



**In This Issue:**

|   |    |
|---|----|
| IN A FORTNIGHT<br>By Peter Mattis.....  | 1  |
| PROFESSIONALISM AND FACTIONALISM IN THE PLA LEADERSHIP SELECTION<br>By Willy Lam.....                           | 2  |
| CHINA EVALUATES THE U.S. PRESIDENTIAL RACE<br>By A. Greer Meisels.....  | 5  |
| CHINA AND BRUNEI: TIES THAT BIND?<br>By Prashanth Parameswaran.....   | 7  |
| SHIFTS IN BEIJING'S AFGHAN POLICY: A VIEW FROM THE GROUND<br>By Raffaello Pantucci and Alexandros Petersen..... | 10 |



General Xu Qiliang, New Central Military Commission Vice Chairman

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## In a Fortnight

By Peter Mattis

### PLA PERSONNEL SHIFTS HIGHLIGHT INTELLIGENCE'S GROWING MILITARY ROLE

The latest round of top-level People's Liberation Army (PLA) personnel selections reinforces an emerging trend in how the Chinese military manages intelligence. First, ever since the departure of General Xiong Guangkai in December 2005, the PLA has started rotating operational staff through the deputy chief of the general staff slot for intelligence and foreign affairs. Second, intelligence experience seems to be taking on greater significance in the PLA writ large as a small diaspora of intelligence personnel have taken up posts outside their system. These developments simultaneously indicate the PLA is trying to maintain tighter political control of the intelligence apparatus and make intelligence more operationally oriented. The result probably is a redirection of military intelligence resources from informing civilian leadership decisions on foreign affairs toward those of PLA officers.

With intelligence chief General Ma Xiaotian moving to become commander of the PLA Air Force, Ma became the latest deputy chief of the general staff to have a career after taking the intelligence portfolio and to have an operational background. His immediate predecessor, Zhang Qingsheng, now serves as the deputy chief for operations and had been seen as a potentially odd choice to replace General

Xiong. At the time, Zhang had served in a variety of senior operational and staff positions as well as penned a number of articles on different PLA priorities (*Wen Wei Po*, December 20, 2005; *Outlook Weekly*, December 9, 2002; *PLA Daily*, January 30, 2001; January 14, 1997). Although Ma's replacement, former political commissar Wang Guanzhong, is not as operationally experienced as his two predecessors, Wang's service in the Central Military Commission's (CMC) General Office for the last 16 years should give him a high-level, detailed knowledge of the PLA and its senior decision-making tempo. Wang also rose through the ranks of the Investigation and Research Office (*diaoyanju*), an experience that probably gave him a fairly sophisticated knowledge of the state of the PLA (People's Net, October 23).

Choosing an outsider to the intelligence system to lead it helps the PLA keep its intelligence organizations focused on military priorities and more directly under control. Previously, career defense attachés like Xiong dominated the principal military intelligence department, the Second Department of the PLA General Staff Department (2PLA). This led to a focus on foreign affairs rather than military priorities, lending 2PLA the moniker of "China's CIA" (*Chien Shao* [Hong Kong], January 1, 2006). During the 1990s, President Jiang Zemin came to rely on Xiong and even tried to install him as Minister of State Security (*South China Morning Post*, March 18, 1998). As PLA modernization pushed the military to rely ever more heavily on intelligence for operations as part of informatization (*xinxihua*), Xiong's continuing presence through 2006 probably inhibited 2PLA's adherence to the rest of the PLA's modernization program because he lacked the operational experience. His successors, however, could not turn the intelligence apparatus into their private reserve and had the experience to tie military intelligence more closely to military needs.

Senior PLA intelligence personnel also have been spreading out, suggesting this experience is being valued in the PLA as it was not previously. The first to make the jump was Assistant Chief of the General Staff Chen Xiaogang, who moved to become one of the PLA Air Force deputy commanders in 2009. This transfer may have been politically motivated to prevent the emergence of another Xiong, because, after his stint in the party's Foreign Affairs Office, Chen was rumored to be close with Hu Jintao (People's Net, October 23; "Personnel

Changes in PLA Ranks: Chen Xiaogang," *China Brief*, February 9, 2009; *Ming Pao*, January 21, 2009). Since then, Chen's successor at 2PLA, Yang Hui, was promoted to be chief of staff of the Nanjing Military Region. At the same time, the last signals intelligence leadership, including both the commander and the political commissar, also moved on. The commander, Wu Guohua, became deputy commander of the Second Artillery, and the political commissar, Wang Yongsheng, became a vice president at National Defense University (*Global Times*, August 5, 2011).

Information is at the heart of the PLA's modernization program, so the rising importance of intelligence posts relative to their previous stature within the military should not be surprising. According to the *PLA Daily* and other writings on informatization, the challenges of fighting under informatized conditions require more efficient and effective means of collecting, processing and distributing intelligence. This also means integrating intelligence deeper into PLA operations transitioning away from a top-down intelligence distribution system (*PLA Daily*, October 28, 2008). Consolidation of this personnel trend at lower levels—such as operational rotations for mid-career intelligence personnel or new emphasis on intelligence-related education—would be the most important sign that intelligence is taking on greater relevance for the PLA at all levels.

