

The JAMESTOWN FOUNDATION

VOLUME XII + ISSUE 18 + SEPTEMBER 21, 2012

a journal of analysis and information

China Brief

In This Issue: IN A FORTNIGHT By Peter Mattis	
CHINA AND JAPAN TURN THE SCREW OVER ISLAND DISPUTE By J. Michael Cole	2
FINALIZING THE 18TH PARTY CONGRESS: SETTING THE STAGE FOR REFOR By Willy Lam	
A NEW EGYPT LOOKS TO CHINA FOR BALANCE AND LEVERAGE By Chris Zambelis	8
SINO-MALAYSIAN RELATIONS: CLOSE BUT NOT TOO CLOSE By Prashanth Parameswaran	11

In a Fortnight

By Peter Mattis

RESOLVING CONTRADICTIONS IN SOCIAL MANAGEMENT

S ocial management issues and reform have been linked clearly to fulfilling the vision of improving people's livelihood and Hu Jintao's "harmonious society." With the future of social management and political reform ostensible on the agenda for the 18th Party Congress, Chinese research departments seem to be more heavily engaged in laying new groundwork for the incoming leadership that is rumored to be reshuffling the internal security portfolio (*Apple Daily* [Hong Kong] September 10; *Ming Pao* [Hong Kong], September 3). Building off of critiques articulated earlier in the summer, the implication of these commentaries and reports is that the current approach to social management has hindered party development and the development of "socialism with Chinese characteristics" ("Central Party School Critiques Suggest New Leadership Dynamics," *China Brief*, June 22). Put plainly, the accusation is that the current approach to social management.

In a recent article out of the Central Literature Research Office, Chen Li asserted the overall work of the party is undermined by failures in social management, which cannot be separated from the people's livelihood. These failures mean even those who were optimistic about China's growth a decade ago would not dare predict whether Beijing is able to continue preserving stability. Because of this danger, in February last year, Hu Jintao reportedly led a study session on establishing a new proposition for social management, realigning the idea with the notion of mass



Chairman Mao Makes an Appearance in Anti-Japanese Protests

China Brief is a bi-weekly journal of information and analysis covering Greater China in Eurasia.

China Brief is a publication of The Jamestown Foundation, a private non-profit organization based in Washington D.C. and is edited by Peter Mattis.

The opinions expressed in China Brief are solely those of the authors, and do not necessarily reflect the views of The Jamestown Foundation.



For comments or questions about *China Brief*, please contact us at mattis@jamestown.org

1111 16th St. NW, Suite #320 Washington, DC 20036 Tel: (202) 483-8888 Fax: (202) 483-8337

Copyright © 2011

TO SUBSCRIBE TO CHINA BRIEF, VISIT http://www.jamestown.org/programs/chinabrief/

Volume XII • Issue 18 • September 21, 2012

work and reorienting government in line with the 12th Five Year Plan's more balanced approach (*Outlook Weekly*, September 17).

One article in a Central Party School journal "How to Resolve Social Contradictions" placed emphasis on the Political-Legal Committee's (PLC) role, but within a people-oriented approach to governance (presumably a reference to Hu Jintao's three principles). It also acknowledged the tensions among the citizenry have become more diverse and multifaceted (Study Times, September 17). Although the social management and stability is an established concern of the party, a Xinhua commentary elaborated the new concern for social management is the acceleration of the diversification of citizens' interests-a challenge unprecedented for a country. Beijing now faces a strategic window of opportunity to address the social changes and upheavals caused by development (Xinhua, September 17). This suggests social management changes may be folded into broader party-centric political reform.

The China Academy of Social Sciences (CASS) recently released a blue book on social management, "China Social Management Innovation Report, No. 1," that also drew attention to a number of lingering problems in social management. Although information management and propaganda did receive mention, it attracted scant attention among the myriad of other challenges associated with the "people's livelihoods" (People's Daily, September 17; Phoenix News, September 17; China News Service, September 14). The report and surrounding commentary highlighted the urban-rural divide as a critical problem for social management, because the now high urbanization rate (51 percent) accounts for those living in the cities but not their actual living status. Urban wages are 330 percent higher than rural wages, exacerbating the basic inequalities created by the Hukou system. Moreover, the difference in the quality of education across this divide also limited the opportunities of rural migrants. One suggestion put forward at an urbanization forum discussing the blue book report was that rural workers could trade in their land rights for urban status-a suggestion put forward independently by an expert in the party history office (Global Times, September 17; Xinhua, September 17). Perhaps most interestingly, these ideas found their way into a speech by Politburo Standing Committee member and PLA chair Zhou Yongkang this summer.

In a further sign that social management may be changing, security chief Zhou's speech in July at conference on social management began and ended with an invocation of Hu's "harmonious society" as well as the focus on reorienting social management work. Reviewing Zhou's articles and speeches prior to this summer shows he rarely mentions Hu's concept if at all—and usually not in a prominent part of the speech (*Qiushi*, September 16). Zhou also parroted the appropriate lines about service-oriented government as well as the need to rally around President Hu ahead of the 18th Party Congress.

The implication of these articles on social management suggests the current PLC-led processes have not ameliorated the problems of Chinese development. The challenges of 513 million netizens communicating and spreading information, of a 230 million floating population, and of urban-rural inequalities obviously cannot be resolved through targeted coercion and domestic intelligence. With rumors that Zhou's successor as PLC chair will not be Politburo Standing Committee member, this change may offer an opportunity to reverse the current subordination of social management to security concerns. Some key indicators of whether this change occurs will be the assignment of the chair for the Preserving Stability Leading Group (or possibly the formation of a different leading group altogether); a discussion about changing the definition of "preserving stability" (weihu wending, or weiwen); or some sort of internal accountability mechanism that reviews how and when coercion is applied to encourage cadre responsibility.

Peter Mattis is Editor of China Brief at The Jamestown Foundation.

China and Japan Turn the Screw over Island Dispute

By J. Michael Cole

Once again Tokyo and Beijing played with fire over the disputed Diaoyu or Senkaku islets in the East China Sea, operating under the assumption that the consequent outbursts of nationalism can be contained

Volume XII • Issue 18 • September 21, 2012

indefinitely and will not degenerate to the extent that they would threaten the mutually beneficial bilateral ties.

On several occasions in recent years, relations between the two countries degenerated on issues such as sovereignty over the islands or the controversial visits by Japanese prime ministers to the Yasukuni Shrine, sparking large, and sometimes violent, protests across China and engendering vitriolic editorials in Chinese media ("Sino-Japanese Relations: Citizens Taking Charge Despite Government Efforts," *China Brief*, September 7). In every instance, however, tensions were diffused before the crisis could translate into clashes between the two Asian competitors. The belief that nationalistic fervor—a useful instrument for politicians to rally various constituents around the flag in times of domestic discontent— always will be manageable and that precedent provides the assurance of similar outcomes in the future is a recipe for disaster.

