Abstract

With its rapid rise after the Cold War, mainland China regards a peaceful and stable global environment not only as a stabilizer for development, but also as an important foundation for the country to promote connection and integration with the international political-economic system. Towards ASEAN, Beijing’s policy under Hu Jintao and Wen Jiabao promoted the concept of a “harmonious worldview” to counter the impression of a “China threat”; under Xi Jinping and Li Keqiang, Beijing promotes the concept of a “community of common destiny.” Beijing hopes to improve its relations with ASEAN countries through bilateral and multilateral approaches under the policy of “good neighbor diplomacy,” in order to reduce security threats and construct a regional environment favorable for economic development. However, Beijing has actively sought various bilateral and multilateral initiatives with ASEAN and the establishment of bilateral free trade agreements. With traditional security problems not easy to resolve, mainland China hopes to strengthen cooperation with ASEAN in the
realm of non-traditional security. This paper aims to provide an explanation and review of mainland China’s policy toward ASEAN countries and a rough sketch of future developments.

**Keywords:** Mainland China, ASEAN, Neighborhood Policy, Peripheral Diplomacy, South China Sea

At the first Association of Southeast Asian Nations (ASEAN) plus Three (ASEAN+3, APT) summit, held in Malaysia in December 1997, mainland China and ASEAN countries agreed to “promote good neighborly and friendly relations, increase high-level exchanges, and strengthen the mechanism of dialogue and cooperation in all areas to enhance understanding and mutual benefit.” Since that time, Beijing has made great efforts to demonstrate its good neighborliness and friendship to the countries of ASEAN. These efforts have a dual purpose: to dispel any concern among ASEAN states of a “China threat,” and to maintain a peaceful and stable regional environment in which mainland China can pursue its goal of strategic economic development.

Beneath these surface goals is an additional rationale for Beijing’s efforts: to promote Chinese leadership and influence within the region, particularly within the context of an East Asian Community (EAC). Such a Community would be useful as a strategic buffer should mainland China come under pressure from the United States at some point.

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in the future, since the development of this Community appears to be premised on the reduction of American influence in the region. Moreover, Beijing’s influence within this Community would allow it to pursue its own interests within the region, particularly on the core interests defined by Beijing itself. In the near and medium terms, this growth of Chinese influence will present challenges to the countries of ASEAN as well as to East Asian countries and the United States, but it is unlikely (barring a major crisis or deviation from the path of current developments) that it will pose a serious threat to either ASEAN or the United States.

This paper first discusses Beijing’s comprehensive strategic concept toward ASEAN countries, laying a foundation for understanding mainland China’s foreign policy in Southeast Asia. The paper then details changes in Chinese foreign policy in Southeast Asia by analyzing mainland China’s strategic goals and policy accomplishments in the region.

I. Beijing’s Comprehensive Concept toward ASEAN Countries

1. The Administration Launches its New Periphery Diplomacy

On October 24-25, 2013, a very important meeting was held which approved mainland China’s new policy for relations with its neighbors. All seven members of the Chinese Communist Party (CCP), Central Committee (CC), Politburo Standing Committee (PBSC) attended the entire two days of this meeting, along with representatives of the various departments of the CC, State Councilors, the Central Leading Small Group for Foreign Affairs and mainland China’s Ambassadors to important countries. Convened for the first time in the history of the People’s Republic of China (PRC), the meeting approved far-reaching major changes in mainland China’s
diplomatic strategy and significantly, also for the first time ever, categoriezed mainland China’s neighbors as “friends” and “enemies.” It decided to forge regional, sub-regional and bilateral “cooperative” security relationships and gave a definite role to the CCP.

The new policy strives to strike a balance between the defense of national sovereignty and the maintenance of regional stability. It simultaneously stresses that efforts will be made for better political and economic relations with neighboring countries, closer security cooperation and people-to-people contact. In addressing such ambitious objectives at the work forum, General Secretary Xi Jinping reportedly provided policy guidance designed to “(1) enhance political good will; (2) deepen regional economic integration; (3) increase China’s cultural influence; and (4) improve regional security cooperation.” However, Xi also “directed efforts to socialize the region to accept China’s view of its ‘core interests’ and validated efforts to enforce PRC sovereignty and territorial claims against rival disputants.”

2. Your Dream is Our Dream, We All Dream Together

Prior to this 2-day meeting in October, the Politburo convened at least twice over the space of the past year to deliberate the issue. Mainland China’s new strategic policy towards its neighbors, labelled “peripheral diplomacy”, heralds a significant shift in the manner in which Beijing will henceforth conduct relations with its neighbors.