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## Professionalism and Factionalism in the PLA Leadership Selection

By Willy Lam

The Beijing leadership has reshuffled the high command of the People's Liberation Army (PLA) as the military goes through its own leadership transition separate from but linked to the 18th Party Congress beginning later this week. The move, which was announced last week, has also given hints about the reorganization of the policy-setting Central Military Commission (CMC). The membership of a much rejuvenated CMC will be confirmed by the

18th Chinese Communist Party (CCP) Congress, which is due to open on November 8. Although this round of personnel selection reinforces the PLA's increasing dedication to professionalism in its upper echelons, this series of personnel changes also reflects intense horse-trading among the party's principal factions.

The new chiefs of the “Four General Departments”—the General Staff Department (GSD), General Political Department (GPD), General Logistics Department (GLD) and General Armaments Department (GAD)—are respectively General Fang Fenghui (age 61); General Zhang Yang (age 61); General Zhao Keshi (age 65); and General Zhang Youxia (age 62). Moreover, General Ma Xiaotian, (age 63) and General Wei Fenghe (age 58) have been appointed Commander of respectively the Air Force and the Second Artillery Corps. The incumbent Commander of the Navy, Wu Shengli (age 67) is expected to remain in his post for the foreseeable future. Also named were a dozen-odd new deputy and assistant chiefs of the headquarters units as well as the Navy, Air Force and Second Artillery Corps (*PLA Daily*, October 25; China News Service, October 25).

The chiefs of the four general departments as well as the three military divisions will become ordinary members of the CMC. Uncertainties, however, still hang over the identities of the top CMC leadership. According to reports out of Beijing and Hong Kong, President Hu (age 69) will stay on as CMC chairman for at least two years beyond his retirement from the Politburo and the Central Committee at the 18th CCP Congress. The precedent for this in the post-revolutionary generation was set by ex-president Jiang Zemin, who continued being CMC chair for almost two years after his retirement from all other party slots at the 16th Party Congress in 2002. This means that Vice President Xi Jinping, (age 59) who is slated to soon replace Hu as CCP general secretary, will remain CMC vice chairman for the time being. The two new CMC vice chairmen are former PLA Air Force Commander General Xu Qiliang (age 62) and Commander of the Jinan Military Region General Fan Changlong (age 65). The newly retired GAD Director, General Chang Wanquan (age 63) is set to replace General Liang Guanglie as Defense Minister (*Xinhua*, November 4; *Wen Wei Po* [Hong Kong] October 26; *South China Morning Post*, October 26; *Apple Daily* [Hong Kong] October 25).

The just-named Chief of the General Staff General Fang perhaps best exemplifies the new generation of professionally savvy officers. Fang, a native of Shaanxi Province and graduate of the elite National Defense University, was the youngest of China's seven regional commanders when he was given the No. 1 post of the Beijing Military Region (MR) in 2007. Apart from his command-and-control skills, Fang is a much-published author on military strategy, particularly in the areas of computer-aided war games and the synchronization of different branches of the military forces. One of General Fang's favorite mottoes is that “radically changing times demand innovation in strategic theories.” President Hu was said to be very impressed with Fang's orchestration of the 2009 military parade in Beijing, which marked the 60th anniversary of the founding of the People's Republic. Last year, Fang won plaudits when he supervised complicated-scale maneuvers involving more than 30,000 soldiers from the Beijing, Lanzhou and Chengdu MRs. While the great majority of his predecessors as Beijing MR commander went into retirement after serving in this sensitive position, General Fang seems to have a bright future ahead of him (*Ta Kung Pao* [Hong Kong] October 26; *Southern Metropolitan News* [Guangzhou] October 25; Ifeng.com [Beijing], August 29, 2011).

Two hot contenders for the post of GDP director lost out apparently due to their close association with the disgraced Politburo member and Chongqing Party Secretary Bo Xilai. They are the Political Commissar of the General Logistics Department General Liu Yuan (age 61) and the Political Commissar of the Second Artillery Corps General Zhang Haiyang (age 63). Like Bo, who is the son of revolutionary hero Bo Yibo, Generals Liu and Zhang are deemed high-profile princelings. General Liu is the son of the late state president Liu Shaoqi, while General Zhang is the son of former Politburo member General Zhang Zhen. While Bo has never served in the PLA, he has a large following amongst the “princeling generals.” The charismatic former Politburo member is due to be put on trial for alleged crimes including large-scale corruption and dereliction of duty (*Sing Tao Daily* [Hong Kong] October 24; *Ming Pao* [Hong Kong] October 24).

After Bo was detained by authorities in mid-March, PLA disciplinary authorities have run numerous campaigns to promote the ideal of “the party's absolute leadership

over the army.” An August 1 Army Day commentary in the *PLA Daily* made an unusual reference to the army’s immunity against being manipulated by “ambitious careerists” in the mould of Bo. “In the midst of even the most dangerous situations, not a single troop in our army’s history has mutineered or surrendered to the enemy,” said the *Daily* commentary, “And not even the most cunning and ambitious careerist has been able to use the army to realize his conspiracy” (*PLA Daily*, August 1; Xinhua, August 1). In a talk last month, then-CMC Vice Chairman Xu Caihou urged officers and soldiers to “ensure that the troops must uphold a high level of unison with the central party leadership and the CMC in the areas of thought and politics.” Xu added “We must resolutely listen to the directions of the party central leadership, the CMC and Chairman Hu” (Xinhua, October 11; *PLA Daily*, October 11).

