THE UNITED STATES AND ASEAN-CHINA RELATIONS: ALL QUIET ON THE SOUTHEAST ASIAN FRONT

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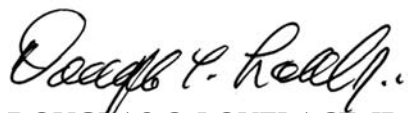
FOREWORD

The purpose of this monograph is twofold. First, the author, Dr. Ian Storey, provides a brief overview of the development of relations between the Association of Southeast Asian Nations (ASEAN) and the People's Republic of China (PRC). Second, he explores the implications for the United States and, in particular, identifies the potential security challenges which might arise from this relationship.

This monograph is part of a series of publications that seek to explorer the wide variety of challenges and opportunities our nation faces in the 21st century. This series comes from our 18th Strategy Conference, "Global Security Challenges to U.S. Interests." The monograph represents part of SSI's efforts to provide expert analysis of some of the most urgent issues confronting U.S. security in today's world.



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SUMMARY

While the overall security situation in Southeast Asia is something of a mixed bag with grounds for both optimism and pessimism, one of the most encouraging trends in recent years has been the development of the Association for Southeast Asian Nation's (ASEAN) relations with major external powers. Relations between China and ASEAN in particular have demonstrated a marked improvement over the past decade, thanks to a combination of burgeoning economic ties, perceptions of China as a more constructive and responsible player in regional politics, and Beijing's "charm offensive" toward Southeast Asia. Overall, the development of ASEAN-China relations poses few security challenges to the United States: Good relations between China and ASEAN enhance regional stability, and a stable Southeast Asia is clearly in America's interests, especially with Washington focused on events in the Middle East. Although ASEAN-China relations are very positive, this does not necessarily mean the United States is losing influence in Southeast Asia, or that ASEAN members are "bandwagoning" with China. In fact, they are hedging by keeping America engaged and facilitating a continued U.S. military presence. While ASEAN-China relations are relatively benign today, several sources of potential friction could create problems in Sino-U.S. relations: these are Taiwan, Burma, and the South China Sea dispute. This monograph examines each of these scenarios in turn.

THE UNITED STATES AND ASEAN-CHINA RELATIONS: ALL QUIET ON THE SOUTHEAST ASIAN FRONT

Introduction.

The purpose of this monograph is twofold. First, to provide a brief overview of the development of relations between the Association of Southeast Asian Nations (ASEAN)[1] and the People's Republic of China (PRC); and, second, to explore the implications for the United States and, in particular, identify the potential security challenges which might arise from this relationship.

Depending on one's perspective, Southeast Asia in the early 21st century is either a glass half full or a glass half empty. The glass is half full in the sense that for the majority of countries in Southeast Asia, these are relatively stable, peaceful, and prosperous times. The economies of the region have either recovered fully, or are well on their way to full recovery, from the disastrous 1997-98 Asian Financial Crisis. Singapore and Malaysia have registered strong economic growth, while Vietnam has become the darling of foreign investors, and in 2006 its gross domestic product (GDP) growth rate was second only to the PRC in Asia. Indonesia and the Philippines are experiencing good levels of growth (5-6 percent), while even Laos and Cambodia are achieving respectable levels of GDP growth. At the political level, the region has witnessed smooth leadership transitions in several countries (Singapore, Malaysia, Indonesia, and Vietnam) and, most importantly, democracy is being consolidated in Indonesia, Southeast Asia's largest, and arguably most important, country. Indonesia is also witnessing

perhaps the world's most successful peace process in Aceh. At the security level, although territorial disputes continue to simmer, there is no danger that any of these will result in outright conflict. Indeed the chance of interstate conflict between the ASEAN states is almost (but not entirely) unthinkable. Transnational terrorist networks such as Jemaah Islamiyah have been disrupted (but not destroyed); piracy attacks are down thanks partly to the cooperative efforts of Singapore, Malaysia, and Indonesia; and in the Philippines, there are cautious grounds for optimism that a peace deal for Mindanao can be concluded in 2007. At the corporate level, ASEAN has embraced a vision for the future—the ASEAN Community 2015—and efforts are underway to frame a charter for the next ASEAN summit in November 2007 which will give the organization legal underpinnings for the first time ever.

However, these developments do not mean that this observer has adopted a pollyannaish view of Southeast Asia. The glass is half empty in the sense that the region faces a host of serious security challenges, particularly transnational threats such as terrorism; communal and sectarian violence; and illegal trafficking in drugs, small arms, and people. Politically, the September 19, 2006, coup in Thailand, and continued rumors of coups in the Philippines, underscored the fragility of democratic institutions in Southeast Asia. Except for one or two countries, poor governance—corruption, lack of transparency and accountability, political instability, absence of rule of law, and ineffective government—remains widespread across the region. And while Aceh is a success story, the level of violence in Southern Thailand is escalating at an alarming rate.[2] Moreover, some countries in Southeast Asia show characteristics of near-state failure, with Burma being

the leading example. And while ASEAN has adopted a clear blueprint for the future, it remains to be seen whether the radical proposals suggested at the ASEAN Summit in Cebu, the Philippines, in January 2007, will survive the negotiations and expected opposition from newer members such as Burma.

