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## China and Southeast Asia

### Report

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# ➤ China and Southeast Asia<sup>1</sup>

Odd Arne Westad

**The most remarkable aspect of China's international development over the past thirty years has been its re-engagement with Southeast Asia. Until three decades ago China laboured under a self-imposed exile from the continent of which it is a part. In the early 1980s China had just fought a war with Vietnam, in which it lost at least 20,000 soldiers, and the other Southeast Asian states understandably viewed China with suspicion. India, along China's south-western frontier, was politically close to the Soviet Union and had regarded China as a diehard enemy since the 1962 war. It was an Asian world that seemed to have expurgated China from its midst. The central kingdom was no longer central, but distinctly peripheral to the rest of the continent.**

Now look at the situation today. A most striking change in China's foreign relations has taken place to its south. In spite of their differences over the division lines in the South China Sea, the Southeast Asian countries are today closer to China than they have been for at least a hundred years. Vietnam is a case in point.

## **NORMALISING RELATIONS**

China's most recent border war was with Vietnam, a country Maoist China had supported in its struggles for reunification against France and the United States. The 1979 war left deep scars in China. To most Chinese, its course demonstrated Vietnamese ingratitude, Soviet perfidy, and Chinese military weakness all in one. I visited the border areas not long after the war ended, and the shock was palpable. It was no secret to local people that China had lost the war, or at least not won it.

Chinese diplomatic ineptitude had brought about the brief but disastrous Sino-Vietnamese war of 1979. Throughout the late 1960s and 1970s, the Maoists had supported the radical Cambodian faction, the Khmer Rouge, especially after it took power in 1975 and introduced a Maoist-type state. When the Khmer Rouge leader Pol Pot repeatedly attacked Vietnamese territory, Beijing stuck by him because of its concerns over Hanoi's increasingly close relationship with the Soviets.

Throughout the 1980s China and Vietnam carried out a war by proxy in Cambodia, with Vietnamese troops keeping a new government in place in Phnom Pen. China continued to support the Khmer Rouge, despite the former regime's claim to lasting infamy being that it carried the only known genocide against its own population. Although China was not the only country that supported directly or indirectly the Khmer Rouge remnants fighting from the jungles of western Cambodia after the Vietnamese forces had thrown them out of the capital in 1979, it was the only one that kept a close political relationship with Pol Pot's group, supplying considerable amounts of weapons and funds to the Khmer Rouge both before and after 1979. Kaing Guek Eav, or Duch, who went on trial in 2009 for torturing and murdering 14,000 people in Tuol Sleng prison during Khmer Rouge rule, spent a year in China in the mid-1980s. Pol Pot himself spent two years there, ostensibly for medical treatment.

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<sup>1</sup> The text is amended from Odd Arne Westad, *Restless Empire: China and the World since 1750*, published by Basic Books earlier this year.

Vietnam withdrew from Cambodia in 1989, as the Cold War was coming to a close, but the terror of the Khmer Rouge continued up to the movement's self-destruction in 1997, when Pol Pot killed his second-in-command and then either died or was killed himself. In the meantime, Cambodia could begin its slow journey back from the nightmare it had experienced.

Nevertheless, the end of the Cold War had a deep impact on the Sino-Vietnamese relationship. With the Soviet collapse and with the war in Cambodia won by the Vietnamese (although at a terrible cost), both Hanoi and Beijing were eager to find a *modus vivendi*. As China's economy expanded, the Vietnamese Communist leaders became convinced that Vietnam had to reform its own economic sector. By the early 2000s, much inspired by the Chinese example, Hanoi had transformed its sluggish planned economy in a market-led expansion that in relative terms in Asia was second only to that of its northern neighbour. But the worries the Vietnamese leaders had over what they saw as Chinese attempts at controlling their country did not abate, and they were wary of Chinese investment, including that by returning Sino-Vietnamese who had fled during the war. Even so, China has become Vietnam's largest trading partner, and all forms of economic exchanges are increasing rapidly.