In terms of factional dynamics, President Hu seems to be a major beneficiary of the reshuffle. Apart from Chief of the General Staff General Fang, GPD Director General Zhang is said to be close to the supremo. Given that the GDP controls functions including appointments and discipline, Hu may through his close ties with General Zhang be able to maintain some say in personnel matters even after his departure from the CMC. Hu’s clout also is evidenced by the surprise appointment of another protégé, the relatively inexperienced Hong Kong Garrison commander Zhang Shibo, as General Fang’s successor as Beijing MR commander. Before assuming the Hong Kong posting in late 2007, Zhang, a 60 year-old lieutenant general, was commander of the 20th Group Army (*Apple Daily*, October 26; Sina.com, October 24).

Other appointments may reflect the preferences of ex-president Jiang and Vice President Xi. The probable promotion of Jinan MR Commander General Fan to the CMC vice chairmanship reflects Jiang’s residual influence. General Fan is the protégé of soon-to- retire CMC Vice Chairman General Xu, who is deemed Jiang’s “unofficial representative” in the CMC. Both Generals Xu and Fan had served for long periods in the 16th Group Army. Earlier this year, General Fan (age 65) was expected to be leaving the armed forces after having reached the mandatory retirement age for regional commanders. Xi’s influence in the PLA has been adversely affected by the fact that the career of several princeling generals has been hurt by their association with Bo Xilai. New Air Force

commander General Ma Xiaotian and GAD Director General Zhang Youxia, however, are notable princelings. General Zhang is thought to be particularly close to Xi. The fathers of Xi and General Zhang, respectively Xi Zhongxun and General Zhang Zongxun were close allies when both worked in northwestern China before the CCP came into power in 1949 (*Ming Pao*, October 25; *Sing Tao Daily*, October 25).

The marathon reshuffles also have followed the tradition begun by President Hu of the frequent movement of personnel not only across different military divisions but also from headquarters to the regions. For example, the Political Commissar of the Chengdu MR, General Tian Xiusi, was made the Political Commissar of the Air Force. Assistant GPD Director General Wei Liangzhong became the Political Commissar of the Guangzhou MR, while General Wang Guanzhong, the veteran Director of the PLA General Office, was appointed a Deputy Chief of the GSD (*Ming Pao*, October 26; *Ta Kung Pao*, October 25). Also notable are the proverbial “helicopter rides” taken by the likes of General Fan of the Jinan MR and General Zhang of the Hong Kong Garrison. It is very rare for a regional commander to be elevated directly to CMC vice chairman. General Zhang’s promotion to the post of Beijing MR Commander is also unusual. In light of the importance of the Beijing MR, only officers who had held senior posts such as deputy commander or chief of the general staff of the country’s seven MRs had been named to that sensitive slot (*Ta Kung Pao*, October 24; *Apple Daily*, October 24).

Given that factional loyalty is a key consideration behind the on-going personnel movements, it is perhaps not surprising that not as much priority has been given to weeding out corruption in the military. This is despite the fact that General Liu Yuan—one of the high-profile losers in the promotion sweepstakes—was praised highly for initiating an anti-graft campaign within the GLD early this year. Senior Colonel Liu Mingfu, a professor at the National Defense University and a respected military commentator, pointed out recently that “corrupt generals” were an even more serious problem than “corrupt cadres.” Last month, Liu said “Corruption is the only force that can defeat the PLA.” “Yet the forces of corruption are more powerful than those of fighting corruption,” he added. “And perpetrators of corruption are more resourceful than graft busters” (*Wen Wei Po*,



October 8; Sina.com, October 8). The onus is on the post-18th Party Congress leadership to demonstrate that members of the newly promoted top brass live up to the oft-repeated motto of *decai jianbei*, that is, “having high moral attributes as well as being professionally competent.”

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## China Evaluates the U.S. Presidential Race

By A. Greer Meisels

China watchers in the United States have devoted the better part of this year to understanding the dynamics and vagaries of the once-a-decade power transition that will take place in China later this month. Questions surrounding whether or not the fifth generation leaders will usher in a new era of political and economic reform, which “factions” will gain the upper-hand in the Politburo’s Standing Committee, and what the heir apparent, Xi Jinping’s, views are on the U.S.-China relationship have been fodder for pundits and analysts alike. Yet curiously, the same level of scrutiny about the potential U.S. leadership transition does not appear to be present on the Chinese side. Questions about which candidate might help improve U.S.-China relations, or which candidate might be more amenable to Beijing seem rarely asked. Instead, one is confronted with what could be described as election fatigue with Chinese characteristics. This statement by foreign ministry spokesman, Hong Lei, sums it up well: “We hope the U.S. Republican and Democratic candidates will get rid of the impact of election politics and do more things conducive to China-U.S. mutual trust and cooperation”

(*Global Times*, October 18).

During a recent private conversation with a leading U.S. studies scholar from the China Institutes of Contemporary International Relations (CICIR), he remarked “It’s strange that the U.S. presidential election this year is not a very hot topic among pundits in Beijing. Probably there are other hot spots like the South China Sea.” It is true that this has been a challenging year for China. There have been several high-profile political scandals and an up-tick in the number of disputes with some of her neighbors in the South and East China Seas. It is not, however, that these other issues have obviated the need for China to report on the U.S. presidential campaign. What is becoming clear is that a two-pronged approach has developed with regard to *how* China is covering the campaign and the elections this time around. Rather than discuss what could be at stake for China should the United States see a second-term Obama administration or a Mitt Romney-led Republican administration in the White House, the narrative revolves around either the dangers of playing the “China card,” which is considered by many to be “both ridiculous and meaningless” or the fact that there is not a substantial difference between either candidate when it comes to China policy (Xinhua, September 9, 2011).