One area where optimism is well-founded is ASEAN's relations with major external powers such as the United States, China, Japan, and India. Relations between ASEAN and these countries have arguably never been better, particularly at the government-to-government level. ASEAN as a group conducts regular meetings and summits with its external partners, and several—including China, Japan, and India—have already acceded to the 1976 Treaty of Amity and Cooperation (TAC) which is basically a code of conduct that governs relations among the ASEAN states and external powers. ASEAN remains in the driver's seat in the ASEAN Regional Forum (ARF), Asia-Pacific Economic Cooperation (APEC), and East Asia Summit (EAS) processes. Trade between the ASEAN states and China, Japan, and the United States is booming, and free trade negotiations between the member states and these countries will likely bolster this trend. At the security level, there is unprecedented cooperation between the ASEAN members and extraregional powers, particularly over transnational security threats.

As both sides are happy to concede, relations between ASEAN and the PRC are at an historic high.[3] Trade and investment ties are booming, and the PRC is widely perceived in Southeast Asia as the Asian growth engine that is largely responsible for helping the ASEAN economies recover from the 1997 economic crisis. The two sides have concluded

a raft of agreements, developed a roadmap for future relations, and relegated formerly contentious security issues to the backburner. Overall, the burgeoning relationship between ASEAN and China is, I would aver, good news for the United States. The United States has a vested interest in a peaceful, stable, and prosperous Southeast Asia. It allows the United States to focus on more pressing issues in the Middle East (Iraq, Afghanistan, and Iran's nuclear ambitions) and Northeast Asia. Indeed, the security dynamics in Northeast Asia and Southeast Asia are very different. Whereas in Northeast Asia the major security issues stem from bilateral disputes and rivalries (i.e., North and South Korea, China and Taiwan, China and Japan), in Southeast Asia security issues are largely internal in nature (separatism, insurgency, and terrorism). By and large, these are not issues that create severe tensions between Southeast Asian states and external powers, and, on the contrary, they have engendered good cooperation.

There are, in my view, few potential challenges for the United States vis-à-vis improved ASEAN-China relations, at least in the short-to-medium term. Although China's economic, political, and even military profile has been rising in Southeast Asia for more than a decade, this does not mean that the ASEAN states have lost interest in the United States, or that the PRC is on the cusp of becoming Southeast Asia's regional hegemon. Southeast Asian countries value the United States as a trade and investment partner and, perhaps more importantly, still view it as Asia's key off-shore balancer.

However, although the overall picture for America is benign vis-à-vis ASEAN-China relations, it is possible to identify several potential challenges which

may emerge in the future. Three possible scenarios are identified. First, if conflict erupts in the Taiwan Strait and the United States becomes involved, the various positions the ASEAN states adopt might complicate U.S. military operations and strain bilateral relations. Second, if political unrest in Burma breaks out and pro-democracy forces call on the United States and other Western countries to intervene, this would create a crisis in Sino-U.S. relations. The third, and least likely scenario, posits what position the United States might take if the PRC were to adopt a more aggressive stance in the South China Sea dispute.

China's "Charm Offensive" in Southeast Asia and Implications for the United States.

As mentioned in the Introduction, ASEAN-China relations have never been better, both at the corporate and bilateral level. This represents a remarkable turnaround from the early 1990s, when the ASEAN states, to varying degrees, viewed China's rising power with some anxiety—anxiety fed by the PRC's less than transparent military modernization program, its policy of "creeping assertiveness" in the South China Sea, and its saber-rattling in the Taiwan Strait.

An important turning point in the relationship was the 1997 economic crisis. During the crisis, the PRC contributed to financial bailout packages for several ASEAN countries and promised not to devalue its own currency to take advantage of its neighbor's financial woes. That China's contributions to the bailout packages were 1/10th of Japan's and that the ostensible reason for not devaluing its own currency was to protect the Hong Kong dollar mattered not. As a result of China's actions, the perception emerged that

the PRC had become a constructive and responsible player in regional affairs. Indeed, China's behavior was favorably contrasted with America and Japan's perceived hands-off role.

In the early 21st century, the PRC sought to burnish its credentials further with the ASEAN states by launching a "charm offensive." On their frequent trips to the region, senior Chinese leaders carried the message that China's rise represented an economic opportunity for the ASEAN countries and not a strategic threat. Chinese Prime Minister Wen Jiabao likened the PRC to a "friendly elephant." Beijing sought to underscore this message by taking concrete measures to reassure ASEAN. In 2001 it floated the idea of a China-ASEAN Free Trade Agreement (CAFTA) by 2010, a proposal ASEAN eventually accepted. In 2002 Beijing signed the Declaration on the Conduct of Parties in the South China Sea (DoC) with ASEAN. The purpose of DoC is to freeze the status quo in the territorial dispute, reduce tensions, and encourage cooperative confidence-building measures (CBMs). Building on this momentum, a year later China took the symbolically important step of acceding to the 1976 TAC, ASEAN's nonaggression treaty which rules out the use of force to resolve disputes. At the same time, China and ASEAN issued a Joint Declaration on Strategic Partnership which calls for cooperation in political, social, security, and regional affairs. In October 2006, to cap 15 years of dialogue relations, China and ASEAN held a commemorative summit in Nanning. The Nanning Summit demonstrated just how comprehensive ASEAN-China relations had become, and showcased the extensive economic linkages which had been forged, as well as the growing level of comfort between the two sides. Prime Minister

Wen emphasized, perhaps with a little hyperbole, that since 1991, China and ASEAN have "together gone through the experience of eliminating suspicions and developing dialogue, as well as promoting mutual trust" and that, as a result, Sino-ASEAN ties were at their "historic best."[4] His co-host, Philippine President Gloria Macapagal Arroyo, agreed, characterizing the relationship as "more confident, mature, and comprehensive" than it was 15 years ago.

