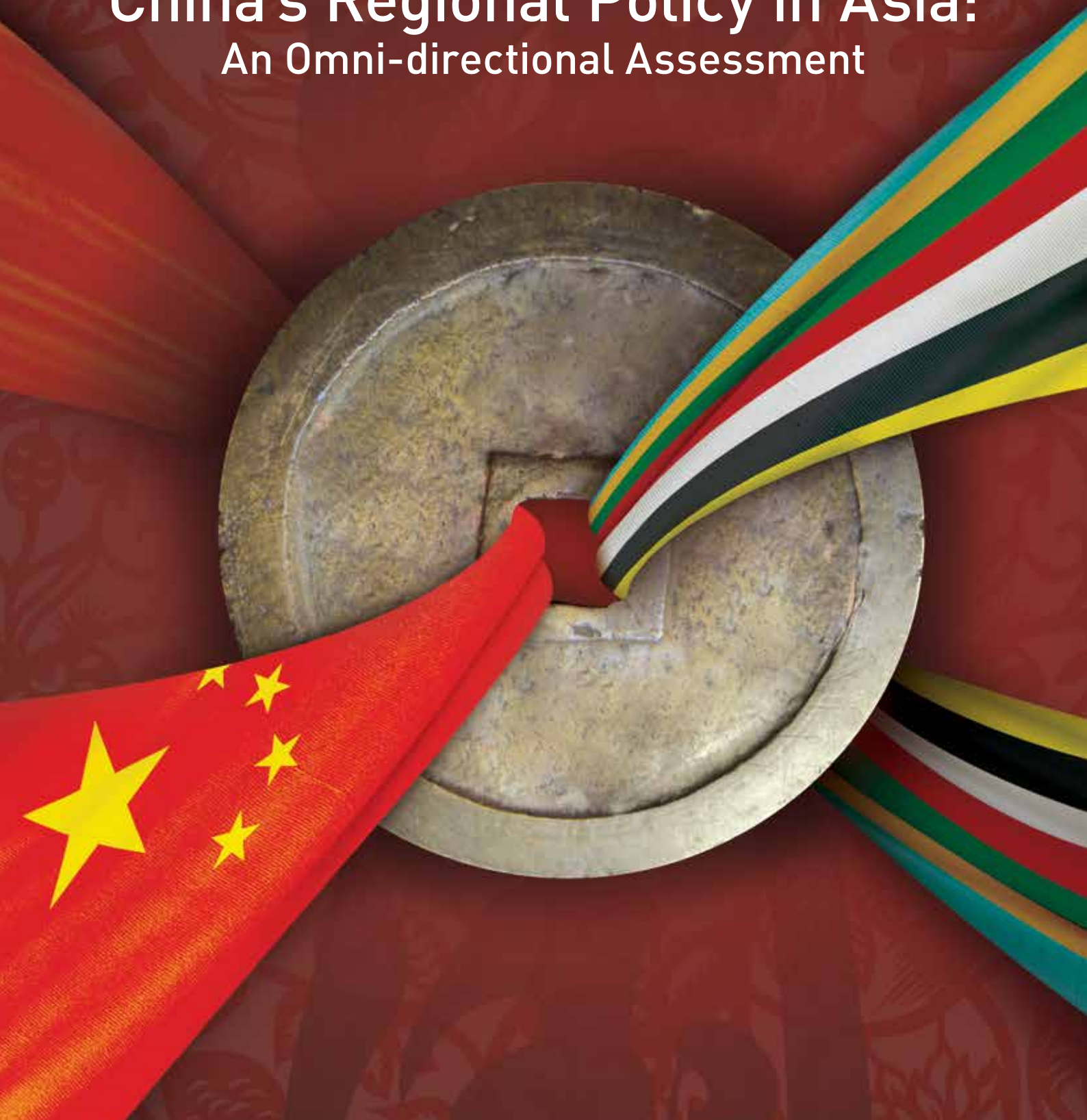


Conference Report

China's Regional Policy in Asia: An Omni-directional Assessment



**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**
A Graduate School of Nanyang Technological University

9-10 December 2013
Traders Hotel
Singapore

CONFERENCE REPORT:

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EXECUTIVE SUMMARY



Prof Hao Yufan (left) and Amb Barry Desker

As Asia's largest country and a rapidly rising power, China exerts a significant impact on its immediate neighbourhood. It is no surprise that there has been much discussion and speculation about China's extant and future behaviour in the region. It is important to properly assess the trends and trajectory of China's international relations within its immediate region: in particular, how China intends to conduct its regional policy as it interacts with other regional powers, and in the context of the U.S. re-balance to Asia.

China's diplomacy with its periphery has, at the same time, resulted in the opening up of its border regions to its immediate neighbours since the institutionalisation of economic reforms, with the most significant transformations taking place in the past decade. To the policy community and the scholarly world, however, the developments between China and its bordering countries remain poorly understood, with the commonly held assumption that Chinese peripheral diplomacy has largely been the result of directed efforts by the central government as opposed to coordinated collaboration between the central government and the bordering provinces.

In view of its size, and the vast land and sea boundaries that it shares with its neighbours in the Northeast, Southeast, South as well as Central Asia, China has always regarded its peripheral policy as a crucial aspect of its national security. Such a mentality conforms to the leaders' core belief that a stable external environment remains the sine qua non for the continued and sustained rejuvenation of their nation.