Already high tensions over the islets were exacerbated on September 10 when Tokyo announced it would spend 2.05 billion Yen (\$26 million) to purchase three of the islets comprising the Senkaku chain-Uotsurijima, Kita-Kojima and Minami-Kojima-from a private owner (Beijing Review, September 14; Kyodo News, September 11). As the deal, viewed by Tokyo as the least drastic among a list of options, was formalized the following day, large protests erupted in cities across China. A number of Japanese citizens sustained injuries after being targeted by demonstrators, while Japanese businesses were ransacked, cars smashed, windows broken and restaurants set on fire. Thousands of Chinese gathered in front of Japanese diplomatic missions, some carrying pictures of Mao Zedong or banners calling for war against Japan, death to "Japanese robbers" and, in Shenzhen, the "nuclear extermination of wild Japanese dogs" (Wall Street Journal, September 16). In a rare departure from previous practice over the dispute, in which the civilian leadership, rather than the armed forces, would comment, Chinese Ministry of National Defense spokesman Geng Yansheng hinted the following day at the possibility of a military response from China (Asahi Shimbun, September 12).

The series of attacks on Japanese companies nationwide, principally brand names, prompted the suspension of operations at a number of firms. Toyota, the world's largest car manufacturer, announced shutdowns at its three assembly plants and six other factories across China, while Honda closed all its five plants and Nissan suspended operations at two of its three factories in the country. Canon, Panasonic, Mazda and Mitsubishi also suspended operations (Agence France Presse [AFP], September 18; Reuters, September 18). By September 18, hundreds of Japanese stores and plants had suspended operations as a result of the violence.

Boycotts of Japanese products were announced to coincide with the 81st anniversary on September 18 of the Mukden Incident of 1931, while a music video was released on YouTube replete with martial overtones and symbols of Japanese aggression. The Chinese government also threatened economic sanctions against Japan, a scheduled visit by Japanese parliamentarians was cancelled and China withdrew all its badminton players from the Japan Open in protest of Japan's actions (AFP, September 18; *People's Daily*, September 17).

Chinese media also weighed in with editorials and headlines laden with calls for war.

In a posting on Weibo that was quickly removed the following day, the Beijing Evening News called for Tokyo to be "nuked" (China Digital Times, September 12), while the Chinese-language edition of the Global Times carried a number of bellicose commentaries, including a joint statement signed by ten generals-among them retired Major General Luo Yuan-encouraging measures be taken to increase preparedness in case strikes against Japan were necessary (South China Morning Post, September 16; PLA Daily, September 13, September 12; Global Times, September 12). Revealingly, the PLA Daily, which under normal circumstances will carry articles from state-run Xinhua news agency or the People's Daily, carried its own editorial on the dispute in a commentary that nevertheless reflected the official position already adopted by the civilian leadership in Beijing. It warned of "serious consequences," while adding that China was no longer the China of the First Sino-Japanese War of 1894-1895 or the Second World War (PLA Daily, September 12; Xinhua, September 12) [1].

In further signs that the PLA was taking a more proactive, and perhaps independent, role in the crisis, Chinese Defense Minister General Liang Guanglie said during a joint press conference with visiting U.S. Secretary of Defense Leon Panetta in Beijing on September 18 that China reserved the right to take "further action" to resolve

the territorial dispute (*Global Times*, September 18). In the past, a civilian leader, such as President Hu Jintao or Vice President Xi Jinping, would have delivered that message even if it was only a reiteration of the Chinese Defense Ministry spokesman's public remarks.

The theme of the protests and editorials has overwhelmingly surrounded historical grievances and "humiliations" at the hand of Japanese going back to the war of 1894-1895 at the conclusion of which Japan "illegally grabbed the Diaoyu Island and the affiliated islets" as well as Taiwan (*Beijing Review*, September 14) [2]. Although the islets are of economic value thanks to fisheries and potential natural gas resources, Chinese anger has focused almost exclusively on territoriality and history, with a racial component, such as a widelycirculated call on Chinese-language bulletin boards for a boycott of Japanese products by a Taiwan-based nationalist organization encouraging the "Chinese race" to stand up to Japan.

Drawing Down

Following the attacks on Japanese interests in China and complaints by Tokyo, Beijing pledged on September 17 that it would protect Japanese citizens and property in China, while urging protesters to express themselves in "orderly, rational and lawful" ways (Reuters, September 17). Beijing, which to a degree has encouraged public protests and expressions of nationalism amid growing discontent with the Chinese Communist Party (CCP) and the economy, while trying to minimize the damage to its image caused by an embarrassing scandal involving Bo Xilai and his wife, seems to have realized that the anti-Japan protests had reached breaking point and that action was needed to prevent further escalation (Washington Post, September 17). Local governments also began issuing strict directives. For example, police in Changsha, Hunan Province, issued an edict forbidding municipal government employees from instigating or taking part in anti-Japan demonstrations and marches, while media in Beijing were prohibited from interviewing Diaoyu defenders. In Shenzhen, the municipal party committee and government issued a text message on mobile phones exhorting protesters to avoid violence and to behave "rationally" (Ming Pao [Hong Kong], September 16).

Volume XII • Issue 18 • September 21, 2012

In another sign that Beijing was trying to deescalate the situation, the *Global Times* ran an article on September 18 in which ordinary Chinese and academics deplored the violent protests against Japanese citizens in China and contrasted those with the fair treatment of Chinese citizens residing in Japan (*Global Times*, September 18). China-based commentators also have drawn attention to several instances where Chinese said they felt "ashamed" at the protesters' violent behavior, but were afraid to say anything for fear of retribution [3]. This would indicate support for violence against Japanese is not a mainstream sentiment and that the extreme acts may have been the result of fringe elements or, if state supported, of factions within the CCP seeking a more aggressive stance by China.

In addition to those measures, unprecedented police contingents were deployed in cities across China and around Japanese diplomatic missions ahead of the September 18 protests. This nevertheless did not prevent windows at the Japanese embassy in Beijing from being smashed, though there was no repeat of the destruction that had marked protests in the previous week. The atmosphere was described as "carnival-like," despite the preponderance of signs reading "Kill Japanese" (Reuters, September 18; AFP, September 18).

