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Despite a limited role in attacks on China, Turkmenistan Independence Party leader Abdullah Mansour has brought it to the attention of jihadists.

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In a Fortnight

‘DEVELOPMENT IS THE KEY TO PEACE’: CHINESE LEADERS DISCUSS FUTURE OF ASIA

By David Cohen

While tensions in the South China Sea have gone from bad to worse, with riots in Vietnam targeting Chinese businesses and a range of ASEAN states exploring ways to counter Chinese actions (see “Challenged by China, ASEAN States Seek Common Response,” in this issue), Xi’s Wednesday speech at the Shanghai Conference on Interaction and Conference Building in Asia (CICA) seemed to take place in a different world. Rather than focusing on conflict, he spoke about China’s role in building a “peaceful, stable and cooperative new Asia” (People’s Daily Online, May 21). Xi’s speech called for the construction of a new regional security architecture based on the organization, which China will chair for the next two years.

While recognizing the existence of U.S. interests in Asia, and its right to a role in the region, Xi made it clear that the United States’ current role is far too large. He called upon Asian states to settle their problems “among locals,” dismissed alliances as threatening to regional security and sought to put CICA, an organization which includes Russia and Iran but not the United States, at the center of regional security issues.

Accompanying the speech, official media published a range of articles examining

the concept, as well as related ideas such as the “maritime silk road” and the construction of a “Community of Common Destiny” in Asia. Major articles appeared in both Party-oriented media such as *Qinshi* and *People’s Daily*, and in externally-oriented outlets such as *China International Studies*, an English-language journal produced by the Foreign Ministry’s China Institute of International Studies (*Qinshi*, May 21). The headline story in the latter publication’s current issue, written by Foreign Affairs Vice Minister Liu Zhenmin, is titled “Forging the Asian Community of Common Destiny Together” (*China International Studies*, March/April 2014).

To outside observers, China’s approach to its neighbors appears to be fundamentally contradictory: Beijing simultaneously puts itself forward as a champion of their security and threatens it with military moves aimed at seizing control of disputed maritime territory, such as November’s announcement of an air defense identification zone covering the East China Sea, and a series of increasingly forceful moves in the South China Sea, most recently the placement of an oil rig near the Paracel Islands, within 200 miles of the coast of mainland Vietnam. These actions appear incompatible with Xi’s account of China’s efforts to build a peaceful and cooperative Asia, and with the push to win friends among Southeast Asian nations announced last year at the work forum on peripheral diplomacy (see *China Brief*, November 7, 2013). This effort has not been mere words—China has devoted considerable effort and money to establishing new bodies for building infrastructure, promoting cultural exchange and undertaking cooperative efforts like disaster relief.

Xi’s speech, and official articles on Asian community, do not so much respond to this argument as reject its premises: They claim that Asian states are concerned with development above all else, and frame the territorial conflicts as a sideshow. The big top events are trade and economic integration, areas in which China’s rise is clearly positive for the region. Xi, in fact, offered a new definition of security based on this idea: “To the great majority of Asian states, development is the greatest form of security, and it is the overall key to settling regional security issues.”

Analysis in official media has followed this logic even further, either ignoring the current tensions with Vietnam and the Philippines or relegating them to a short paragraph at the end of an article largely dedicated to lauding Asia’s progress toward economic integration. Many of these articles have made explicit comparisons between China’s project and the European Union, comparing the goals of establishing peace and prosperity through integration, while drawing a clear distinction about appropriate institutions.

By this account, China’s strategy for the South China Sea is a facet of a much greater strategy for dealing with Asia—one which calculates that the benefits of trade and development cooperation are so great that they will simply wash out any blowback over its aggressive pursuit of territory. There are very good reasons to be skeptical of this view, especially looking at the concerns increasingly expressed by Southeast Asian states, and the protests and riots against Chinese factories in Vietnam, which suggest a degree of willingness to disrupt trade over territory. Yet Chinese accounts such as Vice Minister Liu’s do argue plausibly that the territorial disputes have hardly slowed the pace of economic integration—regional trade figures with China continue to rise throughout the region. Japan and China, even as their relationship has sunk to its lowest point in decades, have continued to negotiate a three-way free trade agreement with South Korea.

Xi’s confident predictions about the future of Asia may well be wrong. But they do explain the apparent contradiction between China’s efforts to win friends and to win territory, and thus appear to be sincere. If so, they will serve as a basis for decision-making, suggesting that China’s leaders may either not perceive the reputational costs of its territorial disputes, or more likely dismiss them as bound to blow over. We are likely to see more charm offensives and more crises at sea—and to see whether these efforts can in fact be made to coexist.

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MODI FACES PRESSING QUESTIONS ABOUT INDIA'S CHINA POLICY

By Rup Narayan Das

Traditionally, Indian policy toward China has been mostly characterized by continuity. As far as Beijing is concerned, in spite of regime change in the past, India has pursued steady engagement with its northern neighbor. Now that the National Democratic Alliance (NDA), led by the nationalist Bharatiya Janata Party (BJP) has formed a government with an absolute majority, there appears to be a chance of significant changes under the leadership of Prime Minister-designate Narendra Modi.

