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# China's Strategic Advancement in Southeast Asia: Trade, Diplomacy and Connectivity

Anushree Bhattacharyya\*

*The rise of China is the primary cause of changing strategic dynamics in Asia. China's growing economic, military and political weight is shaping regional and individual destinies of its neighbours, particularly in Southeast Asia. Despite the academic debate over its future, Chinese influence is burgeoning and this has major implications for other Asian powers such as India, Japan, Russia, and the offshore balancer, the United States. This paper examines Chinese strategic gains in the Southeast Asian region in the areas of trade, regional diplomacy and cross-border connectivity. It also seeks to understand why India, unlike China, has not managed to integrate as closely with Southeast Asia despite using policies similar to that of China.*

Fareed Zakaria in *Newsweek* (2008) stated that the “advent of China as a global power is no longer a forecast but a reality”. China today is a rising Asian superpower that is systematically consolidating its global reach by pursuing a distinctive engagement policy, primarily in its periphery. This will have deep strategic connotations.<sup>1</sup> Friedberg explains:

*“Rising powers seek not only to secure their frontiers but to reach out beyond them, taking steps to ensure access to markets, materials, and transportation routes;*

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*...promulgate their values; and, in general, to have what they consider being their legitimate say in the affairs of their region and of the wider world".<sup>2</sup>*

China's southeastern neighbourhood is the Southeast Asian region comprising 11 small countries. This region is intersected by important global maritime trade routes and, therefore, holds considerable strategic significance. It is also one of the fastest growing regions in the world and has managed inter-state relations through a matured regional set up in the form of the Association of Southeast Asian Nations (ASEAN). While in the past, Sino-Southeast Asian relations were primarily set by people to people interaction, today these are driven by governments. This "growing interaction" in the region is driven more by economics than by military or political concerns.<sup>3</sup>

This paper examines China's strengthening ties with Southeast Asian countries. These relationships show China's rising influence and strategic advancement into the region. Although in conventional analysis, strategic penetration is primarily judged in military terms, this paper focuses on three non-military<sup>4</sup> factors that have helped China achieve strategic leverage in its southeastern neighbourhood. Trade, regional diplomacy and cross-border connectivity are three pillars of Chinese soft power. Hence, special focus has been accorded to connectivity initiatives since transport infrastructure comprising roads and railways involves establishing physical links in foreign territory. In the end, a comparison of the "connectivity diplomacy" of India and China is made.

### **Military Ties between China and Southeast Asia**

Military ties between China and Southeast Asian countries have been limited up to now. The Southeast Asian countries have remained small and medium actors on the international stage and their focus is on internal security rather than on external defence. They are also pre-occupied with safeguarding the freedom of the seas since several major international sea-lanes traverse their territorial waters. Consequently, aggressive military modernisation and power projection is not a priority for these states.

Traditionally, American and European firms have been the key military suppliers to Southeast Asian countries. After the September 11, 2001 attack, the United States (US) declared Southeast Asia as an important strategic area and a major front in the global war on terrorism. As a result, military aid started pouring in.<sup>5</sup> In contrast, Chinese military assistance to major Southeast Asian countries has remained modest.

At the same time, it is not as if arms sales and bilateral defence agreements have not been signed between China and the Southeast Asian countries.<sup>6</sup> China has sold military equipment to several of the ASEAN member states – Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, and Vietnam – over the past five years.<sup>7</sup> Among them, Myanmar, Laos, Thailand and Cambodia are the major beneficiaries of this military assistance. China donated six patrol craft to Cambodia in January 2005. It has also helped Thailand to build *Naresuan* class frigates and has provided military vehicles in exchange for merchandise products.<sup>8</sup>

Myanmar is one country in the region where Chinese military collaboration is substantial. Virtually, all military hardware operated by Myanmar's armed forces is of Chinese make. China has given US\$ 1.2 million worth military aid<sup>9</sup> to the Philippines and has agreed to annual security talks. It has started defence cooperation talks with Indonesia. Multilaterally, China has used the ASEAN Regional Forum (ARF) to increase communication with defence officials.<sup>10</sup> All these efforts are directed towards building strategic partnerships with the ASEAN states to help reduce regional suspicion and help China acquire a measure of legitimacy within Southeast Asia.

Other ASEAN countries have not yet established defence ties with China, possibly because of the discord with China over the South China Sea. A degree of wariness towards China is discernible in the region.<sup>11</sup> As Amitav Acharya notes

*“even though eschewing a confrontational policy towards China, the major Southeast Asian countries resist any temptation to strategically align with China, wary of its uncertain evolution as a rising power and the political costs (which are, in some cases, domestic as well as international) of such alignment”.*<sup>12</sup>

Therefore, the region is uncomfortable with growing Chinese military expenditure and its occasional aggressive moves in the South China Sea and along the Taiwan Straits.<sup>13</sup>

However, China is aware of the reservations ASEAN members have regarding the establishment of substantive military ties with it. Consequently, it has abstained from pushing for deeper military cooperation whilst encouraging cooperation in other sectors.<sup>14</sup> This serves Chinese interest since the absence of military cooperation does not attract US objections or subsequent military rivalry.<sup>15</sup> Therefore, China has been vigorous in projecting a benign national image, which it hopes will help the process of 'peaceful' penetration of the neighbourhood.

