

#MDPD Studies



China's Security and Defence Cooperation in Southeast Asia

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China's Relations with ASEAN



Figure 1 - China's bilateral joint exercises and key proposed infrastructure projects in ASEAN, along with main weapons flows since 1999. Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019 - processed by Lexikat.

Many within ASEAN (the Association of Southeast Asian Nations) have long held ambitions to become more like the EU. However, although some steps towards greater integration have been made, there remains a strong preference for relatively loose 'ASEAN way' approach to relations on the part of most member governments. This situation suits China well, given its preference for bilateral relations. While China participates in various ASEAN+ enterprises, it prefers to do its more serious business on a one-to-one level with national governments. This is understandable, as it is quicker and easier and places China in a far stronger negotiating position.

However, this also means that relations between China and each ASEAN nation. For example, in recent years Cambodia appears to have decided that its best chance of preserving both its internal and external security is to throw its lot in with China, even if it does make periodic declarations seemingly intended to make it clear that its affections are entirely mercenary. Meanwhile - given its own Chinese majority - Singapore remains careful to avoid giving an impression that it is pro-China. It maintains a relatively cool relationship with the country, insisting on its openness to cooperate on equal terms with all and maintains close relations with the US.

China and ASEAN

China has been a willing participant in ASEAN+ activities since the early 2000s. In 2000, it hosted the Fourth ASEAN Regional Forum (ARF) Meeting of Heads of Defence Colleges, and began contributing to the ARF's Annual Security Outlook. In 2003, it proposed establishing a joint Security Policy Conference (SPC) in order to promote dialogue. While this seems to have been created as a potential rival to the annual Shangri-La Dialogue sessions, China also participated in these. In 2010, the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus) was created, with Chinese collaboration. In addition, China has also signed a series of joint declarations with ASEAN. In 2018, despite ongoing legal squabbles over the South China Sea, China and ASEAN held their first joint naval exercises. They did not shy away from acknowledging the fact that their goal was to avoid any misunderstandings during the periodic maritime confrontations in the region. As Singapore's Chief of Navy, Rear-Admiral Lew Chuen Hong, put it, "We also need to promote practical norms that support international laws and enhance practical cooperation. The Code for Unplanned Encounters at Sea, or CUES, is one such example - it enhances operational-level communication and reduces risk of miscalculations." (1)

However, China's interactions at the ASEAN level are almost exclusively in the domain of 'jaw-jaw' rather than 'war-war'. When it comes to practical cooperation - the transfer of military equipment, technology or expertise, for example - or even direct military assistance in shoring up governments - China routinely deals bilaterally with individual governments.

Brunei-China Cooperation

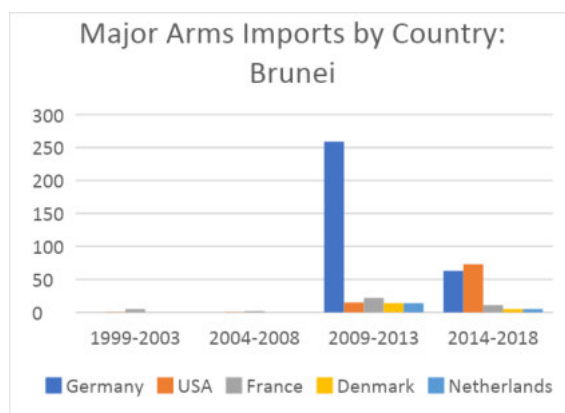


Figure 2 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

Buffered by its oil wealth, Brunei has historically displayed little interest in regional maritime disputes. However, peak oil has left it in an awkward situation. **To maximise its oil revenues it must assert its ownership over disputed South China Sea territories, but to ensure its economic survival once the oil runs out, it must improve its relations with China.**

Currently, it appears to be attempting both, insisting upon the application of relevant laws and agreements in governing maritime disputes, but also working to improve its relations with China. In the early 2010s, it began to build up its blue water naval capacity with a series of purchases from Germany: three offshore patrol vehicles (OPVs) and five patrol craft. **Its military can now access its offshore territorial claims in the South China Sea.** While it has long hinted at plans to expand its capacity, in the end, however, budgetary and personnel constraints were generally cited as having prevented the purchase of additional materiel.

At the same time as making gestures towards defending its claims, Brunei has also upgraded its relations with China. In 2018 President Xi Jinping visited the state and signed an agreement with Sultan Haji Hassanal Bolkiah upgrading their relationship to a “strategic cooperative partnership”. During the visit they “agreed to further strengthen cooperation in defence and security” and **“to strengthen law enforcement cooperation, and explore the possibility of establishing a bilateral extradition treaty and a mutual legal assistance treaty”**. (2) In 2020, similar sentiments were reiterated following a visit by Chinese Minister for National Defence General Wei Fenghe, adding – notably – that **both sides hoped to “jointly maintain peace and tranquillity in the South China Sea”**. (3)

This is not the only hint that Brunei may be leaning towards resolving its territorial disputes. **In 2018, the two countries agreed a plan for joint exploration for oil and gas in disputed areas. This would theoretically provide a win-win solution.** It would grant both states access to hydrocarbon reserves at reduced cost, allowing China to increase its foothold in the South China Sea without Brunei having to formally back away from its claims. This has already opened the door to further military and police cooperation: **in 2021, a joint emergency response exercise was conducted at a plant owned by Hengyi Heavy Industries Sdn Bhd – a Chinese petrochemical plant based in Brunei.** If this partnership is successful it is likely to encourage other regional states with similar disputes to attempt to negotiate similar deals with China.

Cambodia-China Cooperation

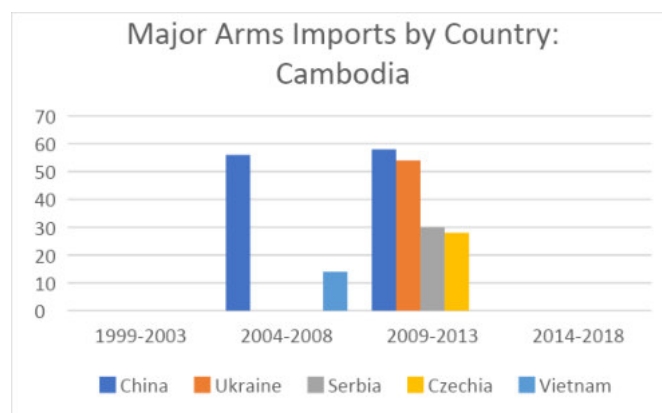


Figure 3 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

China has been a supporter of successive Cambodian governments since the days of the Khmer Rouge. In more recent years, **PM Hun Sen's government has enthusiastically adopted a bandwagoning approach towards China, receiving direct foreign investment in exchange for Cambodia's support in international fora and access to its economic and territorial resources.** China's financial support has helped maintain Cambodia's economic growth and thus strengthened popular support for the government. However, many citizens are less enamoured by the influx of Chinese companies and expat workers, who tend to push up prices and make little effort to integrate into local society. The government counters this disquiet by insisting on the **need for ties with China in order to hedge against Vietnam, which is widely seen as an existential threat to Cambodia**, given past conflicts and the number of Vietnamese living in Cambodia. (4)