It is clear that Beijing’s categorization of nations as “friends” and “enemies” will guide its conduct of bilateral relations. Key features of the new policy, aimed at securing global leadership for Beijing, will include an emphasis on the “China Dream,” the promotion of bilateral security relationships, and the forging of regional, and sub-regional, “cooperative” security ties.

Xi Jinping’s speech at the 2-day conference was predictably guarded. He emphasized that “most of the neighboring countries have a friendly and mutually beneficial relationship with China,” and importantly, that the strategic goal of mainland China’s diplomacy with neighboring countries is to serve the cause of “(Chinese) national rejuvenation.” This was clarified to mean consolidation of friendly relations with neighbors and making the best use of current strategic opportunities.

At the same time, mainland China’s new policy of “peripheral diplomacy” means that those who are hostile to mainland China, or oppose it, will be confronted with sustained periods of tough sanctions and isolation. Mainland China’s new foreign policy outlook in the region will provide an expanded set of strategic options and ample chances to avoid using “military conquest” to achieve regional dominance.

3. Economic Cooperation Makes Dreams Come True

Emphasizing that “peripheral diplomacy” is intended to make neighboring countries “feel safe,” Xi said mainland China’s interests must be better integrated with theirs. Regional economic cooperation, the establishment of a “Silk Road economic belt,” “a maritime silk road for the 21st century” and an economic corridor through India, Myanmar, and Bangladesh (BCIM) were listed as among the key ob-
jectives. Other features include accelerating the opening up of border areas, deepening reciprocal cooperation between mainland China’s border areas and neighboring countries, and promoting regional and sub-regional security cooperation.5

A major change is that while for the past two decades mainland China opted for a neutral stance avoiding confrontation at all costs and never opposing the U.S., the new policy advocates engaging with neighboring countries so as to “align their interests with China’s rise.” Xi Jinping’s stress on “friendship and loyalty between mainland China and its neighbors,” Xi said, “is more significant than it sounds.” Mainland China will find ways to ensure that greater benefits and gains flow from mainland China’s development to those willing to play a constructive role in mainland China’s rise. In this manner it hopes to give its neighbors an incentive in mainland China’s development.6 With some select “key” neighbors mainland China will even try to create “communities of shared common destinies.” In addition to economic interests the latter will “include a wider range of strategic elements” and a strong political dimension. This could extend to building security relationships, including providing security guarantees.7

Referring to the three specific strategic areas of focus identified by mainland China’s leadership, namely, the “new silk road” with Central Asia, a maritime silk road with South East Asia, and the economic corridor through India, Myanmar, and Bangladesh, these regions can expect considerably increased willingness by mainland China to underwrite substantive economic, security, and other benefits in exchange for political support for mainland China’s regional objectives.

_Qin_ (closeness), _cheng_ (earnestness), _hui_ (benefit) and _rong_ (inclusiveness) were identified as the four basic principles of “peripheral diplomacy.” With them mainland China will be able to realize “virtuous interaction” with the United States, India and other major countries. “Closeness” refers to developing close relations through frequent visits; “earnestness” means to show sincerity in solving neighborhood problems; “benefit” refers to the principle of mutual benefit, on which cooperation with neighboring countries will be strengthened to weave a network of common prosperity thus bringing them benefits from mainland China’s development; and “inclusiveness” means that the Asia and Pacific regions are big enough to include all parties for common development. 8

II. Analysis of Beijing’s Neighborhood Policy toward ASEAN Countries

1. Beijing as a Good Neighbor not a Threat

Beijing efforts to reduce what ASEAN countries perceive as a threat from the PRC and improve relations with these neighbors can

be traced back to the 1970s, as Malaysia, the Philippines, and Thailand established diplomatic relations with Beijing in the context of the end of the Vietnam War. Relations improved further in the 1980s as ASEAN and mainland China joined together to oppose Soviet-supported Vietnamese expansionism in the region. In particular, mainland China formed an informal security alliance with Thailand as the “front-line state” opposing the Vietnamese forces in occupied Cambodia, leading to increasing cooperation between these two countries. From this position, Thailand played a critical role as a bridge between the rest of ASEAN and mainland China, and worked to alleviate remaining fears of Chinese support for communist insurgencies within Southeast Asia.