Despite good economic links and decent overall bilateral relations, some of the Sino-Vietnamese tension that we have seen through history continues today. Hanoi is particularly concerned over China's territorial claims in the South China Sea. This is a conflict that is threatening to overshadow much of China's relations with its neighbours to the south. But for Vietnam, having fought a recent war with China, these claims have a direct security relevance as well as economic implications. If Vietnam accepted the Chinese position, even in part, then almost all of its coast would be alongside waters controlled by the Chinese navy. It would also, many in Hanoi believe, be left out of the exploration of rich natural resources under the seabed and rich fisheries in the sea above. Having joined the Association of Southeast Asian Nations in 1995 and dramatically improved its relations with the United States, Australia, and Japan, Vietnam is trying to multilateralise the issue,

in order to balance China's growing power. China, on its side, is worried that Vietnam is spurning its offers of friendship and cooperation and that the country might become a cornerstone in a US-led containment policy toward China.

China has come a long way in normalising its relations with what is probably, in the long term, its most important neighbour in the region. But issues from history stand in the way of a full partnership. Still led by two communist parties, the two countries go through frequent spats over historical issues. Both sets of leaders insist that the other should censor nationalist sentiments on Internet sites or blogs. At the heart of the matter is the view, never completely forgotten in Beijing or Hanoi, that China is the central state in the region, and therefore expects, or demands, subservience by others. The Sino-Vietnamese agreement on the exact land borders between the two countries, signed in 1999, took ten years to implement amid accusations that both sides were moving century-old border markers in the dead of the night to gain advantage. It will not be easy for the two to achieve a balanced relationship.

## **FORGING LINKS**

The foreign policy that China's late leader Deng Xiaoping formed focused on forging closer links with Southeast Asia. The region is full of Chinese migrants who have done well as well as companies and individuals who could contribute to China's modernisation through trade and investment. Deng thought their involvement in the PRC would be less politically problematic than that of Americans, Japanese, and Koreans. The problem Deng's China faced was that most Southeast Asian states had leaders who saw China as a threat. They feared the political influence of the Chinese minorities in their own countries, and they resented the PRC because for almost a generation it had sponsored communist parties opposed to their governments. In countries like Malaysia, Thailand, Burma, and the Philippines, China had supplied communist-led guerrillas with money, weapons, and training to carry on civil wars. It was not an ideal starting point for opening up relations with the existing regimes.

In more ways than one, China got very lucky in its attempts to reach out to old elites in Southeast Asia. It could benefit from contacts with the Huaqiao, the Southeast Asian Chinese. Some of these connections had not even been broken during the Cultural Revolution. China could also build on the general assumption among the wealthy in the region that China would be a gigantic market for Southeast Asian goods if they could get in before other and more powerful foreigners were able to establish themselves there. From the early 1980s on, very much driven by the Chinese diaspora, Southeast Asian companies became a significant presence in China. Some of them, such as Thailand's Charoen Pokphand (Zheng Dai in Chinese), are now among the largest foreign investors there. The Vietnamese overthrow of the Pol Pot regime in Cambodia in 1979 also helped China in this regard. The PRC could stand as a *de facto* ally of the conservative Southeast Asian regimes against what they feared would be Vietnamese and Soviet attempts at controlling the whole region. Singapore's anti-communist leader, Lee Kuan Yew, told Western visitors that 'if the Chinese had not punished Vietnam, all of Southeast Asia would have been open to Soviet influence. Now it has gained 10 to 15 years. The Thai premier, for instance, is a new and relaxed man after the Chinese punitive expedition.' China's attempts at 'teaching Hanoi a lesson' may have been a disaster from a Chinese military perspective, but the stunned praise it brought Beijing from countries further south gave Deng time to quietly shelve his country's support for communist insurgencies outside its own borders.