Why has China invested so much time and effort in wooing the ASEAN states with its charm offensive? The answer lies in three crucial interests the PRC has in Southeast Asia: economic, strategic, and political.

Since the end of the Cold War, economics has been the primary driver of the PRC's relationship with Southeast Asia. The region is of prime importance to China because it is a rich source of natural resources necessary to fuel the country's breakneck industrial growth; because it represents a market of 500 million people (particularly for the cheaper and lower-quality goods that do not make it into Western markets); and because the ASEAN states have invested heavily in China since the early 1980s (US$38.5 billion).[5] The combination of these three factors has led to the blossoming of two-way trade: from $6 billion in 1991 to $130 billion in 2006. Depending on which set of figures one consults, China is now ASEAN's second or third largest overall trading partner behind the United States and Japan. If present trends continue, and there is no reason to doubt they will, China is likely to emerge as the region's number one trading partner in 2007 or 2008.

China also has vital strategic interests in Southeast Asia. Since 1949 PRC policy has been to try to ensure friendly (hopefully pliant) regimes on its periphery,

and to maximize its political influence in those countries. Of particular importance to Beijing in this regard are the countries of mainland Southeast Asia; Burma, Laos, and Vietnam (which share borders with China), along with Thailand and Cambodia. China has sought to bind these countries to it by financing rail, road, and river transportation links. The countries of maritime Southeast Asia (Indonesia, Malaysia, Singapore, and the Philippines) have also become strategically important to the PRC. China has become dependent on the free flow of maritime traffic through Southeast Asia to sustain its double-digit economic growth—bringing natural resources into Chinese ports, and getting Chinese-manufactured goods to foreign markets in containers. Even a short-term disruption to maritime traffic could have severe consequences for China's developmental aspirations, bringing with it what the Chinese Communist Party fears most—massive unemployment, social unrest, and antigovernment protests. In this context, the Chinese leadership has become increasingly concerned with strategic maritime chokepoints such as the Strait of Malacca, through which 65 percent of China's energy needs are delivered.[6] At present, China does not possess the naval capabilities to protect its sea lines of communication (SLOCs), despite a vigorous naval modernization program. China figures that good relations with the maritime powers of Southeast Asia will help mitigate its "Malacca dilemma."

China's political interests in Southeast Asia overlap considerably with its economic and strategic interests. Sound political relations with the ASEAN governments help reinforce lucrative trade and investment links and vice versa. China has also used its growing influence in Southeast Asia to reinforce a narrow range of domestic

political issues. These include issues at the very heart of Beijing's concerns over its territorial integrity (Taiwan and Tibet) and countering what it perceives to be a subversive political force masquerading as a pseudo-religious movement (the Falun Gong). Over the past decade, virtually all the ASEAN states have tightened their One China policies; refused visas to Tibet's spiritual leader, the Dalai Lama; and clamped down on the activities of the Falun Gong. Being sensitive to Chinese domestic political concerns costs the ASEAN countries very little, and earns tremendous kudos from Beijing.

China's long-term political goals in Southeast Asia remain subject to debate and speculation. Officially the Chinese leadership has pushed its "peaceful rise" thesis: that China needs a peaceful and stable regional environment in which to pursue national development; that the country's growing economic and military clout do not pose a threat to any country; and that even when the PRC achieves its maximum potential a generation or more hence, it will not pursue regional hegemony. However, it seems likely that China's long-term goal is to displace U.S. and Japanese influence and establish itself as the dominant power. To attain this end, the PRC leadership seems to have adopted three main strategies. First, China aims to position itself as the region's economic dynamo and putative financial backer. Bilateral trade and investment agreements and the CAFTA are means to this end. Second, it intends to nurture and seek the leadership of multilateral fora that exclude the United States, such as the EAS. Third, it wishes to weaken bilateral military-to-military links between the ASEAN states and America.

What are the implications for the United States of burgeoning Sino-ASEAN relations? Several

commentators have suggested that China's growing economic, political, and military power will soon displace that of other extra-regional powers in Southeast Asia, including the United States. One observer contends that the ASEAN states are already "bandwagoning" with the PRC.[7] It is important, however, not to blow things out of proportion. China may well be on the way to becoming the region's number one trade partner (though it has a long way to go to match U.S. and Japanese investment), but high-levels of economic interaction do not necessarily translate into political alignment, let alone subservience. ASEAN wants to make money from China, but for a host of historical, ethnic, and geopolitical reasons, it still harbors concerns about China's long-term ambitions in Southeast Asia, and whether indeed it seeks regional hegemony. Most Southeast Asian states struggled hard to win their independence and sovereignty, and are not about to hand over their political autonomy to China on a silver platter. Singapore's Foreign Minister George Yeo spoke for all ASEAN members when he declared in 2002: "We do not wish to be in a tributary relationship with China."[8] One of the driving factors behind the creation of ASEAN in 1967 was to resist Chinese penetration of Southeast Asia through its support for regional communist parties. Even North Vietnam, which could not have won its struggle against the United States were it not for Chinese aid, was careful not to allow itself to become a client state of the PRC. As argued later in this monograph, although Burma is China's closest friend in Southeast Asia, since the early 1990s it has worked hard to reduce its dependence on the PRC.

