



**China-Southeast Asia Relations:  
China's Activism Faces Persistent Challenges**

**Robert Sutter, Georgetown University  
Chin-Hao Huang, CSIS**

The major developments in this quarter included the Vietnamese president's state visit to China in May and China's military diplomacy at the Shangri-La Dialogue in early June. Assessments of China's expansive engagement in Southeast Asia continue to show that while Beijing seeks to increase its influence in the region, it faces persistent challenges and limitations in translating its vision of a strategic partnership with Southeast Asia into a sustainable reality.

**Vietnamese president's visit**

At the invitation of Chinese President Hu Jintao, Vietnam's President Nguyen Minh Triet visited China May 15-18. The state visit helped to foster closer bilateral political and economic relations. Both leaders took the opportunity to review their engagement over the last few years. On the political level, both countries have maintained frequent senior-level visits. The establishment of a steering committee on bilateral cooperation has sought to further increase mutual understanding and trust. The Vietnamese side mentioned that "developing relations with China is the first priority in Vietnam's foreign policy." As such, it is willing to deepen the scope and depth of their relations.

A joint communiqué was issued during the state visit, announcing that China and Vietnam will cooperate to ensure partial demarcation this year and full demarcation of their borders by 2008. Since 2002, both sides have engaged in over two dozen rounds of official negotiations to resolve historical border disputes. In addition, the communiqué stated that they will increase joint oil and gas exploration activities in the Beibu Gulf. On the South China Sea, perhaps one of the thorniest issues for both sides, they agreed to refrain from taking unilateral actions that might upset the status quo or exacerbate the conflict. This agreement came in response after a strong official Chinese protest over Vietnam's decision to engage British Petroleum for a joint venture to explore natural gas fields near the Spratly Islands in the South China Sea in April 2007.

Bilateral trade and economic relations between China and Vietnam has been robust. China has been Vietnam's largest trading partner for two consecutive years. In 2006, total trade volume between both sides amounted to nearly \$10 billion, a 21 percent increase from 2005. Officials project that bilateral trade will increase by 50 percent to \$15 billion within the next three years. The two sides agreed to widen bilateral trade along the

borders, improve and enhance the quality of goods in transaction, and promote bilateral investment. China supported Vietnam's membership in the World Trade Organization in January 2007, and it will continue to work with Vietnamese counterparts to further economic collaboration under existing multilateral frameworks, which include the WTO, ASEAN Plus Three, the Asia-Pacific Economic Cooperation, and Greater Mekong Subregion. Both sides concluded that there is a need to conduct a joint study to address some of the emergent challenges following Vietnam's accession to the WTO and issues that may arise with the impending China-ASEAN free trade zone. They have recently agreed to accelerate the construction of an economic cooperation zone along their borders at Pingxiang city in China's Guangxi Zhuang Autonomous Region and Vietnam's Lang Son province. The special zone will include a logistics park, processing park, and will see an elimination of tariffs and import linkage tax.

### **China's participation at the Shangri-La Dialogue**

The highlight of this quarter's military diplomacy between China and Southeast Asia was the active participation by a senior-level Chinese delegation at the Shangri-La Dialogue, an annual Asian security meeting. Held in Singapore from June 1-3, the conference convened scholars, experts, and defense officials from 26 countries. Lt. Gen. Zhang Qinsheng, deputy chief of the general staff of the People's Liberation Army (PLA), delivered a speech on China's role in building international stability. In assessing Zhang's speech to the plenary, it appears that there were three main messages: first, a peaceful external environment is critical for China's internal development, and as such, it will actively pursue a policy of peaceful and cooperative development with regional and international partners to ensure stability in its periphery and elsewhere; second, Beijing's fundamental principle in managing its military relations will be based on "mutual respect, consultation on an equal footing, mutual benefits, and enabling all sides to win through cooperation," a clear message reassuring countries in Southeast Asia that China's emergence as a rising global power will be peaceful and non-confrontational; and more important, taking a swipe at Western military powers, Zhang stated that China "resolutely opposes war policy, aggressive policy, and expansion policy" and will conduct itself "in a spirit of the strong not subjugating the weak, the rich not bullying the poor."