Beyond the Manageable

Although both governments have attempted to deescalate the situation following the announcement of the nationalization of the islets, other actions risk triggering a new round of animosity-if not clashes. No sooner had China lifted its annual fishing moratorium on fishing in the East China Sea than an erroneous report ostentatiously announced 1,000 small fishing boats from Zhejiang and Fujian province headed for the vicinity of the Diaoyu-Senkaku islands. Two Japanese activists also provocatively landed on Uotsuri on September 18 before being taken away by the Japanese Coast Guard. Japanese police reported the pair belonged to a crew of five that had left from Okinawa's Ishigaki Island, south of the Senkakus (Global Times, September 18; NHK, September 18). Later that day, the Japanese Coast Guard announced eleven Chinese Maritime Surveillance Ships had entered waters around the islands with ten vessels spotted in contiguous waters off Uotsurijima and, on September 20, Beijing increased the total number of

Volume XII • Issue 18 • September 21, 2012

vessels patrolling the area to 16 (Xinhua, September 20; AFP, September 18). The presence of so many vessels around the contested area—added to the possibility that fishermen or nationalists could act on their own rather than on orders from their respective governments—greatly increases the possibility of confrontation and accidents, which in turn can lead to miscommunication between the governments and further escalation.

In previous crises, Tokyo and Beijing succeeded in containing nationalistic sentiment before it could spin out of control and seriously harm relations. While such risktaking may serve domestic purposes, the assumption that future escalation also will be manageable is a dangerous one. In one of the commentary pieces referenced above, Luo Yuan has made it clear that China today is not the China that a recently industrialized Japan easily defeated in 1894 when the territory under contest was Korea. In fact, China today is not the China of 2005 or 2010, when relations between the two countries also soured. Precedent may have let decision makers in Tokyo to conclude they can up the ante constantly and get away with it as they did with the arrest of the fishing captain in 2010. Such beliefs, however, comport serious risks as the behavior of an increasingly assertive and self-confident China is hard to predict. At some point, Beijing may rule that Japan has crossed a line and decide to retaliate. Tokyo's gambling, for its own domestic agenda, is all the more dangerous because of the opacity that characterizes government operations in China as well as the internal tensions generated by factionalism within the CCP ahead of a power transition. These factors make it very difficult for outside observers to know with certainty what will trigger what response from Beijing. This is especially true if Beijing senses that domestic dissatisfaction with the economy is threatening its legitimacy, which could then make an external distraction-and nothing serves that purpose better than Japan-all the more appealing. This also makes it possible for hardline elements within the CCP and the PLA to exploit tensions to shape the composition of the future Politburo ahead of the transition later this year.

Another risk stemming from the current escalation is that it creates a new baseline for future crises in part through the accumulation of public frustration at the perceived inability of the CCP to respond to repeated insults to Chinese national pride by Japan. The appearance of several portraits of Mao at the recent protests, for example, could be a signal of radicalization among the Chinese public as representations of the former leader were usually absent in previous years. Some Chinese youth recently told reporters that if Mao were still in power today, China would surely have declared war on Japan. These comments can be interpreted as signifying both dissatisfaction with the current leadership and support for a more muscular (i.e. military) response to perceived slights. So far, however, neither Beijing nor Tokyo has given indications that they intend to militarize the issue.

While it is too soon to tell how this latest chapter in the longstanding crisis will play out, there already are signs that Beijing is seeking to score a few points if only to save face. The flags of both the People's Republic of China (PRC) and the Republic of China (ROC) have been seen at protests in China and abroad, which probably stems from a calculated attempt by the CCP to cultivate the illusion of cross-strait cooperation on the Diaoyu-Senkakus. Such cooperation, if genuine, probably would create a wedge between Taiwan and its two closest allies, Japan and the United States. In the months leading up to the current crisis, Chinese media launched a sustained campaign to encourage the perception that Taiwanwhich also claims the Diaoyu islets as its own-and China were working together against "outside aggressors" in the East and South China Sea, despite repeated denials by the government in Taipei (Taipei Times, September 18, People's Daily September 17).

J. Michael Cole is deputy news editor at the Taipei Times newspaper in Taiwan and a correspondent for Jane's Defence Weekly. Mr. Cole received his M.A. in War Studies from the Royal Military College of Canada and has served as an analyst at the Canadian Security Intelligence Service.

Notes:

 For an analysis of PLA influence on external policy through the use of official publications, see Taylor Fravel and Alexander Liebman, "Beyond the Moat: The PLAN's Evolving Interests and Potential Influence," *The Chinese Navy: Expanding capabilities, evolving roles*, Phillip C. Saunders, Christopher D. Yung, Michael Swaine, and Andrew Nien-Dzu Yang, eds, Washington: National Defense University, <u>www.ndu.edu/</u>

Volume XII • Issue 18 • September 21, 2012

press/lib/pdf/books/chinese-navy.pdf.

- 2. For useful background on the origins and impact of the war of 1894-95, see S.C.M. Paine, *The Sino-Japanese War of 1894-1895: Perceptions, power and primacy,* New York: Cambridge, 2003.
- 3. Author's Correspondence with a China-based Analyst, September 2012.

Finalizing the 18th Party Congress: Setting the Stage for Reform?

By Willy Lam

▼ Tice President Xi Jinping's "reappearance" last Saturday after an absence of two weeks signaled that preparations for the 18th Chinese Communist Party (CCP) Congress, which is slated for the second half of October, were on track. Beijing is even awash with speculation that the high-profile "princeling" (a reference to the offspring of party elders) has been mapping out moderate versions of political reform with the help of forward-looking intellectuals such as Hu Deping, the son of the late party chief Hu Yaobang. Xi reportedly told Hu, a former vice director of the United Front Work Department, "since the people are getting impatient with mere talk about reform, we must raise high the banner of reform, including political liberalization." Xi, who is due to replace Hu Jintao as CCP general secretary, added that the CCP should lose no time in "seeking changes and progress in the midst of stability." Given that Xi has very seldom touched on the sensitive issue of political change, his call to arms, albeit hedged with qualifications, has piqued the interest of the nation's intelligentsia (Caijin [Beijing], September 8; iSunAffairs Weekly [Hong Kong], September 12).

Moreover, Premier Wen Jiabao, who is perceived as the most liberal member of the collective leadership, gave an impassioned plea for speeding up political reform while visiting prestigious Tsinghua University last week. "Democracy, rule of law, equality and justice as well as liberty and equality are ideals and goals common to all mankind," said Wen, who is due to retire from the Politburo next month. Wen, age 70, is the sole top-level cadre who has advocated openly China should adopt "universal values" upheld in Western as well as Asian countries: "Socialism is not possible without democracy." Wen elaborated that "Without the supervision of the people and without checks and balances, any government and administration will deteriorate...Absolute power will engender absolute corruption" (China News Service, September 15; Xinhua, September 14).

