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The following written testimony has been prepared for the US-China Economic and Security Review Commission on the Security Dimension of China’s Relations with Southeast Asia.<sup>1</sup> The statement addresses five questions: (1) How are Southeast Asian countries responding to China’s actions in the South China Sea? (2) How does China cooperate with ASEAN countries through the ASEAN Regional Forum (ARF) and the Asian Defense Ministers Meeting Plus (ADMM-Plus)? (3) How is China cooperating with Southeast Asian countries in the areas of non-traditional security? (4) In what ways can the United States cooperate with China in the areas of non-traditional security and humanitarian assistance and disaster relief (HA/DR) in Southeast Asia? (5) What specific recommendations can be made for congressional action related to China’s security-related activities in Southeast Asia?

### ***The South China Sea (SCS)***

The People’s Republic of China (PRC) has several core objectives in Southeast Asia. The first is to ensure the continued economic growth of the region, which Beijing clearly understands is integral to its own future prosperity and to stability in this part of the world. The second is to prevent American strategic encirclement by extending its own military reach across Southeast Asia. The third is to ensure its access to key energy resources in the South China Sea (SCS), which stretches from the Taiwan Strait to Singapore and contains more than 250 small islands, atolls, cays, shoals and reefs. The fourth is to use soft power instruments as effective apolitical tools for expanding its social and cultural reach in the region while simultaneously limiting the appeal of the US.

Of these objectives, consolidating influence in the SCS is of particular import. China is the most populous country on the planet and has experienced rapid and sustained economic growth over the past ten years. Both factors have driven the state’s energy needs, especially for liquid fuels, and the SCS are thought to contain sizeable deposits of both oil and gas.

China has asserted ownership of over 90% of the SCS, adopting an increasingly forward posture to enforce its jurisdiction over the disputed Parcel and Spratly

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<sup>1</sup>This testimony statement is based on the author’s cumulative knowledge of Beijing’s engagements with the Association of Southeast Asian Nations (ASEAN) on both a multilateral and bilateral level. No Federal government grants or monies were used to prepare this written statement. The opinions and conclusions expressed both in this testimony and the background research from which it is derived are entirely the author’s own.

Islands, the Scarborough Shoal and the Macclesfield Bank. Beijing's justifies its claims on these territories on the basis of initial discovery and historical disputes that date back to the 2nd century BC. A map drawn up by the Kuomintang in 1947 that depicts nine unconnected dotted lines covering the vast majority of the SCS has also been taken as further support to vindicate Beijing's jurisdiction over the area and all land and submarine features within it.

The PRC has taken several steps to give concrete expression to its claims in the SCS. In 2007, the country elevated the status of the administrative authority overseeing the Paracel and Spratly Islands to that of a county-level city" in Hainan Province. Three years later, Beijing listed for the first time its claims in the SCS as among its "core national interests," alongside Taiwan.<sup>2</sup> In 2012, the PRC not only announced that the Spratlys, Paracles and Macclesfield Bank had become a Chinese area known as Sansha City with its own governing officials, but also confirmed that it was dispatching a military-garrison to guard those living on these island groups.<sup>3</sup> Most recently in 2014 and 2015 satellite images have shown that China has been undertaking extensive reclamation work in the Spratly Islands and has made rapid progress in building an airstrip that reportedly could be suitable for military use.<sup>4</sup>

These activities have brought China into direct conflict with four Southeast Asian states that that have similarly staked claims to islands and shoals in those waters: the Philippines, Vietnam, Malaysia and Brunei. Tensions have been greatest with Manila as much of the maritime territory that Beijing claims falls well within Manila's exclusive economic zone (EEZ). The most contentious area covers the Spratlys, which lie only a few hundred kilometers from Palawan and which were formally incorporated as Filipino territory in 1978 (under the name the "Kalayaan Island Group).<sup>5</sup>

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<sup>2</sup> Felix Chang, *Transforming the Philippines' Defense Architecture: How to Create a Credible and Sustainable Maritime Deterrent* (Philadelphia, PA: Foreign Policy Research Institute, 2012), 4.