The key messages of Zhang's speech were consistent with Beijing's "new security concept," an ambitious policy that seeks to ensure China's peaceful rise as a global power and to further strengthen strategic partnerships with key neighbors and regions. Specialists quoted in a *Straits Times* article on Zhang's speech noted that China increasingly understands the need to assuage international concern about its military intentions and capabilities. In order to dispel such suspicion, Beijing has considered taking a more proactive approach, and Zhang's participation in this year's Shangri-La Dialogue is an important indication. According to the *South China Morning Post*, Zhang also met with U.S. Joint Chief of Staff Gen. Peter Pace and other senior Pentagon officials in private to raise concerns over the Pentagon's recent assessment of China's military expansion. The Chinese delegation also displayed greater self-confidence as they interacted with other participants throughout the conference during the question and answer period and breakout sessions. There will be residual challenges and internal

resistance in Beijing to adopt full openness and transparency in its military affairs, but Zhang's participation in this year's Shangri-La Dialogue indicated that it is now more willing to engage with the international community.

Remarks made by Singaporean Prime Minister Lee Hsien Loong and Defense Minister Teo Chee Hean on China's rise were reflective of the general perception shared by Southeast Asian governments. Lee acknowledged that while the U.S. remains the primary security guarantor in the region, other emergent powers such as China, Japan, and India are "exerting a decisive benign influence in the region." The looming challenge for Southeast Asian countries mainly lies with China's economic might as they continue to compete for foreign direct investment, export markets, and production and manufacturing bases; ASEAN has been striving to evolve into a closer economic bloc in response. Lee stated that most Asian countries "see China's actions [in its military build-up] not as a threat to regional security, but as a specific response to the cross-Strait [sic] situation." He also explained that the prevailing strategic balance in the region will not be upset anytime soon, given the heavy U.S. presence and its vital role in the region's stability and prosperity. In Defense Minister Teo's speech, he noted that while the implications of China's rise for the region will become increasingly "complex" and "less clear-cut" the array of strengthening bilateral and multilateral mechanisms in the region – which includes defense treaties, strategic partnerships, the ASEAN Regional Forum, APEC, and the East Asia Summit – will help manage political, economic, and military relations in the region. The underlying implications of Teo's statement suggest that increasing dialogue in these different settings will decrease conflicts and confrontation and further embed rising powers, including China, in regional prosperity and stability.

### **Security, energy, and the Strait of Malacca**

An unusually frank and comprehensive assessment of China's key energy, security, and other interests in Southeast Asia, and China's likely responses to challenges to those interests, came in an article in the spring 2007 edition of the international journal *China Security*. It was written by a Zhang Xuegang, an expert on China-Southeast Asian matters, who works for a Chinese government institution, the China Institutes of Contemporary International Relations (CICIR). Zhang's article presumably reflects personal views, though there was no such disclaimer in the article, which presumably also provides indications of thinking in CICIR, an organization known for its close contacts to Chinese foreign and security officials.

Zhang gave due attention to various Chinese economic, political, and security interests in Southeast Asia, but he emphasized strongly that "more than any other factor, however, it is energy – including China's dependency on the Strait of Malacca ... that is the driving force behind China's interconnectedness with Southeast Asia." To underline his point, he said that "China is dependent on the Strait for 80 percent of its oil importation," and that "over half the vessels passing through the Strait now head for China."

Zhang considered alternatives to oil shipments for China through the Malacca Strait but found each wanting. A proposed canal through the Kra peninsula was hampered by economic and technical constraints and “upheaval” among Thailand’s southern Muslim populations. A simpler plan for roads, rail, and pipeline communication across the peninsula ran up against Thai government preoccupations with other matters since the 2006 military coup. Zhang noted that China and Myanmar have been working on a proposed oil pipeline from the southwestern Myanmar coast to Kunming in China’s Yunnan Province. But he claimed that “because the [Myanmese] junta worries about being excessively dependent on exporting oil to China,” the planned oil pipeline has “stagnated recently.” The author noted that “a less sensitive” gas pipeline linking Burma and China was going forward and that Thailand and other Southeast Asian states exported gas to China. Meanwhile, an ambitious 5,500 km trans-Asian railway network that would link China to many ASEAN states and provide means for shipping oil was said to face “a number of problems,” notably the estimated cost of \$11 billion.

