



Delhi Policy Group

Advancing India's Rise as a Leading Power



EAST ASIA EXPLORER

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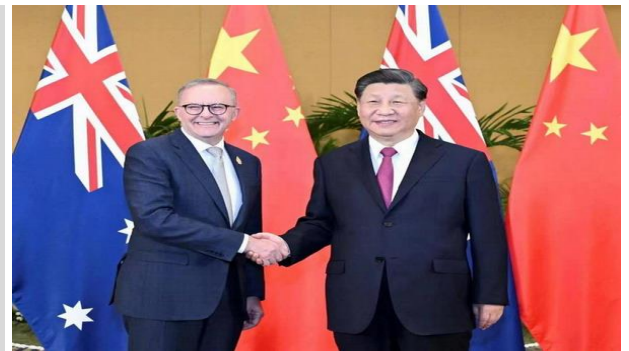
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ABOUT US

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Cover Image:

President Xi Jinping meets with Australian Prime Minister Anthony Albanese in Bali, Indonesia on November 15, 2022 (Source: Ministry of Foreign Affairs of the People's Republic of China)

Philippines President Marcos Jr. meeting United States Defence Secretary Lloyd James Austin III during a courtesy call on February 2, 2023 (Source: Presidential Communications Office)

President Xi Jinping awarded General Secretary of the Communist Party of Vietnam (CPV) Central Committee Nguyen Phu Trong the "Friendship Medal" of the People's Republic of China on October 31, 2022

(Source: Embassy of the People's Republic of China in the Kingdom of Sweden)

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Reset in Australia-China Relations

by

Pradeep Taneja

When Anthony Albanese met Xi Jinping on the sidelines of the G20 summit in Bali on 15 November last year, it was the first formal meeting between an Australian prime minister and the Chinese president since 2016. While Australia had been prepared to talk with China unconditionally at any level, it was China that had refused to engage with Australian leaders over the past few years, even refusing to take phone calls from Australian ministers.

Things were not always so bad. In fact, the two countries had enjoyed a friendly and mutually beneficial political and economic relationship for decades. China overtook Japan to become Australia's largest trading partner in 2008, and Chinese companies, both private and state-owned, invested tens of billions of dollars in Australia. The two countries also concluded a free trade agreement in 2014. Australia is one of the few democratic countries that twice invited unelected leaders of the Chinese Communist Party to address the Australian parliament (Hu Jintao in 2003 and Xi Jinping in 2014), an honour normally reserved for the leaders of fellow democracies.

But the relationship began to [unravel](#) in late 2017, when the then Prime Minister of Australia, Malcolm Turnbull, announced that there had been foreign interference in Australia's domestic political affairs in the wake of a political scandal that claimed the scalp of an Australian senator who had earlier made pro-China statements. Australian media pointed the finger at China. Then, in 2018, the Australian government introduced the Foreign Influence Transparency Scheme to counter attempts by foreign governments to interfere in Australia's internal affairs. Australia also banned the Chinese company Huawei from participating in Australia's 5G network. From the Chinese perspective, the final provocation came in April 2020 in the form of a demand by Turnbull's successor, Scott Morrison, for an independent inquiry into the origins of Covid-19. Morrison also said that the World Health Organisation could have "weapons inspector-style powers".

China's ["wolf warrior" diplomats](#) and state media responded to these perceived attacks on China by hurling insults at Australia. The Chinese government shunned contact with Australian leaders and imposed punitive sanctions against Australian products, particularly barley, beef, wine and lobsters, resulting in around A \$20 billion in lost export revenue for Australian producers each year.

Following the election of a new government in Australia in May 2022, ice was broken when China agreed to a meeting between Foreign Minister Wang Yi and Australia's newly appointed Foreign Minister Penny Wong. The two met on the sidelines of the G20 Foreign Ministers' Meeting in Bali on 8 July. Wang Yi [blamed](#) the former Australian government of Scott Morrison for the slump in relations because, in his words, it treated China as a "rival" and a "threat".

