




# Southeast Asia and China

A Contest in Mutual Socialization

Lowell DITTMER • NGEOW Chow Bing

*editors*

 World Scientific



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**Dedicated to the Memory of  
Professor Lee Poh Ping, 1942–2016  
Institute of China Studies, University of Malaya**



PERDANA  
LEADERSHIP  
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YATASAN  
KEPIMPINAN  
PERDANA



# Preface

China is important to Southeast Asia, and the reverse is true also. At present, there are many issues pertaining to China–Southeast Asia relations that deserve to be further investigated. How will the rise of China affect geopolitics? What are the strategies the countries in Southeast Asia adopt to face an increasingly powerful China? In what ways are China’s initiatives, such as the Belt and Road Initiative, received in Southeast Asia? What are the traditional norms that influence China–Southeast Asia relations? These are the questions that this volume attempts to illuminate. As editors, we are confident that the long-term dynamics and trends in the political, economic, and normative dimensions of the relations between China and Southeast Asia that are highlighted and discussed in this book are valid and contribute to the existing literature. Scholars, policymakers, journalists, and interested general public should benefit from reading this book.

We wish to acknowledge and thank Sunsuria Berhad (Malaysia), and the administrative staff of the Institute of China Studies at the University of Malaya (Susie Ling Yieng Ping, Geeta Gengatharan, and Nur Fatin Arina binti Dzuhri) for their support in the course of preparation of this book. Professor Lee Poh Ping, a chapter coauthor in this book, also played a major role behind the scene. Unfortunately he passed away on November 21, 2016. It is his memory that this book is dedicated to.

Lowell Dittmer  
Ngeow Chow Bing



## About the Editors



Lowell Dittmer is Professor of Political Science at the University of California at Berkeley, where he teaches Chinese and Asian comparative politics, and editor of *Asian Survey*. He is currently working on an analysis of China's recent Asia policy. His recent works include *Sino-Soviet Normalization and Its International Implications* (1992), *China's Quest for National Identity* (with Samuel Kim, 1993), *China Under Reform* (1994), *Liu Shaoqi and the Chinese Cultural Revolution* (rev. ed., 1997), *Informal Politics in East Asia* (with Haruhiro Fukui and Peter N.S. Lee, eds., Cambridge, 2000), *South Asia's Nuclear Security Dilemma: India, Pakistan, and China* (Armonk: M. E. Sharpe, 2005), *China's Deep Reform: Domestic Politics in Transition* (with Guoli Liu, ed., Lanham, MD: Rowman & Littlefield, 2006), *China, the Developing World, and the New Global Dynamic* (Boulder, CO: Lynne Rienner, 2010), *Burma or Myanmar? The Struggle for National Identity* (2010) and many scholarly articles. His most recent book is *Routledge Handbook of Chinese Security* (with Maochun Yu, ed., 2015).



Ngeow Chow Bing is Deputy Director of the Institute of China Studies at the University of Malaya. His scholarly articles on China have appeared in journals such as *China Review*, *Ethnic and Racial Studies*, *Journal of Contemporary China*, *Contemporary Southeast Asia*, *East Asia: An International Quarterly*, *China: An International Journal*, *Problems of Post-Communism*, *Issues and Studies*, *Ethnopolitics*, and *International Journal of China Studies*. He has recently published a coedited book (with Dr. Haiyun Ma of Frostburg State University and Dr. Chai Shaojin of the Ministry of Culture, UAE) titled *Zhenghe Forum: Connecting China with the Muslim World* (Institute of China Studies, University of Malaya, 2016).

Dr. Ngeow's research interests include China's political reforms, organization and management of the Chinese Communist Party, China's minorities, and China–Southeast Asia relations.

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# Introduction

Lowell Dittmer

Southeast Asia and China have lived side-by-side for centuries, and while China has never been threatened by invasions from the south as it has from the west or the north, the Southeast Asians cannot say the same. China invaded Burma several times, occupied Vietnam for nearly a 1,000 years, during the Yuan even invaded Java in what is now Indonesia. The Chinese did not establish sustained colonies as in Western imperialism, perhaps mainly because in the preindustrial era economic exploitation had not yet become rational. In the 20<sup>th</sup> century, China gave ideological and limited logistical support to National Liberation Wars in former French Indochina, also to guerrillas in Burma, Malaysia, Thailand, the Philippines, Nepal and parts of India. The PKI in Indonesia, then the largest communist party in the free world, had very close relations to the Chinese Communist Party (CCP) before the attempted coup in 1965 that resulted in its suppression by the Suharto dictatorship. Yet at the same time Southeast Asians have admired and sent tribute to China beginning with the Tang dynasty as a source of cultivation and enlightenment. During the early 15<sup>th</sup> century the Ming eunuch Zheng He led a huge and impressive fleet in seven voyages through Southeast Asia and beyond to Africa in a conspicuous display of the achievements of that civilization. Millions of Chinese have migrated to Southeast Asia, where they have played a leading role in economic modernization. As contemporary Chinese diplomats sometimes remind

their neighbors, China is not going anywhere soon, however mixed the historic legacy.