No evidence suggests that the ASEAN states—particularly the core members which founded the organization 40 years ago—are "bandwagoning" with

the PRC. On the contrary, there is plenty of evidence suggesting that they are hedging: engaging with the PRC bilaterally and multilaterally, but working to ensure the continued presence of external powers to balance China's rising power. The key to maintaining this balance of power is the United States. Since the end of the Cold War, many ASEAN states have sought to foster a regional balance of power by facilitating a continued U.S. military presence. And although a number of commentators have lamented America's declining influence in Southeast Asia post-September 11, 2001 (9/11), once again it is important not to exaggerate the situation. The ASEAN states still put a high priority on maximizing economic linkages with America, as the United States represents a vital market and source of foreign investment. Since 9/11, U.S. relations with all the ASEAN states except Burma have been strengthened. Treaty allies Thailand and the Philippines are now Major Non-NATO Allies, Singapore has been designated a Major Security Cooperation Partner, military-to-military links with Indonesia have been restored, and relations with Vietnam show enormous potential. Overall, America's security relationships with the Southeast Asian countries dwarf those of China. And as China's power continues to rise, the ASEAN states will want to preserve a balance of power among the United States, China, Japan, and even India. As such, America's role in the eyes of Southeast Asian elites is likely to become more important, not less.

Nevertheless, despite the lack of current challenges for America vis-à-vis Sino-ASEAN relations, it is possible to identify several scenarios which could lead to friction between the United States and China. The following sections examine three scenarios: conflict

in the Taiwan Strait, political unrest in Burma, and Chinese aggression in the South China Sea.

The Taiwan Issue.

In the early stages of the first George Bush administration, it seemed that U.S.-China relations were headed for turbulent times, with Taiwan as the locus of tensions. The Bush administration was concerned that the modernization of the People's Liberation Army (PLA) was tilting the balance of power in the Taiwan Strait in China's favor. Accordingly, Washington sought to bolster the capability of the island's armed forces to repel a Chinese attack and increase interoperability between the U.S. military and its Taiwanese counterpart. Accordingly, in April 2001 the White House approved a $4 billion arms package to Taiwan which included destroyers, antisubmarine warfare aircraft, and, most significantly, a promise to facilitate the acquisition of diesel electric submarines. Soon after the arms package was agreed, Bush stated in a media interview that America would "do whatever it took" to defend Taiwan, though it was not clear whether his remark signaled a major shift in policy away from 2 decades of "strategic ambiguity" or whether, as seems more likely, the President simply did not understand the full import of his words. At any rate, China responded with characteristic invective.

Post-9/11, the United States dramatically reordered its strategic priorities, and the tenor of Sino-U.S. relations changed significantly as Washington sought the PRC's help in the "war on terror." With a major military operation underway in Afghanistan and preparations for another in Iraq underway, the Bush administration could ill-afford to be diverted by the Taiwan issue. In

addition, during 2002 and 2003, Beijing adopted a more restrained attitude toward Taiwan despite a number of inflammatory statements from Taiwanese President Chen Shui-bian on the issue of independence. By early 2004, Sino-U.S. relations had improved to the point where Washington rebuked Chen for suggesting the island hold a referendum on whether or not to negotiate with Beijing. Washington has been at pains to warn Taipei not to push the independence envelope too far and has explicitly stated that it opposes Taiwanese independence. In 2006, the Chen administration became mired in corruption scandals, and his party does not have a majority in the legislative assembly to push through a referendum on independence. Domestic politics have prevented Taiwan from purchasing any big ticket military items from the United States. And while China still fulminates against Chen from time to time, Beijing seems relatively content to sit out his administration until fresh presidential elections are held in 2008. As a result, Taiwan is not the flashpoint that it once was.

However, it would be foolish to rule out a military confrontation between China and Taiwan in the near to mid-term future. Should conflict erupt in the Strait, the position that the United States would adopt is scenario dependent: If Taiwan declared unilateral independence, the United States might be reluctant to intervene. However, if China launched an unprovoked attack on Taiwan, Washington would face intense pressure at home to intervene militarily to protect its democratic friend. What positions might the ASEAN countries adopt if conflict were to erupt in the Taiwan Strait and America became involved?

All of the ASEAN countries subscribe to a One China policy and, as mentioned earlier, over the past

decade their adherence to this policy has tightened, making it virtually impossible for Taiwanese leaders to make official visits to Southeast Asia (even transiting through the region is problematical). The ASEAN states have tightened their One China policies so as not to offend the PRC and risk losing lucrative trade deals. In addition, most Southeast Asian states see the Taiwan problem as an issue of separatism and given that separatism threatens the territorial integrity of Indonesia, Thailand, the Philippines, and Burma, there is a fair degree of empathy for the PRC's desire to reign in the "renegade province" of Taiwan. Moreover, many ASEAN states have been alarmed at the Chen administration's push for independence, and with it the potentially disastrous consequences for regional stability.

If war broke out between China and Taiwan, most ASEAN states would probably adopt a neutral position and sit out the hostilities until the dust settled. However, several states might be put in the invidious position of having to choose sides. Singapore has become a close security partner of the United States since the end of the Cold War, and the U.S. Navy makes dozens of port calls there each year. How would the Singaporean government respond to a request from Washington for U.S. ships to dock at Changi Naval Base en route to the conflict zone? Singapore has close political and economic ties with both Washington and Beijing, and siding with one side or the other would cause irrevocable damage to one of those relationships. Treaty allies Thailand and the Philippines would face more serious dilemmas.