While it is not sure what reforms Wen-and, in particular, Xi-may contemplate after the watershed congress, it is significant that at least some structural changes in central party and government organs are in the works. A consensus has been reached by the outgoing Politburo Standing Committee (PBSC) that the size of this highest ruling council should be cut from nine to seven members. Barring any last minute changes, the new PBSC is expected to consist of the following (and their prospective portfolios): Xi, age 59 (General Secretary and President); Li Keqiang, age 57 (Premier); Yu Zhengsheng, age 67 (Chairman of the National People's Congress); Zhang Dejiang, age 65 (Chairman of the Chinese People's Political Consultative Conference); Li Yuanchao, age 61 (Head of the Party Secretariat and Vice President); Wang Qishan, age 64 (Executive Vice Premier); and Wang Yang, age 57 (Secretary of the Central Commission for Disciplinary Inspection [CCDI]). The seven-member configuration is an effort by the leadership to return to the norm. Since the Cultural Revolution, the PBSC had consisted of either five or seven members. It was only increased to nine members at the 16th CCP Congress a decade ago. A seven-member PBSC in theory will make decision making more efficient (Apple Daily [Hong Kong] September 10; Ming Pao [Hong Kong], September 3).

Much more important is the fact from the 18th Congress onwards, senior cadres responsible for propaganda and law enforcement will only be ordinary Politburo members. These two departments are among the least popular among the populace. The same is true for the PBSC members handling them, namely Li Changchun, who heads the Leading Group on Ideology and Propaganda (LGID), and Zhou Yongkang, who runs the Central Political-Legal Commission (CPLC) (*Liberty Times* [Taipei] August 31; Sina.com, August 29; *Ming Pao*, August 9). The LGID is in charge of, among other things, censorship of the media and Internet, including fast-growing socialmedia networks. The CPLC, which supervises the police,

Volume XII • Issue 18 • September 21, 2012

secret police, prosecutor's offices and the courts, is the party's prime weapon for putting dissidents behind bars and muzzling the estimated 150,000 annual cases of riots and protests.

It may be misguided to think that the apparent "downgrading" of these two portfolios would necessarily mean that the authorities would adopt a more liberal or tolerant attitude toward censorship and combating "antiparty" or "destabilizing" agents in society. It is possible, however, that in the case of the CPLC, the unprecedented empire building of the law enforcement apparatus might be checked. Under the aggressive leadership of PBSC member Zhou, the budget for *wei-wen* ("preserving stability") has surpassed that for the People's Liberation Army two years in a row ("Beijing's 'Wei-Wen' Imperative Steals the Thunder at NPC," *China Brief*, March 10, 2011).

Much also depends on the political orientation of the PBSC members under which the future heads of these two establishments will work under. For example, it is possible that the Politburo member running the CPLC will report to the boss of the CCDI, which is the nation's highest anti-corruption agency. Wang Yang, a close ally of President Hu's and current Party Secretary of Guangdong Province, has displayed a less draconian approach to tackling dissent. This was demonstrated by the Guangdong administration's conciliatory treatment of the "rebellion" staged by the peasants of Wukan Village late last year. Since the spring, the CPLC has called on the nation's law enforcement officials to use the "Wukan model" when handling riots and protests ("Beijing Plays Up the Carrot While Still Wielding the Stick," China Brief, July 19). As for the equally crucial ideology and propaganda sector, it appears that the future Politburo member who heads of LGID will report to the prospective vice president and current Organization Department chief Li Yuanchao. Compared to the aging Li Changchun, the younger Li is deemed a moderate reformer. He has the reputation of a relatively open-minded cadre when he worked in propaganda- and culture-related departments from 1990 to 2000 (Guancha.cn [Beijing], July 2; Sina.com, February 17, 2011).

More thorough structural rationalization is being put forward for units under the State Council. The State Council's 27 commissions and departments could be pared down to just 18 units through a series of mergers and takeovers. For example, the Ministry of Science and Technology may be merged with the Education Ministry to establish a Ministry of Education and Science. Similarly, the Ministries of Human Resources and Civil Affairs could be combined to form a Ministry of Social Work. The Ministry of Railways may be absorbed by the Ministry of Communications and Transport. Finally, the Ministry of Water Resources could be subsumed under the Ministry of Agriculture (China Review News [Hong Kong], August 20; Sina.com, August 20). This game plan tallies with the largely unsuccessful efforts undertaken by Premier Wen and Executive Vice Premier Li Keqiang in early 2008 to streamline high-level governmental decision making through the formation of several "super ministries" ("Beijing Unveils Plans for Super Ministries, China Brief, February 4, 2008).

It must be noted, however, that retooling party and State Council organs belong in the realm of administrative restructuring, not political liberalization or structural political reform. From signals that have been emitted by official media, the chances of General Secretary Hu unveiling major reform initiatives in his much-anticipated Political Report to the 18th Party Congress, which will set the stage for the party's policies in the coming five years, do not seem high. For example, Hu gave his annual speech on party affairs on July 23 to an assembly of top party, government and military officials in Beijing. This talk was billed as a precursor of his 18th Party Congress Political Report. "We must unswervingly push forward reform and opening up the country." Hu said "The party must never become ossified or stagnant." The party chief then pledged that the CCP leadership would "push ahead reform of the political structure." What he meant, however, was merely "the organic synthesis of [the principles of] CCP leadership, the people becoming masters of the nation, and rule by law" (Xinhua, July 23; People's Daily, July 23). These hackneyed slogans pale beside the much fresher and bolder statements made by Hu soon after he took over power at the 16th Party Congress in 2002. In 2003, by contrast, the president attracted much praise by enunciating the so-called "New Three Principles of the People;" "Power must be used for the people; profits must be sought for the people; and [cadres'] feelings must be attached to the people" (People's Daily, September 26, 2011; China News Service, February 18, 2003).