### **The Three Salient Areas: Enter the Dragon**

China wishes to present itself as a peaceful and constructive member of the international community.<sup>16</sup> Accordingly, it has adopted a comprehensive neighbourhood policy, with both short and long term goals. The short-term strategy focuses on immediate and achievable targets such as border demarcation, settlement of territorial disputes, establishment of dialogue mechanisms and diverse approaches in dealing with emerging issues. The long-term strategy aims at China's integration into the regional system,<sup>17</sup> suggesting that it plans deeper strategic penetration into the region.

Chinese long-term strategy is striking in areas such as commercial trade, regional participation and building infrastructural networks for communications designed to earn goodwill in the region. This is indeed the safest way to project benign power, while at the same time, discreetly increasing its penetration of the region. Not surprisingly, Chinese goods, currency and traders are gradually becoming ubiquitous in the region.

In the post Asian financial crisis period, China has become the engine of growth for the Southeast Asian economies. Booming intra-regional and intra-industrial trade is attributed to China's emergence as an economic powerhouse. Considered the third largest economy in the world, China is experiencing an annual growth rate of about 9 per cent. Massive foreign direct investment (FDI), rising manufacturing exports and cheap labour have turned the country into a magnet attracting Southeast Asian businesses. As a result, the ASEAN economies' dependence on China is growing. China was ASEAN's third largest trading partner in 2009, accounting for 11.3 per cent of ASEAN's total trade. As indicated in Table 1, the import-export basket of the four major industrialised ASEAN countries has been growing consistently since 2000. By 2010, China's trade with ASEAN is likely to reach US\$ 275 billion. The China-ASEAN Free Trade Agreement (CAFTA) effective since 2010 will further boost trade, touching an estimated US\$ 1.2 trillion. This will transform the entire region into the world's third largest free trade area by trade volume after North America and Europe.

At the same time, Southeast Asian countries are worried about the flood of cheap Chinese goods wiping out indigenous production. In addition, diversion of FDI into China at the expense of its smaller neighbours is also a major apprehension. However, the imbalance in trade between China and the Southeast Asian economies is mitigated by China's outward investments and its service sector market. The Southeast Asian nations also have the potential to reduce their trade gap with China thanks to the

Table 1. ASEAN's growing dependence on China

Partner country	Export (%)			Import (%)		
	2000	2004	2008	2000	2004	2008
Indonesia	4.48	6.45	8.54	6.03	8.85	11.80
Malaysia	3.09	6.70	9.55	4.03	10.02	13.06
Philippines	1.75	6.70	11.24	2.37	6.12	7.59
Singapore	3.91	7.75	9.21	5.31	9.37	10.61
Thailand	4.09	7.39	9.28	5.56	8.88	11.76

Source: WITS database

comparative advantage they enjoy in producing primary products such as timber, palm oil and food items. China's massive domestic market also presents lucrative investment opportunities<sup>18</sup> for Southeast Asian countries.<sup>19</sup> On the tourism front, China is the third largest source of tourists – tourist inflows were estimated at 13.8 million between 2001 and 2005.<sup>20</sup> These commercial interactions are also helping to bring together Chinese and Southeast Asian economies, making them more competitive as a region and thereby attracting greater foreign investment flows into their integrated market.<sup>21</sup>

The zero-tariff market of over 1.7 billion people under the CAFTA umbrella will further integrate Southeast Asia with China. Integration of the economies will create interdependence between the two, leading to decreasing independence of the Southeast Asian states. With their growth dependent on the Chinese economy, they would refrain from adopting any policy or making any move that could antagonise China.

China's soft power is becoming apparent at ASEAN Summit deliberations. Despite renewed US interest in the region and the emergence of other Asian powers like India and Japan, Chinese clout is visibly rising. The unwavering attempt on China's part in engaging the smaller states on the periphery is motivated by what Deng called, "secure our position". More articulately, the Dragon would prefer to crawl, "hide capacities and bide time, till he is able to challenge others".<sup>22</sup> Regional engagement, thus, plays a significant role in exerting influence in the neighbourhood.

China's diplomatic skills have sharpened through its interactions with ASEAN. Chinese diplomats have been interacting with senior ASEAN officials since 1995 and by 2005, a total of 48 mechanisms for cooperation were signed between China and

the ASEAN. In contrast, the US, in its 28 years of “dialogue relations” with the ASEAN, has only managed to set up 15 such mechanisms.<sup>23</sup>

Regional participation has served China’s core interest wherein it wants to play an influential role but does not want to be seen as trying to impose its hegemony. A multilateral forum such as ASEAN also provides an opportunity to balance other competing powers such as the US.

