers the contested area. “If it is true, it will pose a concern to the Philippines and the international community,” he said.<sup>46</sup>

Thus, even as we have seen in the first half of this chapter that China’s bilateral relations with Vietnam and the Philippines continue to work based around the agreements made over the last decade, we still see a new, highly contentious move, that has led to a criticism from those ASEAN nations. In the areas of politics and security, economy and connectivity, there have been continued development as a result of China’s proactive moves for better relations with its periphery, so what is it that sets the South China Sea apart?



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<sup>46</sup> “Philippines balks at new Chinese maritime rule,” *Taipei Times*, December 1, 2012, <http://www.taipeitimes.com/News/world/archives/2012/12/01/2003549081>

## Chapter 7: Conclusion

The establishment of a partnership of peace and good neighborliness in 1997 marked the beginning of a new stage of relations for China and ASEAN. Through the subsequent policies of peaceful rise and peaceful development Beijing stated it would play a more active and useful role in the development, prosperity and stability of all other Asian countries and its neighbors in particular. China's role in sub-regional mechanisms and the closer links that China has made with its neighbors have been explained as a result of the peaceful rise.

The paper has shown that with regard to political and security development, China and ASEAN began to lay the foundations for a decade of developing ties with moves by China to sign communiques with all ASEAN member states in 1999-2000. Subsequent strategic partnerships or other joint declarations over the last ten or more years were a direct development of these early agreements, and as we can see in the last chapter in one way or another China's bilateral relations with ASEAN member states continue to see progress.

The CAFTA has been the cornerstone of China-ASEAN relations and was established as planned in 2010, yet there are already moves underway to update and expand the content and scope of the China-ASEAN Free Trade Area. Regional financial cooperation continues in the ASEAN Plus Three process with new developments taking place in the Chiang Mai Initiative and the RCEP, as shown in the paper. Under the umbrella of economy, connectivity has taken on greater significance in China's ASEAN policy. After the leadership transition in China, connectivity is still an area of high priority.

However, just as China-ASEAN relations have been transformed over the last decade, so more recently the changing regional architecture has been bringing challenges to every facet of China's plans with ASEAN. The U.S. pivot to the region is not going away, put simply it is a determined plan of the U.S. to maintain its role as a leader. The U.S. is making in-roads into Southeast Asia through emphasis on new security relationships, and the values and beliefs that it brings with it give greater room for countries like Japan and

India to maneuver in a manner that is detrimental to China's interests in Southeast Asia. At the time of territorial spats in 2011 and 2012 we can see a web of defence ties being strengthened against China's influence in Southeast Asia. Vietnam and the Philippines strengthened security ties with Japan. Vietnam and Thailand strengthened defense ties with India, while India has strengthened defense ties with Japan.

Western analysts have pointed to China's assertive behavior as early as 2006 and certainly from 2008 and 2009, as a departure of this policy of reassurance to China's periphery. Despite this the paper has shown that channels of dialogue established in the relevant period between China and Vietnam and the Philippines still remained open. Cooperative mechanisms that have come into existence during the decade as a result of the first joint communiques and subsequent agreements therefore have been shown to have mitigated territorial disputes with ASEAN member states.

With regard to Vietnam, the 2000 joint statement stated the two sides would maintain an already existing negotiation mechanism and not let disputes impede development of relations. In 2008, China and Vietnam agreed to establish a comprehensive strategic cooperation partnership. Within the agreement the two sides reiterated they would maintain negotiation mechanisms for maritime issues, and it included the installation of a hotline between the leaders of the two countries. At a bilateral meeting in September 2011 there were few signs that incidents in the South China Sea were affecting overall relations, attesting to how quickly the two countries were able to repair relations.

Similarly at the third Vietnam-China strategic defense talks in Hanoi in 2012, the Vietnamese president said he hoped the two armies would continue maintaining and bringing into full play the effectiveness of this dialogue channel and that the dialogue provides an important channel for both sides to frankly discuss issues of common concern, bettering their trust and understanding, thus contributing to strengthening and developing the comprehensive strategic cooperative partnership between the parties, states, peoples and armies of China and Vietnam.