<sup>3</sup> Joshua Kurlantzick, *South China Sea: From Bad to Worse?* (Washington D.C.: Council on Foreign Relations, July 24, 2012); Jane Perlez, "China to Put Soldiers on Islands in Dispute," *The New York Times*, July 24, 2012; and Jane Perlez, "Report Sees Rising Risk of Fighting Over Asia Sea," *The New York Times*, July 25, 2012.

<sup>4</sup> "China Says South China Sea Land Reclamation 'Justified,'" *BBC News*, September 10, 2014, at <http://www.bbc.com/news/world-asia-china-29139125>, as of April 30, 2015. In response to criticism of this work, China accused the Philippines of building an airport and expanding a wharf in the Spratlys and Vietnam of constructing docks, runways, missile positions, office buildings, hotels, light houses and helicopter pads on more than 20 shoals.

<sup>5</sup> 'Presidential Decree No. 1956 – Declaring Certain Areas Part of the Philippine Territory and Providing for their Government and Administration,' Chan Robles Law Library, 11 June, 1978, at [www.chanrobles.com/presidentialdecreeno1596.html](http://www.chanrobles.com/presidentialdecreeno1596.html), as of April 30, 2015.

The official collective Southeast Asian policy is that these territorial disputes should be dealt with peacefully through multilateral dialogue and judicial arbitration. Despite signing the 2002 Declaration on the Conduct (DoC) of Parties in the South China Sea, which reaffirms the primacy of reaching a solution with ASEAN members as a whole, China has consistently argued that it will only deal with each of the claimants on an individual basis and has rejected the involvement of any outside parties.<sup>6</sup> Beijing's insistence on such an approach has the potential to create a fundamental schism in Southeast Asia between three clusters of the Association's member states:

- Those that regard this as a fundamental issue of importance, including the four claimants (particularly the Philippines and Vietnam), Singapore (which is concerned about ensuring unrestricted access to sea lanes through the South China Sea) and Indonesia (which has traditionally argued that a multilateral approach is essential to maintain ASEAN's political and diplomatic cohesion)
- Those that have no major stake in the matter (Myanmar, Laos);
- Those that are prepared to acquiesce for the sake of preserving highly beneficial economic ties with China (Thailand, Cambodia).

Potential fissures have already become apparent and were reflected perhaps most glaringly in 2012 when ASEAN member states were unable to agree on the wording of a final joint communiqué following their biannual meeting in Phnom Penh. The failure to reach consensus, which was a first for ASEAN, was largely due to Cambodian reluctance to include any reference to the South China Sea disputes—even though they were a major topic of discussion on the agenda—following pressure from its largest trading partner, China.<sup>7</sup>

A similar pattern occurred two years later in Myanmar, where, despite strong protestations from Vietnam, the final summit statement contained no criticism of Chinese actions in the South China Sea and merely called on all parties involved 'to refrain from taking actions that would escalate tension'.<sup>8</sup>

These actions raise the question of whether ASEAN is able or willing to take on a rigorous collective security stance to settle the SCS disputes or will merely default to

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<sup>6</sup> Prashanth Parameswaran, "Beijing Unveils New Strategy for ASEAN-China Relations," *China Brief* 13/21 (October 2013).

<sup>7</sup> Jane Perlez, "Asian Leaders at Regional Meeting Fail to Resolve Disputes Over the South China Sea," *New York Times*, 13 July 2012; Puy Kea, 'S. China Sea Row Forces ASEAN to Forgo Communiqué for 1st Time in 45 Years,' *Kyodo News*, 13 July 2012; Ernest Bowyer, "China Reveals its Hand," *Real Clear World*, 23 July 2012, [www.realclearworld.com/](http://www.realclearworld.com/).