The Philippines in particular would have to make a stark choice. The United States would likely invoke the 1951 Mutual Defense Treaty (MDT) and request landing

rights for U.S. aircraft at airfields in northern Luzon, which is geographically very close to Taiwan. Would Manila accede to the U.S. request, thereby running the risk of losing nearly $18 billion in annual trade with China? Or would Manila turn down the request in the interests of preserving its growing economic ties with the PRC, a decision that would almost certainly result in the termination of its alliance partnership with America? Much would depend on the government in power and its current relationships with Washington and Beijing. The ASEAN states have made clear that they do not wish to choose between America and China. A conflict in the Taiwan Strait is the nightmare scenario which may force them to choose.

Burma.

Another potential source of contention and possibly even confrontation between the United States and China in Southeast Asia centers on Burma. Since the Burmese military staged an incumbency coup in 1988, Rangoon and Beijing have established a valuable symbiotic relationship which today makes Burma the PRC's closest friend in Southeast Asia. As Burma-China relations have tightened over the years, ties between Rangoon and Washington have degraded to the point where America has identified Burma as a threat to regional peace and security. Although Burma's ruling military junta, the State Peace and Development Council (SPDC), fears U.S. military intervention and "regime change," such action can almost certainly be ruled out so long as the United States is bogged down in two major wars in Iraq and Afghanistan, and with rising tensions with Iran. However, mid- to long-term domestic developments in Burma could challenge the

SPDC's grip on power, and hence China's position as the country's primary external patron. Should such a scenario come to pass, both China and the United States would have to weigh the pros and cons of military intervention, possibly pitting the two countries against each other.

As noted earlier, U.S.-ASEAN relations at the government-to-government level post-9/11 have demonstrated strong growth except for one country, Burma. Indeed, under the Bush administration, U.S.-Burma relations have deteriorated significantly. Following the attack on democracy icon Aung San Suu Kyi's entourage in the town of Depanyin in May 2003 by pro-SPDC militias, the Bush administration tightened sanctions against Rangoon, including imposing a total ban on Burmese imports, freezing Burmese assets, and banning members of the SPDC from visiting the United States. At her Senate confirmation hearings in January 2005, Secretary of State-designate Condoleeza Rice identified Burma as an "outpost of tyranny," along with Cuba, North Korea, Iran, Belarus, and Zimbabwe. During 2005, the United States signaled to ASEAN that it might downgrade its relations with the organization should Burma assume the rotating chairmanship of the group: As a result, Burma succumbed to ASEAN's behind-the-scenes pressure and relinquished its turn to chair the organization in July 2005. The tightening of U.S. sanctions and Rice's description of Burma as an outpost of tyranny fueled the SPDC's sense of paranoia and siege mentality, possibly contributing to its decision to relocate the capital from Rangoon to Naypyidaw, 400 miles to the north, in late 2005. The SPDC claimed that the move would enable it to exercise greater control over the country, though press reports at the time speculated that the junta had moved inland

in preparation to fend off an expected U.S. military invasion.

U.S. military intervention in Burma was extremely unlikely, especially as the insurgency gained strength in Iraq and Washington tried to garner international support to deal with North Korea and Iran's nuclear programs. However, during 2006, the Bush administration did step up pressure against the SPDC and succeeded in bringing the issue of Burma's deplorable human rights record before the United Nations Security Council (UNSC) by the end of the year. The United States argued that illicit narcotics production in Burma; refugee outflows into neighboring countries; widespread human rights abuses; and the spread of communicable diseases such as malaria, avian flu, and HIV/AIDS make Burma a threat to regional and international peace and security. In January 2007, the United States and the United Kingdom (UK) jointly tabled a draft resolution at the UNSC, calling on the SPDC to cease attacks on ethnic minorities, release all political prisoners, and engage in political dialogue leading to genuine democratic transition. On January 12, China and Russia wielded their vetoes to defeat the proposal.

China's action at the UNSC in January underscored its continued position as Burma's most valuable ally. The genesis of the alliance was the junta's violent crackdown on antigovernment protestors in August 1988. In the wake of the international disapprobation and sanctions which followed, Burma discarded its post-independence policy of equidistance between its two giant neighbors, India and China, and turned to Beijing for diplomatic support, economic aid, and military hardware to tighten its grip on power. Sensing a golden opportunity to advance its interests in mainland

Southeast Asia, China responded positively. For the PRC, a close alignment with Burma offered a number of benefits. First, access to the Indian Ocean through Burma would be instrumental in the development of China's landlocked southwestern provinces. Second, Beijing was eager to exploit Burma's rich natural resources, particularly crude oil and natural gas. And third, China gained a friend on its southern border—a friend who could, in the future, offer Beijing access to its ports that would enable the Chinese Navy to project power into the Indian Ocean and Strait of Malacca.

During the 1990s and into the 21st century, Beijing and Rangoon cemented a valuable relationship. The PRC became the junta's number one supplier of military equipment, delivering $2 billion worth of hardware including fighter aircraft, tanks, naval patrol vessels, artillery, and ammunition. Financially, China provided the junta with generous interest-free loans, which propped up the economy and enabled Burma to circumvent Western sanctions, cushioning the country from the worst effects of the 1997-98 Asian Financial Crisis. China quickly established itself as Burma's dominant trade and investment partner.