In this situation of high Chinese dependence on free flow of oil through the Malacca Strait, Zhang listed perceived threats. The U.S. headed the list. He advised, “America’s dominant control of this critical channel would provide it with a strategic grip on the whole of East Asia, an alarmingly vulnerable situation for China.” He also noted dangers from Japanese, Indian, and other moves to exert influence in the strait. He advised that China was endeavoring to use approaches of reassurance and cooperation to build constructive relations with Southeast Asian countries and other powers including the United States that would secure Chinese energy flows and other concerns. At the same time, he carefully noted that in the event that sea-lanes were blocked because of a conflict over Taiwan or for some other reason, “China would employ force against any military threats to those interests.” He added “China possesses the capability, through surface and sub-surface naval capabilities as well as its short- and medium-range conventional missiles, to achieve such goals from the Taiwan Strait to the Malacca Strait.”

Zhang’s clearly focused assessment of the serious dilemma Chinese energy security faces in the Strait of Malacca has surfaced from time to time in comment attributed to Chinese officials, though official Chinese media is more prone to emphasize the positive as China seeks mutually advantageous gains and “win-win” solutions as China advances diplomatic, economic, and other relations with Southeast Asian countries. The Chinese controlled Hong Kong newspaper *Wen Wei Po* on Jan. 14, 2004 ran an account of President Hu Jintao warning Chinese officials of the need to take measures to deal with China’s strong dependence on sea-lanes through the Strait of Malacca. According to various reports, the rising importance of energy security in Chinese national security policy has reinforced Chinese interest in acquiring aircraft carriers and other military means that would advance Chinese power projection abilities in the South China Sea and elsewhere. Adm. Timothy Keating, the commander of U.S. forces in the Pacific, was reported to have told journalists in late May after visiting China earlier that month that “all the Chinese leaders with whom he spoke ... indicated their inclination to pursue the development of aircraft carriers.”

## **Chinese bases in Myanmar?**

As the Chinese administration has developed close military ties with the Myanmar junta for almost 20 years, there have been repeated reports and some expert and government assessments that the relationship has reached the point of China establishing a SIGINT station on Great Coco Island along the Indian Ocean and establishing other bases in the country. Andrew Selth, a former Australian intelligence officer and now Research Fellow at Griffith University in Brisbane, used his expert knowledge of Myanmar and meticulous research and analysis to provide what appears to be the definitive assessment of the sensitive issue of reported Chinese bases in Burma. In the Griffith University's *Griffith Asia Institute Regional Outlook* paper No. 10 of 2007, Selth mustered a wealth of evidence to conclude that the Indian government was correct in recently concluding that past Indian expert and other charges of a Chinese SIGINT station or Chinese bases were wrong. Selth went on to note that China may have assisted with equipping and training "a number of small maritime surveillance sites scattered around the [Myanmese] coastline," but he judged that "it is unlikely that any Chinese military personnel are permanently based in Myanmar or directly operate any intelligence collection stations there." He also countered those who look at Chinese port construction as presaging Chinese naval bases, asserting "China may have helped to build or upgrade a number of ports in [Myanmar] but these are, and always have been, [Myanmese] facilities." He saw various and sometimes ulterior motives behind the recurring charges by foreign commentators, specialists, and governments that led to the "myth" of Chinese bases in Myanmar.