Against this backdrop, the China Programme at the S. Rajaratnam School of International Studies (RSIS) and the Department of Government and Public Administration at the University of Macau (UM) co-organised a conference titled "China's Regional Policy in Asia: An Omni-directional Assessment" on 9-10 December 2013. This joint conference aimed to investigate in further depth and breadth the core issues facing China's evolving peripheral policy. In particular, the conference attempted to address the following questions:

- (i) Whether China has a coherent regional policy for its periphery?
- (ii) To what extent has China's regional policy been dictated by the central government? And what about the role of provincial authorities along China's border regions?
- (iii) What has changed or remained unchanged in China's regional policy towards its neighbours?
- (iv) In what ways have China's diplomacy with its periphery had an impact on its relationships with key regional players and on sub-regional integration in Asia?
- (v) What is the likely trajectory of China's regional policy?

By providing a platform to further enhance the academic and policymaking community's understanding of China's evolving relations with its regional neighbours, the conference saw participants engage in lively discussions and debates on the challenges and prospects of China's peripheral engagement as it continues its path of economic development and grows in global and regional stature.

The start of the conference was marked by welcome remarks from Ambassador Barry Desker, Dean of RSIS, and Professor Hao Yufan, Dean of UM's Social Sciences Faculty,

who both expressed their hopes that the conference would serve to illuminate key issues of China's international relations with its periphery. This was followed by a broad overview of China's regional foreign policy before the conference proceeded to more focused discussions on China's diplomacy *vis-à-vis* the Northeast Asian, Southeast Asian, South Asian and Central/West Asian regions. Conference participants expressed optimism that there is room for China and its neighbours to pursue common interests and establish the foundations for secure borders and stable relations with each other.

PANEL 1

Overview of China's Regional Foreign Policy

The first panel presented an overview of China's regional policy in Asia and how its perspectives of its peripheral environment in Asia have evolved over time with respect to Sino-U.S. relations, the new security dynamics in Asia, and the interactions between itself and other states in regional institutions.

Chinese Perspective of Regional Relations in Asia



Wang Jianwei

While tensions between China and its neighbours in the region have hogged the limelight, it was pointed out that a broader perspective of China's periphery should also encompass Northwest Asia and Central Asia. A considered understanding of these regions would be necessary in providing a more comprehensive analysis of China's regional diplomacy. It was suggested that China's management of its periphery diplomacy had begun as a response to the diplomatic isolation in the aftermath of Tiananmen incident. During the final decade of the 20th century, however, China's diplomacy with its neighbours has gradually evolved into a more proactive approach of cultivating relations with its neighbours.

Owing to American pre-occupation with the War on Terror following September 11, the opening decade of the 21st century seemingly provided China with a strategic opportunity to enhance its relations with its neighbours. At the same time, Chinese economic growth had been perceived by China's neighbours as an opportune development. But coinciding with the U.S. re-balance to the Asia Pacific as well as the intensification of diplomatic disputes in the East and South China Seas, these positive regional perceptions were being increasingly challenged.

While some analyses have pointed to the U.S. re-balance as an important factor driving the rise in regional tensions, participants were alerted to another explanation that attributes China's rise as the main driving force for the changing security dynamics in the region. It was acknowledged that China would need to find a way to overcome the dilemma of the "China Threat" theory before it can properly achieve its strategic goal of maintaining a stable and peaceful periphery to help realise its rejuvenation.

On the subject of dealing with changes to its external environment, it was intimated that the Chinese leadership shares the vision that China's regional diplomacy would have a tremendous domestic impact, given the benefits a stable and prosperous periphery would bring to Chinese border provinces. In meeting the evolving external challenges, China should continue to be flexible in calibrating its overall foreign policy.

U.S.-China Dynamics in Asian Regional Relations



Hao Yufan

On the subject of Sino-U.S. relations, it was argued that while several Asian states have grown to become more dependent on China for economic benefits, they have gravitated towards the U.S. to fulfil their security needs. Some scholars have attributed the robust responses of some states embroiled in diplomatic spats with China as the upshot of being emboldened by the increased U.S. presence in Asia.

Although it has been suggested the U.S. re-balance was enacted in response to China's growing military capabilities, it was also acknowledged that this resurgence was fundamentally driven by American self-interest to tap oneconomic opportunities in Asia – as evidenced by the US-led Trans-Pacific Partnership (TPP) trade initiative. Such being the case, it was postulated that the territorial disputes between China and its neighbours should be taken as more of a complicating factor.

It was also noted how Sino-U.S. relations have reached a historical crossroad due to mutual suspicion and mistrust on both sides. Some of the reasons suggested for this state of affairs ranged from incompatible political systems between the two powers, American trepidation with regards to the expeditious growth of the Chinese economy, and conversely, current dispositions of the Chinese state and society to be seen as an equal partner of the U.S. Also worthy of note is the insight framed by realist thinking that despite higher levels of interaction between the two powers since the Sino-American rapprochement in the early 1970s, the truth is that China has now become more powerful and is thus being taken more seriously by American policymakers who may wish to focus on China's capability rather than Chinese intentions.

While the possibility of a future military confrontation between the U.S. and China could not be discounted, it was noted that both countries do view each other as being strategically important to one another and would therefore be able to manage their differences in a rational and reasonable way. As a case in point, U.S. Vice-President Biden's handling of China's recent announcement of its East China Sea ADIZ demonstrated proof of a maturing China-U.S. relationship. Fundamentally, a mutually respectful relationship between China and the U.S is a crucial pre-requisite for the former to adopt an accommodative policy in its regional periphery, thus leading to a more stable Asia.

China and Asian Regional Institutions, Space, Stakes, and Strategies



Lin Zhimin

Asian regional institutions have generally been perceived to be of a consensus-based model and are often viewed as being incomparable to standards of those in regions such as Europe and the Americas. Political rivalries and recent diplomatic tensions in the region have also provided a challenging scenario and placed further constraints for cooperation due to a lack of regional leadership. This consequently led to a situation in which secondary powers such as ASEAN have gone on to take a leading role in these Asian institutions.