During the Cold War, China was ideologically and politically split from Southeast Asia, retaining diplomatic relations only with the communist states of former French Indochina. Suspicion, which the CCP tended to dismiss as hoodwinked rumor-mongering instigated by backstage Western imperialists, lingered through much of the 1980s. But soon after China's "reform and opening to the outside world" was launched in 1978, ASEAN and China began to perceive complementary advantages in closer cooperation. China under Deng Xiaoping shifted focus from revolution to domestic modernization, for which it clearly needed Southeast Asian raw materials. The first big breakthrough came with the Asian Financial Crisis (1997–1999), when China helpfully declined to devalue its currency again, which might have pitched the region into a currency war. China also offered generous aid to Indonesia and Thailand, which the US refused to do and the International Monetary Fund (IMF) did but with humiliating conditions.<sup>1</sup> After that, mutual interests and avenues of cooperation increased. As the terms at the end of the Asian Cold War involved China giving up its attempt to export revolution and an exhausted American post-Vietnam withdrawal urging the region to become strategically self-reliant, Southeast Asia enjoyed a brief respite from great power politics, and they prospered economically and politically.

The Southeast Asian states pooled their resources in the Association of Southeast Asian Nations (ASEAN, founded in 1967) and developed certain methods and norms to forge mutual tolerance and cooperation in a hitherto divisive ethno-cultural brew. Encouraged by their success, after the Cold War they began to codify and extend the "ASEAN Way." ASEAN expanded to include the four previously shunned developmental

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<sup>1</sup> China quickly chipped in with an offer of bilateral assistance to both countries. The assistance package for Jakarta included USD3 million worth of medicine and materials, USD200 million worth of export credits and a USD400 million contribution to the IMF's Indonesian bailout package. To Thailand China offered a loan of USD1 billion, a contribution to the IMF's USD17.2 billion bail-out package, and promised infusion of new investments into the Thai economy. Aileen P. S. Baviera, "China's Relations with Southeast Asia: Political Security and Economic Interests," Philippine-APEC Study Center Network Discussion Paper No. 99-17, Hilo, Hawaii (1999): 24, 26.

dictatorships in the northern tier (Burma/Myanmar, Cambodia, Laos, and Vietnam, the “CLMV”), aspiring to regional inclusiveness.<sup>2</sup> In the 1990s, ASEAN also adopted a plan by its Eminent Persons Group (an internal think tank) to expand the scope of the organization to include relevant outside powers, in the context of which Japan, Korea and China were included first as ASEAN “dialogue partners” and then as members of the ASEAN Regional Forum (ARF), and later in ADMM+ (meetings of ASEAN + ARF defense ministers) and a growing number of other extended forums. The idea was that if all Asia could thus be socialized into the ASEAN Way this might provide a model for eventual EU-style regional integration. With the creation of the East Asian Summit (2005), Australia, New Zealand and India were also invited, and in 2011 Russia and the United States were included as well.

The People’s Republic of China (PRC), albeit initially wary of joining an organization previously associated with the “bourgeois reactionary” side of the Cold War, was invited to participate as a dialogue partner in the ARF at its founding in 1994, became a full dialogue partner in 1996, and by the end of the decade had helped set up the ASEAN plus one and the ASEAN Plus Three (APT) discussion forums. China was in 2002 the first non-ASEAN country to sign the Treaty of Amity and Cooperation (TAC), when it also signed a non-binding Declaration on Conduct in the South China Seas (SCSS). Trade and investment increased steadily. Indeed, throughout much of the 2000s it appeared that ASEAN’s socialization of its giant neighbor to the north was succeeding, following the precedent first set in integrating the four CLMV latecomers (Cambodia, Laos, Myanmar and Vietnam). Meanwhile, as the foreign policies of China and ASEAN converged, the US pulled back from Southeast Asia in the aftermath of the fall of Vietnam and in accord with the 1969 “Nixon Doctrine” which envisaged a more militarily self-reliant Pacific Rim. In view of the fact that China too had largely withdrawn from the region in its post-Mao refocus on rapid domestic economic development, many Southeast Asians were quite happy to be on their own. The Philippines evicted American forces from Clark Field and Subic Bay and encouraged private

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<sup>2</sup>Missing only Papua New Guinea and Timor-Leste, both of which are observers and candidate members.

development in 1992 and Russia was pushed out of Cam Ranh Bay, Vietnam's most modernized port, a decade later. It seemed Southeast Asia did not need external security.