In December 2022, Penny Wong was [invited to visit Beijing](#) to meet with her Chinese counterpart and to mark the 50th anniversary of diplomatic relations between the two countries, an event that would have been marked with much fanfare in better times. This was followed by a virtual meeting between the trade ministers of China and Australia on 6 February, which paved the way for a virtual meeting between the trade officials from the two countries a few days later. Although China has officially not lifted restrictions on Australian products, Australian wine and lobsters have started to appear on Chinese dining tables.

So, can these developments be interpreted as a "reset" in bilateral relations? While the Australian government has welcomed the decision by China to resume official dialogue, Penny Wong is [reluctant to describe it as a reset](#). Instead, she says that her goal is to "stabilise" the relationship because, as she put it, "the reality is neither country is going back to where we were 15 years ago". And she is right! Australia and China have drifted far apart over the last six or seven years.

The underlying factors behind the slump in relations between these two countries, with very complementary economies, are structural; they are unlikely to change any time soon. China's growing military power, its regional and global ambitions, its aggressive actions in the South China Sea in violation of the international law, its provocations against Taiwan, and its habit of weaponising trade have all convinced the Australians that they must change the way they engage with China. In the words of the Executive Director of the Australian Strategic Policy Institute, [Justin Bassi](#), Australia's new approach to China can be summed up as 'cooperate if possible but counter where necessary'.

Myanmar: Two Years and After

by

V. S. Seshadri

Two years have passed since the fateful military takeover in Myanmar on 1st February 2021. Resistance and unrest however still prevail in a good part of the country. In his own report to the National Defense Security Council (NDSC) meeting held on 31st January 2023, on the eve of the second anniversary of the takeover, the chief of the armed forces, Senior General Min Aung Hlaing (MAH), characterised the condition as stable only in 198 of the total 330 townships in the country. The NDSC meeting therefore promptly extended the emergency provisions by a further six months. The military regime has augmented it further by the imposition of martial law in 37 townships in the conflict intense areas in the north-west (Sagaing and Magwe regions and in the Chin state) and south-east (Kayah state) parts of Myanmar.

The military takeover in 2021 was initially declared temporary on the promise to set right alleged voter fraud. New elections were to be held that was claimed would usher in a clean government according to the multi-party democratic system.

In the revised 5 point roadmap set out by the military (the earlier roadmap was announced soon after the takeover) on 4th February 2023, the top emphasis has now been given to bringing peace and stability and the full prevalence of law and order. Only after accomplishing the provisions of the emergency are elections to be held. No timeline has now been provided even as it is evident they cannot be held before August this year that formed the last stated schedule. The military reorganised Union Election Commission has introduced a more stringent system of re-registration of political parties and as of date only eight parties including the military backed Union Social and Development Party (USDP) have applied.

Meanwhile, the political parties such as the National League for Democracy (NLD) of Aung San Suu Kyi (ASSK) and other groups which have constituted the Committee representing the Pyidaungsu Hluttaw (CRPH) of ousted lawmakers all of which strongly opposed the military takeover have in no way softened their positions. They are against any fresh elections and have instead sought restoration of the duly elected Parliament in the 2020 elections. The National Unity Government (NUG) set up by them and operating in exile is also striving to attract more domestic and international support. Giving up on non-violent methods, it has encouraged establishing People's Defense Forces (PDFs)

and people's militias to take up armed struggle against the military. It is not clear if their path of violence has the approval of ASSK.

Both the military and the NUG still regard each other as usurpers and terrorists. Violent incidents involving use of lethal armaments and air attacks continue to be reported from time to time and over 3000 lives have been lost. And the NLD and other opposition leaders held on various alleged charges, including former President U Win Myint and ASSK, have been handed tough sentences comprising several years of imprisonment. As for the ethnic armed groups (EAOs) on the east, north and west of the country they also remain divided among themselves with some actively assisting the PDFs and in support of the NUG, some aligned or supportive of the military and a third set of EAOs, waiting and watching.

On the economic front, uncertainty, internal conflict and poor management have adversely impacted. As per World Bank's Myanmar Economic Monitor¹ dated 30 January 2023, the country may still be 13% lower by September 2023 in per capita GDP compared to pre-pandemic 2019 levels, marking it a distinct outlier in the region.