## **Assessing China's rise and implications for the U.S.**

Debate continued this quarter among international specialists about the significance of China's rising influence in Southeast and other parts of Asia for the longstanding U.S. leadership position in the region. Leading those warning of significant U.S. loss as China rises, Joshua Kurlantzick marked the publication of his book on China's adroit use of what he broadly defined as soft power to out maneuver the United States. He notably published a series of shorter commentaries including an assessment in the *Washington Quarterly* emphasizing Beijing's effective interaction with ASEAN and rising Asian multilateralism that he said increasingly marginalizes the United States. The journal paired Kurlantzick's assessment with a much more positive assessment of the U.S. position in the region as China rises by Daniel Twining, a U.S. Fulbright scholar at Oxford University and a German Marshall Fund fellow.

A prolific commentator, Kurlantzick has pursued arguments popular among experienced journalists and expert commentators in recent years showing the U.S. seriously falling behind China's rising influence in Southeast Asia on account of the war in Iraq, inattentive diplomacy, and U.S. foreign policies unpopular in the region. China's growing importance in Southeast Asia as a leading trader, foreign investment and foreign assistance partner, and attentive diplomatic actor in bilateral relations and multilateral forums is backed by China's growing military power and influence, undermining inattentive U.S. leaders preoccupied with Iraq and the broader war on terrorism. Underscoring this line of argument, the editor of the *Far Eastern Economic Review*

concluded in a commentary in May pegged to Kurlantzick's new book that while the bid of Maoist China to re-establish Chinese hegemony in Asia failed 30 years ago, what he called "China's bid for Asian hegemony" currently faces "favorable winds." Meanwhile, media reports of Singapore Prime Minister Lee Hsien Loong's meeting in Washington in early May with U.S. President Bush highlighted the common refrain from Southeast Asian leaders that the U.S. should pay more attention to the region and maintain an appropriate balance in its relations with China conducive to stability in Asia.

Twining's counterpoint to Kurlantzick showed that the U.S. leadership has hardly been passive or dormant in Southeast or other parts of Asia. Rather, it was seen following a grand design in Asia that will assure U.S. leadership in the face of China's rise. The U.S. plan focuses on building close relations with and facilitating the rise of Japan, India, and emerging regional powers in Southeast Asia, notably Indonesia. The binding ties between these states and the U.S. involve security cooperation and common political values. U.S. leaders seek partnerships not subordination, assessing that strong and likeminded independent Asian states with close and cooperative ties with the U.S. will insure an Asian environment that will channel China's rise in constructive directions favored by the U.S. and preclude disruptive Chinese actions at odds with U.S. interests in regional stability and development.

Interviews this quarter with current and former U.S. government officials concerned with Southeast Asia and China's rise reinforced Twining's assessment of generally effective U.S. activism and overall confidence in the face of China's rise in Southeast and other parts of Asia. The interviews did show that in recent years a number of U.S. officials were concerned with China's rise and its impact on the U.S. position in Asia. They were seen to break down into three groups pressing for change and greater activism in U.S. policy to deal with the consequences of China's rise in Southeast Asia and other parts of Asia:

- One group of U.S. officials saw China's leaders working actively to undermine the U.S. position as China rose in Asia.
- Another group saw China's leaders endeavoring to rise for other reasons, but the overall effect of China's rise was negative for U.S. influence and position in Asia.
- The third group, identified with former Deputy Secretary of State Robert Zoellick, saw the distinct possibility that the United States could work cooperatively and constructively with China as it rose in Asia, with overall benefit for U.S. interests.

All three groups ran up against what was seen as an attitude of "complacency" by senior U.S. decision makers. The officials in the three groups pressed actively against this perceived complacency, notably in 2003-2005. This prompted greater U.S. government activism and also thorough review of the importance and pros and cons for the U.S. of China's rise in Southeast Asia and other parts of Asia.

The U.S. government review seemed to show that the U.S. standing in and approach to Asia – as noted by Twining and others – was sound and that China's rise – while increasingly important – posed a less substantial and significant challenge for U.S.

interests than many of the published commentaries by specialists like Kurlantzick might have led one to believe. Thus, since 2005 there was said to have been a calming of Washington's angst and debate on China's rise. One official quipped, in noting why U.S. officials currently may not look at China's rise with great alarm, that U.S. officials are now suffering from "anxiety fatigue" as far as worrying about China's rise is concerned.