### How Do This Year’s Candidates Play the “China Card?”

Coverage of the U.S. presidential elections in China seem tinged with a sense of resignation that China-bashing has become part of the U.S. political landscape—some go as far as to refer to it as a ritual. Chinese analysts, however, concede that this ritual “negatively impacts China-U.S. relations and leaves Americans with the impression that China is responsible for their country’s decline” (Xinhua, October 18). In fact, playing the “China card,” “China-bashing” or “scapegoating” has become so ubiquitous that it seems simply expected. Though numerous articles opine that China is not the source of U.S. economic woes, they also admit that the politicization (*zhengzhibhua*) of topics such as the economy and unemployment is simply part and parcel of today’s U.S. election campaign (Caixun, July 19; Xinhua, November 14, 2011).

This should not imply, however, that people in China are not paying attention to the claims these two candidates are making. For example, Mitt Romney’s frequent

promises to label China as a currency manipulator the first day he is in office has received a lot of coverage. By and large, Mr. Romney has been cited as sounding rather vociferous when it comes to China's trade and economic practices with some mentioning "Romney's willful attacks on China..." (Xinhua, October 17). But what is more interesting is that some of the candidate's double-speak, or change of position, has also been brought to light. For example, Mitt Romney visited China back in 2006 while still governor of Massachusetts and, at that time, made several statements about how the United States should seek cooperation with China based on free trade principles and how he admired the Chinese for their strong work ethic (*People's Daily*, November 8, 2011). Certain Chinese feel this is a far cry from the China policy that is outlined on his official campaign website which could be considered "an outdated manifestation of a Cold War mentality" (*China Daily*, August 27). These changes in tune or "capriciousness" have been "attributed to the deeply rooted bad habits of the U.S. political nature. The United States is a country that needs to find rivals at any time and everywhere" (*People's Daily*, November 8, 2011). In other words, the strident language used by presidential candidates is seen more as a manifestation of the flaws in the American political tradition, rather than expressions of a candidate's actual beliefs.

President Barack Obama is not immune to this sort of criticism either. For example, some have made note of his "strong moves against China, including imposing high tariffs on Chinese products, rejecting Chinese companies' investment in the United States, and filing trade cases with the World Trade Organization against Chinese companies" (*Guangzhou Daily*, October 18). In China, there also seems to be an understanding that most incumbent presidents, including Obama, engage in credit-claiming. Several jabs have been made about how President Obama used the debates as a platform to demonstrate his "success" in getting the Chinese yuan to appreciate "because we have pushed them hard..." (Xinhua, October 17).

President Obama and Mitt Romney, thus, are both seen as focusing more on "partisan self-interest" rather than on the potential adverse affects their rhetoric may have on the U.S.-China relationship, writ large (Hexun, July 11).

### The Pendulum Always Swings Back to the Middle

The other point that gets emphasized is that no matter which party or president is in power, the U.S.-China relationship has been fairly consistent (with some rough patches now and again) since the two countries ushered in a new era of diplomatic relations forty years ago. As Xie Tao wrote, "...from Richard Nixon to Barack Obama, the dominant trend of U.S. China policy has been one of remarkable continuity. Barring extraordinary circumstances, if there was any noticeable change at all, it was often more of fine-tuning than a bolt of lightning" (*China Daily*, April 27). Consequently, even though there is a tradition of the opposition candidate campaigning for president by underscoring the incumbent's so-called "weakness" on China— few seem concerned that this will translate into actual pugnacity once in the Oval Office. For instance, when Clinton was running for office, he attacked George H.W. Bush as being too weak on China; and when George W. Bush was on the campaign trail, he used the same rhetoric to describe the Clinton administration. Obama used the word "coward" when describing some of the latter Bush's China policies, and today Romney is using the same tactics against Obama (*Beijing News*, July 31). It should then come as no surprise that China does not dissect each and every utterance made by an U.S. presidential candidate with a fine-toothed comb. After all, "No matter who wins the election, every U.S. president... attaches great importance to the China-U.S. relations. In other words, China-bashing is nothing but a topic which aims to attract the public attention" (*Chinamil.com.cn*, October 24).

On the other hand, though Chinese observers of U.S. politics might appear analytically complacent when it comes to the presidential elections, this should not imply that they do not closely follow the policies and pronouncements that come out of the White House. One such case in point is the U.S. "pivot" or "re-balance" to Asia. Though some here in the United States might dismiss this strategy as more slogan than substance at this point, Chinese analysts have paid very close attention to nearly every official and semi-official statement on the topic. Some remark that the U.S. strategic rebalancing to Asia has damaged trust and urge the U.S. to "... make its strategic rebalancing less provocative..." and that no matter which candidate wins the election, how they handle relations with China and how they work to build

strategic reassurance will be critically important (*China Daily*, November 1; “Pivot and Parry: China’s Response to America’s New Defense Strategy,” *China Brief*, March 15). Therefore, though some like Niu Xinchun of CICIR may conclude that during this election season both Obama and Romney are doing little more than attempting “to score political points by attacking China. I don’t think they will really follow through on some of their campaign rhetoric if they are elected,” it seems difficult to square the circle with those analysts who so carefully scrutinize the statements that come from the administration once in office (*Global Times*, October 18).