### Connectivity Infrastructure: Beijing Gears Up for Strategic Depth

China views Southeast Asia as “potentially the most fruitful and receptive region for projecting influence”.<sup>24</sup> In this respect, building physical connectivity with its neighbours is a cost-effective way to spread influence. As these transport links become operational, Southeast Asians will become more familiar with China. With increased interaction and movement between the two, China will become a connecting hub in the region. Militarily, too, China stands to gain as the cross border transport infrastructure will help mobilise military transport and reinforcement capabilities more quickly and efficiently during a crisis.

Asian powers like India and Japan have understood the need for connectivity with their respective peripheries.<sup>25</sup> However, China is way ahead of both. It aims to build



Fig. 1. Chinese presence in South Asia; entering Nepal from Tingri and linking it to Kunming and Dali (Southern China) (source: [www.99daystopanama.com/China/TripMap.jpg](http://www.99daystopanama.com/China/TripMap.jpg); accessed on October 4, 2009).

26,000 km of highways to connect its urban centres with the rest of Asia.<sup>26</sup> To do so, China will spend Renminbi 1.5 trillion on its rail system from 2006-10, as announced by its Rail Ministry.<sup>27</sup> The country plans to add 17,000 km of track to the existing route-length, which is already the third longest in the world.

China is building two North-South strategic corridors on both sides of India – the Trans-Karakoram Corridor to Gwadar and the Irrawaddy Corridor involving road, river and rail links from Yunnan to Myanmar ports.<sup>28</sup> The Irrawaddy Corridor has already penetrated into the interiors of Myanmar to capture markets and establish a strategic leverage in the country. In Central Asia, there are plans to build 12 highways in the region. The longest link in Central Asia will stretch from Urumqi, Xinjiang's capital, to Tehran and Istanbul.<sup>29</sup>



Fig. 2. China's island border with Indo-China region (source: [www.math.ksu.edu/~dbski/publication/china\\_map.gif](http://www.math.ksu.edu/~dbski/publication/china_map.gif); accessed on October 4, 2009).

Within ASEAN, infrastructure building is receiving precedence in order to realise the goal of ASEAN community building initiatives by 2015. The ASEAN Vision 2020 adopted in December 1997 prioritised regional transportation network initiatives. Sub-regional platform such as Greater Mekong Sub-region (GMS) are also being utilised to accelerate the implementation of the inter-linking projects.

One ASEAN objective is to build transport infrastructure and link the various countries of the grouping. China is the biggest player in this endeavour. At the 10<sup>th</sup> ASEAN-China Summit in Cebu (Philippines) in 2007, Chinese Premier Wen Jiabao said:

*“China proposes a strategic plan on China-ASEAN transport cooperation in the next 10 to 15 years be formulated to facilitate coordinated development of regional transport, improve integrated transport networks, and facilitate communication and transport in the region”.<sup>30</sup>*

Currently, China and ASEAN have identified 90 transport infrastructure projects for cross-border transportation and facilitation.

China has been using its borders with Myanmar, Laos and Vietnam to push through rail and road links to other Southeast Asian countries. Through Laos, the routes connect to Thailand and Malaysia. In Myanmar, major infrastructure and transport projects have largely been sponsored by China, which include several roads, railway tracks, airfields and naval bases,<sup>31</sup> causing anxiety for its neighbours. The upgradation of the Homalin airfield just 23 km from Indo-Myanmar border carried out by China is one such cause of concern. Oil-gas pipelines<sup>32</sup> and hydroelectric projects in the Kachin area are some of the other strategic projects being executed by China.

China is aggressively continuing with several other projects. The transport network building programme under the GMS development initiatives is made up of three main



Fig. 3. Road linking Kachin region in Myanmar with Kunming, China (source: ADB website; accessed on March 23, 2009).

corridors, namely the North-South Corridor, the East-West Corridor and the Southern Corridor. The most significant of these is the Kunming-Bangkok Highway under the North-South Corridor, which is scheduled to be completed by 2011. The proposed highway would be 2,000 km long and would considerably reduce travelling time between the two cities. The 688 km Chinese section under this highway project starts in Kunming, the provincial capital of Yunnan and stops at Mohan, an important trade port on the Sino-Laotian border. The first stretch of the section – from Kunming to Yuxi – was completed in April 1999. The sections of the highway within the territories of Thailand and Laos have almost been completed, except for a bridge linking the two nations. On the completion of the North-South Economic Corridor, there would be one highway linking Beijing to the southernmost part of the Malay Peninsula.