Meanwhile, a closer reading of some points in Kurlantzick's assessments and a variety of other data available this quarter also seem to support the view that China's rise in Southeast Asia may not be as strong or as significant for U.S. Asian leadership as some commentators say. For example, in a *Newsweek* commentary in April, Kurlantzick cited the author of an unpublished U.S. National Defense University (NDU) study to assert that "Chinese assistance to key Asian countries such as Indonesia and the Philippines now far outstrips U.S. largesse." A closer look at the NDU study shows that its methodology focused on adding up publicly announced or reported Chinese aid without clear evidence of whether the reports were true or whether actual money was transferred from China. This appeared to grossly exaggerate the amount of Chinese aid actually going to Southeast Asian nations. It belied the assessments of experienced analysts of China's secret foreign assistance program that, based on available Chinese government spending figures and other data, have put the cost to China of its foreign aid effort at around \$1 billion a year for the whole world. Among many notable areas of apparent exaggeration relevant to Southeast Asia and to the *Newsweek* commentary above, the NDU study said that \$4.3 billion of Chinese assistance went to Indonesia in 1998 – a figure that was clearly well above any U.S. aid to the country but which appears very hard to believe given China's overall restrictive foreign assistance efforts at the time and the concurrent turmoil and anti-Chinese feeling in Indonesia resulting from the Asian economic crisis.

Also this quarter, the argument that China's rising importance as a trading partner of Southeast Asian countries was displacing the U.S. ran up against an April 10 Research Memorandum by the Hong Kong Monetary Authority that concluded that Southeast Asian and other regional economies remain very dependent on the U.S. market and U.S. investment, and that "domestic demand in China still lacks the scale to take the driver's seat of demand growth in the region." China's image building in Southeast Asia suffered this quarter with the publication in April of a detailed *Washington Post* assessment of how Chinese firms destroy Southeast Asian forests, and the publication of studies from the Stimson Center, a Washington think tank, highlighting the role of Chinese firms and Chinese officials in the building of environmentally destructive dams in the Greater Mekong region.

That Southeast Asian and broader Asian multilateralism is less important than some may expect was underlined by Chinese commentary at the time of the Boao Forum for Asia in China's Hainan Island in April. Chinese official media quoted Long Yongtu, secretary general of the forum, a counterpart of the annual meeting of world leaders in Davos Switzerland, that Asia "needed at least 50 years to achieve economic integration." The media highlighted Sino-Japanese economic, political and other differences as significant "obstacles." A *China Daily* editorial on May 8 concluded that "a deeply integrated Asia

is far from a reality, given the huge differences between Asian countries. And there is no lack of sober understanding of the difficulties to be overcome.”

### **Looking ahead**

The 17<sup>th</sup> Party Congress of the Chinese Communist Party will be held in the fall, although exact dates have yet to be confirmed. It is expected that this year’s session will see the formal inclusion of Chinese President Hu Jintao’s ideology of a “harmonious world” included in the party doctrine as an important element of Chinese foreign policy. This was first hinted at the Central Work Conference on Foreign Affairs (FAWC) convened by Hu in August 2006 to address the widening array of problems in the conduct of its foreign affairs work and the need to better align Beijing’s foreign policy with its domestic priorities. The extent to which this would shift Chinese policy toward Southeast Asia will be closely monitored in the upcoming party congress.

## **Chronology of China-Southeast Asia Relations April-June 2007**

**April 1, 2007:** The *Washington Post* reports that Chinese firms and American consumers are destroying the Southeast Asian and Russian forests.

**April 3, 2007:** Thai Princess Maha Chakri Sirindhorn arrives in Beijing for a 12-day visit to China. Sirindhorn meets senior Chinese officials to expand fields of cooperation that will contribute to the strategic partnership between China and Thailand.