Modi's mammoth electoral victory will certainly resonate in India's foreign policy, including towards China. As Prime Minister, Modi will have to make decisions on three China issues urgently. Most contentious is the issue of the border incursions along the Line of Actual Control (LAC). Frequent incursions by China in the past few years, particularly in the run up to the general elections, have inspired widespread anger in India. There was an animated debate in the Parliament in September about the incident in the Depsang Bulge April last year, in which Modi's BJP took a leading role. A delegation of the National Democratic Alliance (NDA) led by top parliamentarian L.K. Advani of the BJP, submitted a memorandum to President Pranab Mukherjee on May 3, 2013 demanding a response to China's actions. Describing the border incursion as "unilateral and forceful Chinese occupation", the memorandum said, it violates "the agreed principles governing the conduct of forces of China in respect of the LAC" (*The New Indian Express*, May 3, 2013). Modi himself, while addressing an election meeting in February this year in Arunachal Pradesh in the eastern sector of India-China border, urged China to shed its "expansionist" mindset. Referring to Arunachal Pradesh, which China claims as its own territory, he said, "No power on earth can snatch away Arunachal Pradesh...times have changed. The world does not welcome the mindset of expansion in today's times" (ndtv.com, February 22).

The current Sino-Vietnamese tension over South China Sea issue will also push Modi to take a position on regional territorial disputes. India has already supported freedom of navigation in South China Sea and holds

the view that the territorial dispute there should be resolved by the concerned countries in accordance with universally recognized principles of international law. The new government has to take a call on South China Sea issue. Editorials in India media have called for an Indian response: "An India that does not stand up for China's smaller neighbors now will find itself, sooner rather than later, a victim of Beijing's aggressive actions" (*Indian Express*, May 15). But again, India's response will be measured. Beijing has already said that India need not be unnecessarily worried, and it is not an issue of concern. Whether the government decides to send the new defense minister to participate in the Shangri-La dialogue to be held by the end of the month will reveal the government's interest in the issue.

However, Modi is clearly aware of the benefits of working with China. As the chief minister of Gujarat, he visited Beijing and engaged with the Chinese leadership. China has also invested in Gujarat. A few days before the election results were declared, Modi said, "It is possible to solve our problems with China and take the relationship with it to another level. If India and China want to work together towards improving our relationship and resolve our differences, it would be helpful to both the nations" (*Times of India*, May 6).

The second decision that the Modi Government has to take is how to participate in China's commemoration of the sixtieth anniversary of "Panchsheel" (the "five principles of peaceful coexistence"), which the two countries jointly enunciated in 1954. Beijing is expecting a top leader to visit China on the occasion. But *Jana Sangha*, a forerunner of the BJP, was highly critical of *Panchsheel*. It is unlikely that Modi himself will visit China, although the Chinese government will be very happy to receive him. The foreign office will likely advise Modi not to make his first foreign visit to China, which would be read as a signal by the countries with which India has strategic partnerships. Furthermore, it has been less than a year since Prime Minister Manmohan Singh visited China.

Third, Modi must decide how to pursue trade and economic engagement with China. Likely impressed by Modi's record of encouraging business development in Gujarat, the Chinese have already extended overtures to him to deepen economic engagement. There is a strong corporate lobby in India in favor of China—incidentally,

two of India's leading corporate houses share links to Gujarat, and are favorably disposed towards China. The Tata Group, arguably the largest of Indian private sector companies, originally come from Gujarat. An article in China's *Liberation Daily* quoted Ratan Tata, the chief of the Tata group, as saying that India should not be too worried about China's growing economic strength, but instead should focus on building alliance with China ("China lauds Ratan Tata's 'positive' role in Sino-India ties," *India Today*, October 20, 2012). In April this year, China nominated Ratan Tata to serve as a member of the 15-member Board of Boao Forum for Asia, which puts him in the company of a group of distinguished former ministers and leaders from Asia and the United States.

Another top corporate house, the Ambani group, which belongs to Gujarat and has huge business interests in the state, also shares close business relations with China. In October 2010, the Ambanis' Reliance Power ordered billions of dollars' worth of equipment from the Shanghai Electric Group. In January 2010, a syndicate of several banks in China loaned Ambani's Telecom Company \$1.2 billion.

However, at a time when the balance of bilateral trade between India and China is skewed in favor of China, the new government has to be cautious and circumspect while allowing Chinese investments in manufacturing, particularly when India wants to develop its own manufacturing sector. Prime Minister Modi has already said that manufacturing should make up one-third of the country's GDP. Modi has to find a judicious balance between safeguarding the interests of the domestic economy and allowing Chinese investment in manufacturing and infrastructure. Secondly, a major bottleneck in India-China bilateral trade and economic engagement is the persistent security distrust, which holds back Chinese investments in sensitive sectors like telecom and proposed bullet trains. It is indeed a big challenge for the leadership of the two countries to remove or ameliorate the strategic distrust and security dilemma between the two countries.

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Beijing, Kunming, Urumqi and Guangzhou: The Changing Landscape of Anti-Chinese Jihadists

By Jacob Zenn

During the roughly six months since China suffered its first-ever car bombing in Beijing's Tiananmen Square on October 31, 2013, China has witnessed a series of other terrorist attacks on its territory. Such attacks included a mass stabbing at a train station in Kunming that killed 29 people, a double suicide bombing at a train station in the Xinjiang Uighur Autonomous Region's capital of Urumqi and a mass stabbing at a train station in Guangzhou that injured six people. The car bombings in Urumqi on May 22 made it all the more clear that the recent attacks in China are part of coordinated militant campaign against China, which is likely organized from outside China and that employs the tactics of jihadists in neighboring Afghanistan and Pakistan.