China and the Philippines issued a joint statement on the framework of their bilateral cooperation in May 2000, in Beijing. The new framework was to establish a long term and stable relationship on the basis of good neighborliness and cooperation.

Cooperation and commitment to work on comprehensive development of ties, guided by the joint statement of 2000, was emphasized at a meeting of the two countries in 2004. In 2005, China and the Philippines did agree to establish strategic and cooperative relations that aimed at peace and development, with the first bilateral defense talks were also being held in May 2005.

In 2009 an agreement on strategic and cooperative relations was signed. The significance of which was emphasized during the Philippine president's five-day state visit to China in August 2011, where it was agreed that both countries should further implement the political consensus reached by the leaders of the two countries in 2005 on establishing China-Philippines relationship of strategic cooperation for peace and development, and the Joint Action Plan for Strategic Cooperation that was signed in 2009.

Similarly in 2012 both sides continued to agree to work on implementing the consensus reached by President Aquino and President Hu in 2011.

While the paper has chosen not to look at the actions of individual spats in the South China Sea, they loom large in 2011 and it is not possible to make a discussion of China-AEAN relations without reference to the Huangyan incident in 2012 and Cambodia's role in the lack of a joint communique at the 20<sup>th</sup> ASEAN Summit in April 2012, the first time in 45 years. Both episodes bringing China under sharp scrutiny. In the areas of politics and security, economy, and connectivity, there has been continued development as a result of China's proactive moves for better relations with its periphery, so what is it that sets the South China Sea apart?

It is and always has been clear that territorial integrity is a prerequisite for China's peaceful development, and therein lays the problem between China and ASEAN, since what China regards as its territory is at odds with ASEAN member states in their claims in the South China Sea. The differences in China's approach in what it views as territorial

and non-territorial issues can be seen in a point highlighted in the paper. That is Beijing's responses to the U.S. pivot and U.S. calls for freedom of navigation, and then Beijing's reaction to the U.S. statement on Sansha.

In the materials this paper has used, China's responses to the U.S. pivot to Asia were shown to be extremely moderate with no backlash. In the response to calls for freedom of navigation by the U.S., Beijing stressed the economic development of East Asia and Southeast Asia proved navigation freedom and security in the South China Sea were not affected by the countries' disputes and navigation freedom granted by international laws in this area had been fully guaranteed. But there was 'firm opposition' to the U.S. statement on Sansha. A general statement on international shipping lanes is not an attack on China's territorial integrity whereas an attack on the establishment of Sansha is, and this is what defines the difference in responses. With this in mind, how and in what ways does this paper see that the relationship between China and ASEAN can move forward?

After the leadership transition in China connectivity is still an area of high priority. The author is of the opinion that connectivity is of crucial importance to Beijing. For the Chinese side this should be elevated to an even higher priority level since proximity gives China an advantage over countries such as the U.S. and Japan who are challenging China in their own sub-regional organizations with Mekong River countries.

The highest of China's leaders have declared that Beijing supports ASEAN's role as the driving force in regional processes, that China adheres to ASEAN centrality in promoting East Asian cooperation and that ASEAN is the priority in China's peripheral diplomacy. With its evolution to state policy the path of peaceful development guides every aspect of China's relations with ASEAN giving predictability to ASEAN about China's intentions.

ASEAN should use China's constant reiteration of its good intentions toward ASEAN, through its emphasis on ASEAN centrality, to its advantage to find common ground to resolve outstanding issues so that the relationship can continue to move forward.

Through the writing of this paper the author has got a sense of the real scale of the relationship between China and ASEAN, the range of bilateral activities that China and

ASEAN are involved in is truly vast. However simplistic it may be, if the two sides can so proactively push land-based connectivity plans joining them together for the sake of developing their economies, and have been doing since 1997, then why are their approaches to what could be considered marine-based connectivity in the South China Sea so very different? The answer is of course the problem of sovereignty and territory as has been described above. China is willing to discuss moderately the issue of freedom of navigation, but is not willing to give an inch on the issue of its sovereignty in the South China Sea. However, the underlying motivation for those countries involved in the South China Sea is securing natural resources so it too, like land-based connectivity, is economically motivated.