With the end of the Cold War and the Cambodia conflict in the early 1990s, relations continued to improve between mainland China and its ASEAN neighbors; Indonesia, Singapore, and Brunei established formal diplomatic relations with the PRC; Vietnam normalized relations with her, and Beijing became a consultative partner of ASEAN in its annual dialogues with friendly countries. Despite its initial anxieties about multilateral regional institutions, Beijing joined the Indonesia-sponsored South China Sea informal workshops and became a founding member of the ASEAN Regional Forum (ARF) in 1994. Even though there were lingering Southeast Asian anxieties from Beijing’s previous policies and the South China Sea territorial dispute was heating up, the PRC desired to positively engage its ASEAN neighbors.

That engagement has intensified since 1997. Participating in the first ASEAN + 3 Summit, mainland China formally pledged to develop a “partnership of good neighborliness and mutual trust” with ASEAN as they moved into the 21st century. To give substance to this pledge, Beijing promised not to devalue its currency during the financial
crisis that erupted that year, and it extended US$ 1 billion toward the bailout of Thailand as well as other funds to assist the afflicted ASEAN countries.

During 1999-2000, the PRC signed cooperation framework agreements with each of the ten ASEAN states that laid out road maps for political, economic, social, cultural, security, and diplomatic cooperation into the 21st century. In 2002, mainland China signed agreements with ASEAN to create an ASEAN-China Free Trade Area by 2010, to cooperate on non-traditional security issues, and it signed the declaration of conduct in the South China Sea. In 2003, mainland China became the first non-ASEAN state to accede to the Treaty of Amity and Cooperation (TAC), and the two sides agreed to form a Strategic Partnership for Peace and Prosperity. Beyond the agreements, the PRC has cooperated in the area of non-traditional security issues.

Beijing participated in, and hosted, high-level meetings to cope with illegal drug production and trafficking, and joined regional meetings to cooperate on health threats, such as SARS. Economically, Beijing has worked with the other states of the Greater Mekong Sub-region to develop that river and build roads in the region in order to enhance subregional trade and commerce. Since October 2003, it has instituted an “early harvest program” in the trade of fruit and vegetables that Thailand, Cambodia, and other ASEAN countries have benefited from. And there has been an increase in Chinese investment in ASEAN

This pledge is included in the Joint Statement issued by the ASEAN and Chinese leaders, but is also the theme of President Jiang Zemin’s speech at the summit. See 〈背景資料：江主席在首次中國與東盟會議上講話（1997年）〉 (“Chinese president tells ASEAN summit of hopes for ‘good-neighbourlypartnership’ “), 《新華網》(Xinhua News Agency), December 16, 1997, <http://news.xinhuanet.com/ziliao/2002-10/28/content_610547.htm>.
countries since former Prime Minister Wen Jiabao’s pledge to encourage it at the ASEAN Business and Investment Summit in Bali. Such investment helps to alleviate ASEAN concerns that mainland China’s economic growth will hurt them, and gives substance to Beijing’s claims that its development will be a “win-win” proposition for itself and the region.

Mainland China’s promotion of this good neighbor diplomacy is intended at least in part to dispel ASEAN countries anxieties about a “China threat.” Repeatedly, Beijing has asserted that it will not seek hegemony as it develops, and that it will not follow the bullying ways of other great powers that have risen in the past. By working to build a partnership with ASEAN on many issues, ranging from the creation of the free trade area to the drug trade, mainland China can demonstrate its good intentions to these neighbors, and demonstrate that it also has a stake in the cooperative resolution of regional problems. The Chinese are aware ASEAN countries can either accommodate or balance against mainland China’s rising economic and political influence. The preference is for accommodation (or at least acquiescence) in China’s rise; balancing would likely entail closer ties between ASEAN countries and the United States, and would raise the costs to mainland China of its rise as a regional and eventually global power. Moreover, many of the ASEAN countries seem willing to accommodate mainland China’s rise, and seek to profit from it themselves. Rather than provoke balancing behavior, it is prudent policy for mainland China to seek to reassure these ASEAN neighbors, to include them in the benefits it reaps.