As a Chinese-majority state and the most dynamic economy in Southeast Asia, Singapore has played a particularly important role for China. Deng Xiaoping visited there in 1978, in his first foreign visit after having retaken the reins of power in Beijing. Deng, the proponent of 'muscular growth' as he called it, was most impressed with what he saw. Deng had last visited Singapore in 1920, when it was a colonial backwater where the Chinese existed to do the work for British authorities. By the late 1970s Singapore was a powerhouse. It was in most respects everything Deng wanted China to become. After returning to Beijing, Deng stressed the need to learn from Singapore's social order and stability, from its economic versatility, and from the role the government had in promoting and

steering growth. For three generations of Chinese Communists, Singapore had been everything there was reason to hate: capitalism, class oppression, and closeness to the United States. In the 1980s and 1990s it became an object of emulation, especially as social and political unrest in 1989 threatened to derail Deng's plans. It also became an economic partner. Singapore is now the fifth largest investor in China and a primary conduit for the import of technology, including forms of technology that China finds it difficult to obtain elsewhere.

Lee Kuan Yew, the Singaporean leader, taught the new Chinese leadership much about the region he operated in. By the 1990s he stressed the importance of the regional organisation, ASEAN. Originally set up in 1967 as a framework for cooperation among anti-communist governments, ASEAN soon took on a much broader significance in terms of regional integration. After the Cold War it began a set of ambitious programs for deepening cooperation among member states. And it added new members: Vietnam in 1995, Burma and Laos in 1997, and Cambodia in 1999. Today's ASEAN states, which together have almost 600 million people in them, are aiming for an economic community not unlike the European Union.

For China the emergence of ASEAN was both a threat and an opportunity. Lee and other Southeast Asian leaders were at first told that China preferred to deal with individual states, not regional organisations. Then, as it became clear that ASEAN would not accept a divide-and-rule approach and that the organisation was an increasingly integrated force for regional stability, the Chinese government changed tack. Since the late 1990s, cooperation between China and ASEAN has gone from strength to strength, with real practical progress underlying the often fuzzy language about Asian values and common heritage. On economic issues, the big northern neighbour has come to be seen more as a partner than a threat through a number of new formal and informal mechanisms. China's support for regional currencies during the economic crisis in 1997-1998 convinced even those who had been critical of Chinese policies in the past that Beijing now had no interest in economic dislocation to its south. An ASEAN-China Free Trade Area came into force in 2010, but there are still difficulties in the trade relationship that need to be sorted out.

## SECURITY PERCEPTIONS

As we have seen in the case of Vietnam, now a key member of ASEAN, institutional cooperation does not always translate into security perceptions. If one speaks with leaders from the Southeast Asia region, the overarching problem of living next to a giant is always present, in all its facets. In broad outline, the relationship is not unlike the one between the United States and Latin America. But China's southern neighbours are, relatively speaking, far more powerful than those of the United States, not least because they are better organised. Uncertainties over who will be in a position to develop the resources that border the Southeast Asian region create mutual suspicions and potential conflict. ASEAN countries are for instance worried about Chinese links with Myanmar, a resource-rich member state that is, despite the recent opening-up, still run by a particularly incompetent military dictatorship. The regional organisation has been pushing for reform in Myanmar, while China has seemed happy with status quo.

But first and foremost the main ASEAN members are concerned over Beijing's claims to most of the small islands within the South China Sea. This vast maritime area holds immense riches – oil, gas, and mineral ores – and both the ASEAN countries and China want to develop it. These waters also contain the world's busiest commercial sea lanes. China and Vietnam have already clashed over ownership of some of the islets, with China occupying nine of the Spratly Islands, over which Vietnam also claims sovereignty. Now other ASEAN states are getting increasingly concerned about China's motives and its actions. Chinese maps show Scarborough Shoal, about 120 miles from Subic Bay in the Philippines, as Chinese territory, and claim reefs as far south as thirty miles off the coast of Borneo, all in the name of 'historical rights'. From 2010 some ASEAN members have leaned heavily toward internationalising the issue, seeking support from the United States and other powers, such as India. All such attempts in the past have met with a stern reaction from Beijing, which has now begun speaking of the South China Sea as a Chinese 'core interest'.

