Southeast Asian perceptions of China are shaped by the power differential between China and ASEAN, expansive Chinese claims to the South China Sea, the growth in Chinese power projection capabilities, Chinese support for insurgent movements in Southeast Asia in the 1960s and 1970s, the Chinese conflict with Vietnam following the Vietnamese occupation of Cambodia in 1979, and fear of Beijing’s manipulation of ethnic Chinese communities in some regional countries. Suspicion of China has been strongest in Indonesia, where there is a long history of tension over the role of the ethnic Chinese community, and in the Philippines, which experienced a still-smoldering Communist-backed insurgency and military clashes with China over disputed areas in the South China Sea. It exists to some extent in all Southeast Asian countries, except possibly in Burma, which maintains a close relationship with China (although there are some recent indications of Burmese wariness), and Thailand, where concerns about China historically have been overshadowed by fear of Vietnamese expansionism.

Together with domestic constraints on intra-ASEAN defense cooperation and lingering intraregional tensions and territorial disputes, the absence of a common perception of an external Chinese threat is a serious impediment, at least in the short to medium term, to effective multilateral defense cooperation among the ASEAN states to deter or confront Chinese military threats. Whether this trend is reversed over the long term will depend primarily on Chinese military assertiveness in the region, perceptions of the credibility of U.S. security commitments and ability to sustain a military presence in the region, the willingness of other powers to participate in security-
building coalitions, and the ability of the ASEAN states themselves to overcome their differences.\(^1\) The role of Japan will be of particular note. Although constrained for constitutional and historical reasons from direct military involvement in Southeast Asia, Japan is a strong contender for economic and political influence in the region. Recent Japanese proposals to expand cooperation between the Japanese Coast Guard and regional navies to combat piracy in Southeast Asian waters are indicative of this trend.

Ever since its birth in 1967, ASEAN has viewed China with apprehension. Indeed, the fear that communist governments, underwritten by China, would come to power throughout Indochina was an important catalyst in the decision to form ASEAN and in subsequent efforts to expand regional security cooperation.\(^2\)

Broadly speaking, China’s relations with the ASEAN countries have evolved in three phases—which corresponded in turn to changes in the broader security environment:

- **Hostility.** Throughout the 1960s and for much of the 1970s, the ASEAN states had uneasy relations with China. Fear and suspicion of China was pervasive, largely because of Chinese support for communist insurgencies in various ASEAN countries and Beijing’s relationship with the large ethnic Chinese communities throughout the region. There were serious differences, in particular, between China and Indonesia and Malaysia, stemming from China’s involvement in the 1965 coup in Indonesia and its support for the ethnic Chinese–dominated Malaysian communist insurgency.

- **Thaw.** Beginning in the 1980s, a thaw emerged in China’s relations with ASEAN, largely as a result of growing trade and in-
vestment links spurred by China’s economic reforms, the declining role of ideology in Beijing’s policies toward the region, China’s drive to improve relations with the ASEAN states and its decision to end “dual-track” diplomacy in favor of formal diplomatic relations, and ASEAN’s support for China’s role as a counterweight to Vietnam. Beijing’s efforts to forge closer economic and political relations with ASEAN countries culminated in the 1990–1991 decisions by Indonesia, Singapore, and Brunei to restore official diplomatic relations with China.

• **Ambivalence.** Since the late 1980s, a more ambivalent attitude toward China has emerged. On the one hand, relations among all the ASEAN states and China improved markedly. The growing accommodation between China and ASEAN reflects a mutual desire to achieve economic growth through expanded trade and investment, as well as a conviction that China is destined to become the next East Asian great power and that the most effective way of dealing with Chinese power is to foster greater economic interdependence.\(^3\) China has used the economic crisis to forge closer relations with states that have historically been suspicious of China.\(^4\) At the same time, ASEAN’s views of China are not monolithic. Some are more apprehensive of Chinese intentions than others, although in their public posture, these differences are muted by ASEAN’s emphasis on consensus.