2. China’s rise, and being a good neighbor

Besides reducing fears of a threat from mainland China, the PRC’s good neighbor diplomacy is intended to foster and maintain
a peaceful and stable regional environment in which mainland China can pursue its strategic economic development. Since economic reforms began in 1978, the post-Mao leadership has emphasized economic development as the means to achieve domestic prosperity and as the critical engine for driving the PRC’s rise to great power status. In order to focus on this fundamental economic goal, Beijing desires regional peace and stability, as it has said on numerous occasions. This is particularly true today, as Beijing has identified the current period as one of strategic opportunity during which it can attempt to build a moderately prosperous society by the year 2020. Toward this end, the Chinese have tried to dampen down the Spratly Islands conflict and have negotiated resolutions to land and maritime border disputes with Vietnam and the Philippines. More broadly, they have promoted dialogue as the correct way to manage any disputes within the region. And Beijing has been promoting strengthened economic ties, including within the ASEAN China Free Trade Area, to bring greater prosperity to the region in the hope that shared prosperity will foster peace and stability.

3. Beijing searching for regional leadership and influence

Reducing fears of a threat from mainland China and maintaining a peaceful regional environment are two conspicuous goals of mainland China’s good-neighbor diplomacy toward ASEAN countries. In addition, there is a third underlying rationale: mainland China is searching for regional leadership and influence. This leadership is being pursued through the promotion of regional integration—the creation of an East Asian community that brings together Northeast and Southeast Asia in a combination of economic, social, cultural, and political realms. There is also a movement to build up from proto-regional institutions (e.g., the ASEAN + 3 summity) to full-fledged regional institutions, such as the efforts to convert the ASEAN + 6 FTA into
an Regional Comprehensive Economic Partnership (RCEP) by 2015, and deepen the ASEAN-China Free Trade Area.

4. ASEAN-China Free Trade Area

Beijing has been the promoter of several functional cooperation initiatives, such as the ASEAN-China Free Trade Area and ministerial meetings on transnational crime, and it has recently proposed a new security dialogue series for senior defense officials from around the region and beyond. It also launched the Boao Forum in 2001. It supported Thailand’s initiative to launch the Asia Cooperation Dialogue (ACD) in 2002, and hosted the 4th Summit Conference on Interaction and Confidence-Building Measures in Asia (CICA) in 2014.10

The majority of these initiatives and developments have a strong “Asia for the Asians” theme. As such, they leave the United States out of the equation, which is what the Chinese would prefer. Based on population, the size of its military, and increasingly on its role as the engine of regional economic growth, mainland China is the dominant country in the region, and it seeks to play a leadership role—even as it publicly claims deference to ASEAN’s leadership in regional cooperation.11

Anxious that the United States might seek to constrain mainland

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China’s rise, Beijing would like to create an integrated East Asian region that reduces American influence in the area. In April 2004, the Chinese Foreign Ministry sponsored an academic conference in Beijing to consider mainland China’s approach to regional integration. It became clear that the goal was the creation of an integrated East Asian Community as a type of strategic buffer against future American pressures on the PRC, a ring of friendly countries that would support mainland China. As the leader of this emerging regional community, mainland China would be able to exert influence over ASEAN neighbors on issues of importance to the PRC.

Mainland China is also increasing its regional influence through the strengthening of bilateral relations with ASEAN countries, especially economic relations. Based on their informal alliance of the 1980s, mainland China has long had strong, friendly relations with Thailand. More recently, mainland China has agreed to major investment projects in Cambodia, Laos, and Myanmar. Mainland China has also proposed enhanced military-to-military exchanges as well as military-security dialogue mechanisms with its ASEAN neighbors. Tightened military relations with individual ASEAN countries would provide another means of influence for Beijing to advance its interests in the region.

According to reports, mainland China imports about one-third of its oil, with nearly 80 percent of the imports coming from the Middle East and Africa via Southeast Asian sea-lanes, particularly the straits near Malacca and Singapore. As the PRC becomes increasingly dependent on these narrow waterways for its oil imports, China’s rise, Beijing would like to create an integrated East Asian region that reduces American influence in the area. In April 2004, the Chinese Foreign Ministry sponsored an academic conference in Beijing to consider mainland China’s approach to regional integration. It became clear that the goal was the creation of an integrated East Asian Community as a type of strategic buffer against future American pressures on the PRC, a ring of friendly countries that would support mainland China. As the leader of this emerging regional community, mainland China would be able to exert influence over ASEAN neighbors on issues of importance to the PRC.

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as well as its trade with Europe, South Asia, and Africa more generally, it becomes vulnerable to the possibility of piracy or terrorism in the Strait of Malacca, or perhaps even blockage by the U.S. To cope with this emerging problem, Beijing has expressed interest in pipelines that could bypass the Strait. In particular, it has expressed an interest in the strategic energy land-bridge project that would pipe oil across Thailand’s Kra Isthmus, and it is considering whether to build a pipeline from Myanmar’s deepwater port at Sittwe on the Bay of Bengal coast to Kunming, the capital of Yunnan province. Alternatively, mainland China has also expressed an interest in joint efforts to secure the sea-lanes through the Strait.