One connection between these recent incidents is that they were carried out by Uighurs, members of a Muslim ethnic group from Xinjiang. Xi Jinping and his counter-terrorism strategists are faced with the task of identifying the foreign and domestic forces behind these attacks—and around 15 other mass-stabbings and car-rammings in Xinjiang since 2011—and developing a program to counter such violence. The internal network of such militant cells is likely already in place and possibly expanding, which will provide more opportunities for the Uighur-led Turkistan Islamic Party (TIP) and its closely allied Islamic Movement of Uzbekistan (IMU) to expand their jihad across the border from Afghanistan and Pakistan into China.

This article analyzes the political nature of the recent attacks in China, with an emphasis on operational connections between the attackers and international jihadist groups like the TIP and IMU.

International Connections

The TIP's Spokesman Role

The TIP has approximately 300–500 militants in

Afghanistan and Pakistan, but also a network in Turkey and possibly Central Asia (Author's field research in northwest Pakistan, 2012). With such numbers, it is limited in its capacity to launch an insurgency in China, which has a population of well over one billion people. The only attacks in China for which the TIP showed evidence of its responsibility were the Ramadan-eve car rammings in Kashgar in July 2011, which killed 12 pedestrians. The TIP has also claimed several cart-bombings near Xinjiang's border with Pakistan in 2012, which were likely carried out by its cells in Xinjiang (See *Terrorism Monitor*, Volume 10, Issue 8).

The TIP's main "value added" in Xinjiang is mostly providing training to Uighurs who travel abroad or, likely more importantly, the clandestine distribution of jihadist ideological and training materials in Xinjiang by way of various Uighur, Pakistani or Central Asian traders.

On the international front, the TIP has become an influential promoter and "spokesperson" for Uighur militants in China and issues praise of virtually every violent incident between Uighurs and Chinese police or Han civilians. TIP leader Abdullah Mansour is a relative novice among more experienced international jihadists, but has raised the TIP's profile among al-Qaeda and other jihadist groups. Mansour was the editor from 2008 to 2013 of the TIP's roughly quarterly publication *Islamic Turkistan*, which laid out Uighur grievances against China and compared Xinjiang to other areas of the world where jihadists are fighting, such as Palestine, Kashmir and, more recently, Syria (On Mansour, see *Terrorism Monitor*, Volume 9, Issue 11 and *Militant Leadership Monitor*, February 2014). Mansour's ascendancy to the TIP's leadership last year was likely related to his media and marketing skills, which is reflected in the TIP's continued sophisticated activity on jihadist forums.

Al-Qaeda leaders, such as Ayman al-Zawahiri, now usually mention "East Turkistan" among other jihadist battlegrounds, while jihadists in Syria have proudly featured Uighurs and Han converts to Islam among their fighters. Meanwhile, the TIP has praised the "jihadists" in Syria, and responded directly to Chinese accusations that the TIP is sending fighters to Syria with the help of Turkey-based Uighur human rights organizations. In the 12th edition of *Islamic Turkistan*, for example, the TIP wrote, "If China has the right to support Bashar

al-Assad in Syria, we have the full right to support our proud Muslim Syrian people" (*Islamic Turkistan*, Volume 13, March 2013; Chinese Uighur fighting with FSA," YouTube, March 29, 2013; "Chinese Man Joins FSA," YouTube, March 18, 2013; *Global Times*, October 29, 2012).

IMU: 'Go After Pakistan's Mother'

While the TIP is still a relative newcomer to the jihadist scene—having only announced its formation around 2008, despite the presence of Uighur militants in Afghanistan since before 2001—it has benefited from the support of other well-known jihadist leaders. In particular, the emergence of IMU *mufti* Abu Zar al-Burmi as a prominent anti-Chinese jihadist leader in Pakistan has led to Xinjiang gaining more attention among jihadists. Al-Burmi started gaining prominence around 2011, several years after Xinjiang—which Uighurs who seek independence from China call "East Turkistan"—gained attention in jihadist media after the July 2009 riots in Urumqi. At that time, al-Qaeda affiliates and leaders such as Abu Yahya al-Libi demanded retribution against China and called for attacks on Chinese citizens abroad (*China Daily*, July 15, 2009). Other al-Qaeda leaders gave occasional talks on Xinjiang (Khalid al-Husaynan, "'Purpose' of Jihad," *Sawt al-Islam*, May 4, 2013; Abu-Yahya al-Libi, "The Forgotten Wound," *as-Sahab*, 2009).

Yet al-Burmi, unlike other al-Qaeda leaders, regularly issues anti-Chinese sermons in Pakistan and, perhaps because of his Burmese background (he is an ethnic Rohingya) seems to hold a personal vendetta against China. He said in a sermon called "A Lost Nation" that "mujahidin should know that the coming enemy of the *Ummah* is China, which is developing its weapons day after day to fight the Muslims" and blamed "Burma, China and Germany and the interests of the United Nations for supporting these massacres and mass killings [of Rohingyas] in Arakan ("A Lost Nation," a speech for Abu Zar-Azzam, Mufti of the Islamic Movement of Uzbekistan, 2013)."