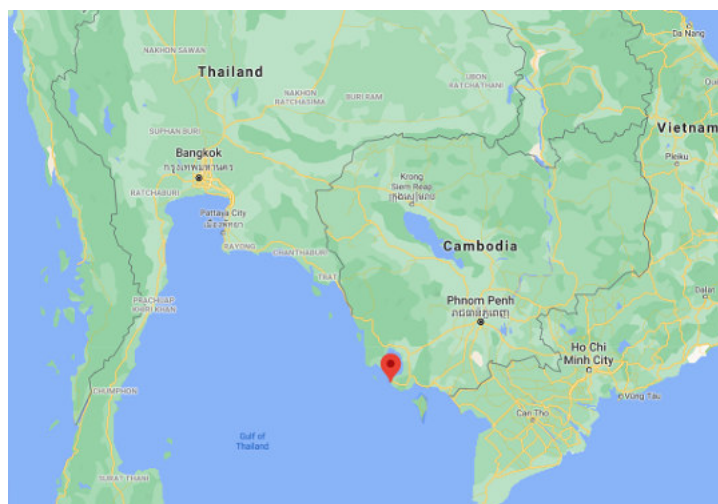


Figure 4 - Location of Ream Naval Base - Source: Google Maps.

China's security and defence ties with Cambodia are both deeper and more extensive than those with any other ASEAN state. **Chinese police have been stationed in Cambodia since 2018.** While the stated aim of this police cooperation is to assist local officers in dealing with the many Chinese expats in the country, locals have also complained that offenders with charges pending against them in China - a significant proportion - are deported, rather than being prosecuted locally. (5) The two countries hold an **annual live fire exercise** - 'Golden Dragon' - in Kampot Province, Cambodia, involving over 3,000 personnel. **China is also Cambodia's main weapons supplier.**

Crucially, **China has also secured access to the Ream Naval Base** in southwestern Cambodia (see map). Following the collapse of the Khmer Rouge regime, numerous allies of the new government – most notably the US – helped to renew and upgrade the facilities. This willingness to assist was due in no small part to their desire to use it as a base in the Gulf of Thailand themselves. **The US and Cambodia still conduct regular joint exercises** at the base; however, in 2019 and 2020 it was reported that the Cambodian government had agreed to grant the People's Liberation Army (PLA) Navy access to one-third of the base for a period of 30 years. The stationing of foreign troops on national territory would be unconstitutional in Cambodia, and the government has denied that any deal had been concluded. PM Hun Sen insisted that while **China had paid for renovations at Ream Naval Base**, “If one foreign navy ship can make a port visit here, then ships from other countries can do the same. We can allow access to ships from many countries to dock cargo ports, but Ream Naval Base is a military port, so you need to ask for permission. We welcome ships from any country, not exclusively just Chinese ships.” (6)

China’s investment in Cambodia has also paid dividends in other ways. **In 2016, Cambodia blocked a joint statement by the ASEAN member states on the South China Sea disputes**, which was to state that international rulings should be obeyed.

Indonesia-China Cooperation

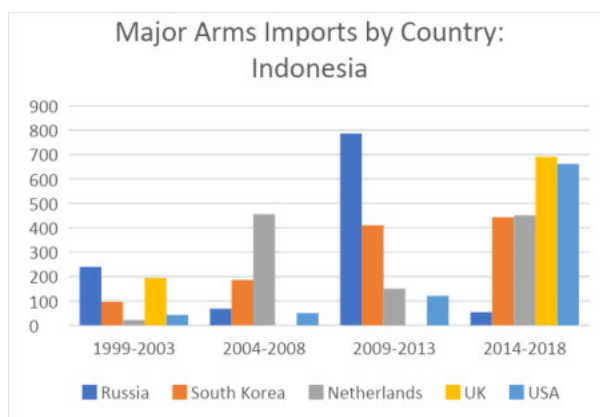


Figure 5 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

Indonesia's relations with China have traditionally swung between mild indifference and outright hostility. President Sukarno had more than once attempted to rope China and other Asian communist states into supporting his proposed anti-US Alliance, but at the same time had limited the rights of Chinese Indonesians to do business on Indonesian territory. In the wake of the failed communist coup of 1965, the government severed all ties with China and introduced new **policies that discriminated against ethnic Chinese resident in Indonesia**. The decades that followed saw repeated outbreaks of **anti-Chinese violence**.

Nevertheless, **Indonesia has long sought to avoid open conflict with China over their disputed maritime claims, even offering to act as a neutral mediator between China and various other regional states** in their respective disagreements. In 2011, the two countries conducted their first joint military training exercise. In recent years, however, **Indonesia has also been more willing than many to actively protect its maritime interests**, making recent purchases of new naval equipment to help in the endeavour. It has blown up and sunk boats involved in illegal fishing in its territorial waters, including a number of Chinese vessels, and **regularly conducts naval exercises in the region, both alone or in partnership with US, Russian or other forces**. In December 2019, the Chinese Coastguard escorted several Chinese fishing boats into an area near the Natuna Islands, which lies within Indonesia's Exclusive Economic Zone (EEZ) but is also claimed by China. In response, the Indonesian Navy deployed ten ships to the area and four F-16 fighters, with **the two nations spending the first week of 2020 locked in a standoff**. Despite this, **Indonesia was still planning to buy naval patrol boats from China, before submitting to US pressure and cancelling the purchase in March 2020**.

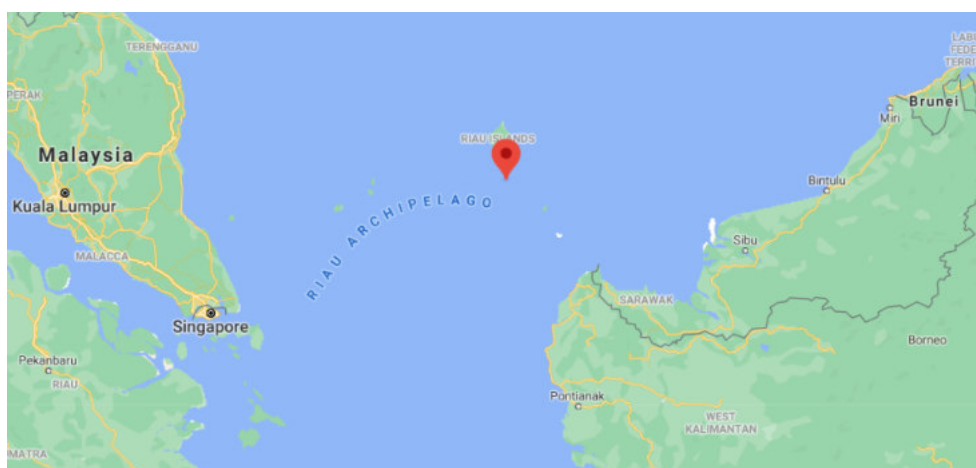


Figure 6 - Natuna Islands (Indonesia) - Source: Google Maps.