5. 21st century “Maritime Silk Road”

In September 2013, after assuming the position of general secretary of the CC of the CCP of China, Xi launched a new foreign policy initiative known as the “Silk Road Economic Belt” mentioned above. In October, at the 16th ASEAN-China Summit held in Brunei, Chinese Premier Li Keqiang proposed the building of a 21st century “Maritime Silk Road” to jointly foster maritime cooperation, connectivity, scientific and environmental research, and fishery activities. A few days later, in his address to the Indonesian Parliament, Xi confirmed this idea and stated that mainland China would devote funds to “vigorously develop maritime partnership in a joint effort to build the Maritime Silk Road of the 21st century,” stretching from coastal China to the Mediterranean Sea.

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Chinese leaders used the 10th anniversary of the ASEAN-China strategic partnership to underscore this idea. The content of both Li’s and Xi’s speeches was similar to the viewpoints presented in Xi’s Astana address. The main emphasis was placed on stronger economic cooperation, including financial aspects, very close cooperation on joint infrastructure projects (e.g., building roads and railways), the enhancement of security cooperation, and the idea of a “21st century maritime Silk Road” through strengthened “maritime economy, environmental, technical and scientific cooperation.”

The idea has also been promoted as the “2+7” cooperation framework—another slogan drawn from a Li speech. Briefly, “2+7” means consensus on two issues—strategic trust as part of the good neighbor principle, and economic cooperation based on mutual benefits—and seven proposals—signing the China-ASEAN good neighbor treaty; more effective use of the China-ASEAN FTA and intensive Regional Comprehensive Economic Partnership (RCEP) negotiations (the FTA between ASEAN and mainland China, Japan, South Korea, India, Australia and New Zealand); acceleration of joint infrastructure pro-
jects; stronger regional financial and risk-prevention cooperation; closer maritime cooperation; enhanced collaboration on security; and, more intensive people-to-people contacts along with increased cultural, scientific and environmental protection cooperation.16

Taking into account the maritime disputes in the South China Sea (including events, frozen dialogue, and warning statements) that have been aggravated since 2011, the leaders’ New Silk Road policy seems to be aimed at defusing tensions. Although its elements are not entirely new (e.g., close relations with Cambodia and Laos, offering lucrative deals to Thailand and Malaysia) the fact that this approach is based on soft language, a lucrative economic offer, and includes security aspects might be seen as mainland China’s olive branch to the ASEAN states.

III. Analysis of Beijing’s Trade, Investment and Assistance Policies in ASEAN Countries

Mainland China and ASEAN countries are neighbors or near neighbors. Historically both sides have had close economic ties. But the development of mainland China’s economic relations with ASEAN countries have not been all plain sailing due to changes of the international or internal situation since the foundation of the PRC. Real development of economic relations between mainland China and ASEAN countries only came later with China’s reform and opening up.

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1. Expanding Economic Relations

Economic relations between both sides are expanding. In 2013, total Sino-Southeast Asian trade hit an all-time high of US$ 443.6 billion. This was an increase of 10.9 percent from the figure in 2012, which was itself a 6.2 percent increase from 2011 levels. Even in the case of Vietnam and the Philippines, bilateral trade with mainland China has soared as diplomatic tensions have soured; Sino-Philippine trade rose 4.6 percent from 2012 to 2013, and Sino-Vietnamese trade leapt by 29.8 percent over the same period.17

Mainland China’s investments and infrastructure projects in Southeast Asia are also on the up and up, particularly in the CLMV (Cambodia, Laos, Myanmar and Vietnam) countries. Mainland China’s Export-Import Bank has sponsored a new infrastructure private equity fund, the mainland China-ASEAN Investment Cooperation Fund (CAF), which will funnel Chinese assets into investment opportunities in infrastructure, natural resources and energy in ASEAN countries.18

Thailand’s ruling junta approved the Vientiane-Bangkok leg of the Kunming-Singapore railway, which will increase connectivity between southwest China and mainland Southeast Asia.19 The Chinese have also completed a natural gas pipeline running from Kyaukphyu on Myanmar’s eastern coast to Yunnan Province,20 and Chinese state-
owned enterprises have been active in building dams and hydropower plants in the hills of Laos.