The scale of China's support for the Burmese regime after 1988 led many observers to conclude that Rangoon had allowed itself to become a puppet of the PRC. However, this view was altogether too naïve and simplistic, and failed to take account of a long tradition of nationalism and even xenophobia in Burma. While there is little doubt that China's support enabled the junta to survive and consolidate power in the early 1990s, Rangoon's actions suggest that it had no intention of allowing itself to become a client state of China, and that as soon as conditions permitted, it would move to lessen its dependence on Beijing. Since

1993 Rangoon has attempted to diversify its foreign relations by courting other regional and international actors. Burma's accession to ASEAN in 1997 was one such measure. Another has been improved relations with India. Once New Delhi had committed itself to a policy of silence over Burma's internal politics, bilateral relations improved quickly. Since 2000, India and Burma have exchanged high-level visits; agreed to coordinate military operations against Indian insurgents operating from Burmese territory; and India has supplied the Burmese armed forces with tanks, artillery, and helicopters. Burma has also allowed itself to be courted by Russia, enabling the SPDC to further diversify its sources of weapons imports and gain another partner to exploit the countries' oil and gas reserves, thereby filling the junta's foreign exchange coffers. Russia, like China, also has a veto at the UNSC.

What is the future of Sino-Burmese relations and how might the United States be affected? There are several possible alternative futures. In the first, the junta maintains its grip on power through sheer brute force, and the new generation of military officers who succeed SPDC chairman General Than Shwe and his coterie adhere to existing domestic and foreign policies. As such, Rangoon will continue to look to China for diplomatic protection at the UN, economic sustenance, and military hardware. Nevertheless, in line with the SPDC's desire to lessen its dependence on Beijing and broaden its diplomatic room for maneuver, Burma will seek to bolster relations with other regional actors, with India likely to be the main beneficiary. However, should Rangoon's relations with New Delhi sour over the lack of political reform or if Burma is suspended from ASEAN, the junta's reliance on China will deepen accordingly.

In the second alternative future, Burma transitions to democracy after the military relinquishes power either voluntarily (highly unlikely) or as a result of a Philippines-style "People Power" revolution. A democratic Burma, possibly led by Aung San Suu Kyi, would almost certainly reorient the country's foreign policy toward the West and Japan. A third scenario posits a major nationalist backlash against the PRC, possibly as a result of mounting popular discontent with China's economic dominance and the growing income disparities between the large number of PRC nationals doing business in Burma and ordinary Burmese citizens. Such a backlash against China could even be orchestrated by the junta itself if the military leadership decided the country had become too dependent on the PRC and wished to return to the pre-1988 policy of equidistance between India and China. Xenophobic outbursts of this nature are certainly not without precedents in Burmese history: In 1964 Rangoon expelled hundreds of thousands of Indians who had come to dominate the commercial life of the country, and in 1967 violent anti-Chinese riots took place in the Burmese capital, leading to a severe rupture in Sino-Burmese relations.

As things stand today, the first scenario is the most likely as the population has been cowed into submission by the Burmese military for nearly 20 years. This being the case, the PRC will continue to enjoy a privileged position in the hierarchy of Burma's foreign relations. Though India will figure more prominently in Burma's foreign relations, it will never match China's importance for the simple reason that China has a veto at the UNSC which Rangoon has long regarded as its ultimate insurance policy against an East Timor-style multinational intervention force. A continuation of

the status quo is bad news for the citizens of Burma, whose standard of living will continue to plummet, and who will continue to be denied basic human rights. U.S.-Burma relations will remain frigid as Washington maintains sanctions and pushes the junta to move forward with genuine political reform. A U.S.-military operation to achieve regime change in Burma is, however, extremely unlikely given the existence of more pressing concerns in the Middle East and Northeast Asia.

The second scenario might, however, engender a more interventionist U.S. response. If antigovernment protests took place across Burma in response to economic hardships, lack of political reform, or the death of Aung San Suu Kyi in custody, the junta would likely respond with force to crush the movement. The difference between the 1988 protests and one today would be the international media exposure on CNN, BBC, and on the Internet. If the leaders of the antigovernment protestors appealed to the West for aid, support in Western countries for a humanitarian intervention would likely be high given long-standing popular sympathies for the plight of the people of Burma. It was conditions such as these which forced the international community, led by Australia, to dispatch a multinational intervention force to East Timor in September 1999 following a wave of violence and destruction perpetrated by pro-Indonesian militias, armed and trained by the Indonesian military.

A democratic Burma aligned with the West would be a tremendous set back for China's interests in Southeast Asia, as Beijing would lose a valuable friend and all the economic and geostrategic advantages it has accrued since 1988. In order to forestall a democratic government and protect its interests, Beijing might

decide to intervene militarily in support of the SPDC. Washington would then have to make a cost-benefit analysis on whether to launch a humanitarian intervention in Burma in support of pro-democracy forces, and thus face the prospect of a possible military confrontation with China which had intervened to protect its Burmese ally. Much would depend on the level of support at home and abroad and how quickly China moved to shore-up the SPDC. As with Taiwan, America's response is scenario dependent, but a direct intervention inimical to Chinese interests cannot be ruled out.

The South China Sea Dispute.