The military regime has paid no heed towards implementing ASEAN's five point consensus (FPC) of April 2020 which called for a halt to all violence and holding an inclusive national dialogue with all stakeholders. Barring the military regime from attending high level ASEAN events such as its summits and foreign ministers meetings since October 2021 have not helped. Will ASEAN be willing to take a more assertive line? This is apparently being opposed by its continental members - Cambodia, Laos, Thailand and Vietnam - each of which by itself does not have a democratic multi party polity.

ASEAN however still talks of taking an united approach on Myanmar, as underlined by the Indonesian Foreign Minister Retno Marsudi² after the ASEAN Foreign Ministers retreat on 3 February 2023 which appears to have discussed Myanmar at some length. But as of now there is no Plan B if the FPC is not implemented. That stated, some of the individual ASEAN countries like Malaysia and Indonesia are shedding their restraint and are meeting the NUG representatives openly. A development whose import is still not very clear is the recent change effected by the military regime in replacing Wunna Maung Lwin, generally regarded more rigid, from looking after the Foreign Affairs

¹ See <https://www.worldbank.org/en/country/myanmar/publication/myanmar-economic-monitor-january-2023-navigating-uncertainty>

² See briefing by Retno Marsudi on 3rd February available at https://kemlu.go.id/portal/en/read/4397/siaran_pers/press-briefing-he-retno-l-p-marsudi-minister-for-foreign-affairs-of-the-republic-of-indonesia-asean-foreign-ministers-retreat

portfolio. A more suave Than Swe who has also served as Myanmar's Ambassador to the US has taken charge. Whether it will mean any change in the regime's position in addressing the FPC remains to be seen.

The western countries meanwhile have toughened their sanctions against the military regime and are also openly supportive of the NUG activities. The passage of the Burma Act by the US Congress³ in December 2022 has provided fresh impetus. NUG has opened a liaison office in Washington DC on 13th February 2023. A day after, the US Deputy Secretary of State Wendy Sherman also met Zin Mar Aung, the NUG's representative, who is also its declared foreign minister. Earlier in the month Zin Mar Aung had also met with the Secretary of State in the British Foreign office James Cleverly on 6 February.

The military regime itself leans heavily on support from Russia and China. India for its own reasons of security and balance is also carefully calibrating its engagement. ASEAN's continental members too are hedging their positions. Otherwise much of the world is beginning to show impatience. This is also evident in the passage of a UN Security Council resolution⁴ 2669 on 21st December 2022 for the first time on Myanmar (in 74 years) with abstentions from China, India and Russia. Without criticising the military regime or even mentioning CRPH and NUG the resolution inter alia calls for an immediate end to all forms of violence throughout the country, the immediate release of all arbitrarily detained persons including President Win Myint and ASSK, effective and full implementation of ASEAN's FPC and the need to create conditions for the voluntary, safe, dignified and sustainable return of the Rohingya refugees. In explaining its vote India stated that the complex situation in Myanmar called for quiet and patient diplomacy and any other course may entrench the parties in inflexible positions.

Noteworthy in recent weeks is also the increased diplomatic activity shown by China. Its special envoy Deng Xijun has on 20th February met with seven of Myanmar's Ethnic Armed Organizations (EAOs) on the China Myanmar border (his second visit in three months) including some of whom have been fighting with the Myanmar armed forces for years now. Certain reports have speculated Deng's visit may be at the regime's behest and could be intended to persuade these EAOs to arrive at a ceasefire with the military so that the latter could more effectively deal with the resistance. There may also be concern in China about the implementation of the Burma Act by the US that inter alia offers assistance

³ Passed as part of National Defense Authorisation Act for Fiscal year 2023. For what is in the Act see <https://www.csis.org/analysis/what-burma-act-does-and-doesnt-mean-us-policy-myanmar>

⁴ See <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N22/767/33/PDF/N2276733.pdf?OpenElement>

to EAOs (as also PDFs and pro-democracy organisations), even if of a non-lethal nature. Most of these EAOs on Myanmar's eastern borders are regarded to be in the sphere of Chinese influence.

What emerges from all this update is that the complex situation in Myanmar is not getting any easier to resolve. The key question is whether the pressures getting mounted on each side, the military regime on the one side and the NUG,CRPH etc., on the other, will lead to a narrowing of differences or risks further entrenchment of their positions. This is still unclear but indications mainly point towards the latter. Even so, it is fervently hoped that the year 2023 will not turn out to be another lost year for Myanmar and its people.