On the eastern side towards Vietnam, the railroad from Kunming, the capital of China's Yunnan province to Haiphong port in Vietnam via Lao Cai (the entry point in Vietnam), is only 854 km long while the shortest domestic railway from Kunming to Guangxi's Fangcheng port is more than 1,800 km away.<sup>33</sup> Thus, once the Kunming-Hanoi-Haiphong link is operative, transportation cost of goods from Yunnan to Vietnam and other third countries will be considerably reduced.



Fig. 4. Linking Kunming to Haiphong (source: [www.gokunming.com/images/blog/173.jpg](http://www.gokunming.com/images/blog/173.jpg); accessed on October 4, 2009).

The 1,500 km long East-West Corridor does not pass through China. It links four countries, Myanmar, Thailand, Laos and Vietnam. The corridor terminates at Vietnam's Danang port, which will be its gateway to the Pacific.

The second most important link from China into Southeast Asia is the Singapore-Kunming Railway. It is the flagship project of the ASEAN-Mekong Basin Development Cooperation (AMBDC) initiative. Once operational, this regional railway line spanning some 5,000 km (3,000 miles) from Singapore to the Chinese city of Kunming, would be a very efficient and cost effective cargo transportation option.<sup>34</sup>

There are essentially two routes from Kunming to Singapore. The first starts from Kunming and passes through Myanmar, Thailand and Malaysia, before reaching

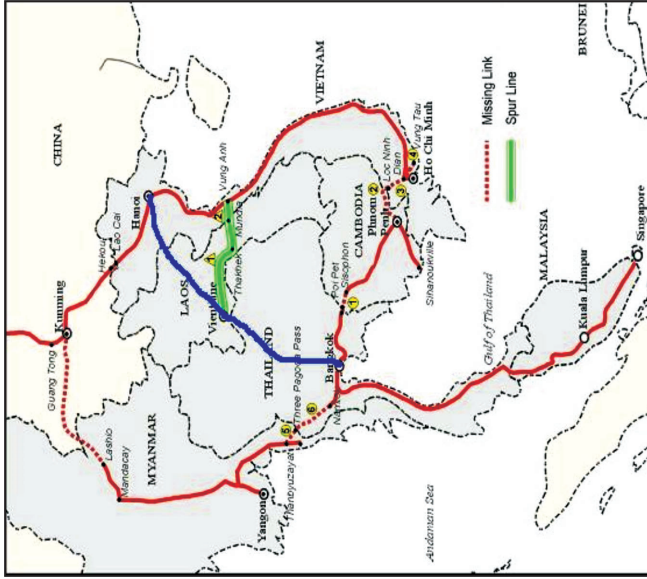


Fig. 6. Singapore-Kunming railway link (source: <http://img329.imageshack.us/img329/1466/efafaeaf2.jpg>; accessed on October 4, 2009).

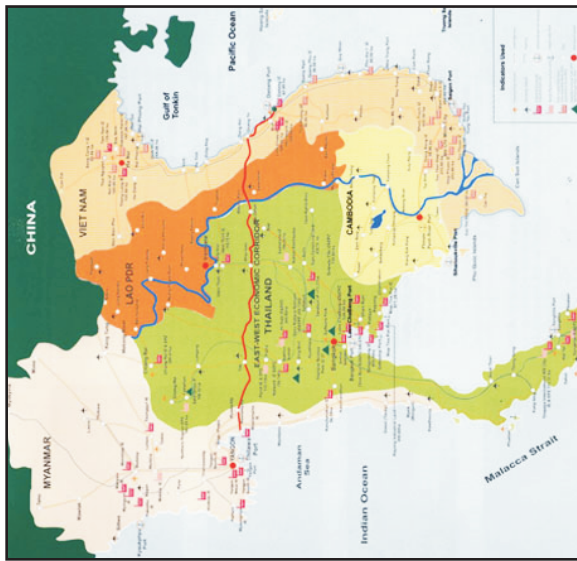


Fig. 5. Red line indicates the East-West corridor, connecting Myanmar, Thailand, Laos and Vietnam (source: [www.danang.gov.vn/photo/pictures/ban-do-qhoach-2020.jpg](http://www.danang.gov.vn/photo/pictures/ban-do-qhoach-2020.jpg); accessed on October 4, 2009).

Singapore. The second goes from Kunming to Vietnam. After touching Ho Chi Minh City, this route enters Cambodia and goes on to Bangkok.

All these initiatives require standardisation of transport infrastructure and customs related norms. In this respect, the railway tracks from Nanning (the capital of Guangxi province) to Hanoi have already been made uniform. China has made efforts to operationalise a “single-window inspection” and “single-stop custom inspection” at the Hekou (China)-Lao Cai (Vietnam) border-crossing point.