**SINGAPORE**

As a small, predominantly ethnic Chinese island-state in the proverbial sea of Malays and dependent on international trade for its economic survival, Singapore reflects a strong dose of *realpolitik.* Of fundamental importance to Singapore is maintenance of the regional and subregional balances of power. In this regard, Singapore’s

---

\(^3\)The notion that growing economic interdependence will temper Chinese assertiveness has gained widespread currency, especially among the ruling elites of ASEAN countries. For a typical expression of this view from a Southeast Asian perspective, see Jose T. Almonte, “Ensuring Security the ASEAN Way,” *Survival,* Vol. 39, No. 4, Winter 1997–1998, pp. 80–92. Almonte was presidential security adviser and director-general of the National Security Council of the Philippines during the Ramos administration.

overarching concerns are: (1) management of the tensions in the vital relationship with Malaysia and, in the worst-case scenarios, deterrence or defense against Malaysia; (2) political stability in the key neighboring states, especially Indonesia; (3) the future of the U.S. presence; (4) China’s long-term intentions; and (5) the evolution of the balance of power in Northeast Asia and the potential for the remilitarization of Japan.5

Singapore has several strong reasons to maintain good relations with China. It is one of the largest investors in China and has developed close economic links, including the development of an industrial township in Suzhou at the cost of several hundred million dollars.6 And unlike other regional states, Singapore has no territorial or maritime disputes with China. Moreover, as a small, vulnerable city-state, Singapore cannot afford to make enemies, particularly a major rising regional power like China. Finally, since almost 80 percent of its population is ethnic Chinese (albeit of different linguistic groups), there are cultural and social affinities that have to be factored into Singapore’s policy toward China—although these affinities do not necessarily carry into state-to-state relations.

On the other hand, Singaporeans fear, as do their neighbors, the long-term threat that a hegemonic China could pose to Singapore’s independence and look to the United States as the indispensable “balancing” power. At the same time, Singapore has sought to develop links to other powers with a stake in strategic stability, such as Australia and the United Kingdom. Together, these factors have led to a policy that combines economic engagement with China with closer security ties to the United States and other status quo powers. The Singaporeans have also struck a balance between Beijing and Taipei, maintaining strong commercial and informal political ties with Taiwan, while advising Taipei against actions that might precipitate a PRC military response.

5In discussions with one of the authors, Singaporean international security experts stated that in their thinking ASEAN security included the evolution of the situation in Northeast Asia, particularly on the Korean peninsula. In their view, Russia had disappeared as a factor in Southeast Asian security, but the agreements on peace cooperation and the arms supply relationship with China put Russia on the Chinese side.

6The economic return on the Singaporean investment in Suzhou has been disappointing, and the Singaporeans reportedly are cutting back.
Beyond the balancing role of the United States, the Singaporeans see a strong coincidence of interests with the United States, including the maintenance of freedom of navigation, access to regional markets, and global financial stability. Singapore and the United States also cooperated closely in dealing with the consequences of the regional economic crisis and the political crisis in Indonesia. The U.S. relationship is central to Singapore’s strategy of strengthening defense technology linkages. Access to U.S. technology, the main source of innovation in defense and information technologies, is critical to the goal of keeping the Singaporean armed forces on the technological cutting edge.7

In accordance with this outlook, Singapore has sought to anchor the U.S. military firmly in the region. Singapore hosts the U.S. Navy Logistic Group West Pacific (relocated from Subic in the Philippines) and the USAF 497th Combat Training Squadron, and is constructing berthing facilities to accommodate U.S. aircraft carriers. Singaporean defense cooperation, however, is based on the expectation that the United States remains committed to maintaining a presence in the region. Should confidence in the U.S. commitment falter, Singapore could see no alternative but to accommodate Chinese regional hegemony.

PHILIPPINES

Philippine defense officials and security experts view Chinese expansionism in the South China Sea as the main long-term security threat to the Philippines. The dispute centers on about 50 small islands and reefs in the Spratly Islands, known to the Filipinos as the Kalayaans, some 230 nautical miles west of Palawan.8 The islands may contain modest potential for gas and oil, but some Philippine officials consider that the fisheries in the disputed areas will provide critical future food security.9

---

8 Ian James Storey, pp. 96–97.
9 Discussion with Secretary of Defense Orlando Mercado, Manila, November 18, 1999.
In 1995, the Chinese occupied an outpost on Mischief Reef, only 150 miles from the Philippines and well within the Philippines’ Exclusive Economic Zone (EEZ). The Philippine military’s weakness made diplomacy the only realistic option for Manila. Later in the year, the Philippines and China signed a code of conduct aimed at preventing similar incidents in the future. The code provided that no more facilities were to be built or upgraded and that each side would inform the other of naval movements in the disputed area. Nevertheless, in 1997 PLA navy vessels were sighted near Mischief Reef, and in 1998, the Chinese began upgrading the structures, claimed to be fishing shelters, into multistory buildings on concrete platforms, large enough to serve as landing pads for helicopters and manned by Chinese military personnel.\(^\text{10}\)