2. Beijing’s Investment and Foreign Aid to ASEAN Countries

Mainland China invests several billion US dollars per year in ASEAN countries to bolster its region influence and advance its strategic interests. Although this investment has improved relations with ASEAN neighbors in some ways, Beijing’s well-documented proved her charm offensive. As a result, trade, investment and official development assistance (ODA) are important elements of mainland China’s economic policy with respect to key regional states.

A 2011 Chinese white paper on foreign aid—groundbreaking in its own way for publicly discussing Chinese ODA policies and data—states that the purpose of mainland China’s foreign aid is to consolidate friendly relations and economic and trade cooperation with other developing countries, promote South-South cooperation and contribute “to the common development of mankind.” Although the white paper does not break the data down by country, the U.S.

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Congressional Research Service estimates that the amount of trade, investment and ODA directed toward Southeast Asia—in particular via infrastructure financing—has grown substantially.24

A Chinese foreign ministry paper, *China-ASEAN cooperation: 1991-2011* issued to coincide with the November 2011 summit of ASEAN in Bali, stressed the rapid growth in China-ASEAN trade, averaging more than 20 percent annual growth since 1991, as well as growth in two-way investment to nearly US$ 80 billion. The 2010 Chinese-ASEAN Free Trade Area, which provides zero-tariff treatment for over 90 percent of products exchanged between mainland China and ASEAN, has helped cement trade relations.25

However, Beijing particularly cultivate economic relations with states neighboring the South China Sea. In Vietnam, a major trading partner, Beijing has helped develop railway construction, hydro-power development and ship-building facilities. In the Philippines, mainland China has invested in infrastructure, energy, agriculture and mining. One report cited China as the third largest source of bilateral ODA to the Philippines in 2006, after Japan and the United Kingdom, while another called the Philippines the largest recipient of Chinese loans in Southeast Asia, totaling US$ 2 billion in commitments in 2007.26 In November 2011, mainland China and Brunei signed four Memoranda of Understanding covering forestry, energy, commercial oil and gas sector cooperation and the establishment of

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24. Thomas Lum, Hannah Fischer, Julissa Gomez Granger, & Anne Leland, “China’s Foreign Aid Activities in Africa, Latin America, and Southeast Asia.”
26. Thomas Lum, Hannah Fischer, Julissa Homez-Granger, & Anne Leland, “China’s Foreign Aid Activities in Africa, Latin America, and Southeast Asia.”
“sister cities.”

Although precise figures are difficult to obtain, some analysts believe that Beijing is the primary supplier of economic assistance to Myanmar, Cambodia and Laos, financing a number of energy-related, infrastructure, agricultural and other high-profile development projects in these countries.

In ASEAN countries, as elsewhere, Chinese foreign assistance and investment diverge from internationally accepted norms emphasizing good governance, transparency and conditionality. Whereas mainstream global development practice tends to establish conditions for assistance or loans, such as requiring the recipient country to establish market-opening or good-governance policies, Beijing’s overarching development policy hews to “noninterference” in the countries that receive its investment and ODA. The white paper on foreign aid notes that “China never uses foreign aid as a means to interfere in recipient countries’ internal affairs or seek political privileges for itself.” In practice, however, mainland China often uses its development and investment policies to gain access to resources or achieve favorable diplomatic outcomes.

Nonetheless, mainland China’s approach to development is attractive to governments that chafe at requirements for good governance or other stipulations from bilateral and multilateral donors. The

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28.Thomas Lum, Hannah Fischer, Julissa Homez-Granger, & Anne Leland, “China’s Foreign Aid Activities in Africa, Latin America, and Southeast Asia.”
Chinese principle of noninterference resonates strongly within the countries of ASEAN—an organization that holds dear such principles as mutual noninterference and cooperation. Thus, over the past decade, China’s self-interested but non-conditional aid approach has appeared particularly attractive to many Southeast Asian governments, if not always to the local communities most directly affected by specific projects.

IV. “Enemy” Nations in Neighborhood Policy?

1. Different Attitudes toward ASEAN Claimed and Non-claimed SCS States

As mentioned above, Beijing like to categorize nations as “friends” or “enemies” as a guide to the conduct of its bilateral relations. However, for the sake of its neighborhood policy, Beijing still avoids clearly defining which nations are its “enemies.”