This reflects the continuing growth in economic ties between the two countries, despite their territorial disputes. **China is now Indonesia's largest trading partner for non-hydrocarbon-based goods, and the second-largest source of Foreign Direct Investment (FDI) in Indonesia**, providing around 20% of the total received. While a large proportion of the cash comes in the form of private funds, **Indonesia also benefits significantly from China's Belt and Road Initiative (BRI) strategy**, with the Chinese government pouring money into major infrastructure projects across the country. Indonesia has also benefited from Chinese COVID diplomacy, as **China has pledged to make Indonesia a regional vaccine production hub**. It remains to be seen, however, whether China will leverage its economic power to increase its influence in Indonesia's military affairs, however. Widespread **resentment of the comparative wealth of Indonesia's Chinese minority remains commonplace, making them subject to occasional bouts of violence, and meaning that economic diplomacy by the People's Republic of China (PRC) risks being counter-productive**.

Laos-China Cooperation

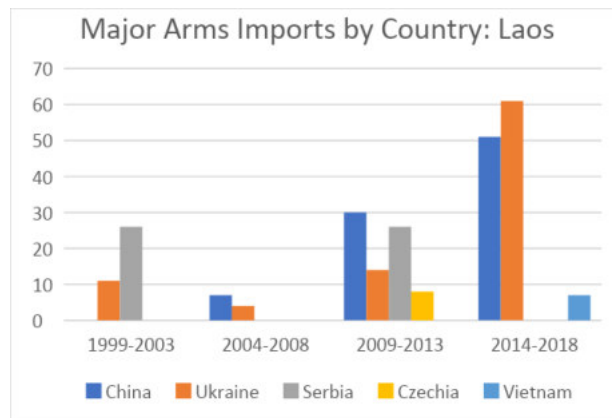


Figure 7 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

Laos has enjoyed extremely close cooperation with China since the advent of communist rule. Indeed, **the Pathet Lao received the majority of its aid from Mao's China, partly as a result of the two countries' ideological commonalities, and partly because of the mutual supportive relationship that existed between the Pathet Lao and the Viet Cong.** With this, the Pathet Lao was able to push southwards from its original strongholds and eventually take Vientiane in 1975, exercising its power largely under the control of the Vietnamese government. While Vietnam pressed Laos to break off relations with China during its 1978 invasion of Vietnam, Vietnamese influence waned during the 1980s and the Laotian government grew closer to China.

While Vietnam retains strong ties with Laos at both local and national levels, Chinese influence continues to increase. China and Laos engage in military cooperation, but Laos' limited capacities mean that any such collaboration is on a relatively small scale. **China provides regular support to the Laotian Army,** and the two countries hold periodic defence cooperation meetings among high-level representatives.



Figure 8 - Developer's models of the Boten SEZ - Source: Matthew Bossons.

The Laotian Army is one of the lowest spenders in the region, but it is likely that its costs are kept low as a result of sweetheart supply deals with China. Large purchases are rare, but **in 2017 and 2018, Laos bought ten or more combat aircraft and 24 tanks from Russia, as well as air defence systems from China in response to threats by Cambodia.** However, it is in the area of police cooperation in areas of shared economic interests.

In the early 2000s, Chinese construction projects helped to create a lawless frontier zone between the two countries, with farming villages becoming boom towns full of Triad-linked casinos, night clubs and brothels. Ultimately, it was the Chinese authorities, tired of the spillover from these developments, who shut them down, cutting off their electricity supply. To replace the lost economic opportunities, **the two governments collaborated to create a Special Economic Zone (SEZ) at Boten on the China-Laos railway route,** funded and managed by the Yunnan Haicheng Group. This project took place as part of growing joint efforts to control the lawless border areas, with **police cooperation aimed at targeting cross-border crimes** including drug smuggling, wire fraud and online gambling. **Laos also conducts joint patrols with China, Myanmar and Thailand on the Mekong River, aimed at ensuring the security of freight transport using the river.**

Other economic collaborations also have strategic implications. Laos will be a key stage in the proposed Kunming-Singapore railway project, which will vastly improve Laos' trade links and increase property prices. However, it will also mean that interest payments to China will account for the majority of the national budget. There also remains a strong suspicion that **China's Lancang dam projects will increase the risk of flooding and drought along the Mekong and may adversely affect biodiversity,** making Laos' agriculture dependent upon Chinese goodwill. Popular mistrust of Chinese investment has led to **numerous violent incidents targeting Chinese businessmen.** Nevertheless, **the government has repeatedly demonstrated its willingness to exist as a Chinese client state** as long as this will ensure continued inflows of cash. **Laos has deployed its armed forces to protect large-scale Chinese projects** from attacks by locals whose homes and land have been expropriated or seen their livelihoods damaged in other ways by these projects.

Malaysia-China Cooperation

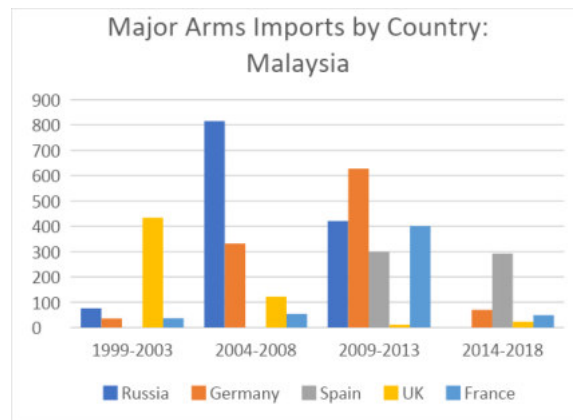


Figure 9 - Source: Wezeman, Siemon T. Arms Flows to South East Asia, Stockholm International Peace Research Institute, 2019.

Unusually among Southeast Asian states, successive Malaysian governments have tended to be relatively **hostile to China’s economic expansion in the region, while remaining relatively relaxed over its territorial ambitions**. This despite the fact that China is claiming a large area of hydrocarbon-rich EEZ, off the shores of Borneo that is also claimed by Malaysia. **China has repeatedly conducted naval exercises in the vicinity of James Shoal, a submerged sandbank around 80km north of the Borneo coast. Successive governments have tolerated these incursions, defending China’s right to patrol the area.**



Figure 10 - Competing territorial claims in the South China Sea - Source: Wikimedia Commons.

Former Defence Minister Hishamuddin Hussein addressed US criticisms of China's action in the region, saying, "Just because you have enemies, doesn't mean your enemies are my enemies." (7) The Malaysian government has also suggested that it would be willing to work with China to reach a negotiated settlement to their dispute, rather than trying to reach a joint agreement with other ASEAN members. This suggests that **Malaysia may be a strong candidate for a joint hydrocarbons exploration accord, similar to that offered to Brunei**. Despite this, however, Malaysia's engagement with China on security and defence issues remains far more distant than those pursued by neighbours such as Cambodia and Laos. The two countries have held occasional talks, but further cooperation has largely failed to materialise, and Malaysia retains its formal opposition to China's maritime claims. Malaysia's major arms suppliers are all European, and China figures only at the bottom of the table of exporters to Malaysia. The first joint military exercises between the two did not take place until 2015, with the inauguration of the now-annual Aman Youyi exercises.