Vietnam-China relations: Navigating Great Power Competition in Asia

by

Biren Nanda

Since the normalization of relations in 1991, Sino-Vietnamese relations⁵ have developed into one of normalized or mature asymmetry. This is a relationship in which China seeks acknowledgement of its primacy and Vietnam seeks recognition of its autonomy. Maritime disputes in the South China Sea have emerged as the major irritant in bilateral relations because of the salience of conflicting claims to sovereignty. Vietnam's leaders have attempted to prevent maritime boundary disputes from spilling over and impacting negatively on Vietnam's comprehensive strategic cooperative partnership with China⁶. At the same time, Vietnam has attempted to manage its maritime disputes with China through government-to-government negotiations and in times of crisis through party-to-party channels.

In the late 1980s and early 1990s, Vietnam began to re-conceptualize how it framed its foreign policy, and elevated the importance of national interests over socialist ideology in its relations with China⁷. Vietnam pursued a policy of 'multi-lateralizing and diversifying' its external relations with all major powers. China is Vietnam's largest trading partner. Vietnam's decision to join the TPP⁸ was an attempt to diversify economic relations away from China. At the same time, Vietnam has taken major steps to develop a robust capacity through force modernization, to resist maritime intervention by China.

Stable and manageable relations with China have always been an essential

⁵ Thu Huong Le (2020, September 30) Rough Waters Ahead for Vietnam China Relations. Carnegie Endowment for International Peace. <https://carnegieendowment.org/2020/09/30/rough-waters-ahead-for-vietnam-china-relations-pub-82826>

⁶ Neilsen John (October 18, 2022) Can Vietnam Weather the coming Era of Great Power Competition? The Diplomat. <https://thediplomat.com/2022/10/can-vietnam-weather-the-coming-era-of-great-power-competition/>

⁷ Hung Nguyen Cao Viet. (November 10, 2022) Does Ideology Matter in Vietnam's Foreign Policy? <https://thediplomat.com/2022/11/does-ideology-matter-in-vietnams-foreign-policy/>

⁸ In January 2018, the remaining eleven countries agreed on a revised TPP, now renamed the "Comprehensive and Progressive Agreement for Trans-Pacific Partnership" (CPTPP). Vu Khahn (2018, November 12) Vietnam becomes seventh country to ratify Trans-Pacific trade pact. Emerging Markets. <https://www.reuters.com/article/us-trade-tpp-idUSKCN1NH0VF>

element in the foundations of Vietnam's external relations. Vietnamese Party Secretary Nguyen Phu Trong's visit to China⁹ from October 30 to November 3, 2022, broke an unwritten rule that the first foreign visit of a VCP leader after his election should be to Laos. Trong was welcomed in Beijing with great pomp and ceremony including a 21 gun salute, and was the first foreign leader to greet Xi Jinping after his re-election to a third term as Party Secretary. During Trong's visit to China the two countries committed themselves not to let any third country to interfere in the progress of bilateral relations.

The upswing in Vietnam-China relations coincided with a pause in US-Vietnam relations¹⁰. During 2022, according to reports, the visit of Secretary of State Anthony Blinken¹¹ planned for July was canceled or postponed and the US Aircraft carrier Ronald Reagan did not dock in Da Nang port as planned during the same month. Vietnam did not participate in the 2022 edition of the RIMPAC – the largest international naval exercise held by the US Pacific Fleet. The lack of major visits in 2022 contrasted with two high profile visits – by Vice President Kamala Harris and Defense Secretary Lloyd Austin in 2021. During the visit of Vice President Kamala Harris, President Nguyen Xuan Phuc and Vietnamese Communist Party Secretary Nguyen Phu Trong invited President Biden to visit Vietnam and the invitation was accepted.

How can Vietnam secure itself against China's aggressive assertions¹²? One view is that Vietnam needs a security assurance from the United States to be safe from Chinese aggression. The contrarian view is that as a small power, relative to China, it is not inevitable that Vietnam will always balance against China. Vietnam can strive to remain on good terms with China and only when it can't manage its differences with China will it have to search for external support and resort to balancing against China. This probably explains Vietnam's decision not to upgrade its relations with the United States to a strategic partnership. There is likely to be uncertainty about the degree of

⁹ Strangio Sebastian (November 1, 2022) Xi Jinping Rolls out the Red Carpet for Vietnam's Communist Party Chief. The Diplomat.