In a sermon in Ladha, South Waziristan, in September 2013, al-Burmi, declared it obligatory for Muslims to kidnap and kill Chinese people and attack Chinese companies, which Abu Zar says have "conquered" Pakistan like the British East India company did in India

(including Abu Zar’s native Burma) in the 1800s (Bab-ul-Islam, in Urdu, April 25). He blames Pakistanis for their “mantra of Pak-China Friendship,” including purchasing “infidel” food and goods from China as if “drinking milk from the Chinese government” and selling the Gwadar Port in Karachi to China (Ibid).

Al-Burmi urges his followers to turn their attention to the “new superpower” and “next number one enemy,” China, now that the Taliban “knocked the wind out” of the United States. This suggests that al-Burmi may see a role for the IMU attacking China or coordinating training of the TIP to attack China after the withdrawal of most U.S. troops from Afghanistan in 2014. In his Ladha sermon, al-Burmi continues with U.S.-China comparisons: “We should be aware of the fact that while the United States is the father of the Pakistani system and government, China is the mother of the Pakistani government. The Pakistani government drinks its milk from the Chinese government.”

He further claims that “The Pakistani president visits China every four months and goes and bows, kneels and prostrates before those atheists, who do not believe in God, and in return he comes back with aid.... We should all be aware of the fact that there is no border between Pakistan and China...the border that is along the Gilgit-Baltistan region is actually a border with East Turkestan.”

The Homefront: Politicization of Attacks

While the TIP and IMU may be active in promoting jihad from abroad, the key measure of their influence—or that of other jihadists groups—in China is the political nature and style of attacks occurring in China. The section below reviews the most recent major attacks up to the May 22 car-bombing (many details of which are still unclear at the time of publication).

Urumqi

The double-suicide bombing at the railway station in Urumqi occurred on the final day of President Xi’s three-day visit to Xinjiang, where his focus was on counter-terrorism (Xinhua, April 28). The attack, however, also coincided with the eve of the opening of the intercity railway lines linking Urumqi with Kuytun, Shihezi and Karamay, which will be a key route for distributing Xinjiang’s oil throughout China (*Times of India*, May 1).

The attackers did not “succeed,” in that they killed only one person other than themselves, but the media attention given to these suicide bombings received overshadowed Xi’s visit and sent a message that Uighur militants can attack anywhere and anytime.

Moreover, these suicide bombings, which were the first such terrorist attacks in China, were an innovation in Uighur militancy. While no connection to the TIP has been proven, China alleges that the ringleaders trained in Pakistan, which is likely an indication of a suspected tie to the TIP (Al-Jazeera, May 21). The attack would also be similar to the suicide bombings that the TIP and IMU carry out against U.S., NATO and Pakistani forces in Afghanistan and Pakistan (SITE Intelligence Group, May 26, 2013). The beheading of two Han Chinese policemen and stabbing into 31 pieces of a third policeman in Yecheng (Karghlik), which is the closest city in Xinjiang to Pakistan, suggests there may have been a broader attempt by militants to launch attacks during Xi’s visit (*Times of India*, March 8, 2012; AFP, March 15).

One of the most notable portions of the Damla video includes a scene of militants in a mountainous region resembling the Afghanistan-Pakistan border region, where the militants provide a lesson on making a briefcase-bomb (Reuters [Islamabad], March 14). The TIP has issued a series of 13 videos in Uighur, with Chinese and Uighur subtitles, that teach viewers how to make homemade explosives (<http://jihadology.net/2013/12/31/%E1%B9%A3awt-al-islam-presents-a-new-video-message-from-%E1%B8%A5izb-al-islami-al-turkistani-turkistan-islamic-party-the-express-mail-of-the-turkistan-mujahidin-12/>). If the TIP can encourage and teach homegrown lone wolves or independent cells in Xinjiang to carry out attacks by distributing these types of videos in Xinjiang, it would allow the TIP to encourage attacks while avoiding the risk associated with sending its militants into Xinjiang.

Tiananmen

The car-bombing in Tiananmen Square in October 2013 involved a husband, who rammed a car with his wife and mother in the passenger seats into China’s most symbolic location near Mao Zedong’s portrait in Tiananmen Square. The husband’s motive was likely to avenge the Chinese government’s demolition of an extra section of a mosque

that he paid to build in Kizilsu Kyrgyz Autonomous Prefecture in Xinjiang without official permission (Radio Free Asia, November 7, 2013). Like the attack in Urumqi, the Tiananmen attack played well into TIP propaganda. Islom Awazi released a video on jihadist websites of TIP leader Abdullah Mansour praising the “jihadi operation in the Forbidden City” and claiming it was the result of an “awakening after 60 years of oppression” (<https://www.youtube.com/watch?v=lk130qpnhno>).

Kunming and Guangzhou

The Kunming and Guangzhou train station attacks in March and May 2014 were distinct from the Urumqi train station and Tiananmen Square attacks, because neither the timing of the attacks nor locations were particularly symbolic. Both, however, were certain to cause deaths because they were in busy public locations. The involvement of two women in the Kunming attack, as well as the choice of a train station, was possibly influenced by militants from the Caucasus Emirate, whose late leader Doku Umarov was eulogized in a TIP video on May 1 (SITE Intelligence Group, May 1, 2014). Vilayat Dagestan, which claimed attacks on a train station in Volgograd and trolley in Pyatigorsk, near Sochi, in the run-up to the Olympics in Russia in February 2014 said those attacks were “because of Umarov’s orders” (*The Guardian*, January 19).