### The Role of Domestic Politics in Foreign Policy Formulation

Finally, it appears as if the Chinese may be suffering, to a certain extent, from the same disease which they claim plagues many Americans; namely, that they underestimate the role domestic politics plays when it comes to the current election-year rhetoric and “would-be” policies of future U.S. presidents. In the recently released Pew Global Attitudes report on how the U.S. and Chinese publics view each other, “the top concern of Americans—cited by 78 percent—is the large amount of American debt held by China. About seven-in-ten (71 percent) say the loss of U.S. jobs to China is a very serious problem for the [United States] and 61 percent say the same about the trade deficit with China” [1]. Yet when Obama and Romney make statements about debt-rebalancing and fears about job loss to China, most Chinese analysts see this as mere politicking as opposed to a true reflection of the concerns being voiced by the American people. Hence, instead of viewing candidates’ strong statements on China as little more than “a handy tool for U.S. politicians who try to court the votes and support of ill-informed voters by ratcheting up antagonistic sentiment toward China,” perhaps it is important for them to recognize that these statements are sometimes manifestations of domestic sentiment, whether well-informed or not (*Xinhua*, September 14). Conceivably then, it would be worthwhile for analysts in Beijing to not only pay attention to elite opinions and statements, but also to perform more rigorous analysis of the domestic U.S. political environment since it may prove to be a harbinger for how the U.S.-China relationship evolves in the future.

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Notes:

1. Bruce Drake, “American, Chinese Publics Increasingly Wary of the Other,” Pew Research Center, November 1, 2012, available online <<http://www.pewglobal.org/2012/11/01/american-chinese-publics-increasingly-wary-of-the-other/>>.

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### China and Brunei: Ties that Bind?

By Prashanth Parameswaran

When Chinese President Hu Jintao met Brunei’s Sultan Hassanal Bolkiah on the sidelines of the Asia-Pacific Economic Cooperation (APEC) meeting this September in Russia, both leaders said they were pleased with the development of bilateral ties in recent years (*Xinhua*, September 8). Though relations between Beijing and Bandar Seri Begawan have strengthened considerably over the last few years, the future could pose challenges that both sides will have to navigate in order to preserve these close ties.

Sino-Brunei relations are deeply rooted in history and date back over 2,000 years. The two sides traded as early as China’s Western Han Dynasty, and some accounts suggest Chinese settlers from Fujian province arrived in Borneo and settled in the area now called Brunei in the 13th and 14th centuries. Brunei’s Sultan Abdul Majid Hassan, who died during his travels in China in the early 15th century despite the Chinese emperor’s best efforts to help treat his illness, was buried with royal tribute in Nanjing and continues to serve as a living symbol of the relationship today (*Brunei Times*, November 9, 2008). In more recent times, however, relations were somewhat distant as Brunei was a British protectorate for most of the last century until it gained independence in 1983. Even then, due to various concerns including communism and sensitivities related to its ethnic Chinese population, Brunei on September 30, 1991, was then the last member of the Association of Southeast Asian Nations (ASEAN)

to establish official ties with Beijing.

Since then, China increasingly has seen Brunei as a useful source of oil and gas to fuel its economic growth and a voice for better ties between it and ASEAN. Meanwhile, Brunei, an Islamic sultanate with a population of 400,000 and the fifth richest country in the world per capita, has considered Beijing to be a crucial partner to engage to both diversify and strengthen its fossil-fuel-based economy and preserve peace and stability in the Asia-Pacific region.

While relations between the two countries have tightened over the last decade or so, the last year has seen a particular increase in the momentum of the relationship ahead of Brunei's chairmanship of ASEAN in 2013. Last November, Wen Jiabao became the first Chinese premier to visit Brunei in the history of the bilateral relationship, and both sides celebrated the 20th anniversary of the establishment of diplomatic relations with great fanfare. Wen's visit began what the *Brunei Times* called "a whole new chapter" in Sino-Brunei relations (*Brunei Times*, November 23, 2011). This year, the chairman of the Chinese People's Political Consultative Conference (CPPCC) Jia Qinglin paid the first visit of its kind to Brunei in April, and Chinese Foreign Minister Yang Jiechi also visited in August (Xinhua, August 11; *People's Daily*, April 20). Top officials also have met on the sidelines of key meetings, as Chinese President Hu Jintao and Brunei's Sultan Hassanal Bolkiah most recently did at APEC.

Commercial relations have strengthened considerably, as well. Trade in 2011 soared to \$1.3 billion, nearly four times what it was in 2008 and surpassing the \$1 billion target set by the two countries previously (Minister of Foreign Affairs and Trade, Brunei Darussalam, 2012). The bulk of that is in energy, which is not surprising since Beijing needs to fuel its rapid growth while Brunei is Southeast Asia's third largest oil exporter and the world's fourth largest natural gas exporter. Soon after Wen's visit to Brunei in 2011, for example, Brunei agreed to increase oil exports to China from 13,000 barrels per day to 16,000 barrels per day. Meanwhile, China's National Offshore Oil Corp (CNOOC) has inked a deal with Petroleum Brunei for oil and gas commercial exploration, while Zhejiang Henyi Group and Sinopec Engineering Inc. currently are working to help develop an oil refinery and aromatic cracker plant in Brunei to boost the energy

sector in the largest ever foreign direct investment in the country (*China Daily*, July 19).