<https://thediplomat.com/2022/11/xi-jinping-rolls-out-the-red-carpet-for-vietnams-communist-party-chief/>

¹⁰ Vu Khang. (November 17, 2022) Why the current Stall in US-Vietnam Relations is necessary for Vietnam's Security? The Diplomat.

<https://thediplomat.com/2022/11/why-the-current-stall-in-u-s-vietnam-relations-is-necessary-for-vietnams-security/>

¹¹ T Tran Bich (September 8, 2022) Loosing Momentum and Passing Opportunities in the US Vietnamese Relationship. CSIS Washington D.C.

<https://www.csis.org/analysis/losing-momentum-and-passing-opportunities-us-vietnam-relationship>

¹² Vu Khang (December 16, 2022) How Vietnam can Balance Against China on Land and at Sea. The Diplomat.

<https://thediplomat.com/2022/12/how-vietnam-can-balance-against-china-on-land-and-at-sea/>

support the United States would offer Vietnam under a strategic partnership, but there is near certainty that China would punish Vietnam if it should upgrade its ties with the United States.

Philippines' Balancing Act from Duterte to Marcos

by

Anshita Shukla

The Philippines' careful balancing act in the ongoing great power competition, under President Marcos Jr., was challenged as the country witnessed differing attention from the United States (US) and China. A week after the United States was granted access to additional bases in the Philippines, the Philippines military accused the Chinese Coast Guard of using a 'military grade' laser to disrupt its mission to resupply troops in the South China Sea (SCS)¹³. While the spokesperson of China's Foreign Ministry characterised the country's Coast Guard activity as 'professional and restrained', the actions add to the burgeoning cases of Beijing's assertive actions in the SCS¹⁴.

Under ex-president Duterte, the Philippines had distanced itself from its historic alignment with the United States. President Duterte had threatened to terminate Manila's alliance with Washington, cancelled US-Philippines joint patrols in the SCS¹⁵, blocked the full implementation of the Enhanced Defence Cooperation Agreement (EDCA)¹⁶, and temporarily suspended the Philippine-US Visiting Forces Agreement (VFA) in 2020¹⁷. The move was economically motivated, with Duterte claiming before his electoral selection "what I need from China is help to develop my country." There was also widespread human rights criticism of his administration in the US¹⁸.

Rodrigo Duterte's flagship infrastructural 'Build, Build, Build' Program of US\$160 billion required economic assistance, for which the Belt and Road Initiative (BRI) served as a critical avenue¹⁹. Additionally, the Duterte administration hoped to placate differences in the SCS between the two countries by establishing joint exploration in disputed waters. At the onset of this renewed engagement with China, the relationship appeared to be attaining

¹³ Philippines urges China to prevent any 'provocative act' after complaint over laser, [Reuters](#), February 14, 2023

¹⁴ Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference, [Ministry of Foreign Affairs of the People's Republic of China](#), February 13, 2023

¹⁵ Duterte declares upcoming Philippines-US war games 'the last one', [CNBC](#), September 28, 2016

¹⁶ 'PH will likely lose its maritime rights' in Spratlys over EDCA delays – experts, [INQUIRER.NET](#), May 18, 2018

¹⁷ PH suspends termination of Visiting Forces Agreement with US – DFA, [CNN Philippines](#), June 2, 2020

¹⁸ Philippines election: Ties with China at stake, [CGTN YouTube](#), May 5, 2016

¹⁹ Update on the Flagship Projects of the Build, Build, Build Program, [Senate of the Philippines](#), January 2022

Duterte's intended goals. In the ex-president's first official visit to China, the Philippines secured \$24 billion in investment and loan pledges under BRI, distributed amongst a steel plant, a hydroelectric power plant, a port development project, transportation, and infrastructure.