Conclusion

The recent attacks in Beijing, Kunming, Urumqi and Guangzhou are all victories for the TIP and its allies in the IMU. The attacks help the TIP and IMU promote China as the next frontier for jihadists as the U.S. withdraws in Afghanistan. Meanwhile from Syria and Turkey to the Gulf, there are increasing opportunities for the TIP and its supporters to network with Uighurs in Xinjiang, who hold grievances against the Chinese government. It is possible, for example, that the IMU and TIP could connect with and recruit from underground Islamist organizations in Xinjiang similar to Tablighi Jamaat, such as one called “Hijrah Jihad,” which are inspired by similar Salafist currents.

Moreover, it is likely that Uighur militancy will come to resemble al-Qaeda’s militant operations elsewhere in the world as knowledge-transfer takes place with in-person

training in Afghanistan and Pakistan or Syria on simply online or in jihadist videos. The TIP may also follow the Caucasus Emirate’s strategy towards ethnic Russians, attacking Han Chinese in Xinjiang with such frequency that it causes them to leave the region and generates so much Han-Uighur animosity that Han Chinese become less willing to live, work and feel safe in Xinjiang.

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Challenged by China, ASEAN States Seek Common Response

By Prashanth Parameswaran

Over the past few weeks, tensions in the South China Sea have once again bedeviled relations between China and the countries of the Association of Southeast Asian Nations (ASEAN). On May 1, China deployed a giant oil rig in Vietnam’s exclusive economic zone (EEZ) with a large fleet of military and paramilitary vessels, sparking a face-off with Vietnamese ships and triggering violent protests in Vietnam. Then, on May 6, the Philippines arrested 11 Chinese fishermen for poaching more than 500 protected sea turtles in its territory, drawing fierce condemnation from Beijing (Xinhua, May 14).

The events, bracketed between a visit to the region by U.S. President Barack Obama and an ASEAN summit in Myanmar on May 10–11, caused alarm across several capitals and prompted ASEAN to release a separate statement on the South China Sea for the first time in nearly two decades (ASEAN Secretariat, May 10). While China appears to be calculating that its economic heft and military superiority will ultimately lead ASEAN states to accept its dominance in the South China Sea, these developments could in fact accelerate already ongoing efforts by some individual Southeast Asian states—however limited—to adopt a more outspoken and united stance against Beijing and increase the costs of its provocative behavior through various means.

The South China Sea issue has long been a thorn in the side of ASEAN-China relations, particularly for the four ASEAN states—Brunei, Malaysia, the Philippines and Vietnam—which have claims to the more than a hundred islets, reefs, rocks and surrounding waters there. Since the 1970s, China has displayed a tendency to use coercion to advance its expansive claims in the South China Sea. The 2002 Declaration of Conduct (DoC) inked by ASEAN and China provided an opportunity to enact confidence-building measures, but joint development initiatives such as the tripartite Joint Marine Seismic Undertaking by China, Vietnam and the Philippines never took off.

The latest round of tensions date back to the deadline set by the United Nations for countries to submit claims for extended continental shelves in May 2009, when China protested submissions made by Vietnam and Malaysia and submitted its infamous nine-dashed line map, which claimed nearly 90 percent of the South China Sea (YaleGlobal Online, July 7, 2011). Since then, China has displayed a pattern of assertiveness at sea, cutting cables on Vietnamese ships conducting oil exploration, seizing the Scarborough Shoal from the Philippines and expanding naval patrols in the southern parts of its claim closer to Malaysia and Indonesia. China's new leadership, led by President Xi Jinping, has continued this hardline approach despite some minor diplomatic concessions floated to ASEAN in late 2013 (*China Brief*, October 24, 2013). Indeed, according to one Chinese expert, China's actions, including the incidents earlier this month, suggest that Beijing has calculated that its economic heft and military superiority in the region means that ASEAN states will eventually come to accept its dominance in the South China Sea (YaleGlobal Online, May 15).

At first glance, Beijing may appear to be correct. There are certain structural realities that limit ASEAN's ability to respond to China's growing assertiveness in the South China Sea as an organization. Only four ASEAN countries actually have claims in the South China Sea, each tends to approach the issue differently and none alone is militarily strong enough to prevail in a confrontation with Beijing. Meanwhile, all ten of them have China as a leading trading partner and the organization as a whole operates through consensus. That explains why those looking for fiery rhetoric or bold moves by the regional group are often disappointed. However, a closer look reveals that despite these limits, over the past few months individual ASEAN

states—both claimants and non-claimants—have in fact adopted a more unified and outspoken stance against China and are trying to raise the cost of its provocative behavior through various means, rather than giving in to Chinese superiority.