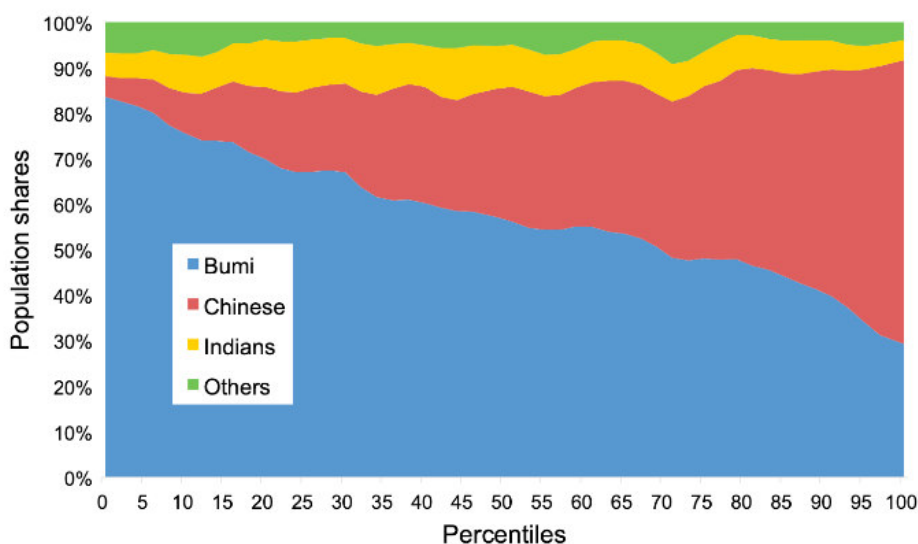


Figure 11 - Source: SEQ Figure * ARABIC 6 Wealth distribution by ethnicity in Malaysia - Source: Muhammed and Li (2019).

Economic cooperation, by contrast, has vacillated. **Malaysia has a significant ethnic Chinese population, but has long suffered a severe brain drain as a result of institutionalised discrimination against non-Malay citizens** via its *Bumiputera* policies, which grant priority to ethnic Malays in accessing education and setting up businesses. However, the *Bumiputera* policies failed to end the market dominance of the Chinese minority in the country, and by the 2000s, China had risen to become Malaysia's leading trading partner. While the Government of PM Mohammad Najib Abdul Razak was relatively open to bilateral trade agreements and infrastructure investment, former PM Mahathir Mohamad (elected 2018) was long openly hostile to China, cancelling or otherwise impeding many of these projects. Nevertheless, his opposition was not dogmatic, and he also admitted that **"we have to go to the Chinese for infrastructure"** (8) He summed up Malaysia's position thus: "China's attitude, of course, is to gain as much influence as possible. But **so far, China doesn't seem to want to build an empire. So we will remain free people...** At the moment we have not found them a threat to our security. Not yet, maybe later." (9) In March 2021 Mahathir was replaced by Muhyiddin Yassin, who has – on the surface – adopted a more conciliatory approach towards China, but under pandemic conditions it has been difficult to judge whether this will translate into real-world changes.

Myanmar-China Cooperation

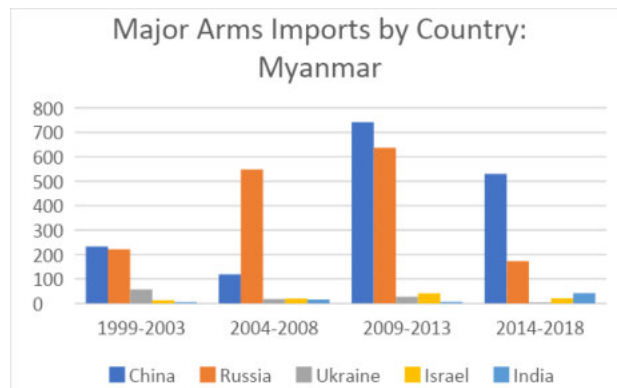


Figure 12 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

As in the case of Cambodia, China has been a long-term supporter of successive Myanmar governments, albeit with mixed results as far as its own interests are concerned. During the post-independence era, Burma was the first state to recognise communist rule in China. However, relations declined as Burma's treatment of its Chinese residents worsened, and China continued to support the Communist Party of Burma following General Ne Win's coup d'état. However, things have gradually improved since Deng Xiaoping took power in China, and, **in 1988, an agreement was signed that opened the way for cross-border trade and military aid**. In the month immediately following, however, there were pro-democracy uprisings, which were put down and the government replaced by the military-led 'State Peace and Development Council' (SPDC). Shunned by western governments, **the SPDC was obliged to lean into its available remaining support, becoming increasingly dependent on China and Russia**. Their influence grew correspondingly, with each being used by the Myanmar government as a hedge against the other.

During the years that the SPDC was in power, Myanmar and China engaged in repeated talks over military cooperation, with one of the central issues being the **conflicts and criminality occurring in the vicinity of the shared border**. **Not only is Myanmar a major drug producer, but insurgents from Kachin and Shan states have frequently taken refuge in China**. In recent years, both governments have concluded agreements by which **Kachin Province will share criminal intelligence with the authorities in neighbouring Yunnan, while China would provide support for law enforcement and drug treatment services in Kachin**. In the mid-2010s, China and Myanmar also began holding **periodic joint military exercises**, with a focus on the border area.

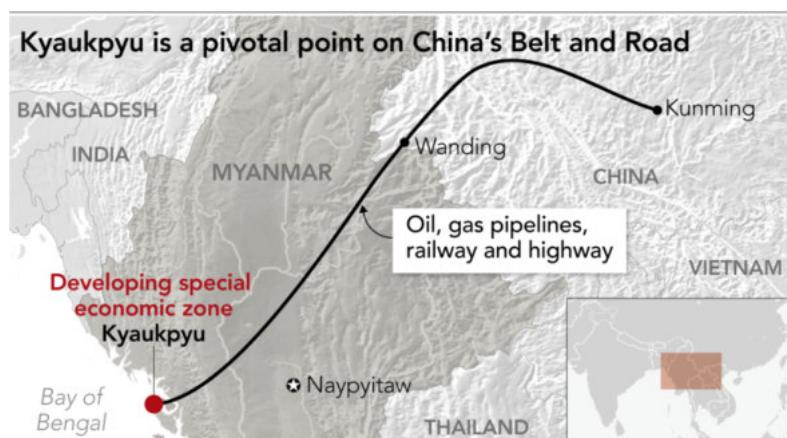


Figure 13 - Kunming-Kyaukphu links, Nikkei Asia (2018) - Source: Global Port Partners.

When the SPDC permitted democratic elections in 2011, the new government that emerged was more susceptible to influence by growing **anti-Chinese sentiments** among the population, and sought rapprochement with the US. However, this did not mean that relations with China were completely severed. Immediately after taking office, President U Thein Sein met President Hu Jintao in Beijing, signing a comprehensive strategic cooperative partnership incorporating a memorandum of understanding on military cooperation. Chinese investments in Myanmar increased during the years both immediately before *and* after the elections, with much of this going towards infrastructure megaprojects.

Central among these megaprojects is the strategically important **Kyaukphu deep sea port. This would incorporate direct rail links and oil and gas pipelines, providing China with direct access to the Bay of Bengal** and removing its reliance upon transport through the Malacca Strait. Any change in government could well delay or prevent these projects, explaining why **China has been particularly keen to secure its relations with the military junta** following the 2021 coup, blocking a UN Security Council resolution condemning the regime change.