<sup>8</sup> Shannon Tiezzi, 'How China Won the ASEAN Summit,' *The Diplomat*, 12 May 2014.

the traditional remedy of sweeping sensitive issues under the carpet.<sup>9</sup> Under the latter scenario, one of two outcomes is liable to eventuate. Either one, some or all of the parties concerned will reach an understanding with China and unilaterally renounce their respective sovereignty claims (probably in exchange for some benefit such as preferential economic treatment). Or the most powerful state (the PRC) wins out and uses force to expel its rivals.

### ***How does China cooperate with ASEAN countries through the ADMM-Plus?***

The first ADMM meeting was held in Kuala Lumpur on May 9, 2006. It acts as the highest consultative and cooperative mechanism in ASEAN and aims to promote mutual trust and confidence through greater understanding of security challenges as well as increasing transparency and openness.<sup>10</sup> China is one of eight dialogue partners<sup>11</sup> that contribute to the deliberations of six ADMM+8 expert working groups: counter-terrorism, HA/DR, peacekeeping, military medicine, maritime security and humanitarian mine action.

China has generally played a positive and cooperative role in ADMM+ meetings and clearly views the forum as an important conduit for working with Southeast Asian states. This is because it not only includes all Association members (which means they have automatic “buy-in”), its debates feed directly into the meetings of the ADMM – the highest security policy mechanism within ASEAN – which is specifically looking at how best to further regional defense cooperation in Southeast Asia and the wider Asia-Pacific.<sup>12</sup>

Indicative of the salience that Beijing attaches to ADMM+ was the proposal of General Chang Wanquan, the PRC’s Defense Minister, to hold regular annual ADMM+China meetings when he was in Bandar Seri Begawan in May 2013. Although no decisions have been made to act on this idea – and whether or not to extend similar one-on-one summits with the other seven dialogue partners (the US has already made a similar suggestion) – the initiative underscores the significance that the country confers to the body.<sup>13</sup> It may also reflect a calculus on the part of

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<sup>9</sup> See, for instance, Amitav Acharya, *ASEAN 2030: Challenges of Building a Mature Political and Security Community* (Washington DC: The American University ADBI Working Paper Series 441, 2013), 8–9.

<sup>10</sup> “About the ASEAN Defense Ministers’ Meeting (ADMM-Plus), available online at <https://admm.asean.org/index.php/about-admm/about-admm-plus.html>.

<sup>11</sup> The other seven are Australia, China, India, Japan, South Korea, New Zealand, Russia and the United States.

<sup>12</sup> Author interviews, defense officials, Jakarta, January 2015.

<sup>13</sup> See, for instance, Termsak Chalermphanupap, “ASEAN Defense Diplomacy and the ADMM-Plus,” *ISEAS Perspective* (August 26, 2013).

China that the ADMM could be “leveraged” to deal with sensitive security issues such as the SCS disputes.

### ***How is China Cooperating with Southeast Asian Countries in the Areas of Non-Traditional security?***

The PRC has worked with ASEAN member states for many years in the area of non-traditional security. In 2002, the two sides committed to strengthen their cooperation in fighting transnational crime, following this up two years later by signing a formal Memorandum of Understanding (MoU) that provides a comprehensive framework for cooperative action to combat terrorism, narcotics trafficking, maritime piracy and people smuggling.<sup>14</sup> A particular focus has been on stemming the smuggling of heroin and methamphetamines produced in the infamous Golden Triangle, which has contributed to growing crime, corruption and an alarming rise in AIDS/HIV infections (due to the sharing of dirty needles by intravenous drug users)<sup>15</sup> across large swathes of China’s southern provinces. In 2011 Beijing moved to adopt a more robust and proactive approach to joint law enforcement in this region, initiating a major anti-crime drive following the killing of 13 Chinese sailors by a drug gang after they hijacked their ship near the riparian border with Thailand.<sup>16</sup> Public outrage over the murders prompted Beijing to use its considerable influence in mainland Southeast Asia to prod Myanmar, Laos and Thailand into establishing coordinated marine patrols under PRC direction. This combined effort has since borne considerable dividends, leading to the large-scale seizure of drugs, ammunition and weapons. In this case China was clearly instrumental in providing a public good.<sup>17</sup>

The PRC has also made a conscious effort to contribute to HADR efforts in Southeast Asia. The Army’s International Search and Rescue Team (ISRT) has participated in a number of multilateral disaster relief exercises (DiRex)<sup>18</sup> that have been held in the

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<sup>14</sup> Peter Chalk, *ASEAN Ascending: Achieving ‘Centrality’ in the Emerging Asian Order* (Canberra: ASPI, 2015), 15.