First, some ASEAN states, most visibly Vietnam and the Philippines, redoubled their efforts to counter Chinese aggression, either by directly confronting Beijing or by boosting their own capabilities to enable them to do so in the future. In March, the Philippines, with the assistance of the United States, finally outsmarted the Chinese coast guard, which had been trying to block its efforts to resupply marines on the disputed Second Thomas Shoal (Rappler, April 11). And despite the fact that the arrest of Chinese fishermen at Scarborough Shoal in 2012 triggered Beijing's eventual seizure of the feature from the Philippines, Manila remained undeterred and brazenly arrested 11 fishermen on May 6. These recent Philippine advances have clearly rankled Beijing. As one Chinese academic asked in frustration, "Since the Philippines does not measure up to China either in economic or military strength, why does it dare to repeatedly create trouble in the South China Sea?" (*Straits Times*, May 13).

Vietnamese ships, too displayed boldness, challenging superior Chinese forces in an effort to prevent oil exploration in the area of its claim. According to Vietnamese accounts, some of its vessels responded in kind after being rammed and water cannoned by Beijing, resulting in injuries to at least six Vietnamese sailors (VOA News, May 12). While Manila and Hanoi realize that they cannot defeat China in an outright military confrontation, it is clear that both are attempting to outmaneuver it, or at least to give it a bloody nose.

Malaysia and Indonesia are also quietly building up their capabilities, partly because of growing encroachments by Chinese vessels into their waters. Last October, Malaysia announced its desire to establish a marine and naval base close to the James Shoal. (*South China Morning Post*, March 27, 2013; *Jane's Defence Weekly*, October 15, 2013). In March, reports surfaced that the Indonesian Air Force was expected to upgrade its airbase facilities with the long-term goal of permanently deploying a squadron of Sukhoi fighter aircraft and four Boeing AH-64E Apache attack helicopters on the resource rich Natuna Islands, which fall within the outer limits of China's expansive

South China Sea claims (IHS Jane's, March 31). The news came after TNI Chief General Moeldoko announced during a trip to Beijing in February that Indonesia would station additional forces around the Natuna waters to “anticipate any instability” in the South China Sea and to “serve as an early warning system” (AntaraNews, February 27).

In response to the oil rig incident, Vietnamese intellectuals also took to news outlets not just to defend their country, but to expose the gap between Beijing's words and deeds to the world (East Asia Forum, May 15; *Straits Times*, May 13). These accounts stressed that China's posture towards Vietnam and other Southeast Asian claimants in the South China Sea runs contrary to the conciliatory gestures offered by Beijing as part of its new strategy for ASEAN-China relations known as the “2 + 7 cooperation framework,” including the proposed ASEAN-China Treaty on Good Neighborliness, Friendship and Cooperation as well as a working group with Vietnam on joint exploration in disputed areas (*China Brief*, October 15, 2013). Reports have also surfaced that Hanoi may consider backing, if not emulating, what it views as Manila's smart legal approach in filing a case against China before a UN arbitral tribunal, believing that it has put Beijing on the defensive due to the international scrutiny that could result from a ruling against it (InterAkson, May 16). Indonesia, though not a claimant, has also emphasized international legal principles and reputational costs in questioning China's actions in the South China Sea. Some Indonesian military officials have grown more outspoken over the past few months in publicly raising questions about the legitimacy of China's nine-dashed line, which violates the United Nations Convention on the Law of the Sea (UNCLOS) and encroaches into the resource-rich Natuna Island chain (AntaraNews, March 13). Jakarta had also firmly told China in February that it will not accept the legitimacy of an air defense identification zone (ADIZ) over the South China Sea similar to the one Beijing erected in the East China Sea last year (*Straits Times*, February 18).

The emphasis on international law has provided an opening for other external actors to support the approaches taken by ASEAN states without explicitly taking sides. For example, the United States, along with European countries like Poland and Hungary, have expressed support for Manila's decision to file an arbitration case

against Beijing as an example of using peaceful dispute settlement mechanisms (U.S. Department of State, February 5; *Philippine Inquirer*, May 18).

Third, Southeast Asian claimants are also intensifying cooperation amongst themselves, both to reduce intra-ASEAN differences and to forge a more united front against China to deter Beijing. This is especially true of Vietnam and the Philippines, which have signed several agreements to boost naval and coast guard coordination since 2010 (The Diplomat, March 28). For instance, next month, Hanoi and Manila are scheduled to hold a day of beach volleyball, drinks and music on Southwest Cay Island to mark growing naval collaboration after a similar plan was disrupted by Typhoon Haiyan last year (Reuters, April 9). The idea was reportedly devised after China objected to joint naval patrols between the two countries. Yet Chinese media reports nonetheless hit out against the “Manila-Hanoi cohort” last week, warning that the “ill-disposed joint venture is built on shaky ground and is doomed to fail” (Xinhua, May 13).

Separately, Malaysia, traditionally a quieter claimant, has also been involved in promoting closer coordination between ASEAN claimants on strategies to deal with Beijing, which led to the holding of the so-called ASEAN Claimants Working Group meeting in Manila in mid-February (*Philippine Star*, March 3). Malaysia also boosted bilateral ties with the Philippines, with the two countries agreeing to install a dedicated hotline for security and intelligence cooperation during Philippine President Benigno Aquino's visit to the country in February, a year after the Sabah crisis erupted between the two nations (*Straits Times*, February 28).