### **Maritime and Port Infrastructure**

China appears to endorse the view of a notable historian that

*“to be within reach of a port is to be within reach of the world”.*<sup>35</sup>

China today is the world's fourth most important maritime state in terms of the size of its merchant fleet and its 6.77 per cent share of total world tonnage (United Nations Conference on Trade and Development (UNCTAD), *Review of Maritime Transport*, 2005). Major Chinese ports have grown massively in recent years and have come to occupy a prominent place in the list of the world's top 20 terminals, displacing ports like Kobe and Yokohama.<sup>36</sup>

China is assisting Southeast Asian countries to improve their port infrastructure. Chinese ports are also collaborating with foreign port management companies. For instance, the port of Dalian has entered into a strategic partnership with APM Terminals, Cosco Pacific and the Port of Singapore Authority to develop the port in order to serve the northern regions of China.<sup>37</sup> The ASEAN and China appear to have established several mechanisms for the development of maritime infrastructure. The ASEAN-China Cooperation Fund has been set up to promote human resource development, personnel training as well as technical and information exchanges in port construction and management.<sup>38</sup> Dialogue and knowledge exchanges are taking place in the areas of maritime safety, security and environmental protection. China is also preparing a strategic port cooperation development plan with ASEAN. The Southeast Asian countries have welcomed China's initiative to set up an ASEAN-China Port Services Network for information and knowledge sharing in the port sector. China is also cooperating with some Southeast Asian countries, including Vietnam, Laos, Thailand and Myanmar,

for the improvement of navigation channel on the Lancang-Mekong River. One success story is the completion of the Navigation Channel Improvement Project on the Upper Mekong River. China is also looking into the Inland Waterway Improvement Project involving Cambodia, Laos, Myanmar and Vietnam.

### **Benefits and Challenges of the Connectivity Initiative**

China and Southeast Asian countries recognise that an integrated transport network for smooth and speedy movement of goods and people is a vital supporting infrastructure for the success of CAFTA.<sup>39</sup> The Chinese economy too would benefit as the routes through Indochina provide the shortest access to the sea. Such a network would also enhance prospects for tourism, which is a major source of earning in the region. The revitalisation of underdeveloped local economies such as land-locked Laos and Yunnan province of China would be an additional benefit.<sup>40</sup> The relatively underdeveloped regions of Indochina are large potential markets for Chinese-made produce. China could also choose to relocate its labour-intensive industries in Guangdong to new manufacturing bases in Indochina. This would revitalise the poorer Southeast Asian countries.

The transport links would also boost cultural ties in the region. It would also help the large ethnic Chinese communities in Myanmar, Thailand, Malaysia, the Philippines, and Indonesia. In Myanmar, for instance, the Chinese community has grown to over two million out of a total population of approximately 50 million. In Mandalay, 20 per cent of the population and half the population of Lashio are thought to be ethnic Chinese from Yunnan.<sup>41</sup> The fresh immigrants to the region are thought to have closer ties to China than earlier waves.<sup>42</sup>

However, it is important to note that these initiatives are not devoid of hurdles. Lack of funds is a major concern. For example, the Singapore-Kunming Railway Link, estimated to cost US\$ 15 billion, has been hindered due to financial constraints. The Asian Development Bank (ADB) and the Organisation of Petroleum Exporting Countries (OPEC) have provided financial aid for various projects, but this has often proved inadequate.

Political instability and economic uncertainty in some countries of the region have occasionally derailed ongoing infrastructural projects. The Myanmar regime is a case in point. In Pradip Phanjoubam's opinion

*“Myanmar’s junta is wary of too much openness and is unlikely to welcome the rail projects with open arms”.*<sup>43</sup>

## **China Scoring Better than India**

India’s success in cross-border connectivity is modest as compared to China, since it appears to lack the drive that China has shown while dealing with neighbouring countries. Indian policy makers have been somewhat tardy in launching cross-border connectivity projects and suffer from indecisiveness and sluggishness while prioritising and implementing sanctioned projects. Moreover, compared to India the border areas in China are relatively stable, except for Tibet and the Xinjiang province. India’s Northeast states, in contrast, are insurgency-infested. Despite India’s desire for opening a trade and transit corridor from its Northeast to Southeast Asia through the land borders of Myanmar, violence by secessionist elements has impeded these initiatives.<sup>44</sup>

While China has been fairly successful in implementing a series of transport projects in Southeast Asia, India lacks a holistic policy on infrastructure linkage with the ASEAN. The latter seems to be holding back owing to insecurity regarding its borders. The border areas are deliberately being kept underdeveloped as they are considered to be war-zones. For instance, recently, India decided not to go forward with plans to rebuild the Stilwell Road connecting the state of Assam with Yunnan in China.<sup>45</sup> The former Indian Foreign Secretary Shyam Saran has noted

*“border areas were, and in many cases still continue, to be looked upon as ‘outposts’ or worse, “buffer zones” in the colonial tradition, which are best left underdeveloped, with heavily restricted access. If some roads or highways are built these generally follow an alignment suited to narrowly conceived defence interests, rarely taking into account the interests of resident communities, whose sense of alienation from the national mainstream begin to assume disturbing proportions”.*<sup>46</sup>