<sup>15</sup> The number of people affected by AIDS in China is conservatively estimated at between 430,000 and 1.5 million.

<sup>16</sup> “13 Chinese Sailor Killed in Mekong River,” *The Associated Press*, October 10, 2011. Following the murders Beijing reportedly considered using drones to hunt the killers and assassinate the alleged mastermind of the attack, Naw Kham. Alarmed at the prospect of lethal force being directed at their territories, Laos and Myanmar promptly handed over six suspects, four of whom were tried and executed by Chinese officials in 2013.

<sup>17</sup> Ian Storey, “China’s Growing Security Role in Southeast Asia Raises Hopes and Fears,” *World Politics Review* (July 5, 2013).

region and Beijing has offered to make a huge research and rescue professional training facility on the outskirts of Beijing available to any ASEAN member state that requires it.<sup>19</sup> That said, there have occasions where practical cooperation and assistance in this area has been stymied by bilateral tensions stemming from the SCS disputes. A prominent case in point was “Typhoon Haiyan” that struck the Philippines in 2014 leaving more than 6,300 dead. China’s initial aid effort amounted to an offer of a mere \$1.6 million – a total that was superseded by the Danish furniture manufacturer *Ikea* (which pledged \$2.7 million in assistance).<sup>20</sup> Although Beijing defended its response by maintaining that the mobilization of first responders was more important, most commentators agree that the marginal sum reflected Beijing’s contested claim with Manila over the Spratly Islands, Macclesfield Bank and Scarborough Shoal.

On a wider level, China has made a conscious effort to extend its influence in Southeast Asia - while simultaneously limiting that of the United States - through the application of (non-military) tools of soft power. To this end, Beijing has sought to increase people-to-people links through tourism, study grants and fellowships, cultural visits and events and the opening of language schools.<sup>21</sup> Confucius Institutes have also been established in major Asian cities and capitals to enhance popular understanding of Chinese history, literature, music, intellectual achievement and philosophy.<sup>22</sup>

In addition, China has made concerted moves to professionalize its diplomatic corps and expand PRC-owned media institutions across Southeast Asia. Both have been employed to promote the message that the PRC is fully committed to peaceful development and that the country’s official emphasis on shared Asian values is perfectly in line with as well as integral to ASEAN’s own commitment to regional unity and stability. This was clearly the intent of a two-day high-level people-to-people dialogue conference that the PRC convened in Nanning during June 2013. In his opening remarks, Liu Qibao, the minister in charge of the Political Bureau’s

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<sup>18</sup> HA/DR was historically regarded as a sideline task for the People’s Liberation Army (PLA); however it is now defined as a central non-traditional mission on account of the frequency of natural disasters that occur in the region as well as China itself.

<sup>19</sup> Author interview, Chinese officials, Beijing, March 2014. See also Jen Pearce, “HADR and US-China Military Cooperation,” *The Diplomat*, July 28, 2014.

<sup>20</sup> “Typhoon Haiyan: China Gives Less Aid to the Philippines than Ikea.” *The Associated Press*, November 14, 2013. After coming under considerable criticism, China eventually sent the hospital ship *Peace Ark* to assist with emergency response and treatment efforts in the Philippines in addition to providing 10 million Yuan (approximately \$1.4 million) in relief supplies.

<sup>21</sup> The emphasis on language schools reflects a belief that people are more likely to develop a positive view of China if they learn about the country in Mandarin/Cantonese rather than from English-sourced outlets.

<sup>22</sup> Author interviews, Australian National University, Lowy Institute and Macquarie University, Sydney and Canberra, July 2013.