**April 4, 2007:** Lt. General Zhang Qingsheng, deputy chief of the General Staff of the People’s Liberation Army (PLA) meets Sjafrie Sjamsoeddin, secretary general of Indonesia’s Ministry of Defense, in Beijing for the second round of China-Indonesia security consultation. According to the *Zhongguo Xinwen She* news agency, the two sides exchange views on international and regional security issues and enhancing relations between the two armies.

**April 9, 2007:** *Newsweek* International publishes Joshua Kurlantzick adaptation of his book “Charm Offensive: How China’s Soft Power is Transforming the World” that highlights Chinese soft power.

**April 10, 2007:** Research Memorandum by the Hong Kong Monetary Authority concludes that Southeast Asian and other regional economies remain very dependent on the U.S. market, U.S. investment, and that China’s domestic demand still lacks the driving force to steer the region.

**April 12, 2007:** At the invitation of head of the Lakas-Christian Muslim Democrat Party, the ruling party in the Philippines, Ai Ping, director general of the Chinese Communist Party International Department, leads a delegation to observe the Philippine elections.

**April 21, 2007:** Wu Bangguo, chairman of the Standing Committee of the National People's Congress, meets Gloria Arroyo, president of the Philippines, at the annual Boao Forum for Asia (April 21-22). With relations "at an historic high" both sides agree to deepen cooperation in trade, agriculture, infrastructure development, and political trust.

**April 25, 2007:** According to *Jane's Defense Weekly*, China has put forth a proposal to ASEAN countries to organize its first multinational military exercise. While the responses from ASEAN are still unknown, China's overture indicates the PLA's intention to further engage military forces in the region.

**April 25, 2007:** Goh Chok Tong, Singapore's senior minister and former prime minister, begins a four-day official visit to China. He meets Jiang Zhenhua, vice chairman of the National People's Congress, to review the close political and economic ties between the two countries. China is Singapore's fourth-largest trading partner while Singapore is China's seventh-largest trading partner. China remains Singapore's top destination for foreign investment. Both sides agree to intensify trade and investment ties.

**April 28, 2007:** Wu Bangguo meets Ramli Ngah Talib, speaker of Malaysia's House of Representatives, and urges both sides to upgrade the level of bilateral ties and frame an action plan for strategic cooperation.

**May 2, 2007:** Mohammed Bolkiah, Brunei's minister of foreign affairs and trade, receives Wu Guanzheng, member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party, to discuss strengthening bilateral ties in trade and energy. They agree to increase trade to \$1 billion by 2010.

**May 2-8, 2007:** Singapore Prime Minister Lee Hsien Loong visits the U.S. and meets President Bush.

**May 8, 2007:** A *China Daily* editorial concludes that "a deeply integrated Asia is far from a reality, given the huge differences between Asian countries."

**May 10, 2007:** China and Vietnam announce that a new highway bridge spanning more than a quarter of a kilometer over the Honghe River on their borders is expected to be completed and opened for public use in December 2007. The new bridge will cut travel time and increase the flow of trade between both countries.

**May 14, 2007:** Liu Qi, member of the Political Bureau of the Chinese Communist Party Central Committee, meets Sombath Yialih, member of the Secretariat of the Central Committee of Lao People's Revolutionary Party, to exchange views on strengthening relations between the two parties and the two countries. Sombath is leading a senior Laotian delegation for a week-long visit to China.

**May 15-18, 2007:** Vietnamese President Nguyen Minh Triet visits China and meets Chinese President Hu Jintao in Beijing. They emphasize the positive political and economic relations in recent years. They agree to increase bilateral ties, enhancing cooperation in trade, politics, culture, transportation, and people-to-people exchanges. A joint communiqué agreeing to finish border demarcation in 2008 is also issued.

**May 16, 2007:** *China Security* publishes Zhang Xuegang's article, "Southeast Asia and Energy: Gateway to Stability," on China's relationship with energy. Zhang is a Chinese expert on China-Southeast Asian issues.

**May 23, 2007:** Beijing announces that it will not sign a joint statement issued by ASEAN urging Myanmar to release detained democracy leader and Nobel Peace Prize laureate Aung San Suu Kyi arguing her confinement is an internal matter for Myanmar's government and urges Myanmar to maintain political stability while making progress toward national reconciliation.