In the past decade, a modicum of success has been attained in only one area of political reform, "intraparty democracy" (dangnei minzhu), which allowed more opportunities for vouchsafed party cadres and members to select their leaders. For example, "competitive elections" (cha'e xuanju)-in which candidates outnumber positions up for grabs-was for the first time introduced when grassroots party members earlier this year picked the 2,270 deputies for the 18th Party Congress. Candidates outnumbered the number of deputies by 13.4 percent. As in the past, cha'e xuanju will be practiced when congress delegates choose Central Committee members next month, even if surprises are expected. According to a recent briefing by the Vice Director of the Organization Department Wang Jingqing, the margin of elimination at the 16th Party Congress was "more than 10 percent." At the 17th Party Congress five years ago, the proportion of jettisoned candidates was "no less than 15 percent." That not much headway will be made this year seems evident from Wang's murky statement that the margin of elimination at the upcoming conclave would be "more than 15 percent." Despite suggestions made by liberal cadres and scholars, no cha'e xuanju will be implemented when the new Central Committee members choose Politburo members at the 18th CCP Congress (China News Service, August 15; Wen Wei Po [Hong Kong] August 15).

So far, the harshest critique of the Hu-Wen team's failure to grasp the nettle of political reform has come from Deng Yuwen, a senior editor of the party journal Study Times. In an article that he wrote for Caixin assessing the ten years of the Hu-Wen administration, Deng faulted the leadership for "failing to implement political reform and democratization." He added that work in this area "lags behind people's expectations by a considerably large margin." Deng called political liberation "the most important question facing China ... and one that is especially difficult to solve." The reformist intellectual also called upon Beijing to start universal suffrage elections up to the county level (Sina.com, September 5; Caixin.com, September 4). Given that Studies Times is a publication the Central Party School, which Vice President Xi directs, there is some speculation that the article has enjoyed the support of Hu's probable successor. The piece, however, was removed from the Caixin website after a few hours. As in the case of the total lack of transparency surrounding Xi's "disappearance" at such a sensitive juncture, the

Volume XII • Issue 18 • September 21, 2012

party's leadership preference for traditional black-box operations does not seem to augur well for significant reforms in the foreseeable future.

Willy Wo-Lap Lam, Ph.D., is a Senior Fellow at The Jamestown Foundation. He has worked in senior editorial positions in international media including Asiaweek newsmagazine, South China Morning Post and the Asia-Pacific Headquarters of CNN. He is the author of five books on China, including the Chinese Politics in the Hu Jintao Era: New Leaders, New Challenges (2006). Lam is an Adjunct Professor of China studies at Akita International University, Japan, and at the Chinese University of Hong Kong.

A New Egypt Looks to China for Balance and Leverage

By Chris Zambelis

ccurring amid a groundswell of revolutionary activism in the Arab world, the fall of Egyptian President Hosni Mubarak in February 2011 heralds a new era for Egypt. Under Mubarak's authoritarian rule, Egypt embodied the paradigm of stability pursued by its longtime ally the United States in the Middle East. Mubarak's ouster, however, has redefined Egypt's geopolitics. Previously suppressed political movements led by the Muslim Brotherhood and its affiliate Freedom and Justice Party (FJP) as well as an assortment of other Islamist currents now are chartering a new path for the country with a recalibration of Egyptian foreign policy assuming a top priority. As a result, the decision by President Muhammed Morsi to travel to Beijing from August 28-30 on his inaugural state visit outside of the Middle East illustrates the central place China occupies in Egyptian strategy.

President Morsi is a leading member of the Muslim Brotherhood and Egypt's first democratically-elected civilian leader after over six decades of military rule. Morsi was accompanied to China by a delegation of highlevel ministers and dozens of businessmen. Discussions were held to expand economic and trade ties between Egypt and China and to enhance the state of bilateral

Sino-Egyptian relations. Morsi's itinerary also included meetings with his Chinese counterpart President Hu Jintao, Premier Wen Jiabao, China's future leader Vice President Xi Jinping and other ranking Chinese officials to further cement what he described as the "strategic" relationship shared by Egypt and China. Hailed as historic talks, these conversations also covered the rapidly evolving developments in the Middle East, including the crisis in Syria and other pertinent matters (al-Jazeera, August 29; Xinhua, August 29).

Egypt Recalibrates

The importance of broadening the parameters of Egypt's relationship with China was reflected early on in Morsi's electoral platform. Just as important, the place of China in a Morsi-led Egypt must be seen in the larger context of the FJP's goal to diversify Egypt's foreign relations portfolio away from its strong orientation toward the United States. Morsi repeatedly has expressed his intent to reassess the mechanics of Egypt-U.S. relations to better reflect Egyptian national interests and the demands of the Egyptian public. This includes cultivating closer strategic-level interactions with China and other countries and regions that were largely neglected in previous years so as to maximize Egypt's standing in the international arena (Freedom and Justice Party, May 21). Significantly, Morsi chose to visit Beijing over Washington to mark his first state visit outside of the Middle East (Financial Times, September 10).

Morsi highlighted what he referred to as Egypt's former role as a leader and its goal to recapture the diplomatic prestige it once commanded on the world stage. He also pointed to China's experience as a developing country that has catapulted itself successfully to the status of a global power as a model for Egypt to emulate: "We saw howback in the early eighties-China imposed itself firmly on the international community, becoming a permanent member of the United Nations Security Council...This deserves appreciation and consideration with an eye to learning from China's successes (Freedom and Justice Party, August 30)" [1]. Echoing a popular refrain in Sino-Egyptian public diplomacy, Morsi likened Egypt's ancient heritage with that of China's as a common bond that both countries share: "Egypt also boasts a great and old civilization and has a long history comparable to the Chinese civilization and glorious history" (Freedom and

Volume XII • Issue 18 • September 21, 2012

Justice Party, August 30). Morsi also described China as "a good brother, friend and partner" of Egypt and thanked China for its longtime friendship and support. Both sides highlighted their achievements as leaders of the developing world and their shared principles of advocating for national sovereignty, independence and non-interference in the affairs of other nations. Hu reciprocated with his own expressions of goodwill and respect toward the Egyptian people and their aspirations to choose a political system and path of development that best suits them (Xinhua, August 28). Xi added that Egypt and China should commit to coordinate their efforts on issues of regional and international concern, adding that "[China] will always regard Egypt as a key, trustworthy cooperative partner" (Xinhua, August 29).

Many observers downplay the role of foreign affairs in provoking the outburst of popular unrest that prompted the fall of Mubarak and other longstanding dictators in the Middle East. There is copious evidence that opposition to Egyptian foreign policy as it relates to a range of issues, including Egypt's close ties with the United States and Israel, helped galvanize public opinion along with domestic social, political and economic grievances. Most Egyptians deeply oppose U.S. foreign policy in the Middle East and Egypt's perceived role in advancing what is widely seen as an imperial order designed to subjugate and control the Arab and Muslim worlds [2]. The United States considers Egypt to be among its most important allies in the Middle East. The alliance between the United States and Egypt has served as a cornerstone toward achieving broader U.S. aims in the Middle East. Turning a blind eye to the autocracy, corruption and abuses endured by Egyptians under the Mubarak regime, the United States has furnished Cairo with diplomatic, economic and military support over the years in exchange for Egypt's pro-U.S. orientation.