Philippines-China Cooperation

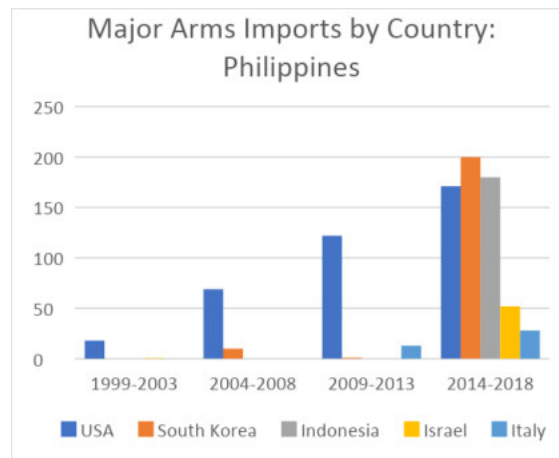


Figure 14 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

The relationship between the Philippines and China has been ambivalent under President Duterte, as **the Filipino government appears to be attempting to play the US and China off against one another, in order to secure a better deal for itself.**

The principal ally of the US in Southeast Asia, the Philippines signed an agreement to host US troops immediately following its independence. In 1992, however, the two countries failed to reach an agreement concerning fees, and the bases were closed, although the **US retained the rights to use certain Filipino-owned and managed military facilities.** In 2016, a fresh agreement was concluded that would once more create a permanent US presence in the Philippines. This agreement granted it **access to five Filipino bases for the purposes of patrolling disputed areas of the South China Sea.** (10)



Figure 15 - US bases in the West Pacific - Source: The Times.

However, immediately after signing the 2016 agreement with the US, the Filipino government began **threatening to remove US troops from the South of the country, accusing them of worsening the Islamist insurgency.** It also **declared its intention to “cross the Rubicon”, and open the country up to trade alliances and long-term land leases with China and Russia.** In 2020, the Philippines twice suspended its Visiting Forces Agreement with the US, before pausing this withdrawal and **demanding first COVID-19 vaccines, and then money, should the US wish to continue the agreement.**

President Duterte has also tended to express relatively relaxed attitudes towards China's activities in the South China Sea. Instead, he has criticised US interference in the region, saying, **“There is no sense in going to war. There is no sense fighting over a body of water.** We want to talk about friendship, we want to talk about cooperation and most of all, we want to talk about business.” (11) As in Laos and Myanmar, business cooperation is linked to police cooperation. **Many of the casinos in the Philippines are owned and/or frequented by Chinese citizens, and China has repeatedly requested cooperation in dealing with the criminality that surrounds them,** although the Philippines has shown little enthusiasm for this. However, the two countries have cooperated to track down and extradite Chinese fugitives accused of corruption, with Immigration Commissioner Jaime Morente saying, **“The Philippines and China will continue to strengthen our cooperation in going after Chinese fugitives hiding in our country, including former government officials wanted for corruption.”**

In 2020 President Duterte went further in his swing towards the PRC, saying that **China was “already in possession” of the South China Sea,** and that US attempts to prevent this – such as by increasing its presence in the Philippines – were liable to simply serve to increase the likelihood of war. (12) In the same year, **the Philippines took part in joint naval drills with China and refused to participate in US-led exercises in the South China Sea.** Almost immediately afterwards, however, the Philippines government reasserted its maritime claims, saying that it welcomed US provision of security in the region. Foreign Secretary Teodoro Locsin said, **“I can swear to you, Western powers will be in the South China Sea. The freedom of the Filipino people depends on the balance of power in the South China Sea.”**

The fact that this latest policy U-turn followed disappointment over promised Chinese investments seems to reinforce the idea that the Philippines is seeking to use its strategically ambiguous position to extract the best possible deals from both the US and China.

Singapore-China Cooperation

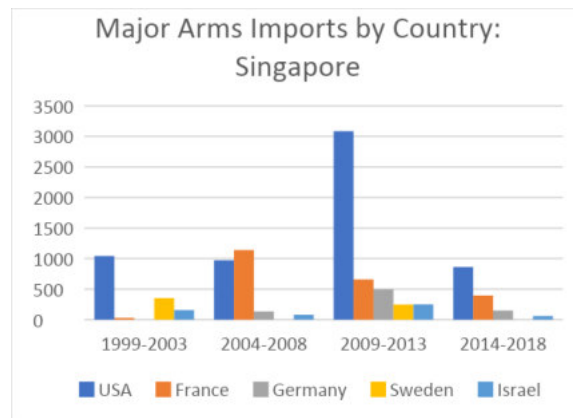


Figure 16 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

Despite – or possibly because of – its majority ethnic Chinese population, **successive Singapore governments have consistently been deeply suspicious of mainland China**. Both before and after independence, **suspicion of communist attempts to subvert the state** or stoke rebellion was the major driving force in both internal and external security policy. This was compounded by worries concerning its own minority Malay population, with successive governments **concerned that being seen to be too close to China would antagonise both sets of domestic minorities and the large, neighbouring Islamic states of Malaysia and Indonesia**.

At the same time, however, Singapore also insisted that this stance did not make it a US ally. As Minister for Foreign Affairs, Dr Vivian Balakrishnan put it, **“We are not a vassal state; we cannot be bought or intimidated**. And so we are viewed as honest, reliable and credible partners in a rules-based multilateral world order.” (13) In practice, however, Singapore has traditionally held a far closer relationship with the US than with China. **The US has a standing agreement giving it the use of Singapore’s Sembawang naval base**, and one US official said that **“The Philippines, a formal US ally, acts more like a partner, while Singapore is a partner that acts like an ally.”** (14)

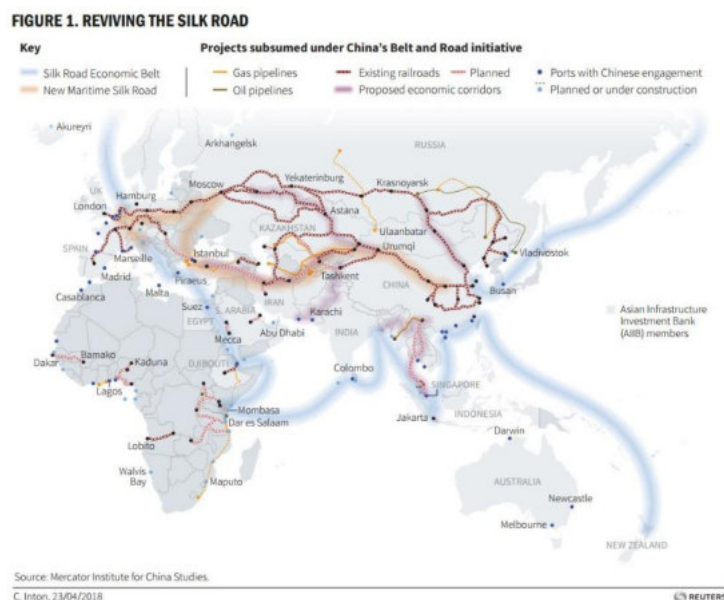


Figure 17 - Mapping the Belt and Road Initiative - Source: Mercator Institute.