But beginning in 2009 or 2010, some ASEAN members began to encounter apparent Chinese subtle resistance to this integration and socialization campaign. Beginning with a naval battle with Vietnam in 1988 and covert takeover of Mischief Reef in 1995, China began a more robust enforcement of its territorial claims to around 90% of the SCS. Why? In 1968, geologists conducting a survey for the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) found evidence of substantial hydrocarbon deposits in these waters. There have since been various estimates of just how large these deposits might amount to, but Beijing has accepted the most optimistic one. Meanwhile, according the United Nations Convention on the Law of the Sea (UNCLOS) which came into legal effect in 1994, each nation bordering the sea had limited claims up to 200 nautical miles to the resources in the seas off its coast, and some (e.g., Vietnam and the Philippines) began exploiting them. China, which based its claim on a map sketched by the Nanjing Republic of China in 1947 (which in turn based that claim on historical evidence of prior Chinese visits to the islets), was put at a legal disadvantage by the UNCLOS rules (although like its Asian neighbors it had signed the treaty). Thus, its more assertive enforcement in 2010 in part reflected a desire to catch up to a rapidly changing maritime status quo. A second factor was China's establishment of a major base on Hainan Island, which fronts on the SCS, and China's wish to protect it from intrusive US surveillance.

Under these circumstances ASEAN began to try to reinforce the territorial status quo (as so perceived) by formulating a binding Code of Contact, while growing increasingly alarmed by the power China posed. China tended to ignore ASEAN members' conflicting claims and make incremental territorial advances utilizing minimally overwhelming force, as in the Scarborough Shoal incident in 2012, or in the 2014 construction of seven islands out of tiny or subsurface rocks by dredging land from the surrounding seabed. China's offer to negotiate joint venture agreements with ASEAN members bilaterally was seldom accepted, as Beijing made clear any joint venture was contingent on accepting Chinese sovereignty. In this process both sides subtly began to change: ASEAN shifted from its

“ASEAN way” of quiet bilateral conflict settlement to the search for a multilateral solution, inasmuch as China was too big and too powerful to face bilaterally. For its part China shifted from multilateral diplomacy (as in the APT, the ACFTA, or the ASEAN–China strategic partnership agreement) to a preference for bilateral negotiations. In this new climate of mutually rising temperatures the US, which had been moving away from Southeast Asia since Vietnam, became alarmed about the implications of a shift in the regional balance of power and announced a “pivot” or “rebalancing” to defend a newly discovered a “strong national interest” in peaceful resolution of the disputes in 2010. China was dismayed by this “interference,” now blaming the US for instigating regional resistance to its claims. Signs began to appear that ASEAN might be hopelessly divided over how to deal with this issue.

This brings us up to the present, a critical declension point in the relationship between Southeast Asia and China: a time of opportunity, a time of conflict, and a time of perplexing uncertainty. For a fresh and insightful analysis of this political-economic conundrum are here assembled a selection of top Southeast Asian scholars, some of whom presented early drafts of their research in a workshop organized by the Institute for China Studies of the University of Malaysia in June 2015. The book is thematically divided into three broad sections. The first and longest section is focused on the political dimension. In as much as the unresolved split within ASEAN is over whether to engage or to resist, we look at the strategies of three combative front-line states, China, the Philippines and Vietnam, and two relatively uninvolved states, Indonesia and Malaysia. The second section concerns the economic dimension of ASEAN relations, including a discussion of the recently unveiled “21<sup>st</sup> Century Maritime Silk Road” that traverses the region. The third section contains two chapters addressing the perhaps uniquely Southeast Asian attempt to craft an “ASEAN way,” an informal method or normative code for resolving contradictions without coming to blows.

## Politics

Our lead chapter by Ngeow Chow Bing contains a fascinating and original analysis of China’s emerging identity as a great power and its impact on China–ASEAN relations. Ngeow’s principal insight is that the narrative

driving China's perceived emergence as great power facing an American hegemon in relative decline is still in process and hence still somewhat incoherent. An identity in transition means that it has at least two identities, the old one and the new one. China actually has three identities contending for relevance: that of a communist revolutionary state committed to rapid, politically-led transformation (of itself and the Third World with which it identifies); that of a new type of great power with Chinese characteristics, as well as a recently revived "traditional" identity as a "civilizational state" defined by a morally superior culture and distinguished historical pedigree. As a great power of a "new type" China has repudiated alliance systems (read: American alliances) as outdated relics of the Cold War and endorsed instead a new Asian security concept based on Asian self-reliance.<sup>3</sup> Instead of "interference in the internal affairs" of other nation-states (which violates the Five Principles of Peaceful Coexistence enshrined in China's Constitution) China endorses "creative involvement." And win-win "strategic partnerships" are preferable to alliances based on concerted opposition to a third party.