There is obviously much that still can go wrong in the Sino-ASEAN relationship, in spite of a hopeful beginning. Within ASEAN, the biggest economy and the most powerful military are both Indonesian. With a rapidly growing population of close to 250 million people, Indonesia has now become the key power in the region, and its relationship with China has not always been easy. The CCP had supported the Indonesian Communist Party, which was crushed in a military crackdown in 1965. In the massacres that followed the military takeover, Chinese-Indonesian communities were targeted and thousands of innocent people killed. The Indonesian constitution contained anti-Chinese restrictions all the way up to the reintroduction of democracy in 1998. People of Chinese ancestry are still underrepresented in politics and military affairs but massively overrepresented in business; it is often said that Chinese-Indonesians control up to two-thirds of the Indonesian private economy. There is much uncertainty in the relationship between Beijing and Jakarta, although the two are working together within an ASEAN framework.

The contradictory form of the Sino-Indonesian relationship came to the fore in 1998, a year many Indonesians celebrate as the beginning of their country's democracy. As the strongly anti-communist Suharto dictatorship ended, Indonesians of Chinese descent were attacked in many parts of the country by mobs that accused them of amassing illicit wealth during the dictator's rule. For older Chinese, who had had relatives killed thirty years before by the dictator's forces on suspicion of being communists, the wanton murders and rapes in 1998 were signs that if you were of Chinese descent in Indonesia you were in constant danger whatever you did. One report described the ordeal of a Sino-Indonesian family who ran a little corner store in a suburb of Jakarta: 'Among the looters were people known to the family, including the local meatball seller, who made off with a television set. Others stole the photo-copier from the store and then later tried to sell it back to the family for a high price. A year after the attack the family were operating their store again, supplying basic goods to the neighbourhood.' Unlike after 1965, the PRC government's reaction was measured. It stressed that Sino-Indonesians were, above all, Indonesian citizens who should be protected by their own government.

Student protests in Beijing were quelled by the authorities, who wanted a good relationship with the post-Suharto regime in Indonesia.

China's fear today is that Indonesia, and Southeast Asian states more generally, will increase their cooperation with the United States as a result of Beijing's economic rise and more powerful international position. Military and diplomatic planners whom I have spoken with see such a development as quite likely. The United States had a close strategic relationship with Indonesia during the Suharto dictatorship from 1965 to 1998, and most of the Indonesian leaders are oriented toward the United States culturally and educationally. They are also aware of the positive impact in the country of President Barack Obama having spent four years there as a child. Beijing is trying to use its new economic muscle to be seen by Jakarta as an equal of the United States. Right before Obama's first visit to Jakarta as president in 2010, China offered investments of \$6.6 billion in desperately needed infrastructure improvements. But such forms of economic cooperation are just turning the existing situation around very slowly, especially as the United States is rebalancing to focus on the region with the ending of its wars in Iraq and Afghanistan.

The South China Sea issue is less of an immediate concern to Indonesia than to some of the other ASEAN members, but Jakarta has made a point of full ASEAN solidarity on the matter. Unfortunately for both countries, especially in the longer run, China's ocean claims overlap with Indonesia's economic zone in one area, which happens to be part of the world's largest gas field off the Natuna Islands. The Indonesian government has reacted very negatively to what it sees at Chinese attempts at intimidating its neighbours. When some ASEAN states tried to raise Law of the Sea concerns at the ASEAN regional forum meeting in 2010, the Chinese foreign minister reminded his counterparts very sharply about the difference in size between China and its southern neighbours. The Indonesians will not have it; a former top foreign policy maker told me afterwards that 'Indonesia is a serious country that will not be bullied'.

Not surprising, then, that the Indonesian armed forces in 2009 carried out a joint exercise with the United States, code-named Garuda Shield. They, and other ASEAN militaries, stress that they believe a US presence in the region is needed in order to balance the growing power of China. The Indonesians have also sought closer relations with India, China's rival further west. China's response has been halting. Most Chinese leaders believe that a gradual and measured approach to Southeast Asia, combined with China's rising economic power, will prevent great power rivalries in the region. They tend to stress China's historical ties to the area, and their peaceful development over a long period of time. But Beijing is in no mood to barter away what it sees as Chinese rights in return for a stable relationship. In 2010 China held its biggest naval exercises ever in the South China Sea, with ships from all three main Chinese fleets participating. For the first time since the fifteenth century, China has a predominant naval presence in the southern seas. ■