**May 23, 2007:** He Yong, deputy secretary of the Central Commission for Discipline Inspection of the Chinese Communist Party, meets Taufleuarachman Ruki, chairman of the Corruption Eradication Commission of Indonesia, to discuss increasing bilateral cooperation in combating corruption between China and Indonesia.

**May 25, 2007:** Lt. Gen. Zhang Qingsheng visits the Philippines to attend the third round of bilateral defense and security dialogue. Zhang and his counterpart discuss a wide range of issues, including maritime security, defense and military construction, terrorism, and the regional stability in Northeast Asia. Both sides agree to strengthen exchanges and collaboration between the PLA and the Armed Forces of the Philippines (AFP).

**May 28, 2007:** Adm. Timothy Keating, Pacific Command commander says, in reference to his May 10-15 visit to China, to the *Washington Times*, "all the Chinese leaders with whom he spoke ... indicated their inclination to pursue the development of aircraft carriers.

**May 29, 2007:** Lan Lijun, the Chinese ambassador to Indonesia, announces that Beijing will donate \$910,000 to support Indonesia's avian flu eradication program. China's assistance is provided under a memorandum of understanding between both countries on technical and economic cooperation in October 2006. Under the MoU, China agreed to contribute up to \$2.2 million to support the eradication program. In the first phase, China delivered \$775,000 worth of vaccines, syringes, disinfectants, and medical equipment.

**May 29, 2007:** According to the Chinese Ministry of Commerce, trade between China and Malaysia will reach \$50 billion before 2010. Assistant Commerce Minister Chen Jian notes that more Chinese companies are expected to invest in Malaysia given the latter's political stability and Beijing's policy of encouraging more enterprises to invest abroad. The first quarter of 2007 saw bilateral trade at \$13.4 billion. Malaysia is China's eighth largest trading partner and the second largest among ASEAN countries.

**May 29, 2007:** Chinese Premier Wen Jiabao meets Thai Prime Minister Surayud Chulanon in Beijing. They discuss historical amity between the two countries and agree to enhance strategic cooperation. The two leaders agree to maintain the frequent senior-level exchanges and meetings, work to boost trade volume to \$50 billion by 2010, and increase collaboration on cultural and educational exchanges, anti-drug campaigns, defense issues, and public health. These measures will be included in the “Thailand-China Joint Action Plan for Strategic Cooperation,” an agreement defining the renewed partnership between both sides.

**June 1, 2007:** Lt. Gen. Zhang Qingsheng visits Singapore to attend the Shangri-La Dialogue. Zhang delivers a speech on China’s role in international stability. His attendance marks the most senior-level delegation Beijing has dispatched to the meeting.

**June 1-3, 2007:** The sixth IISS Shangri-La Dialogue is held in Singapore.

**June 3, 2007:** To deepen collaboration between China and Singapore, Tharman Shanmugaratnam, minister of education of Singapore, announces that his ministry has agreed to help train 1,200 mid-to senior-level officials from Dalian through its urban development, public policy management, and administration programs.

**June 5, 2007:** Chinese State Councillor Tang Jiaxuan meets First Secretary of Myanmar’s State Peace and Development Council Thein Sein. Thein briefs Tang on the domestic situation in Myanmar; Tang urges Myanmar to “maintain stability, national concord and economic development, which serve the interests of Myanmar people and are conducive to regional peace, stability and development.” Both sides agree to strengthen bilateral relations through pragmatic cooperation in trade and drug enforcement mechanisms.

**June 6, 2007:** Philippine President Arroyo embarks on a two-day visit to Chengdu and Chongqing in southwestern China to strengthen trade and tourism ties between the two countries and encourage more Chinese investment in the Philippines.

**June 6, 2007:** Cambodian Prime Minister Hun Sen praises China for Beijing’s generous unconditional aid to Cambodia. Beijing has reportedly emerged as Cambodia’s biggest donor, with at least \$800 million of aid since 2005. International donors, however, have become increasingly frustrated with the lack of reforms and the government’s unwillingness to tackle corruption in Cambodia.