This reality was not lost on Morsi in Beijing: "[Egypt] will progress and prosper with the hard work and free will of its people, in a climate quite different from anything it previously witnessed after the repressive corrupt regime has been removed" (Freedom and Justice Party, August 30). With Egypt and much of the broader Arab world in a state of political turbulence, the United States continues to watch the evolution of post-Mubarak era politics with great trepidation. As Egypt struggles to consolidate its democratic transition, the foreign

policy adopted by the FJP will likely reflect the populist and nationalist sentiments that more accurately reflect Egyptian public opinion. To live up to its proclaimed democratic credentials, the FJP will need to hold itself accountable to Egyptians on matters involving Egypt-U.S. relations. Similarly, Egyptians are also against the nature of Egypt's relationship with Israel, especially in the context of its enduring occupation of Palestinian land, as defined under the Camp David Accords [3]. In contrast, many Egyptians tend to hold positive or benign views of China. Egypt and China issued a joint statement immediately following Morsi's visit affirming their mutual support for an independent Palestinian state and called for Palestinian participation in the United Nations and other international bodies (Xinhua, August 30).

While Morsi is eager to write a new chapter of Sino-Egyptian relations, it is important to keep in mind that a tradition of strong relations between Egypt and China dates back to the Cold War. Egypt and China both played important roles in the Non-Aligned Movement (NAM). Egypt was also the first Arab and African country to recognize the People's Republic of China (PRC) in 1956. Egypt also has been a vocal supporter of the "One China" principle regarding the respective statuses of Taiwan and Tibet as defined by China ("Public Diplomacy in Sino-Egyptian Public Relations," *China Brief*, May 18, 2007). In this regard, Morsi's trip to China also was designed to reassure Beijing of post-revolutionary Egypt's intent to preserve the bilateral relationship that has been cultivated over decades.

Economic Imperatives

Apart from realigning Cairo's foreign policy orientation, Morsi's visit to China was motivated, ultimately, by economic imperatives. According to presidential spokesman Yasser Ali, Morsi's trip to China was intended to "attract Chinese investment," (al-Arabiya [Dubai], August 27). Now that it has assumed office, the fledgling FJP-led government is under pressure to quickly address Egypt's severe economic predicament. Egyptian society is beset with growing poverty, high-unemployment, rising food costs, fuel shortages and underdevelopment. Morsi also faces the daunting task of reassuring foreign investors that post-revolutionary Egypt is an attractive destination for capital. The unrest that prompted the fall of the Mubarak regime and the residual instability witnessed

Volume XII • Issue 18 • September 21, 2012

during the transition period has deterred foreign investors from investing in Egypt. Major economic sectors such as tourism have also been brought to a virtual standstill. To ease Chinese concerns, Morsi committed to providing investors with the necessary support to navigate the current climate in Egypt. Morsi also touted Egypt's ideal position to serve as a gateway to Africa and the Middle East for Chinese investment: "We want the Silk Road to return as a direct link between Egypt and China, as a radiant source of enlightenment and success...We want to offer to China and Chinese investors logistics services needed to take large Chinese investment across Egypt and into Africa and North Africa (Freedom and Justice Party, August 30).

While the volume of bilateral trade between Egypt and China continues to experience steady growth, Egypt believes that the current state of trade relations is nowhere near its potential. The volume of Sino-Egyptian trade reached \$8.8 billion in 2011, an increase from \$7 billion in 2010. Significantly, both sides agreed to help boost Egypt's share of the trade balance to China. The balance of trade between Egypt and China heavily favors Beijing: in 2011, China exported \$7.2 billion worth of goods to Egypt while Egypt shipped \$1.6 billion worth of items to China (Masry al-Youm [Cairo], August 30). There is also a geopolitical component to Egypt's pursuit of more Chinese investment. Egypt relies on an annual aid package of \$1.5 billion from the United States, with about \$1.3 billion earmarked for the military (al-Akhbar [Beirut], September 17). Egypt also has requested \$4.8 billion in low interest loans from the International Monetary Fund (IMF) and is negotiating with the United States for \$1 billion in debt relief (Wall Street Journal New York], September 11). An injection of Chinese capital in the Egyptian economy during this critical period can help strengthen Egypt's economic position, thereby allowing it to diversity its sources of hard currency and revenue. An increase in Chinese investment also can boost Egypt's negotiating leverage with the United States and IMF as well as other potential sources of finance.

By all accounts, the outcome of Morsi's visit to China proved to be fruitful for both sides. Egypt and China inked seven major agreements paving the way for Chinese investors to construct a power station in Upper Egypt, a desalination facility and industrial bakeries. Beijing also will invest to expand Egypt's Internet infrastructure

(al-Arabiya, August 27). The two sides also discussed the possibility of constructing a high-speed rail line connecting Cairo and Alexandria (Masry al-Youm, August 29). Scheduled to coincide with Morsi's visit, a two-day session of the Egypt-China Economic and Business Forum in Beijing was also organized. The session was presided over by Egyptian Minister of Investment Osama Saleh and included 80 Egyptian businessmen representing the construction, infrastructure, tourism, petrochemicals, textiles and pharmaceuticals sectors along with the representatives of over 200 Chinese concerns. Overall, the value of the numerous investment deals and joint ventures between Egyptian and Chinese firms concluded during Morsi's visit is estimated to be \$4.9 billion (Masry al-Youm, August 29). Egypt and China also agreed to expand cultural contacts and boost tourism in both countries. Both sides also committed to cooperate more closely in areas such as science and technology, education and agriculture (Daily News [Cairo], August 30; Xinhua August 29). China currently represents Egypt's 25th largest source of foreign investment. Both sides committed to increasing China's presence in the Egyptian economy (Global Times [Beijing], August 29).

Conclusion

Morsi's recent visit to Beijing yielded tangible results for both Egypt and China. Just as important, Morsi's decision to choose Beijing as his first state visit outside of the Middle East as opposed to Washington reveals a great deal about China's role in the Middle East and the shifting geopolitical landscape in the region. Egypt remains closely tied to the United States on many levels. At the same time, the fall of the Mubarak regime and the opening of Egypt's political space after decades of autocracy have empowered political and social forces and large segments of public opinion to make their voices heard on issues related to Egyptian foreign policy. Considering the legacy of U.S.-Egypt relations and the expressed objectives of the Morsi government to reinvent Egypt's foreign policy, China is well positioned to reap significant gains.