Since Chinese economic reforms began some three decades ago, China has become involved in a growing number of Asian regional organisations as well as played an increasing role in them. In a sense, the historic opportunity for China to play an important role in these

institutions has never been greater. Indeed, the Chinese economic miracle has allowed China to devote more of its own resources to global affairs. Having seen its growing pool of qualified personnel gain greater experience in those regional institutions, it is therefore expected that the extant conditions stand China in good stead to further assert itself in regional platforms as its global influence continues to grow.

A higher degree of internationalisation and greater institutionalisation in Asia may have brought about more incentives for regional players in China's periphery to work together, but the lack of an ultimate goal – what Chinese elites have referred to as “a community of fundamental interest” – meant that regional institutions may not be as effective in overcoming issues faced by its constituents. In partaking in these institutions, China also has to consider the risks involved, as well as consider the best model to adopt – be it the U.S. model that places emphasis on security, the European model where governments are essentially organized into a highly regulated institution, or what some have termed as the “Chinese regional approach.”

Similarly, China would have to exercise prudence in its interactions with the constituents of those organisations. The Chinese leadership would have to bear in mind the importance of not overstretching itself materially even as it seeks to win the hearts and minds of its periphery with an economic-centred approach. Nevertheless, it was anticipated that China's growing international role would gradually extend into areas outside of regional institutions.

China's New Security Concept and CBMs in Asia



Liu Dan

Confidence-building measures – or CBMs for short – are a form of security regime originating from Europe which is designed to maintain peace and stability by reducing uncertainty and increasing the level of transparency between states. In promoting mutual trust – by becoming less opaque regarding one's capabilities and engaging in different fields of cooperation – it is hoped that mutual anxieties between states on one's intentions could be significantly reduced. As is the case of China's rise, there has indeed been increasing uncertainty among regional states about China's future behaviour as its economic clout continues to expand.

Despite China's attempt to impress upon the global community about the peaceful nature of its rise, the continued development of its economy and improvements to the People's Liberation Army (PLA) have inevitably led to the "China Threat" theory gaining traction. Whereas China had experienced a friendly peripheral environment

during the initial years of its Reform and Opening-up and during the immediate post-Cold War period, the China threat narrative has since received more attention, compelling China to re-examine and re-articulate its security concept. Subsequently, China has turned towards adopting certain forms of unilateral and bilateral CBMs. By the 1990s, China's perspective and practice of CBMs had moved towards greater multilateralism, as China became a more active member of international society. Indeed, China first proposed its new security concept in the late 1990s before refining it in the decades following. Rejecting the out-datedness of Cold-war style, adversarial security policies, the new security concept promoted the concepts of "mutual trust, mutual benefit, equality and coordination" in the security approaches of states.

Due to the historical background and geopolitical conditions specific to the region, CBMs in Asia – unlike European models – tend to be more voluntary in nature and gravitate towards a consensual decision-making regime. It follows that while the practice of CBMs has been developed at both official and non-official levels, it has been the latter that has been viewed as being more effective. China has shown a preference for unilateral and bilateral CBMs in the past; though it was noted that China is now turning more towards multilateral CBMs such as the Shanghai Cooperation Organisation and the ASEAN Regional Forum. Significantly, while China's increasing willingness to partake in CBMs may be aimed at assuaging the concerns of regional states, it was nonetheless noted that this trend is also indicative of increasing Chinese confidence in exercising greater levels of influence in regional affairs.

PANEL 2

Northeast Asia

The second panel focuses on security issues in the Northeast Asian region pertaining to Sino-Japanese relations, the Korean Peninsula and the new security dynamics in the region in light of a number of leadership transitions in Northeast Asia in recent years, as well as sensitive cross-straits relations between Beijing and Taipei.

New Dynamics in the Korean Peninsula and China's Evolving Policy



Sun Ru

It was acknowledged that China currently enjoys warm relations with South Korea (ROK). On the other hand, while China has a generally normalised relationship with North Korea (DPRK). Ties between the two Northeast Asian neighbours have recently entered a difficult period with the ascension of Kim Jong-un as the top DPRK leader in 2011. In particular, China has grown increasingly frustrated with North Korea's pursuit of its nuclear programme. In 2012, China objected to North Korea's satellite launch before subsequently criticising the DPRK's actions with public support for the United Nations sanctions. It has also become clear after President Xi Jinping's address at the Boao Forum in April 2013 that Beijing has taken the position that China would no longer tolerate any "troublemaking" behaviour from the DPRK.

China's robust promotion of DPRK's de-nuclearisation as a goal of stability in the region is indicative of a change in Chinese policy due to strategic differences between China and North Korea. Leadership transitions in both states, similarly, are seen as another contributing factor to the change. Despite China's proactive policy of encouraging North Korea to partake in the Six-Party Talks, the unilateral decision by the latter to resume its nuclear programme as well as the subsequent dismissal of Chinese concerns by the relatively inexperienced Kim Jong-un, were met with strong Chinese disapproval.

Despite its hardening stance on the North Korean nuclear programme, it was proffered that Beijing nonetheless still regards North Korea as an important neighbour and is therefore not compelled to abandon relations with Pyongyang totally. While sharing a common goal with Washington for a stable Korean Peninsula, Beijing nevertheless believes that U.S. military exercises with South Korea have inadvertently created anxieties for North Korea. It was suggested that as much as China would like to see a de-nuclearised North Korea, such a goal would be difficult to accomplish so long as the U.S. and other parties to the Six-Party Talks fail to address Pyongyang's security concerns. In spite of their different approaches towards a de-nuclearised and stable Korean Peninsula, Sino-U.S. cooperation is nonetheless critical to prevent the current situation from escalating.