One can see this fresh thinking as well as some of this unresolved identity ambiguity in China's recent approach to Southeast Asia. Traditional identity clearly emerges in such neo-Confucian ideals as "harmony" [*hexie*], as in "harmonious socialist society," or "harmonious world." The notions of "peaceful rise/development" also betray a Confucian heritage. The traditional tributary state model (i.e., the notion that China is inherently entitled to respect, or tribute) is implicitly evoked by such comments as then Foreign Minister Yang Jiechi's famous "China is a big country and you are all small countries. And that is just a fact," at the 2010 Hanoi ARF conference. This traditional leadership role is also reflected in China's growing assumption of the policy initiative in the relationship, as in the ATP, the ACFTA, the AIIB and the Maritime Silk Road. As David Kang has pointed out, the tributary state system antedated the Westphalian concept of "sovereignty," and still commands regional respect. Yet the zero-sum Westphalian concept of sovereignty is precisely the one on which today's China bases its maritime claims to most of the South China

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<sup>3</sup>"China Champions New Asian Security Concept: Xi," *Xinhuanet* (May 21, 2014). Available at: [http://news.xinhuanet.com/english/china/2014-05/21/c\\_133350781.htm](http://news.xinhuanet.com/english/china/2014-05/21/c_133350781.htm).

Sea.<sup>4</sup> China's militant recent assertion of its territorial claims to the SCS is an excellent illustration of another facet of its ambiguous identity conception: to Southeast Asian claimants and outside observers China is acting offensively, assertively, and so forth, yet in Chinese eyes its actions are purely defensive. Of course, the motives driving the integration of North and Southeast Asia (which China vigorously supports) derive from none of China's contending identities but from the modern logics of neofunctionalism and systems theory.

In trying to understand the new China–Southeast Asian relationship, the motives of the former remain less than altogether transparent to the latter. From an academic career focused on the intersection of politics and security, Professor You Ji provides valuable insight into this relationship in the context of the controversy over conflicting claims to the SCS. Ji works from a model of asymmetrical action–reaction dialectics, in which Xi Jinping's more vigorous emphasis on China's sovereign rights are justified and strengthened by the challenges of outside powers, with a resulting escalatory propensity. “In the PLA perspectives the ‘strategic patience’ policy of the previous leadership that prioritized maintenance of the ‘strategic opportunity period’ over that of maritime sovereign rights would only encourage other claimants to push the envelope,” he notes, quoting a PLA officer. In this one-sided dialectic, as tension escalates Xi's bonds to the military are strengthened as are his patriotic bonafides in the eyes of China's nationalistic body politic; only a clear setback to the series of incremental advances China has hitherto enjoyed risk derailing forward momentum. War must definitely be avoided, yet Beijing — secure in its preponderance of force — can prevail by approaching the threshold of war closer than rival claimants dare. The 2012 Scarborough Shoal incident, in which China took advantage of a perceived Philippine provocation (the arrest of Chinese fishermen for trespassing the Philippine EEZ) to seize operational control of the Shoal, is now proudly upheld as a model of “reactive assertiveness.” Yet China has followed prudential rules: though it has engaged in “reclamation” of all seven of the islets it occupies, building ports and airstrips, it has not yet done so on Scarborough (although it

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<sup>4</sup> Cf. David C. Kang, *East Asia Before the West: Five Centuries of Trade and Tribute* (New York: Columbia University Press, 2010).

is strategically located, this was reportedly vetoed by the civilian leadership), and it continues to allow the Philippines to resupply its sailors on the sunk ship marking the Second Thomas Shoal. The ultimate goal of the PLA Navy (PLAN) is to expand within the Pacific and Indian Oceans, according to You Ji, and the SCS is seen as a vital linchpin. Only the US has the power to block this strategy, but Beijing discounts the likelihood it will do so: the US has no territorial claims in the game and hence lacks either legitimacy or motive to risk direct confrontation and will only encourage weaker proxies such as the Philippines to do so.