Both sides increasingly have tried to broaden the reach of their cooperation beyond energy. Within the economic realm, the two countries signed a Memorandum of Understanding (MoU) to boost cooperation in agriculture in April. Apart from increased trade, the MoU also included more joint efforts in human resource development and providing training for government officials and professional technical personnel (*Brunei Times*, April 20). Both sides have tried to encourage greater investment and private sector interaction. Beijing has signaled that it would like small and medium enterprises (SMEs) from Brunei to invest in "lesser developed" parts of China, while Bandar Seri Begawan has tried to get Beijing to broaden its range of investments in the country through a range of trade fairs, expositions and symposiums. A recent National Chamber of Commerce and Industry (NCCI) meeting in Brunei, for instance, saw a Chinese delegation comprising government representatives from various industries including real estate, construction, medicine, and gem and jade (*Brunei Times*, October 26). Cooperation also has been recently extended to the city level, with Nanjing and Bandar Seri Begawan becoming sister cities last year—an arrangement that is expected to boost tourism and cultural activities.

China and Brunei also continue to place a great emphasis on people-to-people ties, which CPPCC Chairman Jia Qinglin singled out as one of the four ways to enhance bilateral cooperation during his visit earlier this year (Xinhua, April 20). For Brunei, the main focus is on tourism because aside from its ASEAN neighbors, China brings the most tourists into Brunei (*Brunei Times*, June 8). Beijing and Bandar Seri Begawan have also both been paying increasing attention to the role of youth in bilateral ties. Chinese youth groups have paid visits to Brunei, and the Universiti Brunei Darussalam and Zhejiang University forged an official partnership in July this year, initiatives that not only cement inter-generational ties between the two nations, but also potentially could provide Brunei with young investors or graduates interested in working or doing business there (Xinhua, July 20; *Brunei Times*, April 24, 2011). The ceremonial dimension of people-to-people ties also should not be overlooked. China continues to invest a great deal in emphasizing the rich history of the relationship, promoting the China-Brunei



Friendship Hall completed in 2006 and the Brunei Heritage Garden unveiled in 2008—both of which are located in Nanjing where the former Brunei sultan is buried. For Brunei's part, the Brunei-China Friendship Association founded in 2006 continues to promote ties through events including cultural exchanges and exhibits.

Yet, despite the great strides in Sino-Brunei relations over the past few years, the relationship still has its limits, which could pose challenges for both sides in the coming years. First and most obviously, China is only one of Brunei's key partners, and the sultanate has boosted its relationships with a wide variety of actors over the past few years ranging from the United States and the European Union to the its ASEAN neighbors and Russia in order to diversify its options. While this is natural, it is a tricky balancing act to maintain, particularly for a very small country that is trying to manage ties with much larger powers and is acutely sensitive to fears of entrapment or abandonment. What would happen if, for instance, tensions between Washington and Beijing should increase in the Asia-Pacific in the future? Bandar Seri Begawan would find itself in the middle of a great power rivalry and potentially have to choose sides, which could pose challenges for its diversification strategy. Neither the United States nor China would like being spurned, and Beijing in particular has demonstrated its tendency to use economic coercion in certain circumstances to make its displeasure known [1].

Second, Brunei's preferred low-key approach to dealing with contentious issues may be challenged as it assumes a very public role as ASEAN chair in 2013, at a crucial time for the organization. The country has a long tradition of avoiding confrontation and trying to resolve differences peacefully with mutual respect and consensus as embodied in the approach of its foreign minister, Prince Mohamed Bolkiah [2]. For instance, despite having a sovereignty claim over the Louisa Reef, a small atoll in the South China Sea that overlaps with Chinese (and Malaysian) claims, the sultanate has not occupied any of the territory and tends to downplay the issue with Beijing by focusing on multilateral mechanisms for dispute resolution and joint development. Similarly, at the ASEAN deliberations in July this year that were hosted by Cambodia and infamously produced no joint communique because of differences over the South China Sea, Brunei simply said it would be "guided by" the decision of the ASEAN

chair. This contrasts with the other Southeast Asian compatriots and South China Sea claimants that insisted on a reference to the dispute [3]. As the ASEAN chair next year, Brunei will not have the luxury of simply deferring to other countries or remaining neutral on what to do about the South China Sea question. While it may be tempted to once again downplay or sidestep the issue to avoid angering Beijing, doing so may risk undermining ASEAN unity as Vietnam, the Philippines and other members may want a tougher line.

Third, fundamental domestic challenges also exist for both sides further down the road that could affect ties. For Brunei, it needs to make a difficult transition away from its deep reliance on fossil fuels, which now account for more than 60 percent of the economy and 95 percent of export revenues, that are expected to run out in the next two to three decades. While the government realizes this transition needs to occur and has had its fair share of successes—like in alternative energy sources—the shift required is a dramatic one. This shift entails not only a realignment of economic incentives and priorities but also possibly changing the very relationship between state and society (*AsiaMoney Plus*, July 19, 2011). The path is not without its risks for Sino-Brunei relations as Chinese interest in the sultanate may ebb as its oil and gas reserves decline or Brunei may itself face domestic hiccups down the road that constrain its ability to act effectively in the international arena. China also faces its own transition and will need to both reorient its economy and renegotiate its social contract domestically while taking on greater responsibilities internationally in line with its growing power. With the growing breadth and depth of relationships and roles that Beijing will have in the coming years, there is the possibility that tiny Brunei increasingly may be out of China's radar, particularly if the sultanate's economic and geopolitical significance also declines.

When Premier Wen delivered a speech at Universiti Brunei Darussalam during his visit there last November, he praised Sino-Brunei relations as developing smoothly based on mutual respect and equal treatment, and added that he was "fully confident of the future development of bilateral ties" (Xinhua, November 21, 2011). While the significant progress the relationship has made over the past few years is cause for optimism, the potential challenges of today and the decades ahead may certainly

put that prediction to the test.