After 2009, Beijing has also been engaged in maritime disputes with Brunei, Malaysia, the Philippines and Vietnam in different parts of the South China Sea, and with Japan over islands in the East China Sea. Mainland China’s mixed strategy implies that the sea disputes are isolated from other aspects of the Sino-ASEAN relationship. Beijing’s military, diplomatic and trade relations with ASEAN countries as a whole should remain undamaged by this territorial dispute, meaning that ASEAN countries themselves can take advantage of mainland China’s soft-power approach to the region.

There is a dividing line between the two, so that ASEAN countries can continue to benefit from the best that Beijing has to offer, while minimizing the spill-over effects of the rockier side of their relations. The dividing line means that although the South China Sea conflict may remain unresolved, it can be confined to only one part of the
broader Sino-ASEAN relationship. If the conflict does not infect other aspects of the relationship, all countries will be able to focus on the business of strengthening economic prosperity, military cooperation and political stability, without constantly worrying about a looming “China threat.”

However, those ASEAN countries which clearly claim the South China Sea are treated differently by Beijing. For example, Benigno Aquino III, the president of the Philippines expressed concern about what he called the “hot to cold” messages from mainland China in the protracted territorial disputes with his country—and others in the region—over areas of the South China Sea. He described the relationship with mainland China as confusing at times. While trade continues to grow, he said, a travel advisory is in force in mainland China discouraging visits to the Philippines. Other mixed messages recur as well. “There was a time when they were stopping our exports of bananas,” Aquino said. “At the end of the day, it goes from hot to cold; sometimes they’re very conciliatory; sometimes they make very provocative statements,” he said. “We will confess we don’t understand some of the messages sometimes. We’re not sure.”

2. Push High-speed rail export to ASEAN countries

A favorite export from mainland China to its neighbors these days are high-speed rail lines designed to make trade routes in the vast stretches of Asia more accessible and fortify Chinese dreams of turning its southern reaches into the capital of mainland Southeast Asia. A rail project that would pass through the mountains of northeast Myanmar to the coastal plains on the Indian Ocean would give

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mainland China a shortcut to the Middle East and Europe. For mainland China, the strategic importance of the proposed line can barely be overstated: the route would provide an alternative to the longer and increasingly contentious trip through the South China Sea.31

However, the Myanmar government viewed the project as a one-sided proposition and put it on the back burner last month, allowing a memorandum of understanding to lapse. It gave no timeline for when it might reconsider. “If the project is to be resumed, another memorandum has to be signed,” Ye Htut, the minister of information said, “and we have many things to think about before we might do that.”32

It is the second major Chinese project to be suspended in Myanmar — once an unquestioning client of mainland China — since a nominally civilian government took over there three years ago, setting off a tussle for influence in the country between mainland China and the United States and its allies. In 2011, soon after the new government took office, construction of the Chinese-financed Myitsone hydroelectric dam at the headwaters of the Irrawaddy River was suspended.

On the other side, as mentioned above, with considerable gusto, the new junta in Thailand gave approval on August 1 for two Chinese high-speed rail projects that had been shelved because of financing

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difficulties under the previous government. The head of the junta, Gen. Prayuth Chanocha, announced the revival of plans that call for more than 620 miles of rail links from Thailand to Kunming, the capital of Yunnan province, by 2021.

In all, mainland China wants to build thousands of miles of track that will loop through Laos, Cambodia, Thailand, Malaysia and head south to Singapore as part of a grand trans-Asian rail accord signed by nearly 20 Asian countries in 2006. However, when the people of the mainland countries soon find, through the convenience of high-speed rail, that Kunming is their closest neighbor but a few hours away, the Yunnan capital will eventually become, in effect, the capital of mainland Southeast Asia. The gravitational pull of ASEAN countries toward mainland China through its well-developed and relatively inexpensive high-speed rail technology is almost inevitable, despite opposition in some places.

V. Concluding Remarks: Beijing regards the success of its neighborhood policy as potentially excluding outside powers

From the perspective of peripheral diplomacy, Beijing stresses that its policy toward ASEAN countries is intended to strengthen its relations with ASEAN countries in many areas while defending its core interests regarding sovereignty issues. But what exactly has prompted the Chinese leadership to place such an unprecedentedly strong and specific emphasis on these activities at this time? And what specific goals or outcomes does Beijing have in mind regarding Chinese peripheral diplomacy toward ASEAN countries?

Among authoritative or quasi-authoritative sources, these largely platitudinous descriptions of Chinese goals rarely include specific
examples. However, non-authoritative sources provide ample cases. One very notable example is provided by a Chinese scholar who states that Beijing’s Southeast Asia peripheral diplomacy should address four distinct goals or aspects.