Fourth, ASEAN claimant states are also deepening engagement with other countries, principally the United States, to both boost their capabilities and increase the credibility of their deterrent against Beijing. For example, the Philippines concluded an Enhanced Defense Cooperation Agreement (EDCA) with the United States on April 28 and the two allies conducted the annual Balikatan military exercises from May 5 to May 15 in Palawan. Vietnam, too, has been increasing naval cooperation with the United States since 2010, with the first search and rescue exercise conducted last month (U.S. Navy News Service, April 14). Last week, U.S. fleet spokesman Commander William Marks told Reuters that

Washington would welcome increased ports visits with Vietnam in response to the oil rig incident, up from the Hanoi-imposed limit of one visit of up to three ships annually (Reuters, May 15). Malaysia has also intensified its military engagement with Washington. For example, when U.S. admiral Jonathan W. Greenert met with Royal Malaysian Army (RMN) Chief Admiral Abdul Aziz Jaafar in February, the two talked about submarine operations and agreed to more U.S. ship visits to Malaysian ports in the future, with Greenert assuring Aziz of America's commitment to Malaysia's national security (*The Malay Mail*, February 11). To Beijing, these actions suggest that Washington is emboldening ASEAN states at the expense of regional peace (Xinhua, May 13).

Fifth, some ASEAN non-claimants have also been more outspoken about their interest in regional peace and stability and ASEAN unity to counter Beijing's preferred strategy of dividing the organization and isolating individual claimants (People's Daily Online, May 13). Singapore Prime Minister Lee Hsien Loong, speaking at the sidelines of the ASEAN summit, emphasized that ASEAN should take a "common position" on certain questions and noted that "a divided ASEAN undermines our credibility and relevance to the world" (*Today*, May 11). Internally, outgoing Indonesian President Susilo Bambang Yudhoyono reportedly told ASEAN colleagues that "there should be no room for the use of gunboat diplomacy" (*Philippine Star*, May 13). Separately, Indonesian foreign minister Marty Natalegawa emphasized the need to intensify progress towards a CoC and held a phone conversation with his Chinese counterpart Wang Yi (*Brunei Times*, May 11; Xinhua, May 14).

The approach ASEAN eventually adopted as a whole at the summit on May 10–11—and more broadly during Myanmar's chairmanship thus far—is also indicative of greater unity between member states relative to the past. Although ASEAN was chaired this year by Myanmar—a non-claimant—the foreign ministers united to adopt a separate statement for the first time in two decades, a far cry from 2012, when ASEAN was unable to issue a joint communiqué for the first time in its history, in part due to Chinese pressure on the then-organization chair, Cambodia. This is in no small part due to Myanmar's effective role as ASEAN chair so far, and its determination to avoid bowing to any international pressure on the South China Sea dispute which its foreign

ministry officials made clear even before it assumed its role in 2014 (*Myanmar Times*, December 30, 2013; *The Diplomat*, May 12). Earlier this year, the statement adopted by ASEAN foreign ministers following a January retreat in Bagan also featured the South China Sea issue prominently instead of sidestepping it, including a veiled reference to concern regarding China's new maritime law regulating fishing there (ASEAN Secretariat, January 17).

Chinese policymakers continue to believe that their economic and military might will lead ASEAN states to concede in the South China Sea. Yet it is unmistakably clear that Beijing's growing assertiveness is instead pulling ASEAN countries together and pushing them towards other powers as they attempt to redress the glaring asymmetry of capabilities in their northern neighbor's favor. While Southeast Asian countries realize their structural limits vis-à-vis China, they are nonetheless clearly attempting to overcome them by increasing the cost of Beijing's provocations, either directly by countering Beijing's aggressive actions or indirectly by damaging its international reputation, forming a common front with fellow ASEAN states and external powers to deter Beijing, and fostering greater ASEAN unity to prevent Beijing from employing divide and rule tactics.

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Costa Rica at a Crossroads in Courtship with Beijing

By R. Evan Ellis

In few other countries in Latin America and the Caribbean have the strategic objectives of China been as clear as in its relationship with Costa Rica. Yet in few other countries has the PRC experienced so many difficulties compared to the level of effort invested. When secret negotiations with Costa Rican president Oscar Arias and his foreign minister Bruno Stagno led Costa Rica to diplomatically recognize the PRC on

June 1, 2007, it was seen as a catalyst that could lead the five other Central American nations recognizing Taiwan to change their diplomatic posture. The PRC was correspondingly generous in rewarding Costa Rica for its action, building the country a new \$90 million sports stadium and purchasing \$300 million of its government bonds (*Razon*, March 27, 2011). While both sides have tried to develop a close economic relationship, major Chinese investment projects have suffered repeated setbacks amid a political environment skeptical of the potential for corruption and declining Chinese interest in the relationship. The recent election of President Luis Guillermo Solís is likely to reinforce both trends, making major new deals considerably more challenging.

Strong First Impressions

If the PRC's long-sought recognition by the island nation appeared to be the beginning of the end for Taiwan's diplomatic position in Central America, such consequences were averted with the January 2008 election of Ma Ying-jeou, which led to a process of reapproachment with the PRC, in which both sides committed to suspend efforts to change the diplomatic posture of states recognizing the other.