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Notes:

1. For specific examples and a broader discussion of this, see, Bonnie Glaser “China’s Coercive Economic Diplomacy: A New and Worrying Trend,” Center for Strategic and International Studies, August 6, 2012.
2. Carlyle A. Thayer, “Background Briefing: Brunei: National Security Outlook,” Thayer Consultancy, August 22, 2011.
3. Carlyle A. 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, No. 4, August 20, 2012.

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## Shifts in Beijing’s Afghan Policy: A View From the Ground

By Raffaello Pantucci and Alexandros Petersen

In a clear but still gradual shift over the past year, Chinese policymakers have changed their stance on Afghanistan from cultivated disinterest to growing engagement. As the potential security vacuum left by Western withdrawal in 2014 comes into sharper relief, Beijing has come to realize that it will have to play a role in encouraging a more stable and developed future for Afghanistan. As with China’s engagement in Central Asia as a whole, Chinese activity in Afghanistan is less a part of a grand strategy for the region and more the sum of number of disparate parts. Nevertheless, the sum of these parts could have major consequences for Afghanistan and the region’s trajectory as it signals a growing realization by Beijing of the role it will find itself playing in the future.

The most visible and significant element of China’s renewed focus on Afghanistan was marked by the visit in late September of Politburo member and security

supremo Zhou Yongkang to Kabul (Xinhua, September 24; *China Daily*, September 24). This was the first visit by a Politburo-level Chinese official to the country since 1966 when President Liu Shaoqi visited the country just prior to being purged during the Cultural Revolution. It marked, however, the latest in a growing series of high-level visits and meetings marking China’s more focused attention on Afghanistan. This attention dates back to February 28, 2012, when Beijing hosted the first Afghanistan-China-Pakistan trilateral dialogue. Held at the level of foreign ministry director-general positions (or rough equivalents), the meeting was given a senior stamp of approval when the group was met by Chinese Foreign Minister Yang Jiechi a day after the discussions (Afghan Ministry of Foreign Affairs, February 28). Then in June, as China was hosting the Shanghai Cooperation Organization (SCO) Summit in Beijing, President Hu Jintao signed a bilateral “strategic and cooperative partnership” agreement with President Karzai as well as welcoming the country to becoming an official SCO observer (Xinhua, June 8). President Karzai thanked President Hu for helping facilitate the SCO upgrading, saying “without your support, we cannot do this” (Xinhua, June 8). Just over a month later on July 27, this was followed by a further high level meeting between China’s Central Military Commission Vice Chairman General Guo Boxiong and Afghan Defense Minister Abdul Rahim Wardak. The focus of the meetings was to “enhance strategic communication and strengthen pragmatic cooperation in order to contribute to bilateral strategic cooperation” (Xinhua, July 27). The full impact of relationships established during this visit, however, may have been undermined by Wardak’s resignation after a no confidence vote in Kabul just over a week later (Reuters, August 7). Whatever the case, the growing importance China accords to the bilateral relationship would have been emphasized again in late September by Zhou Yongkang’s visit.

The importance of Zhou’s visit was not only the symbolism of a senior Chinese visitor to Kabul, but also the emphasis that his presence casts on China’s interests in Afghanistan. Within the (now outgoing) Politburo, Zhou is responsible for security matters, primarily domestic, something that highlighted China’s interest in Afghanistan’s potential as a safe haven for militants. With an eye toward the withdrawal of U.S. and NATO combat forces in 2014, China increasingly has expressed concern about the possible spillover of militancy from

Afghanistan into China's western Xinjiang province. Notwithstanding its proximity to Kashgar—a city China is trying to develop into a regional trade hub—China keeps its border with Afghanistan tightly closed, with locals in Xinjiang reporting that authorities encouraged them to help monitor any movements across the border [1]. Afghanistan has asked repeatedly for China to open the Wakhan Corridor that links the two countries, but been rebuffed by Chinese security concerns (*China Daily*, October 16, 2010). When the authors visited earlier this year, there was little evidence the border was about to be opened.

Chinese security concerns are further visible in announcements made during Zhou's visit about China agreeing to train some 300 Afghan police officers over the next four years ("Zhou Yongkang's Trip Highlights Security Diplomacy," *China Brief*, October 5). Previously, China has provided training for various Afghan technical personnel and officials with Foreign Minister Yang declaring in July 2010 they had trained some 781 Afghans so far with a further 200 trained that year. In May, China and the United States jointly hosted a two-week training session for a group of some 15 young Afghan diplomats (Chinese Ministry of Foreign Affairs, May 17; July 21, 2010). China's current willingness to explore training security personnel also highlights the growing importance of this aspect of their relationship.

Judging from the June SCO Summit in Beijing, China clearly is aware of the potential implications of deterioration in Afghan security and the implications for the broader region and within this context. During the summit, Beijing focused heavily on persuading Russia and Central Asian member states to coordinate commitments (at least those within the SCO) toward Afghanistan to some degree, and provide aid to contribute to Afghanistan reconstruction and stabilization. As is usual with SCO endeavors, this looked more like a multilateral vehicle for Chinese bilateral activities. The "strategic partnership" signed was between Beijing and Kabul and the 150 million yuan (\$23 million) in aid promised to Afghanistan came from China, not the SCO as an organization (Xinhua, June 8). Nevertheless, Afghanistan will benefit from an increased profile and upgraded role to observer within the SCO. It may be asked to contribute information on militants to the SCO's Regional Antiterrorism Structure (RATS) in Tashkent and presumably also will be able to benefit

from others' contributions. Overall, the summit was symbolically important for both China and Afghanistan. Beijing announced it will be engaged in Afghanistan's future and Kabul gained commitments from a regional power to bolster its post-2014 prospects.