Sino-Japan Relations / East China Sea



Jin Linbo

Diplomatic relations between China and Japan have made remarkable progress in the decades since the conclusion of the second Sino-Japanese War. In recent years, however, this relationship has been severely tested by highly publicised diplomatic spats over the extent of their respective Exclusive Economic Zones (EEZs), claims to potentially large gas reserves and fishing rights in these EEZs, and disputes over the Diaoyu-Senkaku islets in the East China Sea. Additionally, rising domestic nationalism as well as contention over competing historical narratives have featured prominently in the bilateral relations between these two embittered East Asian powers. The Japanese government's decision to nationalise three of the Diaoyu-Senkaku islands in 2012 and Beijing's announcement a year later of its East China

Sea air defence identification zone (ADIZ) suggest the likelihood of a military conflict between the two nations cannot be ruled out entirely.

The diplomatic impasse between the East Asian rivals – apart from their diverging historical narratives – has come about due to fundamental disagreements over the demarcation of each other's maritime boundaries. China argues that the status of the current boundaries is ambiguous whereas Japan's position is that it does not recognise the existence of any maritime territorial dispute. It is unsurprising therefore relations between the two became further strained following the announcement by the Japanese government to purchase three of the largest Diaoyu-Senkaku islets in 2012.

It was also noted that unlike its treatment of other claimant states in the disputes in the South China Sea and its handling of the border dispute with India, China's policy towards Japan appears unyielding. Similarly, Japan stands firm in desisting from negotiations with its East Asian rival, citing the reason that no issue exists in the first place. This diplomatic standoff has led to much concern among members of the international community. It was underscored that it is critical for both states to strive towards maintaining stability in the Northeast Asian region by resolving their discrepant interpretations of their maritime boundaries in the East China Sea through diplomacy and non-violent means.

Assessing the State of Cross-Strait Politics



Hoo Tiang Boon

Relations between China and Taiwan in recent times have been considered a bright spot for China's relations in the Northeast Asian region. Since the ruling Kuomintang (KMT) led by Ma Ying-jeou returned to power in 2008 against the pro-independence Democratic Progressive Party (DPP), relations between the People's Republic of China (PRC) and the Republic of China (ROC) have improved considerably as evidenced by the resumption of institutionalised dialogue between Beijing and Taipei, the restoration of air transport, postal exchanges and shipping linkages, as well as the establishment of numerous cross-strait agreements – all of which point to an emerging rapprochement between the two. Nevertheless, while the current cross-situation is generally positive, it was suggested that relations between China and Taiwan may yet deviate from its current trajectory.

China's fundamental cross-strait objective is to bring about Taiwan's re-unification with the mainland, thereby finally

end all traces of its so-called "Century of Humiliation." Re-unification is thus considered as the one truly irrefutable core interest of China, so much so that any Chinese leader can ill-afford to compromise on this stated goal without losing significant political support and legitimacy. On this goal, the new Xi-Li leadership has started to indicate that it will be less "patient" as compared to the previous Hu-Wen administration. At the 2013 APEC leaders' retreat, for example, Xi pointedly stated that both sides should not put off addressing their political differences indefinitely even as the current focus is on addressing the economic aspects of the cross-strait relationship.

Across the Strait, Taiwanese leaders have exercised political acumen by adopting a nuanced and careful approach in its dealings with China. While the KMT-led government has taken into account the security and economic interests of Taiwan by focusing on the near-term priority of maintaining the political status quo, it has also practised what some Taiwanese officials have termed as "strategic ambiguity" —deliberately leaving the longer-term cross-strait vision both ambivalent and ambiguous.

There also exists a strong American dimension in Taiwan's strategic calculations. Taiwan has continued to purchase arms from the U.S., with this expenditure reaching some US\$18.3 billion in the past five years. Not surprisingly, Taiwan has welcomed the U.S. re-balance to Asia, and sees itself as playing a strategic role in the American pivot. Taiwan's growing economic integration with China, however, means that Taipei cannot afford to be seen as moving too close to Washington, and will have to continue to pursue a bi-directional policy of balancing relations with both China and the U.S.

PANEL 3

Southeast Asia

The third panel analyses the impact of the rise of China on its relations with Southeast Asian states. The panel discusses how it has consolidated its influence in the regional economic arena but experienced less stability in political and security relations with some of those states in the region.

China and Changing Security Relations in Southeast Asia / South China Sea



Cai Penghong

On the topic of China's changing security relations with ASEAN, it was proposed that since the end of the Cold War, ASEAN and China have been adjusting and recalibrating their political and security policies towards each other. This has led to the formation of the ASEAN Regional Forum (ARF) for both sides to communicate their vision of security for the region. In the aftermath of September 11, China and ASEAN also began to cooperate more in combating terrorism and other non-traditional security (NTS) threats. Nevertheless, it remains that cooperation between China and Southeast Asian states has tended to focus on economic issues while security relations have lagged behind.

While Chinese leaders have stated China's willingness to set aside maritime sovereignty disputes to embark on joint development, China has nonetheless run into difficulties in its relations with some ASEAN countries, in particular, the Philippines and Vietnam. It was suggested that this

could be due to these states' own inherent insecurities over China's rise — hence their insistence on engaging China on a multilateral platform. A lack of understanding of Chinese intentions in its maritime strategic thinking as well as recent displays of Chinese assertiveness in its diplomacy since 2008, have similarly heightened concerns among claimant ASEAN states regarding their chances of reaching their own *modus vivendi* with China on a bilateral basis. Moreover, the increasing modernisation of the People's Liberation Army (PLA) naval forces has turned China into a force to be reckoned with in the East and South China Seas.