Publicity Department, pointedly declared that Beijing was committed to cooperating with ASEAN member states and their populations to establish a region of sustainable peace and common prosperity, before going on to highlight the so-called “China Dream” as the most viable means of achieving such an outcome.<sup>23</sup>

Again, however, the push to promote soft power has fallen afoul of aspects of Beijing’s foreign policy – particularly the assertive stance on the SCS disputes. Sinologists and other observers generally agree that China’s uncompromising position on its sovereignty over islands in the region claims is working against diplomatic efforts to showcase the PRC as a responsible, non-threatening state. This is seen as not only coming at the expense of bilateral relations with other claimants – particularly the Philippines and Vietnam – but as one that could well engender questions among key players in ASEAN’s wider membership as to whether China is truly ready to play by accepted “rules of the game.”<sup>24</sup>

A further difficulty has to do with the nature of the PRC polity, which Beijing describes as “socialism with Chinese characteristics.” Resting on four key cardinal principles<sup>25</sup> - of which one-party rule is the most important - this model has questionable appeal within ASEAN given the deepening appreciation for political rights and freedoms in a growing number of key member states.<sup>26</sup> Indeed only Laos, Brunei and Vietnam would conceivably have any real affinity for such an arrangement, with most others moving to more open, competitive multiparty systems (including even Myanmar, which until recently was one of the world’s most insular and tightly controlled military juntas).

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<sup>23</sup> Pavin Chachavalpongum, “China’s Powerful Soft Power in Southeast Asia,” *Prachatai*, July 20, 2013, at <http://www.prachatai.com/english/node/3647>.

<sup>24</sup> Comments made during the 4<sup>th</sup> East Asia Security Outlook Seminar, Brunei, 02 February 2012. Regional commentators believe that Beijing’s uncompromising stance on the SCS disputes is being driven by two main imperatives: first to satisfy Chinese nationalist sentiment; and second to divert the population’s attention away from the very real domestic problems that are confronting the country – notably a rapidly aging population, air pollution and an increasingly unsustainable wealth gap between the rich and poor. Author interview, Control Risks Group, Shanghai, November 2014.

<sup>25</sup> The other three principles are public ownership of land, the dominant role of state ownership and state economic planning. In January 2013, President Xi Jinping added a fifth cardinal characteristic – persisting in the leadership of the party – which essentially reaffirms the ideology of central state control twice.

<sup>26</sup> Author interviews, Australian Embassy, Washington DC, June 2013. While there are signs that a nascent debate is starting to take place in Beijing over the wisdom of allowing some sort of grassroots democracy to develop, most serious Sinologists agree that there is virtually no chance that the Communist Party will jettison on-party rule as a central plank of central state ideology any time soon.

## ***In what ways can the United States Cooperate with China in the Areas HA/DR and Non-Traditional Security?***

As noted, one of China's core objectives in Southeast Asia is to prevent American strategic encirclement in the region. Beijing has clearly balked at President Obama's "Asian pivot" – a reorientation that was first enunciated in 2009 and that has since seen the conclusion of high-profile defense arrangements with close regional allies such as Australia and the Philippines.<sup>27</sup> At best these agreements have been viewed with suspicion; at worse as confirmation that Washington is pursuing a policy of strategic encirclement explicitly directed against the PRC. Indeed most commentators agree that a primary factor driving China's acquisition of anti-access/aerial denial (A2/AD) capabilities<sup>28</sup> is its self-perceived need to further project the country's influence in Southeast (and East) Asia while simultaneously increasing the difficulty of the United States to do the same.<sup>29</sup>

HA/DR is one area that Washington could usefully pursue to help offset Chinese misgivings over American intent in Southeast Asia. Because disaster relief is largely a-political and non-contentious in nature, it provides a readily available channel for forging stable and constructive bilateral military ties. Moreover, initiating joint humanitarian assistance missions would reinforce a message of cooperative engagement between the United States and the PRC that could then be leveraged to promote a closer understanding of both sides' habits and institutions.<sup>30</sup> As suggested in the *2014 Quadrennial Defense Review*, if consolidated this nascent process of transparency and collaboration could be expanded to address other non-