Although the United States has made it clear that it takes no sides on the dispute over the Spratlys, the withdrawal of the U.S. Navy from Subic Bay was no doubt a factor in the Chinese decision to occupy Mischief Reef. In any event, the episode drove home to Philippine decisionmakers the need to revitalize the security relationship with the United States, which had been severely damaged by the failed effort to conclude a new base agreement.\(^\text{11}\) In line with the new thinking in Philippine defense policy, the Ramos government negotiated and signed a Visiting Forces Agreement (VFA), the functional equivalent of a status of forces agreement, which would permit the resumption of cooperative military activities with the United States. The VFA was endorsed by the government of Joseph Estrada (a former base opponent), and ratified by the Philippine Senate at the end of May 1999. The VFA was a major step in the reconstruction of the U.S.-Philippine defense relationship and, from Manila’s standpoint, of reestablishing deterrence in the region.

Prior to the U.S. withdrawal from its bases, the Philippines relied on the United States to maintain its external security. Therefore, the Philippine armed forces entered the post-U.S.-bases era badly in

\(^{10}\)Storey, pp. 98–107.

\(^{11}\)The U.S.-Philippine Mutual Defense Treaty applies only to the metropolitan territory of the Philippines, but it calls for bilateral consultations in the event of an attack on the Philippine armed forces. A senior Philippine military officer told one of the authors during a visit to Manila in November 1999 that China would never have dared to occupy Mischief Reef if the U.S. Navy had still been at Subic Bay.
need of modernization. After decades of defense efforts concentrated on the internal communist and separatist threats, the Mischief Reef incident galvanized the Philippines into launching a long-term modernization plan focused on capabilities (e.g., corvettes, offshore patrol vessels, and combat aircraft) that would allow the nation to better defend its claims in the Spratlys and its 200-mile EEZ. Unlike other ASEAN states, the Philippines’ economic ties with China are relatively modest and therefore less of an inhibition on Manila’s willingness to confront China over its aggressive behavior in the South China Sea.

THAILAND

Thailand has developed strong economic and security ties with China. Thailand’s cultivation of a close security relationship with China reflects in part a long-standing Thai tradition of accommodating the region’s dominant power. Both countries worked closely together in opposing Vietnam’s invasion of Cambodia in 1979 and supported the Khmer resistance to the Vietnamese-installed regime. In addition, the Chinese supplied military equipment to Thailand at bargain-basement prices, including T-69 main battle tanks and naval vessels.

While the treaty-based defense relationship with the United States remains the mainstay of Thailand’s security, the economic crisis that struck Thailand and the region in July 1997 presented Beijing with an opportunity to score points with the Thais. Beijing’s offer of a $1.0 billion bilateral loan in parallel with the International Monetary Fund (IMF) rescue package contrasted with the U.S. refusal to provide bilateral aid.

Despite Thailand’s geopolitical orientation toward China, the absence of any outstanding territorial or maritime dispute, and the eff-

---


13 Some Thai security analysts worry that since the end of the Cold War there is no longer a common threat that binds the U.S.-Thai defense relationship together. The challenge is how to develop a close relationship in the absence of a common threat. Discussion with Professor Surachart Bamrungsuk, ChulalongKorn University, Bangkok, November 1999.
forts of the Beijing leadership to strengthen relations, the Thai-Chinese bilateral relationship has weakened somewhat in recent years for several reasons. First, Vietnam’s withdrawal from Cambodia in 1989 and its entry into ASEAN in 1995, combined with Russia’s reduced profile in Asia, have diminished the strategic rationale for Thai-Chinese security cooperation. Second, Thai apprehensions about Chinese intentions and military capabilities in the South China Sea are growing. The Thais are concerned in particular about China’s expanding military ties with Burma (Myanmar) and Chinese use of Burmese facilities on the Indian Ocean. Third, the Thais are seeking to develop improved relations with Vietnam, their new partner in ASEAN; hence, the anti-Vietnamese orientation that cemented Thai-Chinese security cooperation has weakened. Nevertheless, China and Thailand recently concluded a joint agreement that could pave the way for a significant expansion of military and economic cooperation.

MALAYSIA

Many Malaysians, especially among the Malay elite and the military establishment, continue to harbor deep suspicion of China’s long-term intentions, to some extent because of the bitter historical legacy of China’s support for the predominantly ethnic Chinese Malaysian guerrillas during the communist insurgency of the 1950s and 1960s. Moreover, in light of Malaysia’s claims to the Spratlys, Malaysians regard their country as a frontline state in the South China Sea dispute. Malaysia’s South China Sea policy in recent years, however, has been far from firm in confronting Chinese incursions. Some security analysts in the region believe that Malaysia has decided to accommodate China on South China Sea issues and is emulating Chinese tactics vis-à-vis the Philippines.