Despite this, it has been impossible for Singapore to ignore China's rise, despite trying to **maintain a position close enough to China to deliver economic gains and distant enough to preserve independence**. Thus, while Singapore has received no official government infrastructure investment from China under the BRI project (as the major infrastructure hub in the region, it hardly required it), it has signed cooperation agreements with the Chinese government designed to facilitate trade links. In addition, it has itself **invested heavily in joint trade initiatives in Suzhou and Chongqing, effectively playing a similar role in China to the one China now plays in other, less-developed states in the region**.

Just as Singapore has the economic strength to retain its relatively independent position towards Chinese infrastructure money, **geographically-speaking it has a relatively defensible position and the military capacity necessary to hold it**, at least for long enough for foreign support to arrive. This is in sharp contrast with many of the states in the region, which are functionally incapable of ensuring their territorial integrity. Thus, Singapore maintains a 'friendly-but-distanced' attitude towards its military relations with China. The two countries conduct regular joint exercises, but **Singapore enjoys closer military relations with Taiwan, conducting regular trainings in facilities there, despite offers from the PRC to let it use Chinese bases in Hainan**.

Thailand-China Cooperation

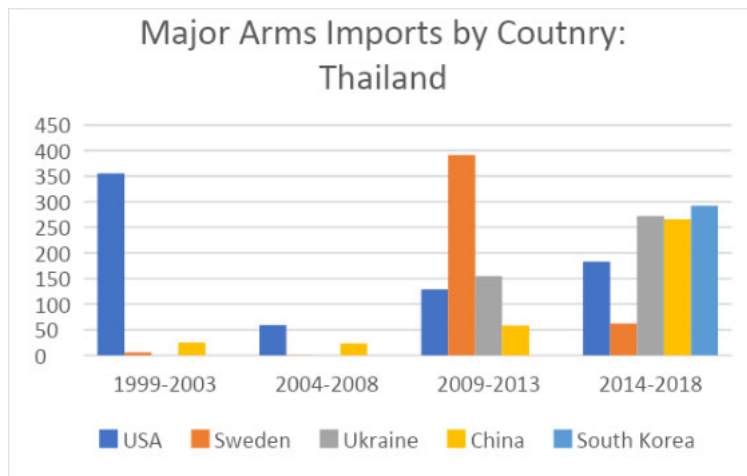


Figure 18 - Source: Wezeman, Siemon T. Arms Flows to South East Asia, Stockholm International Peace Research Institute, 2019.

Thailand was a key US ally during the Cold War, and as a result had no relations with China for the duration of the conflict. As US-China relations were normalised, **Thailand's importance as a US strategic partner diminished**, and it was also left free to form a relationship of its own with China. While the Thai monarchy remained suspicious of all communist states, the two countries found themselves on the same side during the conflict between the Khmer Rouge-led Cambodia and Vietnam, which served to bring them closer together.

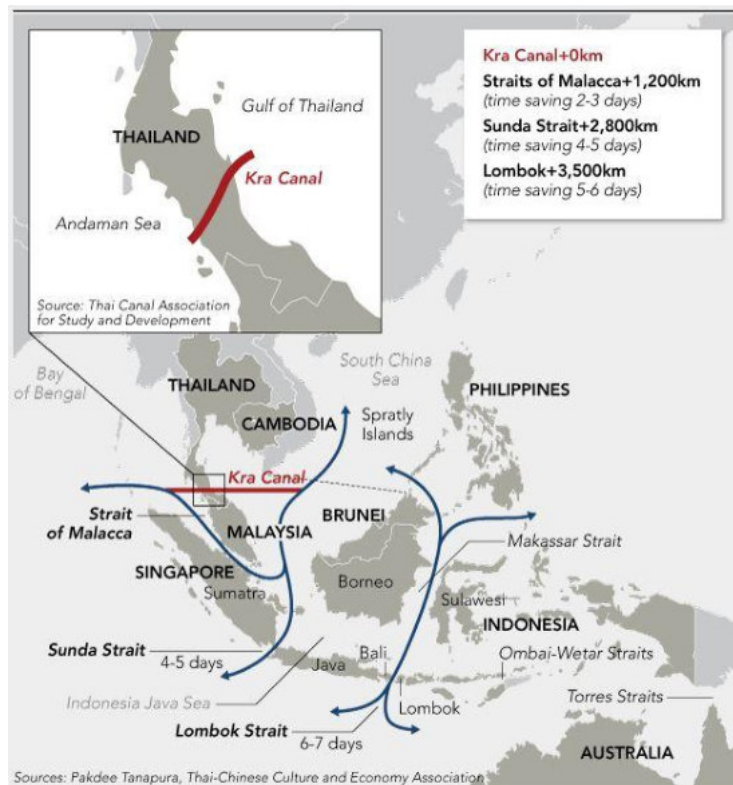


Figure 19 - The proposed Kra canal route, Pakdee Tanapura - Source: Pakdee Tanapura.

Thailand's trade relations with China grew massively in the years following the end of the Cold War, and China provided numerous weapons to the Thai armed forces at "friendship prices". Much as in the case of Myanmar, **China has long seen Thailand as a potential source of access to the Indian Ocean**, via planned rail links and a proposed canal through the Kra Isthmus, which would reduce Chinese dependence on the Malacca Strait chokepoint. Nevertheless, **the US has remained Thailand's primary military partner, with joint exercises conducted regularly between the two. Thailand has also long allowed US forces the use of the U-Tapao Military Base, near Pattaya, and imported the majority of its arms from the US.** This changed **following the coups in 2006 and 2014, when the US distanced itself from Thailand**, downgrading bilateral military exercises to focus solely on non-kinetic training and disaster relief.

In response, Thailand began to move closer to China, **purchasing more weapons from there and less from the US, and, after the US withdrew its offers of training, sending officers to the PRC for training. Thailand also stepped up its joint exercises with China**, which are now conducted annually by all branches of the armed forces, although they are not yet on a scale to match the **annual multilateral Cobra Gold exercises that take place in Thailand and involve the US and numerous allies.** This warming of relations with China was likely assisted by the fact that **the two countries have no maritime disputes.**

However, Thailand may yet reverse this reversal. When Donald Trump took office, he took steps to restore the US's position with the country, lifting restrictions on arms sales and pledging to renew their mutual relationship. Almost immediately, Thailand purchased four Blackhawk helicopters and 60 Stryker armoured vehicles.

Vietnam-China Cooperation

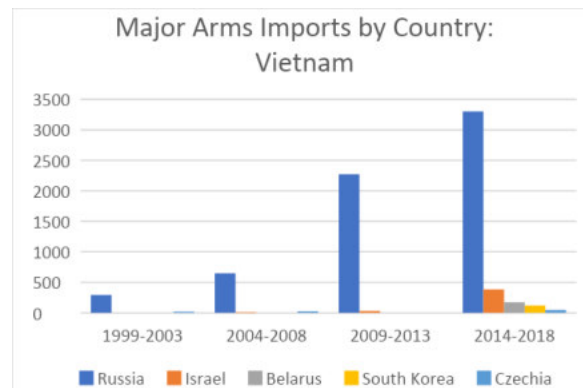


Figure 20 - Source: Wezeman, Siemon T. *Arms Flows to South East Asia*, Stockholm International Peace Research Institute, 2019.

Vietnam is highly dependent upon China to support its economic growth, but has not always enjoyed a cosy military relationship with its northern neighbour. Following a brutal war in the 1980s, it took some time to restore sufficient trust to permit defence, security and border patrol cooperation, but progress has been made.