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<sup>27</sup> In 2010 the United States and Australia signed a strategic defense accord, which sanctions the initial stationing of 250 American marines to Darwin (who will deploy in and out of the country every six months. Troop numbers will ultimately rise to 2,500 by 2016. In 2014 Washington and Manila concluded a ten-year Enhanced Defense Cooperation Agreement (EDCA), which elevates the American-Filipino to a higher plane of bilateral engagement and specifically allows US forces to have augmented access to military bases, ports and airfields on a rotational basis. For further details see William Tow, *The Eagle Returns: Resurgent US Strategy in Southeast Asia and Its Policy Implications* (Canberra: APSI Policy Analysis No. 89, 2013).

<sup>28</sup> China has devoted a significant proportion of its rapidly escalating national defense budget (which approached US\$140 billion in 2014) to the acquisition and expansion of space and C4SIR (command, control, communication, computer, surveillance, intelligence, reconnaissance) technologies, in addition to constructing advanced amphibious assault vessels, submarines, modern surface frigates and land-attack and anti-ship cruise and ballistic missiles.

<sup>29</sup> Peter Chalk, *The US Army in Asia: Near and Long Term Roles* (Santa Monica, CA: RAND, 2013), 15.

<sup>30</sup> Author interviews, US Pacific Command (USPACOM) and US Army in the Pacific (USRPAC) officials, Honolulu, July 2013.

traditional security challenges such as piracy, terrorism, transnational crime and de-mining.<sup>31</sup>

***What Specific Recommendations Can Be Made for Congressional Action Related To China's Security-Related Activities in Southeast Asia?***

Three broad recommendations can be made to guide future Sino-American interaction in Southeast Asia. First, Washington should actively engage Beijing through the ADMM-Plus mechanism. These meetings bring together defense officials from both countries in a dialogue-oriented process that is specifically geared to the type of non-traditional security areas that hold the most promise for fostering closer American-Chinese collaborative action.

Second, the United States should work with the PRC in developing joint endeavors that support interoperability in a mission planning and execution capacity such as non-combatant evacuation operations (NEOs), counter-piracy/terrorism exercises, HA/DR and training to disarm improvised explosive devices (IEDs) and landmines. The purpose of these objectives would be twofold: (1) To empirically demonstrate how the Chinese and American militaries are able to cooperate for the good of regional peace and stability; (2) To revise latent threat perceptions (and related force postures) so that more focused attention can be given to fostering normative values of cooperation for dealing with new or re-emerging issues of mutual concern.

Finally the United States should at all costs avoid instituting an aggressive policy of Chinese containment in Southeast Asia. This would be difficult to achieve in practical terms<sup>32</sup> and could be potentially dangerous in terms of heightening tensions in what is already a strained relationship. Working to balance PRC power by strengthening American engagement to positively shape perceptions in the region would be a more optimal approach. While Beijing certainly enjoys competitive economic advantages in this part of the world,<sup>33</sup> the United States has a definite edge in the strategic field as many Southeast (and East) Asian states have long looked to Washington as the ultimate guarantor of both their own national and wider defense. The present (and future) administration should take advantage of

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<sup>31</sup> 2014 Quadrennial Defense Review (Washington D.C.: Office of the Secretary of Defense, March 2014).

<sup>32</sup> Regionally, Washington lacks the means to financially counter Beijing – which emerged relatively unscathed from the global economic crisis – and arguably does not possess the physical resources to militarily shut China out of its own strategic “backyard.”

<sup>33</sup> Most Southeast Asian states tend to regard China as their natural economic partner and many also view the so-called “Beijing Model” with its emphasis on non-interference in internal affairs as preferable to the Washington Consensus, which ties aid and investment to respect for human rights and democracy.

this positive sentiment by emphasizing that it is a reliable partner through concrete actions that reinforce the importance of American strategic engagement in the region.