On U.S. re-balance strategy, it was suggested that while it may take a few more years for this American policy to be fully enacted in the region, some of ASEAN states have nevertheless become emboldened to refute Chinese territorial claims. Caught in this dilemma between wanting to be closer politically and economically with its neighbours on the one hand, and trying to manage contentious territorial disputes on the other, it was suggested that China would nonetheless strive for good relations with Southeast Asia by turning to soft power options.

However, it remains debatable whether such an approach would help strengthen security cooperation between China and ASEAN nations given how the latter has generally welcomed the increased U.S. presence in the region. It was pointed out that ASEAN states embroiled in territorial disputes with China should equally adhere to the principles stipulated in the Declaration on the Conduct of Parties in the South China Sea (DOC), so as to prevent tension as well as conflicts from escalating in Southeast Asia.

China's Role in Regional Economic Integration and Sub-Regional Cooperation



Mignonne Chan

Drawing from theories of political economy, the impact of China's "peaceful development" on Southeast Asian states can be adjudged to be generally positive. With its rapid economic growth over the past three decades, China has been able to establish different pillars of regional cooperation — in economic partnerships, in the arena of political and military coordination, and in the sphere of social and cultural collaborations. With the establishment of physical infrastructure and institutional alignments among states, as well as the fostering of a sense of community in the region, it was highlighted that regional economic integration in Southeast Asia can reasonably be expected to grow further as barriers to investment and trade become gradually reduced or eliminated eventually.

As an alternative *modus operandi* to what has been termed the Trans-Pacific Partnership (TPP), China's approach towards economic integration originates from

previous frameworks centred on the Association of South East Asian Nations (ASEAN). Now known as the Regional Comprehensive Economic Partnership (RCEP) under the aegis of ASEAN + 6, this free trade agreement (FTA) between the ten ASEAN states and their FTA partners (Australia, China, India, Japan, New Zealand as well as South Korea) is considered a competitive but mutually-reinforcing mechanism for regional integration alongside the TPP, which is considered a key economic thrust of the Obama administration's rebalance policy framework.

Stressing the centrality of ASEAN countries in the regional framework, China's role in the RCEP has largely been considered to be in accordance with the Chinese leadership's stated commitment towards implementing peaceful development — an indication of its desire to participate in global economic governance. While it remains debatable whether Chinese efforts in advancing "ASEAN centrality" in the RCEP framework is related to the Chinese leadership's notion of a "Chinese Dream" envisaging a shared economic destiny with China's periphery, it is clear that the rise of China in the past three decades has given impetus to the integration of ASEAN member states, which have since been brought closer together.

While the TPP and RCEP have generally been described as being led by the U.S. and China respectively, it was opined that these two frameworks do not constitute a "zero-sum game". While it is unlikely that the U.S and China would contemplate accommodating each other in their respective trade pacts, the efforts of these two global powers in deepening their relationships with ASEAN can only help to boost economic integration in the region even further.

China's "Mekong River Diplomacy": A Media Perspective



Wang Qichao

Based on a series of documentary films produced by China and a consortium of countries along the Mekong River (Cambodia, Laos, Myanmar, Thailand and Vietnam) that was broadcasted in 2008, it was suggested that the media discussion of China's relations with its Mekong River neighbours had served to highlight China's soft power projection in this sub-region of Southeast Asia. While China's relations with Southeast Asia have tended to be clouded by the contentious South China Sea issue in recent times, this documentary aimed to provide proof of less hostile relations between Southeast Asian states and China. The documentary also attempted to give evidence detailing the collaboration between China and its five

Mekong River neighbours, dispelling the myth that China has sought to impose "cultural hegemony" on states along the Mekong River.

An analysis of the respective Mekong River countries points to certain geographical advantages for Chinese efforts in projecting its soft 'cultural' power (except in the case of Cambodia). In that respect, the visa-friendly policies extended by Mekong River states to Chinese travellers mean that it is quite possible that the perception of the "China threat" will gradually lose traction as people-to-people interactions across borders allow inhabitants of the sub-region to become familiar with their Chinese counterparts.

Apart from reminding certain aspects of a shared culture in the form of certain festivals, the programme also sought to convey a sense of common economic destiny between China and the Mekong sub-region. Nevertheless, it was pointed out that Chinese actions on the ground may not, in reality, conform to the perspective that had been projected by the programme. As a case in point, there have been widely publicised concerns by the Mekong River countries over the downsides of the development of hydroelectric plants by Chinese companies, which includes the wholesale re-location of settlements as well as environmental degradation. Such concerns have inadvertently fostered anti-Chinese sentiments and negatively impacted China's bilateral relations with the Mekong states.

PANEL 4

South Asia

This panel on China's foreign policymaking in its south-western periphery examines Sino-Indian strategic competition and its impact on relations with other stakeholders in the region. Of particular interest is the role of China in the security vacuum anticipated in the region as a result of impending American withdrawal from Afghanistan by the end of 2014.

China-India Relations



Zhao Gancheng

By virtue of its close proximity to the regions of Xinjiang as well as Tibet, China's relations with its neighbours in South Asia are fundamentally important for Beijing. Among China's neighbours in this region, India can be said to feature prominently in the minds of Chinese policymakers. While China has had to confront increasingly challenging conditions in its relations with some countries in Northeast Asia and Southeast Asia, China has arguably handled its ties with South Asian states better and with greater success. Nevertheless, problems in Sino-India relations exist, ranging from unresolved border disputes involving the territories of Arunachal Pradesh and more recently Aksai Chin, to the more notable question of Tibet.