Indian policy-makers, despite their grand plans on cross-border connectivity, do not seem committed to turn the “impermeable wall” to ‘well-connected’ borders.<sup>47</sup>

## **Conclusion**

Even pessimists will admit that China today is an exporter of goodwill and consumer

durables instead of revolution and weapons.<sup>47</sup> China considers Southeast Asia to be within its legitimate sphere of influence. As a result, it has steadfastly taken the cross-border infrastructure drive, which allows access to regional energy resources and raw materials, protect maritime trade routes across the region, and develop wide-ranging relations in the ASEAN for economic and political ends. Similarly, CAFTA will enhance demand for Chinese goods and Renminbi in the partner markets. The less developed countries in the ASEAN as a whole stand to benefit from the process of integration with China. However, for India and rest of the world, deeper Chinese presence in Southeast Asia also raises the apprehension of Chinese “Latin Americanisation of Southeast Asia” or worst, Finlandisation of the region in the long term.<sup>48</sup>

## Notes

1. Peripheral neighbourhood is significant for China, as all the conflicts that it had to face since 1949 occurred in the neighbourhood. In order to maintain internal stability and prosperity, China prioritises on cultivating its neighbouring countries in friendly terms. Notably, China's periphery covers half of Asia, as land borders are shared with 15 countries. For details, see ‘China and Asia's Security’, in *China in the Globalized World Monograph Series*, Shanghai Institute for International Studies, 2005.
2. Aaron L. Friedberg, “The Future of US-China Relations: Is Conflict Inevitable?”, *International Security*, 30(2) (Fall 2005): 8.
3. Thomas Lum et al. 2008, China's “Soft Power” in Southeast Asia, CRS Report for Congress, Source: [www.fas.org/sgp/crs/row/RL34310.pdf](http://www.fas.org/sgp/crs/row/RL34310.pdf), accessed on 29 September 2009, p. 1.
4. Why non-military means are achieving greater strategic end than the hardcore traditional means? To this question, Steve Chan (2005) explains that it is difficult to imagine nowadays advocating territorial aggrandisement, demographic expansion, exuberant consumption of depletable resources, and the maintenance of a large standing army as a way to achieve national power and prestige. Therefore, non-military areas are receiving precedence.
5. For details, see Daljit Singh. 2002, “The Post-September 11 Geostrategic Landscape and Southeast Asian Response to the Threat of Terrorism”, ISEAS, Singapore. [www.iseas.edu.sg/92002.pdf](http://www.iseas.edu.sg/92002.pdf) (accessed on September 12, 2009).
6. Sheldon W. Simon, “Southeast Asia's Defense Needs: Change or Continuity?” in A.J. Tellis and M. Wills (Eds.), *Military Modernization in an Era of Uncertainty* (Seattle, 2005), p. 273.
7. Jing-dong Yuan, “China-ASEAN Relations: Perspectives, Prospects and Implications for US Interests”, *Strategic Studies Institute Monograph* (United States Army War College,

- 2006), [www.strategicstudiesinstitute.army.mil/Pubs/display.cfm?pubid=735](http://www.strategicstudiesinstitute.army.mil/Pubs/display.cfm?pubid=735) (accessed on October 5, 2009), p. 15.
8. *Jane's Fighting Ships 2006-07*.
  9. China is pursuing the military aid diplomacy for a long period. In the periphery, Nepal and North Korea are the two countries generously receiving Chinese benevolence. This policy is in tune with the extending strategic leverage against its formidable opponents, India in Nepal's case and US and her allies in Asia Pacific.
  10. ASEAN defence officials are involved in ASEAN's security dialogue through their participation in the annual ASEAN Special Senior Officials' Meeting (ASEAN Special SOM) as a Working Group on Security Cooperation since 1996. The ASEAN Special SOM serves as a joint forum between senior foreign and defence officials. At ARE, defence officials' involvement was instituted at an informal luncheon in 1997. Such interactions are aimed at increasing transparency, confidence and building cooperation and collective responses to address common challenges in the region. For details see ASEAN website: [www.aseansec.org/18511.htm](http://www.aseansec.org/18511.htm)
  11. There are several western writings over the subject. Revisionist China theory is advocated by scholars like Mearsheimer (2001), A.I. Johnston (2003) and Koong Pai-ching (1999), *Southeast Asian Perceptions of China's Military Modernization*, Asia Paper No. 5 (Washington, D.C.: Sigur Center for Asian Studies, George Washington University). However, there are counter views from scholars like Shambaugh (2004), Fu Ying (2003) and Vatikiotis (2003).
  12. Amitav Acharya, "Seeking Security in the Dragon's Shadow: China and Southeast Asia in the Emerging Asian Order", *IDSS Working Paper No. 44*, 2003, p. 2.
  13. The ASEAN countries' wariness over China's rise can be understood from Robert Kagan's statement in *Washington Post* in 2005, where he said that "the history of rising powers...and their attempted 'management' by established powers provides little reason for confidence or comfort. Rarely have rising powers risen without sparking a major war that reshaped the international system to reflect new realities of power." Several post-Cold War western literature has projected this pessimism, such as, A.L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia", *International Security*, Vol. 18(3) (Winter 1993/94): 5-33. John Mearsheimer (2001), *Tragedy of Great Power Politics* (New York: Norton).
  14. As scholars have pointed out, historically, the world's premier powers did not emerge from the ranks of those strategic states commanding the largest territory, population, or armed forces. Rather, Spain, France and, most recently, Soviet Union lost out to their respective smaller rivals that were much more adept in the creating and application of "soft power" assets (for example, the Netherlands, the UK and most recently, Japan) in developing economic and commercial competitiveness. This abstract is taken from Steve Chan (2005), "Is there a Power Transition between the US and China? The Different Faces of National Power", *Asian Survey*, XLV(5): 701.