---

At a deeper level, Malaysian attitudes toward China are influenced by the interplay of ethnic politics at the core of the Malaysian political system. Although Malaysia has been governed since independence from Great Britain in 1957 by Malay-dominated coalitions of parties representing all of the major ethnic groups, the politics of the Malay majority has been driven by the Malays’ fear of losing their dominant position in the state. Singapore’s forced separation from the Malaysian Federation in 1965 was an outcome of this dynamic, as were the Kuala Lumpur race riots of May 1969. The political and economic power-sharing arrangements in place for the last 30 years satisfied the Malays’ demand for political control and the preservation of their special privileges and gave the Chinese and Indian minorities a role as junior partners in the governing coalition. Together with the high rates of economic growth Malaysia experienced during much of this period, these arrangements have prevented a recurrence of ethnic strife. A protracted economic contraction, however, or a split within the Malay community, could lead to the recurrence of ethnic tensions that might spill over into Malaysian-Chinese and Malaysian-Singaporean relations.

The economic dimension of the Malaysian-Chinese relationship increasingly has shaped Malaysia’s attitudes toward China. China’s largest overseas investment, a $1.5 billion pulp and paper plant, is to be located in the Malaysian state of Sabah. In Kuala Lumpur’s view, exploiting opportunities arising from China’s economic modernization and higher political profile could help countries like Malaysia develop leverage vis-à-vis an interventionist West (the United States in particular) seeking to impose its values on Southeast Asian states. A statement by Prime Minister Mahathir is typical of the pragmatic and opportunistic streak in Malaysian policy toward China:

There is a lot of benefit to be derived from the linkages and the friendship of Malaysian and Chinese peoples. Today, Malaysians

are investing and helping China to develop. The past is very much forgotten and in many ways irrelevant.¹⁸

Chinese leaders, in turn, have voiced support of Mahathir’s attacks on international financial circles that Mahathir blames for the Asian financial crisis. During then-Premier Li Peng’s visit to Malaysia in September 1997, Li and Mahathir agreed that other centers of power should be developed in Europe and Asia to balance U.S. predominance.¹⁹ Malaysia’s rapprochement with China paid dividends for Beijing by helping to block the emergence of an ASEAN consensus in opposition to China’s claims in the South China Sea.²⁰

**INDONESIA**

Deep-seated Indonesian suspicions of China have been submerged, for the present, by preoccupation with domestic instability and the new foreign policy direction of the Wahid government. President Wahid has been seeking to improve ties with China, and spoke of a Beijing-New Delhi-Jakarta “axis” (an unfortunate term that has since been downplayed in official discourse). Suspicion of China, however, remains strong among the Indonesian elite and the military. This suspicion stems from Beijing’s involvement with the Indonesian Communist Party in the abortive 1965 coup and continued fears that Beijing might seek to manipulate domestic Indonesian politics.²¹ Indonesians are also wary of China’s intentions in the South China Sea. Although Indonesia is not a claimant in the Spratlys dispute, Jakarta’s fears of China have been kindled by China’s claims to sovereignty over the entire South China Sea and by China’s continuing buildup of power projection capabilities. Indonesian fears of Chinese ambitions were exacerbated by the publication of a Chinese

---


²⁰Malaysia’s attitude at the Hanoi ASEAN Summit in December 1998 scuttled any chance of a joint ASEAN acknowledgment of China’s expansion of its foothold on Mischief Reef, in an area claimed by the Philippines. Dr. James Clad’s comments to authors, January 2000.

²¹Discussions with Indonesian military and security experts, Jakarta, March 2000.
map that identified part of the waters off the Indonesian island of Natuna, a major natural gas field, as Chinese territorial waters. The Jakarta government manifested its concern that China’s assertiveness might challenge strategic Indonesian interests in the area by holding air and sea exercises in December 1995 off the Natuna Islands, to which Jakarta-based defense attachés, including the PRC attaché, were invited.

Indonesian concerns about China’s intentions do not necessarily portend, however, closer Indonesian military ties with other states or a more confrontational military stance toward China. Indonesian defense policy remains preoccupied with threats to the country’s unity and stability. The armed forces see external threats as remote, and the Indonesians do not perceive the “Chinese threat” in conventional military terms but rather in terms of Chinese attempts to exploit Indonesia’s lack of political and social cohesion. These threat perceptions are reflected in Indonesia’s low level of military expenditures and the modest pace of the Indonesian defense modernization program, even before the onset of the economic crisis.