Some of the more contemporary issues that require the attention of Chinese and Indian policymakers include a mutual trust deficit that has persisted and continued to grow in spite of the normalisation of relations in the late 1980s. Secondly, as evidenced by the recent skirmish in the

Depsang Plains where Chinese forces suddenly surprised India by infiltrating the Indian-held sector of the Aksai Chin, it is clear that these two giants of Asia still face difficulties in demarcating their disputed boundaries. And while the two sides have reached a Border Defence Cooperative Agreement (BDCA) in 2013, the fact remains that these two sides continue to distrust each other as evinced by their reluctance to reduce their respective military presence along the boundary areas.

On the impact of the Dalai Lama issue on the Sino-Indian relationship, it was highlighted that China and India have sought to reach a consensus, jointly deciding that the exiled spiritual leader of Tibet and his followers, so long as they are on Indian soil, should refrain from conducting political activities against China. In this respect, China has sought to engage India within the framework of framing the Tibetan issue as a domestic matter.

As is the case with other regions in China's periphery, Chinese leaders will have to address India's concerns regarding the asymmetric power structure between the two countries. Most pertinently, Delhi will be curious to know how India would be impacted as China continues to rise and whether or not this rise might lead to the inadvertent marginalisation of India. Despite these problems, the prospects for China-India relations remain cautiously optimistic with the view that China and India will continue to build mutual trust. To be sure, China has tried to reassure India on many fronts, and these include reaching accord on facilitating transparency through military cooperation. On trade and economics, China has also adopted an "opening to the West" policy of engaging India and the South Asian region in economic development.

China-Pakistan-Afghanistan Relations



Raffaello Pantucci

On China-Afghanistan relations, it was highlighted that Chinese foreign policy has taken on a hedging stance. While Chinese diplomacy and economic activity have been active in this embattled state, Beijing has not been observed to assert itself more comprehensively in the country. Indeed, Chinese involvement in the Afghan economy has encountered difficulties relating to corruption and criminality, bureaucracy, as well as complicated technical issues and the lack of economic infrastructure in the region. Despite this, Beijing has envisioned that Chinese economic engagement of Afghanistan will continue to grow. On the political front, and in context of the U.S. withdrawal in 2014, the Afghan President, Hamid Karzai, has suggested that China could serve as an anchor state for Afghanistan.

Security issues have featured prominently in China's foreign policy in Pakistan, with concerns being heightened in recent years due to the rise in terrorist activities in Xinjiang, which may have received support from organisations based in Pakistan. On the other hand, China has attained some success in managing its diplomacy with Pakistan. Notably, China has helped moderate the disputes between Pakistan and India in the aftermath of the 2008 Mumbai attacks. Beijing has also taken an active interest in its economic ties with Pakistan, with Chinese companies playing a substantial role in the construction of economic infrastructure. It has proposed to develop strong economic networks linking China to its western periphery, as well as supported plans for an economic and trade corridor connecting Kashgar to the Pakistani port city of Gwadar.

The conference was also briefed on the crucial relationship between Afghanistan and Pakistan and its influence on Chinese regional policy, such as Xi Jinping's proposal of the Silk Road Economic Belt that links China with its European markets. It was noted that an unstable Afghanistan could still foment extremist sentiments throughout the entire region and in the process destabilise either Pakistan to the south or undermine Central Asia to the north. With American military involvement in the region drawing to a close, it was anticipated that any delay in the provision of international leadership for Afghanistan may bring about a shift in Chinese thinking and result in China playing some sort of leadership role in the region.

China's Indian Ocean Strategy



Bronson Percival

Popular naval nationalism and China's call for the country to become a maritime power do not seem to be a strategic priority where the Indian Ocean is concerned. With that said, China can still be expected to possess an interest in the Indian Ocean by virtue of the trade route that runs through it from the Gulf of Aden, via the Malacca Straits, before reaching the South China Sea. While it may be the case that China's economic development and social stability are dependent on those maritime trade routes in the Indian Ocean — indeed the bulk of China's oil imports and a third of its exports goes through the Indian Ocean — the fact remains that there does not appear to be any plausible threat of disruption to this maritime route.

It may be more probable that Chinese foreign policy in the Indian Ocean may have to do with China's desires to be accepted as a legitimate player in the waters off South Asia. At the moment, however, Chinese maritime manoeuvres in this part of the world conform to China's

policy of diplomacy and trade with nations bordering the Indian Ocean. On the diplomatic front, China was adjudged to have conducted itself strategically by, on the one hand, showing an appreciation for India's concerns over the continuing improvements to PLA, and on the other, balancing India's influence in the region and not allowing Delhi to have any veto on China's relations with the other states in the Indian Ocean.

One school of thought has it that China may be strategically encircling India via a "String of Pearls" strategy by virtue of the proximity of Chinese installations within states in India's periphery. Regarding the potential of these installations to be used as Chinese naval bases, it was opined that such an undertaking would be too huge a challenge and would not be feasible considering their unfavourable geographic conditions. It would also seem that China's success in cooperating with the U.S. on guaranteeing freedom of passage for commercial ships would negate any requirement for such overseas Chinese bases.

It was noted that a significant development of China's relations with India in the Indian Ocean have been the display of mutual sensitivities and a willingness by both sides to re-assure each other regarding actions in what both nations consider as its territorial waters. Maritime deployment by the Chinese has proceeded carefully in the Indian Ocean with the sending of ships meant to combat piracy and provide medical support as opposed to something deemed more aggressive such as the Liaoning aircraft carrier. Considering the power asymmetries between India and China, such measures are helpful for reassuring the former.