15. Sheng Lijun, "China-ASEAN Cooperation against Illicit Drugs from the Golden Triangle", *Asian Perspective*, 30(2) (2006): 97-98.
16. David Shambaugh, "China Engages Asia: Reshaping the Regional Order", *International Security*, Winter 29(3) (2004/2005): 66.
17. Zhao Gancheng, "China's Rise and Periphery Policy", in N.S. Sisodia and G.V.C. Naidu (Eds.), *Changing Security Dynamics in Eastern Asia: Focus on Japan* (New Delhi: Promilla & Co. in association with IDSA, 2005).
18. Till 2008, ASEAN nations had US\$ 52 billion in accumulated investment in China, with Singapore, Malaysia and Thailand ranked the top three. China's FDI to ASEAN countries reached US\$ 2.18 billion in 2008, increasing by 125 per cent over 2007.
19. Ng Beoy Kui, "The Economic Emergence of China", in *Connecting and Distancing: Southeast Asia and China*, Ho Khai Leong (Ed.) (Singapore: ISEAS, 2009), p. 196.
20. *Ibid.*, note [19], p. 13.
21. John Wong and Sarah Chan, "China-ASEAN Free Trade Agreement: Shaping Future Economic Relations", *Asian Survey*, XLIII(3) (2003): 526.
22. Rahul K. Bhonsle, "China's Regional Policy: The Dragon Crawls", *News Blaze*, June 13, 2007, <http://newsblaze.com/story/20070613075014rahu.nb/topstory.html>
23. Some of the bilateral agreements between China and ASEAN are the Joint Statement on ASEAN-China Cooperation Towards the 21st Century (1997), Joint Declaration of ASEAN and China on Cooperation in the Field of Non-traditional Security Issues (2002), Declaration on the Conduct of Parties in the South China Sea (DOC) (2002), Joint Declaration on Strategic Partnership for Peace and Prosperity (2003), and Joint Statement of ASEAN-China Commemorative Summit (2006).
24. Vaughn, Bruce and Wayne M. Morrison, "China-Southeast Asia Relations: Trends, Issues, and Implications for the United States", *CRS Report for Congress*, 2006, [www.fas.org/sgp/crs/row/RL32688.pdf](http://www.fas.org/sgp/crs/row/RL32688.pdf) (accessed on October 12, 2009), p. 2.
25. India and Japan have resorted to connectivity diplomacy in their foreign policy initiatives. Japan is restoring a modern version of the Great Silk Road, which long ago connected Japan through the Central Asian region with Europe and the Middle East. India, on the other hand, is vouching on Chahbahar Port in Iran and connecting it by road to Afghanistan, the Srinagar-Muzaffarabad bus service across the Line of Control, the West Bengal to Bangladesh road link through Kolkata-Petrapole, and the opening of a border trade point at Nathu La in Sikkim to connect with China. In fact, to counter China's great push to build railway links in South Asia, Indian Railways has come up with a plan to build links with Nepal and Bhutan. Rail India Technical and Economic Services (RITES) had been commissioned to conduct feasibility study on six rail links with Nepal and three with Bhutan (*Hindustan Times*, October 14, 2009). For details, see Tolipov, Farkhod Fazilovich, "The New Great Silk Road and the New Great Game: Japan's Geopolitics in Central