By the end of Duterte's term, the promised investment failed to materialize, with only a fraction of the US\$9 billion in soft loans and US\$15 billion worth of direct investments Beijing promised in 2016 had been paid out²⁰. Only three out of the fourteen projects have commenced construction till now, with the others either delayed or shelved. The joint oil and gas exploration in SCS was officially terminated in 2022 with the then Foreign Affairs Secretary Teodoro Locsin announcing, "developing oil and gas resources so critical for the Philippines, but not at the price of sovereignty"²¹.

China's economic bait muted the Philippines' strong opposition, under Duterte, leading to rising cases of Beijing's assertion in the SCS, the precedent for which was set when Duterte undermined the 2016 Permanent Court of Arbitration landmark ruling regarding Beijing's claims in the SCS, in favour of the Philippines. From 2016 to 2021, Manila has made 128 diplomatic protests over Beijing's activities in contested waters²². During Duterte's administration, China fully militarized three of the man-made islands in the Spratlys group of islands²³, it encircled the Philippines' Thitu Island with hundreds of militia boats²⁴ and flooded 200 fishing boats at Whitsun Reef for several weeks in March 2021²⁵ amongst many such incidents.

The unavailing response by China led the Philippines government to reevaluate its foreign policy direction and reinstate its relations with the US. During the final years of Duterte's term, the ex-president postponed the termination of VFA thrice and finally restored the agreement in 2021²⁶. The same year Duterte for the first time publicly criticised China's actions stating "how he abhors the alleged harassment of Philippine warships and fishermen in the South China Sea" during the China-ASEAN Summit. Since his appointment, the leader for

²⁰ China's promised infrastructure billions yet to arrive in the Philippines, five years on, [South China Morning Post](#), July 5, 2021

²¹ Philippines Nixes Joint Maritime Resource Exploration Talks With China, [The Diplomat](#), June 24, 2022

²² Five years after South China Sea ruling, China's presence around Philippines only growing, [Reuters](#), July 9, 2021

²³ China has fully militarized three islands in South China Sea, US admiral says, [The Guardian](#), March 21, 2022

²⁴ The Long Patrol: Staredown at Thitu Island Enters Its Sixteenth Month, [Asia Maritime Transparency Initiative CSIS](#), March 5, 2020

²⁵ What the Whitsun Reef incident tells us about China's future operations at sea, [IISS](#), April 9, 2021

²⁶ Philippines' Duterte fully restores key U.S. troop pact, [Reuters](#), July 30, 2021

the first time during the 75th United Nations General Assembly upheld the arbitration hearing against China²⁷. The substantial shift in foreign policy, from the onset of Duterte's presidency to the end of his term, reflects an acknowledgement within the administration of the futility of the Philippines pivot to China.

The lessons arising from Duterte's overtures to China and the importance of the Philippines' historical security ties with the US set in motion the foreign policy direction for his successor's presidency. President Ferdinand Marcos Jr.'s embarked on an attempt to maintain his country's economic relations with Beijing while countering the latter's aggressive actions through a defence and security partnership with the West. In less than a year, the pitfalls of this strategic direction are evident. The reinvigorated partnership between the Philippines and the US reflected in the additional bases secured by the US under the VFA²⁸ and the upcoming largest bilateral military exercise²⁹ is bound to invite China's wrath. Beijing would not be hesitant in using its economic leverage as an instrument to punish the Philippines for this growing alliance, as was evident from the Scarborough Shoal incident³⁰. The Scarborough standoff along with the 2021 water canon incident³¹ serves as a critical reminder about the limits of the USA's defence commitment to the Philippines. As tensions continue to rise in the region, the country's alignment or non-alignment with the two powers is bound to bear heavy costs for Manila.

²⁷ FULL TEXT: President Duterte's speech at the 75th UN General Assembly, [Rappler](#), September 23, 2020

²⁸ U.S. to Boost Military Role in the Philippines in Push to Counter China, [The New York Times](#), February 1, 2023

²⁹ Philippines, U.S. to hold biggest war games in years, [Reuters](#), February 15, 2023

³⁰ In Philippines, banana growers feel effect of South China Sea dispute, [The Washington Post](#), June 10, 2012

³¹ South China Sea: Philippines slams China for firing water cannons at its boats; Beijing says Manila no permission to be there, [South China Morning Post](#), November 18, 2021



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