As is the case with several other countries in the region, the Vietnamese government appears far more comfortable with law enforcement cooperation, which can then lead onto more purely military activities. In the case of Vietnam, these **cooperation activities have tended to focus on preventing crime and illegal migration in the area surrounding their shared border**. In recent years, they have announced enhanced police cooperation on cross-border crimes such as smuggling and online gambling, as well as on antiterror issues and wildlife crime. In 2016 and 2018, the two countries also conducted military exercises along their shared border, focusing on security and disaster relief. In early 2021, reports also emerged that China was building a wall along the shared border, replacing the previous fences. **As is the case in Laos, such border security activities can be seen as a quasi-financial service rather than as a hostile act; China is providing security that benefits Vietnam at its own expense.**

Nevertheless, Vietnamese suspicion of China's intentions remains high. Vietnam has also been **among the regional states most willing to take aggressive enforcement actions to protect its maritime claims against foreign incursions**. In 1988, the two countries fought for possession of Johnson South Reef, in the Spratley Islands, a battle that saw over 60 deaths and the Chinese side emerging in control of the reef. **In 2014, the China National Offshore Oil Company sent a rig deep into Vietnam's EEZ, leading to a week-long standoff and riots directed at Chinese businesses based in Vietnam, which was followed by a retreat by the Chinese oil exploration group.** In subsequent years, ramming incidents between Vietnamese and Chinese vessels have been semi-regular occurrences. Nevertheless, the Vietnamese side is well aware that **any Chinese trade sanctions would hurt it much more than they would hurt China, thus limiting its scope for military action**. The Vietnamese government has recently been the subject of domestic criticism, and even protest, at the perceived weakness of its responses to these incidents.

In an attempt to establish a bulwark against China, **Vietnam has conducted joint exercises with the Indian and Russian navies in the South China Sea, and has signed joint defence arms transfer agreements with Japan**. Currently, the vast majority of Vietnam's weapons imports come from Russia, with none coming from China.

Media Coverage of Security and Defence Cooperation in Southeast Asia

We have also tracked mentions of security and defence cooperation in both English and Chinese-language media. It is interesting to note that these mentions peaked in the Chinese-language press in 2016 and the years immediately following; precisely when tensions surrounding the territorial disputes in the South China Sea were at their highest. This could imply an increased official interest in such arrangements as a means to minimise the effects of its unpopular territorial claims, or alternatively could represent an attempt to use such cooperation agreements to soothe internal worries.

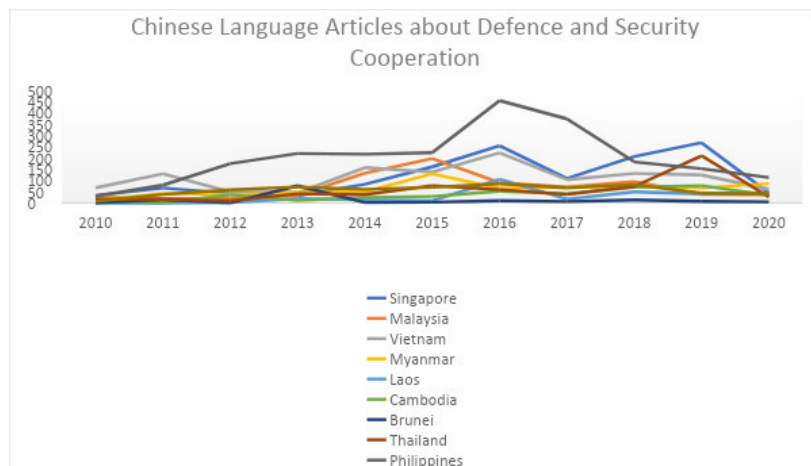


Figure 21 - Source: Factiva Database - processed by Lexikat.

Among English-language media, however, the mentions track the bilateral relations between specific countries more closely.

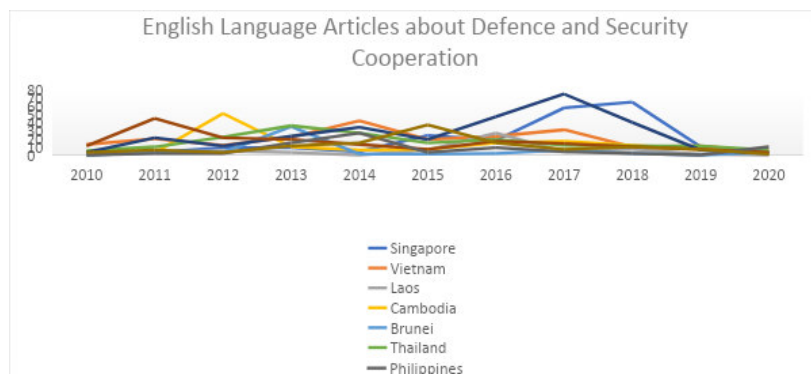


Figure 22 - Source: Factiva Database - processed by Lexikat.

Thus, for example, media mentions of Cambodia peak in 2012 (when it signed a defence agreement with China), while mentions of the Philippines peak in 2017 (when President Duterte was hinting at a change in alliances). In many cases, rapprochements following disputes attracted particular media attention. Mentions of Vietnam peaked in 2014 (when it had its dispute over China’s oil rig and then attempted to reset relations), and those of Singapore in 2017 (after China detained Singaporean military equipment being shipped via Hong Kong), and again in 2018, when the two states later reaffirmed their relations with new defence cooperation agreements. In general, it appears that English language media is a better means for tracking and predicting conflicts ("if it bleeds, it leads"), which Chinese media gives greater coverage to cooperation - as may be expected from strongly state-influenced publications.

To check whether the results were being distorted by mentions of other defence cooperation agreements aimed at pushing back against China in the South China Sea, we ran the same search but excluded articles mentioning this issue. Then, mentions of Vietnam in 2014 almost disappear, peaking instead in 2017, when Xi Jinping visited Hanoi and a raft of further cooperation measures were announced. On the other hand, mentions of countries with no maritime disputes – such as Thailand and Cambodia – remain unchanged.

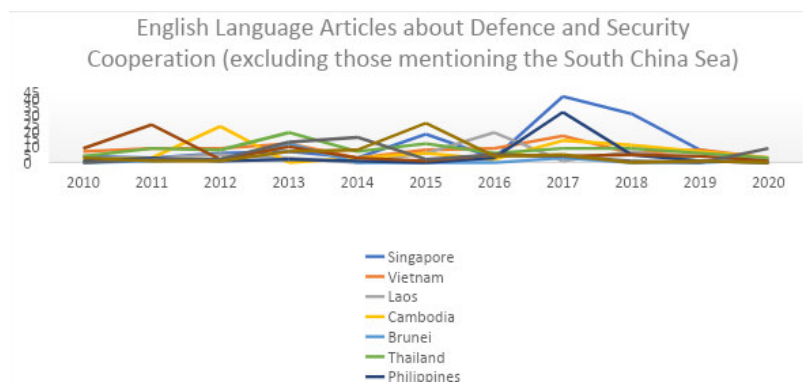


Figure 23 - Source: Factiva Database - processed by Lexikat.