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  29. The project is due to be completed by 2010.
  30. China to speed up Pan-Asian rail link: Kunming-Singapore, [www.skyscrapercity.com/showthread.php?t=443798](http://www.skyscrapercity.com/showthread.php?t=443798) (accessed on September 23, 2009).
  31. There are unconfirmed reports of six naval bases built by China on Myanmar's coastline, which include Sittwe, Munaung, Hainggyi, Coco Islands, Mergui, and Za Det Gyi. These ports are constructed to serve Chinese interests. For example, the Sittwe port is developed for transport of goods to the Bay of Bengal wherein prohibitive cost and commercial viability forces China to shift the exit point to Yangon. On the other hand, Za Det Gyi port provides access to the Indian Ocean, Thailand and Malacca Straits. India's concern lies in possibility of covert underground monitoring facility being developed in Coco Islands aimed at monitoring activities in the Indian Ocean.
  32. Some offshore blocks taken over by China include Rakhine, Moattama and Taninthayi, while the onshore basins include Central basin, Pyayembayment basin, and Ayeyarwaddy basin.
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  34. The Singapore-Kunming Rail Link (SKRL), [www.business-in-asia.com/asia/SKRL\\_railway.html](http://www.business-in-asia.com/asia/SKRL_railway.html) (accessed on September 15, 2009).
  35. Eric Hobsbawm, *The Age of Revolution 1789-1848* (London: Abacus, 1962), p. 22.
  36. Nazery Khalid, Port Development Boom in China, *China Brief* (6) 7, [www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=3940](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=3940) (accessed on September 14, 2009).
  37. *Ibid.*
  38. Some Chinese capacity building initiatives include Port Management and Marketing Workshop for ASEAN High-level Officials and Managers in Dalian in August/September 2004; ASEAN-China Workshop on Ships' Ballast Water Management in Beijing in September 2004; and China-Philippines Joint Table-Top Search and Rescue Exercise Project in Beijing and Manila, separately, in 2009.

39. Second ASEAN and China Transport Ministers Meeting, Joint Media Statement, October 25, 2003, Yangon, [www.aseansec.org/15355.htm](http://www.aseansec.org/15355.htm) (accessed on September 14, 2009).
40. India is looking for connecting its northeastern region with the mainland Southeast Asia. India shares land-boundary with Myanmar. Once the transport infrastructures are in place between northeastern India and Southeast Asian countries, India hopes it will turn its underdeveloped Northeast region into a dynamic economic hub for the country.
41. Poon Kim Shee, "The Political Economy of China-Myanmar Relations: Strategic and Economic Dimensions", *Ritsumeikan Annual Review of International Studies*, Vol. 1 (2002): 35, [www.ritsumei.ac.jp/acd/cg/ir/college/bulletin/e-vol1/1-3shee.pdf](http://www.ritsumei.ac.jp/acd/cg/ir/college/bulletin/e-vol1/1-3shee.pdf) (accessed on September 15, 2009).
42. *Ibid.*, note [24].
43. Ramachandran, Sudha. "India's Rail-building Challenge", *Asia Times Online*, January 3, 2007, [www.rmtbristol.org.uk/2007/01/indias\\_railbuilding\\_challenge.html](http://www.rmtbristol.org.uk/2007/01/indias_railbuilding_challenge.html) (accessed on June 27, 2008).
44. One of the primary motives behind India's connectivity diplomacy with Southeast Asia is to spur the economic dynamism of its Northeast region, where the development deficit remains a challenge for the government. In 2007, the then External Affairs Minister Pranab Mukherjee said, "we are involved in a variety of cross-border development projects with Myanmar in diverse fields such as roads, railways, telecommunications, information technology, science and technology, power etc. These initiatives are aimed at improving connectivity between northeastern India and western Myanmar and are expected to give an impetus to the local economies as well as bilateral trade".
45. The Stilwell Road is a former World War II supply route built in 1944 under the supervision of US General 'Vinegar' Joe Stilwell. The 1,700 km (1,000 mile) road once connected Kunming with the city of Ledo in Assam state, with most of the road passing through northern Myanmar's Kachin state. For details, see "India says no to Stilwell Road", Source: [http://images.google.co.in/imgres?imgurl; www.gokunming.com/images/blog/764.jpg; www.gokunming.com/images/blog/764.jpg&imgrefurl; www.gokunming.com/en/blog/tag; also see, "India not to Reopen Key WWII Road", \[http://news.bbc.co.uk/2/hi/south\\\_asia/8194622.stm\]\(http://news.bbc.co.uk/2/hi/south\_asia/8194622.stm\) \(accessed on October 5, 2009\).](http://images.google.co.in/imgres?imgurl; www.gokunming.com/images/blog/764.jpg; www.gokunming.com/images/blog/764.jpg&imgrefurl; www.gokunming.com/en/blog/tag; also see, )
46. Shyam Saran, Lecture on "India's Foreign Policy and the Andaman and Nicobar Islands Port Blair", September 5, 2009, [www.maritimeindia.org/pdfs/Maritime\\_Imperatives.pdf](http://www.maritimeindia.org/pdfs/Maritime_Imperatives.pdf) (accessed on September 27, 2009).
47. China has been prudent to initiate several decades ago the development of transport infrastructure along its borders. In 1962, during the Indo-China war, Chinese troops mobilised much faster than the Indians to take positions along its borders.
48. The term Latin 'Americanisation of Southeast Asia', coined by Daojjiong Zha in his commentary "Can China Rise?", *Review of International Studies*, 31 (2005).

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