**June 6, 2007:** China and Myanmar agree to strengthen cooperation on management of border lumbering and on the protection of wild animals. According to the Chinese State Forestry Administration, Beijing has held two rounds of consultations with Myanmar since 2006 to address the problem and work toward a memorandum of understanding on forestry cooperation and a protocol on forest firefighting.

**June 7, 2007:** Chinese Vice President Zeng Qinghong meets Jusuf Kalla, his Indonesian counterpart, in Beijing. They agree to develop a stronger strategic partnership in several areas, such as trade, energy security, infrastructure development, agriculture, fishery, and public health. Kalla, on a five-day visit, also meets local officials in Sichuan and Hubei.

**June 12, 2007:** Following a visit to Kunming, Yunnan in early June, Lt. Gen. Thein Sein, first secretary of Myanmar's State Peace and Development Council, confirms that Myanmar will export natural gas from its offshore gas reserves to Yunnan via a pipeline China has offered to build. In April 2007, Beijing approved the construction of an oil pipeline from Sittwe, a port in southern Myanmar, to Kunming, Yunnan.

**June 14, 2007:** Chinese Foreign Ministry spokesperson Qin Gang condemns Vietnam for violating a regional code of conduct on the South China Sea and asks Hanoi to stop oil exploration near the Spratly Islands. BP, in a joint venture with the Vietnam National Oil and Gas Group, has reportedly halted plans to conduct further exploration.

**June 18, 2007:** Lou Gan, member of the Standing Committee of the Political Bureau of the CCP Central Committee, meets Vietnamese Deputy Prime Minister Truong Vinh Trong in Beijing to exchange views on judicial reform and bilateral relations. During Trong's week-long visit, he will also meet representatives from the Chinese Central Commission for Political Science and Law and the Supreme People's Court.

**June 21, 2007:** Malaysian Tourism Minister Datuk Seri Tengku Adnan Mansor arrives in Beijing for a week-long visit to meet with counterpart Shao Qiwei. The two sides propose a "zero-fee" package tour agreement, providing discounts for transportation and accommodations to promote bilateral tourism development. Malaysian authorities are targeting 1 million Chinese tourists during Visit Malaysia Year 2007, more than double the 440,000 who visited Malaysia in 2006.

**June 21, 2007:** Asian Development Bank announces that China, Thailand, and Laos have agreed to build a bridge across the Mekong River. The bridge will cross the Mekong River between Chiang Khong in northern Thailand and Houyxyay in Laos, directly linking China's Yunnan province with Bangkok. The infrastructure project will be completed in 2011 and will link the economies of Cambodia, China, Laos, Myanmar, Thailand, and Vietnam to facilitate trade, tourism, and further integrate the Mekong region.

**June 22, 2007:** Representatives from China and member countries of ASEAN conclude the second Conference on China-ASEAN People-to-People Friendship Organization (CACPPFO). A five-year plan to strengthen people-to-people cooperation and exchanges at senior-levels is issued.

**June 24, 2007:** The 16<sup>th</sup> World Economic Forum on East Asia opens in Singapore with participation from ASEAN countries and dialogue partners. The Chinese delegation is represented by Assistant Governor of the People's Bank Yi Gang. The forum will focus on four key themes: Asian leadership, risk management, sustainable growth, and the challenge of competitiveness for regional economies.

**June 25, 2007:** Chinese and Philippine police announce that they have jointly broken a major cross-border drug production and trafficking case, seizing more than 180 kg of methamphetamine hydrochloride, commonly known as “ice.” As part of the ASEAN-China anti-drug campaign, the Chinese Ministry of Public Security had been sharing information with police in the Philippines, Thailand, Malaysia, and Chinese Hong Kong and Macao.

**June 26, 2007:** The ASEAN Cosmetics Committee decides to collectively ban import of all Chinese toothpaste under the trademarks “Mr. Cool” and “Excel” which have been found to contain high levels of diethylene glycol (DEG), a toxic chemical.