To examine Afghanistan from a broader perspective, China's main concern with Central Asia is the importance of the region in helping Xinjiang develop by providing trading partners as well as routes to Russian, European and Middle Eastern markets. Security concerns emanating from Afghanistan are clearly a major potential obstacle to this. Thus, Zhou's visit and China's attention more generally can be said to have both a security and economic dimension that links Xinjiang and the broader region. This economic dimension for Afghanistan in particular was emphasized by the fact that pictures of Zhou's visit showed him being met at his plane by Afghan Commerce and Industry Minister Anwar ul-Haq Ahady (Xinhua, September 22). Furthermore, Zhou is a graduate of the Beijing Petroleum Institute and spent most of the 1960s and 1970s working in the oil sector, including a period as General Manager of China National Petroleum Corporation (CNPC)—a company that has made a number of investments in Afghanistan and that has encountered problems in the country as well. It seems probable that these topics would have been on Zhou's agenda in Kabul.

In mid-October, CNPC started extracting oil from its field in Afghanistan's northern Amu Darya basin. At 1,950 barrels per day, the project is a relatively small one, but is being promoted by the Afghan government as a model for how Kabul can raise revenues and wean itself off of foreign aid (Reuters, October 21). Completed at CNPC's signature blistering speed, plans call for the Amu Darya project's oil to be refined across the border in Turkmenistan until the Chinese state-owned enterprise (SOE) builds a refinery close to the site in two to three years. CNPC won the tender for the project partly due to its very generous terms: 50–70 percent of profits will go to the Afghan government together with a 15 percent royalty on top of a 20 percent corporate tax (Reuters, October 21). While Chinese aid to Afghanistan is relatively low—partly due to domestic intolerance of sending funds abroad—projects such as the oil extraction in the Amu Darya basin appear to be an indirect form of "corporate aid."

The relatively small oil project, however, may well be a foot in the door for access to major natural gas deposits in northern and northwestern Afghanistan. It was CNPC geologists from Turkmenistan with the world's fourth largest natural gas reserves that scouted out the Amu Darya oil project and they have their eye on gas formations that straddle the border [2]. With possible recent major gas finds close by in Tajikistan, CNPC is positioning itself to reap the natural resource benefits of a long-neglected area. In June, it announced plans to run a fourth string of the Central Asia-China pipeline from Turkmenistan to Xinjiang through northern Afghanistan (*Eurasia Daily Monitor*, June 19). CNPC also reportedly expressed interest in the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline at the project's Singapore roadshow event in September [3].

Whether or not CNPC moves forward with these projects, the prominent Chinese SOE is signaling that they see northern Afghanistan as a stable area going forward (Cnpc.com.cn, June 7). Until a few months ago, militias loyal to Afghan Army Chief of Staff and local warlord Abdul Rashid Dostum harassed Chinese workers in the area, but a deal seems to have been struck where these incidents have ceased (Reuters, June 11). Should CNPC move forward with its announced plans for a natural gas pipeline, it will likely find itself working closely with Dostum and other warlords.

In contrast to the opportunities blossoming in northern Afghanistan, just southeast of Kabul in Logar province the once highly touted Aynak Copper mine project is languishing. Described by President Karzai as “one of the most important economic projects in Afghan history,” the project led by Chinese SOEs Metallurgical Corporation of China (MCC) and Jiangxi Copper was valued at around \$4 billion and was the largest investment project in Afghanistan (*Xinhua*, May 22, 2011). It, however, has been beset by problems, including an archeological dig atop the site, security concerns and now financial troubles at the parent company MCC. One report from late September stated Chinese workers had been spooked by security concerns and had left the country with only a skeleton crew left to watch over equipment (Reuters, September 27). This state of affairs seems to have reinforced skepticism of Beijing's commitment to the project—and possibly even to Afghanistan itself—among Kabul-based officials and experts [4].

A final element that has not been sufficiently analyzed is the implication of China's growing relationship with Kabul and its interactions with historical ally Islamabad. Whilst it is clear that China sees the importance of Pakistan in any long-term solution in Afghanistan, it is also increasingly clear that Beijing is concerned about how security in Pakistan continues to deteriorate. It thus seems likely that China's growing focus on Afghanistan is at least in part out of recognition that it can no longer simply abrogate its strategy toward Kabul to Islamabad—a default setting Beijing previously employed. As the security situation in Afghanistan (and Pakistan) continues to muddle along in a negative direction, Beijing now has realized that it must do more to stabilize its restive neighbor. Zhou Yongkang's visit is merely the culmination of this new focus on Afghanistan that is going to continue to develop as the 2014 deadline approaches. Whether this new attention translates into new policy resources, however, remains to be seen and probably will have to wait until after next March's National People's Congress, when China's leadership transition will be completed.

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1. The authors visited Tashkurgan, Xinjiang (near the Sino-Afghan border) in May 2012.
2. Authors' Interviews in Kabul, May 2012.
3. Authors' Interviews in Ashgabat, Turkmenistan, September 2012.
4. This is a key topic of conversation with interviewees with whom the authors spoke, including local analysts, foreign diplomats, international donors and journalists who all reached similar conclusions. Author Interviews in Kabul, May 2012.

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