Chris Zambelis is an analyst and researcher specializing in Middle East affairs with Helios Global, Inc., a risk management group based in the Washington, DC area. The opinions expressed here are the author's alone and do not necessarily reflect the position of Helios Global, Inc.

Volume XII • Issue 18 • September 21, 2012

Notes:

- The People's Republic of China (PRC) assumed the position of permanent member of the United Nations Security Council from the Republic of China (ROC) in 1971.
- 2. According to a May 4–12, 2012, Egypt Presidential Election Poll conducted by the Anwar Sadat Chair for Peace Development at the University of Maryland, 68 percent of Egyptians polled held "very unfavorable" opinions of the United States while 17 percent held "somewhat unfavorable" opinions of the United States. A 2011 survey conducted by the Pew Global Attitudes Project of Egyptian public opinion also found a large majority (79 percent) of Egyptians held unfavorable opinions of the United States.
- 3. The May 2012 Egypt Presidential Election Poll cited above found that 44 percent of Egyptians polled wish to see the Camp David Accords cancelled while 10 percent would like to see the terms of the treaty amended. The Pew Global Attitudes Project survey cited above arrived to similar conclusions with 54 percent polled preferring to see the treaty annulled.

Sino-Malaysian Relations: Close But Not Too Close

By Prashanth Parameswaran

E arlier this month, China and Malaysia held the first ever defense and security consultation between their two defense ministries in Kuala Lumpur. The landmark event was just the latest in a series of advances which suggest that, on the surface, Sino-Malaysian relations are at an all-time high (Xinhua, September 10). Personal relationships between leaders on both sides have rarely been better, frequent bilateral visits have been made by both sides, and cooperation in flourishing in a variety of areas beyond traditional ones. Yet, while Sino-Malaysian relations have continued to strengthen over the last few years, divergences on security issues have remained and Kuala Lumpur continues to pursue a hedging strategy amid the uncertainty posed by China's rise.

Malaysia and China have come a long way since the Cold War days. Back then, Malaysia, which had a significant ethnic Chinese minority, was deeply suspicious of Chinese Communist Party's (CCP) ties to the Communist Party of Malaya (CPM) and Beijing's links to the Soviet Union. This fear began to subside gradually and Malaysia became the first Southeast Asian country to normalize diplomatic relations with China in 1974 and played a critical role in encouraging the Association of Southeast Asian Nations (ASEAN) to begin a dialogue with China after the end of the Cold War.

Since then, Malaysia's leaders have continued to pursue a hedging strategy towards China. On the one hand, they have sought closer ties with Beijing because of its crucial role in strengthening the Malaysian economy and their domestic legitimacy at home as a multi-racial state with a sizable ethnic Chinese population as well as China's growing status in Asia and the world. At the same time, however, Kuala Lampur also has sought to maintain and strengthen economic and security links with other Asian and Western powers to varying degrees to keep their options open given the uncertainty surrounding China's rise. China, for its part, has also placed great emphasis on boosting its relationship with Malaysia not only for economic reasons but in recognition of Kuala Lumpur's historic role in promoting engagement with Beijing as well as its influence in regional forums, particularly ASEAN. Cultivating good relations with Malaysia, from Beijing's perspective, may help ease concerns about "China threat" perceptions that continue to persist in the region due to both the sheer structural asymmetry between China and ASEAN states as well as disagreements on specific issues such as territorial disputes in the South China Sea.

While Sino-Malaysian relations also have fared pretty well under his predecessors, they have reached new heights under Malaysia's current Prime Minister Najib Razak. Chinese leaders never forget that it was Najib's father and Malaysia's second Prime Minister Tun Abdul Razak who made the landmark visit to Beijing to normalize relations in 1974. The bilateral relationship, thus, has seen more than its fair share of symbolism and gestures as well as high-level visits. Najib made China his second state visit after assuming office in April 2009 following a visit to Singapore, which attested to Beijing's importance Moreover, President Hu Jintao's visit to Malaysia in November that year was the first state visit by a Chinese

Volume XII • Issue 18 • September 21, 2012

leader to Malaysia in 15 years. Najib also visited China in 2011 and 2012 and appointed the chairman of the Malaysia-China Business Council Ong Ka Ting as his special envoy to China, while Premier Wen Jiabao visited Malaysia in 2011. Plans for commemorating the 40th anniversary of the establishment of diplomatic ties in 2014 are already well underway with both sides agreeing to designate 2014 "Malaysia-China Friendship Year" last month and China loaning a pair of panda bears to Malaysia in June as a symbol of friendship (*Bernama*, June 12).

The flurry of diplomatic activity has also breathed momentum into the economic relationship. As the global financial crisis slashed Western demand and plunged Malaysia's export oriented economy into recession in 2009, Najib knew that getting the Malaysian economy back on track was the greatest determinant of his political future, particularly given his party's weak showing in the 2008 general election. Realizing that China would have to be at the forefront of any Malaysian economic revival, Najib began to boost cooperation with Beijing in a variety of areas. He emphasized boosting Chinese investment into Malaysia and broadening the base of Sino-Malaysian trade, while Chinese Premier Wen Jiabao suggested a five-point proposal for further enhancing economic relations during his April 2011 visit that included deepening cooperation in areas like finance, infrastructure, education, science and technology (China Daily, April 29, 2011; New Straits Times, June 4, 2009).

The efforts of both sides have yielded impressive results. The most visible symbol of economic cooperation-a joint-venture project between Malaysia and China called Qinzhou Industrial Park which began in 2011-was completed in just a year, which in Najib's words attests to the "commitment on both sides to the ever broader and deeper economic ties" (New Straits Times, April 1). Following the project launch, Najib also proposed the establishment of a sister industrial park in Kuantan to further boost the relationship (Bernama, May 6). More generally, China-Malaysia trade rose more than 20 percent from 2010 to reach \$90 billion in 2011, and is expected to reach more than \$100 billion by the end of this year. China has been Malaysia's largest trade partner, secondlargest export destination and largest source of imports since 2009, while Malaysia is China's eighth-largest trade partner and the largest among ASEAN nations (China

Daily, August 31).

Cooperation over the last few years has extended beyond the traditional economic realm to include people-to-people ties as well. On tourism, the Malaysian Association of Tour and Travel Agents (MATTA) and the China Muslim Travel Association (CMTA) inked a cooperation deal in August 2011 designed to remove barriers for Muslim travelers and boost collaboration between the two associations (*The Star*, August 14, 2011). China consistently has been a top-ten tourism generating market for Malaysia with around 1.3 million Chinese visiting annually, while around 1.4 million Malaysians flock to Beijing every year (*China Daily*, August 31).