A decade ago the South China Sea dispute was regularly identified by security analysts as one of three major "flashpoints" in the Asia-Pacific region, together with Taiwan and the Korean Peninsula. The sovereignty dispute centers on 170 geographical features (only 36 of which can technically be called islands) called the Spratly Islands in the southern part of the South China Sea. Six governments claim sovereignty of these features; China, Taiwan, and Vietnam claim sovereignty over the entire group, while the Philippines, Malaysia, and Brunei claim parts of the group. Each of the claimants except Brunei have sought to consolidate its claims by occupying geographical features, building facilities for military personnel atop them, and strengthening *effectivitiés* (acts of administration demonstrating effective exercise of authority over the islands such as establishing lighthouses, regular postal and telephone services, and air and sea transportation links). The "islands" themselves have little intrinsic value. Sovereignty is contested, however, for two

main reasons. First, the perception exists that the seabed beneath the Spratlys is rich in hydrocarbons (crude oil and natural gas) and mineral deposits. The amount of recoverable oil and gas reserves has never been established because of on-going tensions in the area. However, the area is known to be rich in fishery resources. Second, the Spratlys occupy an important strategic location as they lie close to important SLOCs linking the Pacific and Indian oceans, through which more than a quarter of the world's trade traverses.

The Spratlys dispute became a major source of interstate tensions between Southeast Asian countries and the PRC from the late 1980s, as regional naval capabilities were enhanced, and the disputants looked to secure natural resources in their 200-nautical mile Exclusive Economic Zones (EEZs). In 1988 a naval clash in the Spratlys between China and Vietnam claimed the lives of over 70 Vietnamese naval personnel. This was the first and last major military clash in the area, but during the 1990s, the dispute became a serious source of contention between China and the ASEAN countries as Beijing pursued a more assertive policy in Spratlys. In 1992, for instance, China formally asserted its claims over the Spratlys (and other island groups) through national legislation, an act widely interpreted as an attempt to turn the South China Sea into a "Chinese lake." In 1995 tensions were heightened when China occupied Mischief Reef, an islet claimed by the Philippines and well within that country's EEZ. ASEAN initially presented a united front to China over this issue, but the organization's cohesion became unstuck during the 1997-98 Asian Financial Crisis, leading the PRC to upgrade its structures on the reef into a permanent two-story concrete fortress. Tensions between China and the Philippines over the occupation

simmered for several more years.

In the early 2000s, however, tensions eased dramatically, and the issue was placed on the backburner of Sino-ASEAN relations. By 2005, the Spratlys dispute could no longer be sensibly referred to as a "flashpoint." The easing of tensions was almost entirely a product of China's "charm offensive" toward the ASEAN states, and an attempt to reassure the countries of Southeast Asia that the PRC was a constructive and responsible regional actor and that it does not pose a strategic threat to them. In 2002, after several years of wrangling, Beijing agreed to sign the Declaration on the Conduct of Parties in the South China Sea (DoC) with the ASEAN states. By the terms of the DoC, the signatories agree to resolve the territorial dispute by peaceful means without resort to force or threat of force, through friendly consultations and negotiations, and with respect to international law. The DoC prohibits claimants from occupying presently unoccupied features (though it does not forbid the upgrading of existing structures) and encourages the disputants to engage in cooperative activities such as scientific research. While the DoC is not a binding treaty and does not enumerate sanctions in the event of transgressions, it does represent a political statement to resolve tensions and pursue cooperative confidence-building measures (CBMs). It is also an agreement to work toward a formal and binding code of conduct, a commitment reaffirmed at subsequent ASEAN-China meetings, including the November 2006 Nanning Summit.

A major breakthrough in the dispute occurred during 2004-05. In September 2004, the Philippines and China agreed to conduct joint seismic studies in the disputed waters of the South China Sea with a

view to identifying areas for oil and gas exploration. The agreement—known as the Joint Marine Seismic Undertaking (JMSU)—was joined by Vietnam in March 2005. Under the JMSU, the three state-owned energy companies of the Philippines, China, and Vietnam are undertaking a 3-year pre-exploration study. After the study is completed, a committee made up of representatives from the three countries will review the data collected and suggest policy options for further exploration and possibly exploitation.

In addition to the JMSU being a concrete manifestation of China's "charm offensive," the tripartite agreement was also driven by concerns in Manila and Beijing over rising energy prices. And as one analyst has argued, the JMSU also represents an attempt by the Philippines and Vietnam to lock the PRC into cooperative agreements before the Chinese Navy develops the capabilities to enforce its claims by force.[9] Domestic political factors in the Philippines also played a role as President Gloria Macapagal Arroyo has worked assiduously to improve Sino-Philippine relations since 2001, relations long strained by the South China Sea dispute.