Throughout most of Indonesia’s history as an independent state, its concept of security, often referred to as “national resilience,” and the associated military doctrine of “total defense and security,” stress self-reliance in defense and national economic and social development to contain internal threats to national unity and stability. This security concept and military doctrine are only now beginning to change with the separation of the police from the armed forces and the transfer of internal security functions to the police.

---

22 The Chinese map’s claim to the Natuna waters was repeatedly brought up by Indonesian security analysts associated with think tanks of different political persuasions during one of the authors’ trips to Jakarta in November 1997. As an archipelagic state, Indonesia, like the Philippines, pursuant to Part IV of UN Convention on the Law of the Seas, claims as territory all waters within a baseline defined by its outer islands.


The Indonesian government and military have been preoccupied by the insurgencies in East Timor (until its de facto separation), Aceh, and West Papua (formerly Irian Jaya), the unrest in Riau, and religious and ethnic clashes in the Moluccas, Sulawesi, and Kalimantan. The growing demands of the outlying islands for greater autonomy from Jakarta may create greater stresses on the Indonesian political system. The Indonesian armed and security forces are too thinly stretched to confront these challenges and to keep order in Java as well, should there be an upsurge in political turmoil.

From Jakarta’s perspective, therefore, any serious downturn in Chinese-Indonesian relations or an escalation in military competition and tensions between the two countries could compromise the central government’s primary goal of maintaining internal order. Hence, Jakarta’s perception of a Chinese military threat is likely to be tempered by these internal security considerations.

VIETNAM

Despite normalization of relations and expanding bilateral trade, Vietnam continues to see China as an external threat and remains suspicious of China’s intentions and ambitions. China casts a large shadow over Hanoi’s strategic outlook for several reasons.

First, historical memories of Chinese domination, invasions, and border conflicts have engendered a deep and abiding mistrust of China. Sino-Vietnamese differences were submerged by the intrusion of the Europeans and Japanese and the political and ideological conflicts of the first half of the twentieth century. During the French colonial period, many Vietnamese nationalists had connections with China, and China provided critical aid to the Vietnamese Communists during the Indochina and Vietnam Wars. After Hanoi’s conquest of the South in 1975, a series of related developments—Hanoi’s tilt toward Moscow in the Sino-Soviet dispute and the anti-Vietnamese orientation of the Khmer Rouge and
their alignment with Beijing—led to a collision between Vietnam and China, culminating in the 1979 border war.25

The collapse of the Soviet Union provided the impetus for the improvement in relations between Vietnam and China. Relations were normalized in 1991, and in January 2000 a potential source of conflict was removed with the signing of the Land Border Treaty between Vietnam and China. Nevertheless, despite official declarations of amity, tensions are not far from the surface. Although Vietnam accrues economic benefits from the border trade between the two countries, this activity has been accompanied by a large degree of smuggling, crime, and corruption that many Vietnamese attribute to a deliberate Chinese policy of destabilizing Vietnam’s domestic market and damaging Vietnamese industries.26

Second, Vietnam is a primary protagonist in the Spratly Islands dispute and the two countries have had armed confrontations in 1974 and 1988 over the Paracel Islands and the Spratlys, respectively.27 In 1992, China occupied the Da Ba Dan and Dac Lac reefs, built oil-drilling platforms in disputed areas of the Gulf of Tonkin, and granted an oil concession to Crestone Energy Corporation, a U.S. energy company, in an area contested by the Vietnamese. In 1997, the Chinese conducted exploratory drilling in what was supposedly Vietnam’s continental shelf, and in 1998 it was reported that the Chinese had erected a ground satellite station in the Paracels and a telephone booth in the Spratlys.28

The current reconciliation between Vietnam and China thus remains fragile, and further belligerent Chinese actions in the South China Sea could revive Vietnam’s fear of China and lead to a more hostile and confrontational posture, including over the long term a desire for closer military relations with the United States. That said, the

27Unlike Spratlys, where there are multiple overlapping claims, in the Paracels Vietnam is the only ASEAN state contesting China’s claims.
Vietnamese are keenly aware of their own vulnerabilities vis-à-vis China and remain preoccupied with addressing the country’s economic and social development through economic liberalization and increased participation in the global economy \((\text{doi moi, or "renovation policy"})\). At least for the moment, Vietnam’s strategy for dealing with China emphasizes continued normalization of relations, solidarity and integration with ASEAN, military modernization largely with Russian equipment, and expanding economic and political ties with outside powers, especially the United States, Japan, and EU countries. Secretary of Defense William Cohen’s groundbreaking visit to Vietnam in March 2000 should be seen in this context.