Policy Recommendations

In recent years, various European states have begun to reformulate their policies towards the Indo-Pacific region. France, Germany and the Netherlands have already published official strategic orientations for the Indo-Pacific region, and the UK has dropped hints over a potential post-Brexit realignment. The EU has also published information on its own plans, although these focus more on commercial, rather than political, affairs. For its part, NATO has been somewhat reticent on the issue, with most members preferring to avoid addressing the issue in the NATO forum, while US multilateral efforts are being focused on other contexts such as the Quad (United States, Japan, Australia and India).

Actor	Strategic Orientations
France (15)	Use of naval groups based out of Djibouti and French territories in the Indian Ocean and Austronesia to patrol sea lanes; Marketing efforts aimed at selling military equipment, technology or expertise in the region, increasing local actors' dependence upon French technology; Endorsement of international legal frameworks; Emphasis on climate change, global commons.
Germany (16)	Affirms acceptance of multipolarity; Strong linkage between trade and security via both open trade routes and interdependence; Endorses the EU and ASEAN as vehicles for cooperation; Emphasis on human rights, climate change and a rules-based order; Contribution to infrastructure financing projects.
Netherlands (17)	Emphasises need for a coherent EU strategy; Emphasises the EU and ASEAN's roles in defending the United Nations Convention on the Law of the Sea (UNCLOS).
UK (18)	Recognises need to find new trading partners post-Brexit; Has increased naval budget to pay for patrols in Indo-Pacific.
EU (19)	Focuses on increasing trade and IT connectivity; Proposes to contribute financially to BRI-style projects globally.

In all cases, the proposed approaches have positive and negative aspects.

Trade and Infrastructure Investment as a Security Issue

The recognition by the German and EU documents of the political role played by trade and infrastructure investment in China's relations with Southeast Asia reflects an accurate assessment of Chinese perceptions. Given the Chinese economic dependence on trade both with and through Southeast Asia, even seemingly cooperative participation by foreign powers in large-scale local infrastructure projects can be perceived as competitive and threatening.



Figure 24 - Source: official statistics produced by each state/entity. (21)

Not only is China far more dependent upon trade with and through Southeast Asia, and economic performance has a greater influence on the domestic legitimacy of the Chinese government than on that of US European governments. (20) Conversely, public perceptions of foreign and military policy have a far weaker effect on governmental legitimacy in China. (22) In other words, China perceives economic security as underlying military security; economic threats will generally provoke more hostility than military manoeuvres in the region. Conversely, demonstrating a lack of interest in threatening China's economic dominance in SEA will favour the prospects for military cooperation. Thus China's attempts to expand its political and military reach within Southeast Asia should be read primarily as risk-management exercises aimed at minimising threats to its supply lanes. This being the case, further military escalation can be potentially avoided by reassuring the Chinese side that there is no intention to threaten its economic interests by competing with its infrastructure investment plans. The more economic leeway is given to China in SEA, the more military leeway other states will have in the region.

Confidence-Building Measures

The French and British proposals to increase patrols in Southeast Asia have the potential to act as a confidence-building measure, but only where they are carried out in conjunction with regional actors (including China). If undertaken unilaterally, they are more likely to trigger face-offs between rival groups encountering one another unexpectedly. ASEAN has previously conducted joint exercises with China in an effort to prevent precisely these types of misunderstandings - their use of the **Code for Unplanned Encounters at Sea (CUES)** was mentioned previously. On the other hand, **joint patrols** would allow each side to keep an eye on each other, reducing levels of suspicion in the area and allowing all parties to demonstrate that they have no plans to attempt to restrict one another's free movement.

Human Rights and Environmental Issues

Similar problems prevail in the areas of human rights and environmental protection. While commitments to act on these topics are often perceived as anodyne formalities in Europe, they are increasingly likely to be **seen as intrusive neo-colonialism by both Southeast Asian nations and by China**. While it is still feasible to intervene in these areas, it is necessary to position any such interventions as diplomatically as possible, ideally following the lead of local partners.

Police Cooperation

This issue does not affect Southeast Asia alone. Numerous EU states and Europol already have police cooperation agreements with China. These can include extradition and cooperation agreements, but also the deployment of Chinese officers in select areas (Paris, Rome, Belgrade...), ostensibly with the aim of assisting Chinese tourists. Elsewhere, however, similar accords have been used by China to exercise **extraterritorial jurisdiction over individuals accused of corruption, political offenses or organised crime**. Given the potential this provides for international conflicts, it is important to scrutinise such accords intensively.

The Roles of the EU and NATO

Given the preference of most members for dealing with China via other channels – either the Quad, the G7/G20 or bilaterally – NATO's potential role in the region is limited. Similarly, the fact that France and Italy are now the only EU Member States with the force projection capacity to patrol Southeast Asia limits the ability of the External Action Service to coordinate joint activities.

The EU is, however, capable of helping coordinate trade policy. This way, it could potentially assure greater harmony in the region by **focusing its infrastructure investments on linking up with BRI projects in central Asia**, rather than trying to compete with Chinese investments in Southeast Asia.

Partnerships with ASEAN States

The majority of states that do not buy weapons from China do not do so because they have border disputes with China and as a result have established long-term contracts with other partners. This could change if China offers a good enough deal; work must be put into these relationships to maintain them. (It should also be noted that even when China has no arms transfers with a particular country, it may have exchanges in proximate areas – communications, IT and infrastructure.)

Moreover, ASEAN members are increasingly aware of the financial value of their ports and bases, and will likely try to encourage bidding wars between foreign powers for access, as well as to search for potential hedges - notably Russia and India. It is worth noting that all states in the region are relatively willing to accept territorial ambiguity and conduct joint exercises and patrols, particularly under the CUES framework. This provides a reason to maintain a presence in the area and ensure that sea lanes are kept open.

Military Advance, Economic Retreat

In summary, the approach to be taken in each domain differs.

1. To prevent military concerns over freedom of navigation, joint patrols would allow all sides to check that the others are doing nothing that may threaten their interests. Adopting a joint code of conduct for responding to unplanned encounters – such as the CUES framework - would go a long way towards mitigating risk. Joint exercises aimed at training for such events would be even more helpful.
2. In the economic field, however, attempts to participate in China's infrastructure investment schemes involving other regional states – however cooperative they may seem – are more likely to be perceived as attempting to compete, thus running a risk of raising tensions. Here, it makes greater sense for each side to focus on those domains where they hold a comparative advantage. This will help demonstrate their willingness to avoid direct competition in those areas that relate to China's core interests as long as freedom of navigation is preserved.

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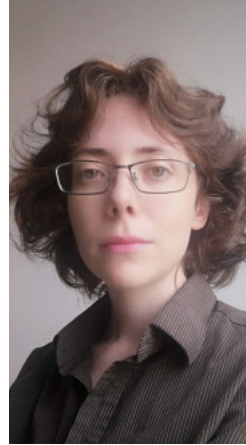
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Jennifer Dodgson is the CEO of Lexikat, a company specialising in the development of custom algorithms for processing unstructured data. They have conducted research for public and private organisations across Europe and Asia, and offer a suite of advanced technologies to aid their clients in turning text into statistics. She got her PhD from the National University of Singapore, focusing on the use of large-scale qualitative data collection to evaluate popular perceptions of political legitimacy in China and Japan.

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