PANEL 5

Central / West Asia (I)

This penultimate panel surveys the political and economic relations of this strategically pivotal area of the globe and its impact on Chinese foreign policymaking. Some of the critical issues discussed include the competition for influence by the world's major powers, the growth of oil wealth, as well as the proliferation of terrorism in the region.

Xinjiang, Central Asia, and China's Look West Strategy



Li Mingjiang (right)

As a key region in China's north-western sector, Xinjiang is a prime example of the roles played by Chinese border provinces in China's peripheral diplomacy. As the keystone in China's Central Asia strategic diplomacy, which first began in the early 1990s when the former Soviet Union disintegrated, Xinjiang has since established cooperation with Central Asia through the installation of infrastructural linkages and the commencement of economic activity between itself and its neighbours. In more recent years, China's "Look West" policy has also looked to improve upon security cooperation with its Central Asian neighbours and tackle security issues such as terrorism.

Following the breakup of the Soviet Union, ports along Xinjiang's borders became operational. Economic engagement with the outside world continued with the installation of the second Euro-Asia land bridge that runs through Xinjiang from China's east to Western Europe. Encouraged by the formation of the Shanghai Cooperation Organisation (SCO) and following Beijing's calls for the

westward development of China, Xinjiang's provincial government also began to actively promote the region as a "bridgehead" connecting China and the Central Asian states. This was to culminate in the establishment of a coordination mechanism with Kazakhstan, Kyrgyzstan and Tajikistan in the middle of the previous decade. Having previously identified Xinjiang as a rich source of mineral and energy resources, the central government also decided in the 2000s to develop Xinjiang into an energy corridor transmitting electricity to the rest of China.

It was pointed out that following the 2009 unrests in Xinjiang, neither the central government nor the Xinjiang authorities reacted to the turmoil by sealing off the region from its external environment. On the contrary, Beijing decided to invest more effort and resources in developing Xinjiang and its economy. *Ergo*, Beijing issued guidelines in 2011 for the setting up of economic development zones in Kashi and Huoerguosi. In accordance with Xi Jinping's proposal for a Silk Road Economic Belt, the National Development and Reform Commission Reform (NDRC) also called for Xinjiang to focus on export-oriented growth by developing a strong manufacturing base.

As security threats posed by the rise of extremism in Xinjiang have clearly demonstrated, prospects of Xinjiang's development are not entirely clear. Furthermore, industrial infrastructure in Xinjiang remains largely underdeveloped while the economies of its prospective Central Asian markets are neither at an advanced stage. It was also anticipated that any attempts by China to increase its influence over Central Asia states will be met with resistance from Russia. Overall, nevertheless, these issues should not prevent Xinjiang from continuing and growing its strategic engagement with China's western periphery.

China-Central Asian Relations



Aidar Amrebayev

Surveying the diplomacy between China and the Central Asian states of Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan, it quickly becomes clear that although these Central Asian states bear the similarity having been a part of the Soviet Union before gaining independence in 1991, each of them is unique in terms of their own form of politics, economy, military, society and culture. Apart from their different stages of development, each of them also differs in terms of resource potential. This means that Chinese regional policy in Central Asia can ill afford to carry out a one-size-fits-all approach in its foreign policy towards a region that has been at the centre of “great power struggles” throughout history. Strategic rivalry between the great powers has also seen these powers engage the region with competing ideational models. This would include the U.S. idea of a New Silk Road, a Russia-led Customs Union and suggestion of a future Eurasian Economic Union, as well as the Chinese leadership’s proposal for a Silk Road Economic Belt between China and Central Asia.

China’s regional policy in its western periphery has evolved considerably since the time when the entire region was viewed through Chinese lens as nothing more than a homogeneous post-Soviet space. But once the Chinese leadership gained a better appreciation of the unique tapestry of the region, it also modified its previous approach and adopted individual paradigms to consolidate relations with each Central Asian state. Chinese involvement in Kazakhstan has, for example, focused on the country’s rich oil and gas resources, and allowed the nation to re-direct its energy resources to other markets in China and the wider Asia Pacific region. On the whole, Chinese economic clout has seen the East Asian giant become a major economic partner and financial donor to the region.

Not unlike China’s on-going diplomatic endeavours in other regions, Sino-Central Asia relations are sometimes beset with difficulties pertaining to certain perceptions of China. Threats – real or imagined – include the belief that several sparsely populated territories of Kazakhstan might be taken over by illegal Chinese migrants at the behest of Beijing. On economic issues, Central Asian states might also subscribe to the view that their economic sovereignty is being undermined by China. For example, the sheer size of Chinese financial packages being directed to Central Asian states creates the impression that China might be able to exercise leverage over the policy preferences of political elites in these Central Asian countries. In spite of these challenges, it was noted that economic engagement between China and the developing economies of Central Asia is a step in the right direction for a mutually beneficial relationship between the two regions.

China's Expanding Economic Interests in Central Asia



Alessandro Arduino

Having become independent at the same time following the dissolution of the former Soviet Union, Central Asian states share very similar problems with national identity, economic growth, border disputes as well as their close proximity to major powers. While they have all – with the exception of Turkmenistan – since been integrated into a framework that is the Shanghai Cooperation Organisation, it was opined that the organisation has only managed to bind the countries more effectively in the economic realm but not fulfilled its intended mission of deepening trust between their militaries. Caught between the strategic rivalries of major powers in the region, efforts within the SCO to boost regional economic development have been at times undermined by competition among these powers. For example, in 2004, Russia blocked China from pushing for a development bank within the group.