What are the implications of the easing of tensions in the South China Sea for the United States? America's position on the territorial dispute has always been quite clear: Washington does not recognize any of the disputants' claims, and has urged the various parties to resolve their differences peacefully and without resort to force. The United States has also implied that it would only intervene militarily in the dispute if tensions were ever to endanger freedom of navigation in the South China Sea. During the Mischief Reef Crisis in 1995, the United States adhered to these principles and declined to offer its Philippine ally support on the

grounds that Manila's claims to part of the Spratlys archipelago was made in 1976, and that the islands were not, therefore, covered by the 1951 MDT. Intriguingly, however, President Arroyo revealed in 2004 that U.S. forces had been training the Philippine military to defend the Spratlys until she had asked them to switch focus to the Abu Sayaaf terrorist group operating from Mindanao.[10]

The likelihood of the United States becoming embroiled in a military showdown with the PRC over freedom of navigation rights in the Spratlys is extremely remote. The DoC and JMSU indicate that, for the first time ever, the political will to shelve the sovereignty dispute and move forward with joint exploration and exploitation is present in China and the ASEAN capitals. However, while the PRC and the Philippines both lauded the agreements as the first steps toward turning the South China Sea into a "sea of friendship and cooperation," the real difficulties and hard decisions will come in 2008 when the survey has been completed and the three countries have to deal with questions of joint exploitation, profit sharing, and the roles of the other disputants. But it seems unlikely that ASEAN and China will return to the confrontational mode over the islands. China sets the tone for the dispute, and the adoption of an overtly aggressive stance toward the Spratlys by Beijing would undo years of active diplomacy, heighten threat perceptions of the PRC in the ASEAN states, and push some closer to the United States. Even if significant quantities of oil and gas are discovered in the area, this would be too high a price for China to pay. In 1995, at the height of the Mischief Reef Crisis, Philippine President Fidel Ramos averred that China's behavior in the South China Sea represented a "litmus test" on how a strong China would behave in the future. The PRC seems to have taken this message

on board and is keen to demonstrate to the countries of Southeast Asia that its willingness to engage in cooperative activities in the South China Sea is indeed a litmus test of how it intends to treat its neighbors in the future. That being the case, the chances of a U.S. entanglement in the dispute remain very slim.

Conclusion.

The outlook for the United States in Southeast Asia vis-à-vis Sino-ASEAN relations is fairly benign. The burgeoning relationship between the countries of Southeast Asia and the PRC enhances stability in the region, which is clearly in America's interests. And while China's economic, political, and military profile is on the rise, this does not mean that the ASEAN states view America as any less important. Access to U.S. markets is hugely important to their continued economic growth, while ASEAN governments covet U.S. investment and technology transfers. Nor do high levels of economic interaction mean that the ASEAN states are aligning themselves with China, let alone bandwagoning. China has used its influence in the region to advance only a very narrow set of core interests; Taiwan, Tibet, and the Falun Gong. However, Beijing has failed to drive a wedge between any of the ASEAN states and America, particularly the core members. On the contrary, military-to-military links between the United States and most of the ASEAN states have been enhanced over the past decade.

While the ASEAN members are happy to trade with China and are willing to concede that Beijing has become a more constructive player in regional politics, they still harbor, to varying degrees, anxieties about China's long-term ambitions in the region. For

historical, ethnic, and geopolitical reasons, the countries of Southeast Asia all have trust issues with the PRC. As a consequence, the ASEAN members are hedging their bets by encouraging a balance of power among the United States, China, Japan, and, increasingly, India. America is still viewed as the key balancer, and its offshore military presence will continued to be welcomed, more so as China's power grows.

One cannot rule out, however, the possibility that the interests of China and the United States will diverge in Southeast Asia. The ASEAN states fear more than anything else a deterioration in relations between Washington and Beijing in which Southeast Asia becomes the theater for those rivalries to be played out, as it was during the Cold War with disastrous consequences. Singapore's Minister Mentor Lee Kuan Yew gave voice to these fears in the aftermath of the EP-3 spyplane incident in April 2001: "We in Southeast Asia held our breath. When it was over, we heaved a sigh of relief."[11] Three possible scenarios have been identified in which the U.S. and Chinese interests in Southeast Asia would diverge: war in the Taiwan Strait, political unrest in Burma, and Chinese aggression in the South China Sea. From the standpoint of 2007, however, these three scenarios seem rather unlikely: The SPDC seems firmly entrenched in power, and Taiwan and the Spratlys are no longer the flashpoints they once were. At least on the last two points, the ASEAN states hope the status quo will be maintained.

ENDNOTES

1. ASEAN was formed in August 1967 by five countries—Singapore, Indonesia, Malaysia, Thailand, and the Philippines. Brunei joined in January 1984 on independence, and in August 1995, Vietnam acceded to the organization. Burma and Laos joined in July 1997, and Cambodia in April 1999. Southeast Asia's newest country, East Timor, which became a sovereign state in May 2002, has applied for membership and is likely to join before 2010.

2. See Ian Storey, "2007 Marks the Key Year in Thailand's Southern Insurgency," *Terrorism Monitor,* Vol. 5, Issue 2, February 1, 2007.

3. See Ian Storey, "China-ASEAN Summit: Beijing's Charm Offensive Continues," *China Brief*, Vol. 6, Issue 23, November 23, 2006.

4. *Xinhua News Agency,* October 30, 2006.

5. *Straits Times*, November 2, 2006.

6. See Ian Storey, "China's 'Malacca dilemma'," *China Brief,* Vol. 6, Issue 8, April 12, 2006.

7. David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security*, Vol. 27, No. 4, Spring 2003, p. 58.

8. "How ASEAN Can Hold Its Own Against China," *Straits Times,* November 6, 2002.

9. Ralf Emmers, *Maritime Disputes in the South China Sea: Strategic and Diplomatic Status Quo,* Working Paper No. 87, Singapore: Institute for Defence and Strategic Studies (IDSS), Nanyang Technological University, September 2005.

10. "US Had Trained Troops to Defend Spratlys," *Los Angeles Times*, April 4, 2004.

11. "Friendly Elephants Warm Reception," *South China Morning Post*, May 23, 2001.