Since China's stealthy 1995 annexation of Mischief Reef, a hitherto unoccupied islet about 155 miles west of Palawan Island of the Philippines, the Philippines has surfaced willy-nilly as one of the front-line states most directly affected by China's territorial claims. In a way this brought to a head a long and complex history of balancing among great powers, as Dr. Reynaldo C. Ileto informs us in a fascinatingly discursive overview of modern Philippine history. One of the earliest Southeast countries to be colonized, the Philippines remained under Spanish rule from 1565 to 1899, at which point they were ceded to the US as a spoil of the Spanish-American War. The cession was however interrupted by a Philippine liberation movement led by General Emilio Aguinaldo that the US inherited and fought five brutal years to suppress, after which it administered the islands as a colony for the next half century. The Japanese conquerors actually granted the country independence before the US did in 1943, only to have returning US forces re-occupy it in 1946. Relations with China were normalized under Fernando Marcos in 1975 and have generally prospered since, particularly during the 10 year presidency of Gloria Macapagal-Arroyo, who signed a strategic partnership with the PRC and negotiated a joint development agreement in disputed waters in conjunction with infrastructure projects with ZTE and other Chinese state-owned industries. But the joint development agreement was struck down by the Supreme Court for unconstitutionally ceding sovereign territory while the infrastructure deals allegedly involved corruption and coincided with impeachment complaints against the president, for which she was prosecuted for corruption after she stepped down by her successor, Benigno Aquino III. The abrupt cancellation of the joint venture and the suspension of all other

agreements with China amid such allegations cast Philippine–China relations in a sinister light, and relations were not improved by the subsequent territorial dispute. China wrested Scarborough Shoal away in 2012 and ostracized Philippine diplomats, who tried fruitlessly to enlist support from ASEAN at the annual meeting of foreign ministers in Cambodia in 2012 only to have the meeting adjourn for the first time without a joint communique — reportedly because the Philippines and Vietnam wished to insert mention of the dispute and China advised the Cambodian chair that as a strictly bilateral matter this was inappropriate. The following year Manila however took its case to the UN Convention on the Law of the SEA (UNCLOS). Despite Beijing’s refusal to submit to arbitration the Permanent Court of Arbitration (PCA) agreed it had jurisdiction, that it would take up seven of Manila’s 14 submissions and the ruling was delivered on July 12, 2016, which overwhelmingly ruled in favor of the Philippines. This infuriated China, prompting a short-term boycott of Philippine banana imports, and the Philippines has been frozen out of the maritime Silk Road project. The other upshot of this bilateral standoff was a 2014 agreement with Washington (despite US fecklessness in the Scarborough incident) for a 10 years lease of Subic Bay and Clark Air Force Base, from which the US was evicted in 1992. Ileo makes quite clear however that this was not an occasion for unanimous rejoicing in the Philippines.

Vietnam is also a front-line disputant, indeed Vietnam is the only country aside from China (and Taiwan) with sweeping claims to all the Paracels and Spratlys. Yet Vietnam’s status is unique. Like China it continues to uphold its identity as a communist party-state despite its eclectic incorporation of markets, FDI and other capitalist growth enhancements, and it identifies with China’s nightmares of ideological decay via “peaceful evolution.” Vietnam has done more than its share of island-building and maritime resource exploitation: in 2010, the revenue of its national oil and gas corporation, PetroVietnam, accounted for 24% of GDP, most of it generated from its operation offshore; by 2020 the marine economy is projected to account for 53–55% of GDP.<sup>5</sup> (China in contrast does not yet

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<sup>5</sup>Ha Noi Moi, “*Doanh Thu Năm 2010 Của Tập Đoàn Dầu Khí: Đóng Góp 24% Vào GDP Của Cả Nước*” [Petrovietnam’s 2010 revenue accounts for 24% of GDP] (January 4,



# Southeast Asia and China

A Contest in Mutual Socialization

The recent uncertainties over the South China Sea have become one major issue in the relations between China and Southeast Asian countries. The South China Sea issue, however, is countered by the deepening economic integration between China and Southeast Asia, which is likely to continue should China's proposal for a 21st Century Maritime Silk Road be agreed and implemented. Yet the success or not of this proposal depends also on the interactions in the political-security sphere between both sides.

*Southeast Asia and China: A Contest in Mutual Socialization* brings together experts from different disciplines to illuminate on the complex political, economic and normative interactions between China and the Southeast Asian countries. This book analyses key issues including the national identity discourse of China as a Great Power, China's civil-military interactions in its strategy in the South China Sea dispute, the different kinds of political and strategic strategies used by Southeast Asian countries in countering China, the past patterns and present trajectories of economic ties between China and Southeast Asian countries, as well as the strategic implications of China's 21st Century Maritime Silk Road initiative.

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