First, Beijing must maintain peace and stability with ASEAN neighboring countries, in part by seeking “a peaceful solution to territorial disputes, such as those in the South China Sea, with some of mainland China’s neighbors through dialogue and consultation,” although Beijing “will oppose any party’s provocative acts that stir up trouble in the region.” Second, Beijing must develop mutually beneficial cooperation by forming a greater web of “crossed economic corridors from south to north and west to east,” thereby “hastening interconnectivity and infrastructure construction.” This apparently relates to the notion of the Maritime Silk Road and economic corridors, as mentioned above. Third, it must enhance security in the periphery by creating “a common security circle in neighboring regions,” in which mainland China “adheres to a security concept featuring mutual trust, mutual benefit, equality, and coordination…and positively provides public products for regional security.” Fourth, Beijing should work “to establish a community of common destiny and promote friendly exchanges through various channels, cultivate more friends and partners, and share weal and woe with them.”

We can find in the above that the key challenge confronting main-
land China’s neighborhood policy toward the ASEAN countries therefore focuses on how to craft and implement an integrated strategy that simultaneously maintains and expands existing positive and beneficial, long-term relations with ASEAN nations and organizations (and involved powers such as the United States), while more effectively protecting and advancing mainland China’s sovereignty interests, especially in the South China Sea. Many Chinese observers readily recognize this challenge. Moreover, for some observers, it is linked to certain weaknesses in mainland China’s neighborhood policy, such as coordinating between economic and security objectives, and the inability to reverse an image of mainland China as a threat to ASEAN states.

The tensions over sovereignty and resource issues with mainland China have been caused and exacerbated by other parties, either directly (in the case of the disputants themselves) or indirectly, in the case of the United States and Japan (the latter concerning the South China Sea disputes). Although few if any nations would publicly acknowledge that they might be to blame for sovereignty disputes, Chinese sources are especially adamant on this point, which contributes to a fervent level of self-righteousness. The involvement of Washington and Tokyo in these disputes is almost uniformly seen as

Situation in the Periphery: Problems and Challenges,”《現代國際關係》(Xiandai Guoji Guanxi), October 20, 2013. Zhu in particular stresses the importance, as objectives, of the land and maritime Silk Road economic belts put forward by Xi Jinping, stating that they “to a considerable degree [point] out for us the new direction for future peripheral strategic planning.” For a similar point, see Shao Yuqun, “Two Roads, But One Destination?”

unhelpful at best, and fundamentally disruptive and threatening at worst. Indeed, although authoritative sources usually avoid making such an explicit connection, many other Chinese sources believe that increased U.S. involvement in mainland China’s peripheral disputes encourages or permits other claimants to “make trouble.”

In fact, in addition to the general emphasis on taking a more assertive stance toward territorial and other disputes, the other main feature of Beijing’s new neighborhood policy is the emphasis on using its growing economic clout to develop an enduring, integrated set of relationships with ASEAN states that will eventually alter their incentive structure in ways that benefit mainland China and themselves. This undertaking—centered on the creation of the Maritime Silk Road, economic corridors, major infrastructure investments, oil pipelines, and other transnational or regional development projects—is usually cast in positive terms as an effort to build and deepen positive-sum, mutually beneficial development ties. That said, the importance of such undertakings in an overall effort to create a set of positive and negative inducements for other states is to not “make trouble for China.”35 For some observers, this changed environment could and should eventually result in new security arrangements that favor mainland China, as well as in clearer, more determined efforts to punish wrong-doing as defined by Beijing.36

It is tempting to conclude from such apparent desires and intentions that most Chinese view, and hence probably under Xi-Li’s leadership, the neighborhood policy not only as a more effective way of balancing the potentially conflicting goals of cooperative development and the defense of sovereignty, but also as a means of challenging the current U.S.-led security order in the Asia-Pacific. At the same time, it is important to note that while undoubtedly suspicious of U.S. intentions, some Chinese observers reject the idea that Beijing’s problems with ASEAN states are due primarily to the United States and the U.S.-led security order. More importantly, several observers also imply, if not outrightly argue, that the only viable long-term environment for mainland China’s periphery and the Asia-Pacific region is one that involves a more cooperative Sino-U.S. relationship. This fact, and the absence of overtly confrontational rhetoric toward the U.S. in authoritative commentary on peripheral diplomacy, suggests that Beijing does not necessarily regard its relations with ASEAN states as part of a zero-sum competition with Washington.

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