Indeed, Russia features prominently in Beijing's calculations given the political background of Central Asian states, and the continuing reliance of those countries on Russian training and military equipment. At the same time, negative developments in China's western periphery — the so-called "Three Evils" of terrorism, separatism and extremism — would also have slowed down economic integration in Central Asia. These trends inevitably runs counter to the Chinese leadership's stated desire for a stable external environment required for their country's economic development, and puts pressure on China's energy security given the importance of Central Asia as an energy supplier to China.

Despite the fact that Chinese collaboration on several projects has benefitted the Central Asian economies, Beijing could do more to address Sino-phobic sentiments among peoples living in the region. Negative publicity surrounding Chinese businesses operating in Central Asia—in particular, an apparent lack of corporate social responsibility—call into question whether the purported benefits of Chinese economic activities in the region outweigh the actual costs. Nevertheless, it was concluded that the economic dimension of China's Central Asian policy remains its most promising asset in extending its influence over the Central Asian region and laying for itself the foundations to play an even greater role in the future.

PANEL 6

Central / West Asia (II)

This panel continued from the previous discussion on China's relations with states in its western flank. Of particular concern is the impact of non-traditional security threats emanating from China's border regions. The panel also examined China's policies towards the Middle East region.

China-Central Asian Non-Traditional Security



Xing Guangcheng

Security relations between China and the states of Central Asia are at a historical crossroad. There are currently a growing number of non-traditional security (NTS) challenges facing the region, ranging from economic security, environmental issues, counter-terrorism, anti-drug trafficking, illegal immigration, to the prevention of epidemic diseases. The growth of these NTS threats has posed a number of challenges to the countries in the region and altered the security dynamics between Central Asia and China. It was noted that NTS threat levels have intensified in recent years, with the rise in terrorist activity featuring most prominently.

The spread of terrorism in Central Asia – while not considered to have pervaded the entire region – has developed at a very fast rate in recent times. The internationalisation of terrorist activity has also seen regional terror groups establish networks with foreign counterparts such as Afghanistan's Taliban as well as the Al-Qaeda from the Middle East. Of even greater concern, perhaps, is that these groups have increasingly resorted to violent means in their efforts to achieve their ultimate political objective of overthrowing the existing regimes.

Similar to security situation in Central Asia in the past few years, terrorism situation in Xinjiang has also become a more serious problem. This is evidenced from terrorist incidents across the entire region of Xinjiang, in areas such as the Bachu County in the Kashi region and the Sanshan County in Turpan region. More significantly, the 2013 Tiananmen terrorist incident suggests that terrorism has spilled out from Xinjiang into other parts of China.

Several reasons account for the rise in the number of attacks in Xinjiang; chief among them, the desire among members of disenchanted Uighur minority population to gain independence and secede from China. The globalisation of terrorism has also facilitated propagation of extremist ideas into underground religious institutions in Xinjiang. Furthermore, security prospects for Xinjiang do not appear favourable in view of the projection that impending U.S. withdrawal from Afghanistan might see the resurgence of terrorist organisations such as the Taliban, which have an adverse impact on the security of China's western periphery.

In addressing the above challenges, three channels of cooperation were suggested. China and Central Asian states, as well as Russia, could further strengthen NTS cooperation (i) under the aegis of the Shanghai Cooperation Organisation (SCO), (ii) on a bilateral basis to contain the threat of terrorism from extending beyond respective national borders, and (iii) under the United Nations framework of helping contain the international spread of terrorism. On its part, the Chinese leadership has made the bold decision to open up Xinjiang further in the hope that greater economic prosperity there would eventually lead to greater domestic and social stability to this area.

China's Changing Policy towards the Middle East



Yitzhak Shichor (right)

China's activities in the Middle East, not unlike other regions in the Chinese periphery, have continued to grow in recent times. This has been the case since remarkable economic growth provided China with the means to assert its clout in the international stage. China's entry into the United Nations Security Council (UNSC) and membership in several major international organisations further extended its diplomatic reach across the globe, spreading to the Middle East.

China has established economic relations with Middle Eastern countries in areas of trade and export, mutual investment projects, and infrastructure construction.

Middle Eastern countries and China also share developing cooperative relations in the area of security as evidenced by the successful evacuation of Chinese nationals from troubled hotspots in the Middle East as well as in Africa. Additionally, China has deployed its navy to participate in counter-piracy operations in the Gulf of Aden, as well as been involved in joint military exercises.

On the issue of whether China has been able to translate its economic clout into political capital in the region, it was opined that China may not wish to extend its regional political influence. While such a policy may seem counter-intuitive since the Middle East supplies a sizeable share of China's energy resources, Beijing is nevertheless concerned about getting itself too entangled in the region and becoming compelled to side with particular states during times of crisis, which risks losing its overall political leverage.

It was highlighted that increasing Chinese presence in the Middle East has not gone unnoticed, with the common consensus among nations in the region that China has already acquired superpower status. Thus, there have been growing regional expectations that China should play a more important role in the Middle East. Nonetheless, Beijing still appears to be relatively conservative in its Middle East policy and seems reluctant to assume a more active leadership role in the region.

ABOUT RSIS

The S. Rajaratnam School of International Studies (RSIS) is a professional graduate school of international affairs at the Nanyang Technological University, Singapore. RSIS' mission is to develop a community of scholars and policy analysts at the forefront of security studies and international affairs. Its core functions are research, graduate education and networking. It produces cutting-edge research on Asia Pacific Security, Multilateralism and Regionalism, Conflict Studies, Non-Traditional Security, International Political Economy, and Country and Region Studies. RSIS' activities are aimed at assisting policymakers to develop comprehensive approaches to strategic thinking on issues related to security and stability in the Asia Pacific.

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