There also has been a particular focus on youth, since "it is the young people", according to Chinese Premier Wen Jiabao, "who will carry the future mission of enhancing friendship and deepening cooperation between our two countries." In April 2011, China and Malaysia signed a mutual recognition agreement (MRA) in higher education that would facilitate the official acknowledgement of academic higher education qualifications (The Star, May 5, 2011). The deal was hailed as a great boost to peopleto people ties and was expected to raise both the number of students studying between the two countries as well as partnerships between educational institutions. Malaysia's full list of 54 public and private higher institutions is likely to be approved by China by the end of this year, while Beijing already has seen more than a hundred institutions approved with hundreds more awaiting recognition (The Sun, March 16).

Cooperation also has improved on security and defense issues. China and Malaysia signed a memorandum of understanding (MoU) on fighting cross-border crimes in November 2010 covering issues like human trafficking, terrorism and drugs, and a bilateral agreement was also inked last month which could see more collaboration on newer forms of crime such as telecommunication fraud (Xinhua, August 2; November 30, 2010). Additionally, on September 11, the security dimension of the relationship received an upgrade when China and Malaysia held their first ever defense and security consultation between the two defense ministries. The consultation, chaired by Deputy Chief of the General Staff of the Chinese People's Liberation Army (PLA) Ma Xiaotian and Secretary General of the Malaysian Defense Ministry

Volume XII • Issue 18 • September 21, 2012

Ismail Ahmad, saw both countries agree to maintain high-level exchanges between the PLA and the Malaysian Armed Forces, strengthen communication in training cooperation, and deepen cooperation with respect to non-traditional security issues (Xinhua, September 11). The consultation is expected to be held annually.

Yet, this impressive record of all-round cooperation masks the uncertainty Malaysia continues to feel about China' rise and the hedging effort Kuala Lumpur has pursued alongside its engagement with Beijing. While this hedging strategy has been in place since the end of the Cold War, Malaysia has had to be even more adroit in practicing it in recent years in an environment marked by China's greater economic and military heft, uncertainty about the sustainability of US commitment in the region and the looming threat of US-China rivalry-all the while realizing that aligning or distancing itself from any side too soon may prematurely incur costs and preclude benefits. For now, Malaysia's leaders continue to believe that cozying up to China yields important immediate benefits necessary to cement their domestic political position, while Beijing does not yet pose a direct threat to Malaysia's security interests. Hence, the emphasis has been on pragmatic cooperation with Beijing now while simultaneously maintaining key security and economic links with other powers and boosting ASEAN unity in preparation for any threatening scenarios later.

Specifically, this strategy has manifested itself most visibly with respect to the South China Sea, which remains a thorn in the side of Sino-Malaysian relations. Kuala Lampur has staked its claim to a dozen geographical features in the contested Spratly Islands and has occupied five of them since 1979. Though Malaysia's defense establishment is still wary of the South China Sea issue, its leaders have mostly shied away from directly confronting China on contested claims now, choosing instead to quietly protect Malaysian claims in the South China Sea by upgrading naval and aerial capabilities since the 1980s to prepare for the future.

China's growing assertiveness on territorial questions over the last few years has seen Malaysia attempt to counter this behavior through various means without direct confrontation. For instance, in 2009, Malaysia and Vietnam presented a joint submission to the UN Commission on the Limits of the Continental Shelf (CLCS) in 2009,

which Beijing still objected to vociferously and called "illegal and invalid" (China Daily, May 9, 2009). In the unprecedented case when ASEAN failed to issue a joint communiqué in July because some members did not want to include references to the South China Sea (some allege at China's request), Malaysia firmly said in private that not referring to the disputes was "totally unacceptable" [1]. Malaysian leaders also have stressed repeatedly the importance of a united ASEAN in standing up to China on the South China Sea question, and they have on more than one occasion urged Washington privately to pay greater attention to the issue [2]. They also have stressed to Beijing privately the importance of working towards a code of conduct in the South China Sea and supporting ASEAN integration, including at the 2nd Annual Strategic Consultation between the two sides in August this year (Malaysian Embassy in China, August 27). They also have balanced that, however, by stating they will not allow this to disrupt the overall relationship. As Najib succinctly put it in his keynote speech at the Shangri-La Dialogue last year, "while I remain fully committed to the common ASEAN position in terms of our engagement with China on the South China Sea, I am equally determined to ensure that our bilateral relationship remains unaffected" [3].

While Najib has managed to walk this tightrope in Sino-Malaysian relations quite well thus far, it is a risky and delicate balance that could be disrupted by several factors in the future. A deterioration of relations between the United States and China could place Kuala Lumpur in the awkward position of being in the middle of a great power rivalry or, worse, having to pick sides. China's rising military might and growing economic influence in Malaysia may cause Beijing to overplay its hand and try to impinge on the autonomy Kuala Lumpur craves. Although the United States continues to assure its Asian partners that it will continue to have a strong and sustained presence in the Asia-Pacific despite concerns about China's rise abroad and America's economic woes at home, any sign that this commitment is waningwhether perceived or real-may undermine Malaysia's faith in Washington as a critical balancer in its hedging strategy. At home, Najib's party also faces elections before April next year in which a clear victory is hardly assured, which could have profound effects on domestic stability and policy continuity. Until its tried and true hedging strategy fails, however, Malaysia will continue to utilize it,

Volume XII • Issue 18 • September 21, 2012

reaping the benefits of cooperation with China now but always with a wary eye towards the future.

Prashanth Parameswaran is a PhD candidate at the Fletcher School of Law and Diplomacy at Tufts University and a freelance journalist. He has written widely about international affairs in the Asia-Pacific and blogs about the region at The Asianist [www. asianist.wordpress.com].

Notes:

- Carlyle Thayer, "ASEAN'S Code of Conduct in the South China Sea: A Litmus Test for Community-Building?" *The Asia-Pacific Journal*, Vol. 10, Issue 34, August 20, 2012, available online <u>http://japanfocus.org/-Carlyle A -Thayer/3813</u>
- 2. John Lee, "Malaysia Punching Above Its Weight and Finally Hitting the Target," *Southeast Asian Affairs*, 2011, pp. 158–170.
- 3. Prime Minister Najib Tun Razak, Keynote Address at the Shangri-La Dialogue, Singapore, June 3, 2011, available online <u>http://www.</u> <u>iiss.org/conferences/the-shangri-la-dialogue/</u> <u>shangri-la-dialogue-2011/speeches/keynote-</u> <u>address/dato-sri-najib-tun-raza/</u>