For China, connectivity with ASEAN and ASEAN member states is an area that sets its relationship with ASEAN apart from the of the United States, Japan and India. These countries have not been involved in a similar bilateral relationship for so long, nor do they have the geographical ties or connectivity experience of linkages with ASEAN countries, that is why it should be elevated to an even higher priority level for China.

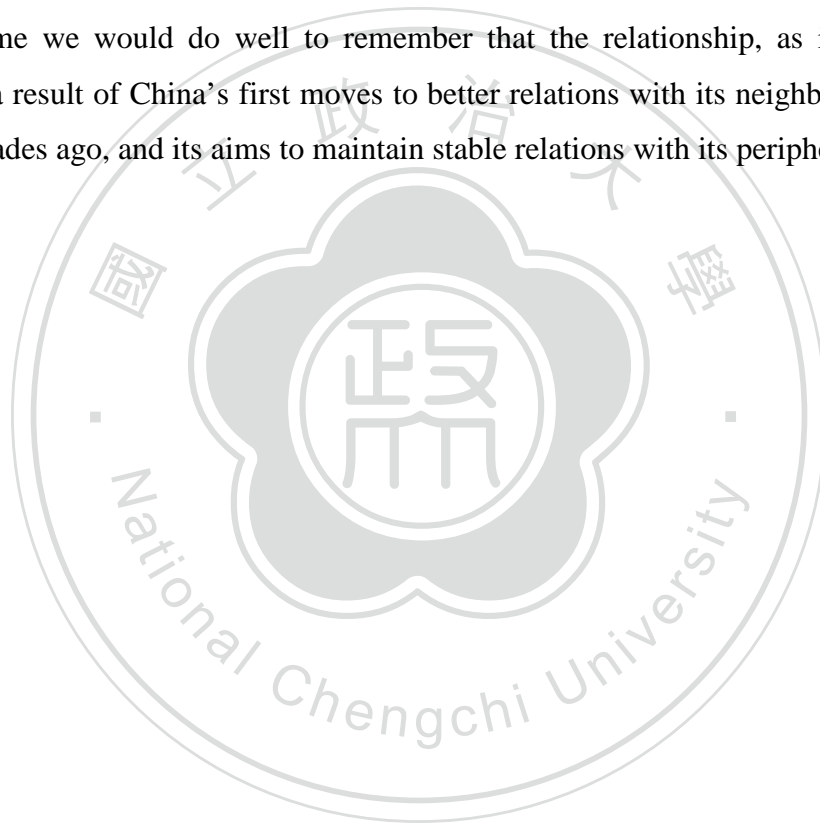
For both sides, their unique experience of connectivity historically should be considered in their settlement of disputes in other areas. Is land-based connectivity met with suspicion, hostility and lack of cooperation between China and ASEAN member states? No, it is encouraged for the sake of their economies. What about joint cooperation to exploit economic resources in the South China Sea? It has been a failure historically and is still a failure, remaining the area that has seen no progress as the paper has tried to highlight. Yes, it is true that the Philippines is not physically connected to China. But Vietnam is, and despite spats in the South China Sea, for relations in other areas it has been shown that it was 'business as usual.' This is a point that seems to be neglected or overlooked in the international scrutiny of territorial issues in the South China Sea. Does China and ASEAN's unique experience of connectivity contain any channel or approach that could be helped to find common ground the in the South China Sea?

For ASEAN, China's emphasis on ASEAN centrality in regional and sub-regional affairs cannot be understated. In China's states documents Beijing advocates the role of ASEAN as a leader. What is the worth of this? Can ASEAN use it to its advantage? Certainly



connectivity and ASEAN centrality are two areas the author would like to focus on more in the future.

China and ASEAN's is a relationship that is so wide-ranging that by focusing only on assertiveness over a short time span it is easy to lose sight of all that has been achieved between China and ASEAN in the period 2002 to 2012, and focusing on this one area does not do the relationship justice. Whilst in any analysis of China-ASEAN relations the sticking points and controversial issues should be taken into account, so too should the depth and scope of the relationship, particularly in an area such as connectivity. At the same time we would do well to remember that the relationship, as it stands now, is largely a result of China's first moves to better relations with its neighbors, taken almost two decades ago, and its aims to maintain stable relations with its periphery.



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