While the PRC-Taiwan "diplomatic truce" prevented Beijing from acting upon the interest expressed by other Central American leaders in changing their own diplomatic posture, it did not stop it from seeking to expand its relationship with Costa Rica as an example to other states of the fruits of friendship with the PRC. Both Chinese Presidents Hu Jintao and his successor Xi Jinping visited the country, as well as receiving both Costa Rican president Oscar Arias and his successor Laura Chinchilla in China on multiple occasions. With the support of agreements signed during such visits, Chinese companies entered into negotiations for various major infrastructure projects funded by loans from Chinese banks, including a \$1.3 billion expansion of the nation's aging refinery in Moín (Bloomberg, June 20, 2013) and a \$465 million improvement of the highway linking the capital, San José, to the country's principal Caribbean port in Limón (*Costa Rica Hoy*, March 15).

The PRC also offered a \$101 million loan for Costa Rica to replace its aging transportation fleet with new Chinese Higer-brand buses, plus an additional \$30 million for the

purchase of solar panels to power homes, including a 10 MW solar energy facility being constructed in Guanacaste by the Chinese firm Guoxin (Reuters, June 3, 2013).

In the final days of the Chinchilla administration, the China Development Bank (CDB), in combination with Costa Rican national and local officials, began to look beyond loans to Chinese investment in the country, presenting a feasibility study advocating for the establishment of six new territorially-defined free trade zones in different parts of the country, with designated focuses ranging from high-tech manufacturing to agriculture to tourism, presumably to be occupied by Chinese companies, with the backing of Chinese banks (*El Financiero*, May 13).

Beyond commercial projects, the PRC has also provided assistance in other areas, including an offer to construct a \$25 million police academy in the Caribbean city of Pococí (*Costa Rica Hoy*, June 5, 2013). In November 2011, its new hospital ship "Peace Ark" made a port call in Limón, where it provided medical service to poor Costa Ricans (*Nación*, November 23, 2011). In education, the Chinese cultural promotion organization, *Hanban* funded the establishment of Central America's first Confucius Institute, for Chinese-language and culture education at the University of Costa Rica (China.org, November 19, 2008), in addition to providing personnel and resources for non-Confucius Institute language training and cultural programs with Costa Rica's *Universidad Nacional* and the private *Centro Cultural China-Costa Rica*, among others. Between the Confucius institute and other programs, the Chinese government has offered almost 90 scholarships per year for Costa Ricans to study in the PRC.

But a Rough Morning After

Despite such largesse, from the beginning of the relationship, Chinese initiatives in Costa Rica have been mired in controversy, and blocked by a combination of bureaucratic obstacles and resistance in the National Assembly. The Assembly held hearings to determine if there were improprieties related to the PRC's purchase of \$300 million in Costa Rican government bonds (*Nación*, September 4, 2008). AFECC, the Chinese company that built the donated Costa Rican stadium in record time, was condemned when it diverted machines and equipment to support a commercial construction operation that it was trying to set up in the country (*Nación*, March 7, 2010).

In 2013, the refinery project was halted when it emerged that the principal Chinese contractor, China National Petroleum Corporation, had created a conflict of interest by using one of its own affiliates, HQCEC, to do the feasibility study (*Bloomberg*, June 20, 2013), and on two additional occasions, the Costa Rican comptroller's office rejected re-worked versions of the study submitted by Soresco, the Chinese-Costa Rican joint venture leading the project.

With respect to the improvement of the roadway *Ruta 32*, amidst a national election campaign, the National Assembly balked at approving the project over allegations that the project costs were inflated, the interest rate was too high, the clause for resolving contract disputes through a PRC-based arbitration body was unacceptable and the parent of the company doing the work had been barred from World Bank projects over corruption charges (*Nación*, April 21, 2013; *Costa Rica Hoy*, November 19, 2013). In 2013, Costa Rica's *Instituto Costarricense de Electricidad* (ICE) halted implementation of a \$583 million contract awarded to the Chinese firm Huawei to build a nationwide 3G cellular communications infrastructure, due to alleged procedural improprieties, although the matter was later resolved (*Nación*, August 30, 2013).

In cultural affairs, by one estimate, almost half of the scholarships offered by the PRC government for study in China have gone unused due to a lack of candidates meeting the rigorous qualifications of the programs.

Dealing With a New President

If the aforementioned examples show that Costa Rica's pluralistic politics and dedication to procedure has created difficulties for the Chinese, the new political phase that it has entered with the election of Luis Guillermo Solís portends an even more fundamental re-evaluation of that relationship.

The current phase was defined by the unorthodox national elections of February 2 and April 6, in which the establishment candidate of the *Partido Liberación Nacional* (PLN), Jhonny Araya, unexpectedly withdrew from the race after winning a plurality, but not majority in the first round, allowing a dark-horse candidate who had come from virtual obscurity, Luis Guillermo Solís, to win the presidency.

A key focus of Solís's appeal was his commitment to move away from the type of improper activities that many in the country felt characterized the previous governments of the *Partido de Liberación Nacional* (PLN) and their relationship with the PRC Persons who have worked with Solís characterize him as a principled pragmatist who, while not anti-Chinese, is distrustful of the Chinese approach to doing business. Beyond Luis Guillermo Solís, a key voice in the party that he rode to power, the *Partido Acción Ciudadana* (PAC), also reflects the strong influence of its founder, Ottón Solís (no relationship), who has been a vocal critic of projects involving the Chinese (*Nación*, June 21, 2013).

The way in which such skepticism toward the PRC could play out is made unpredictable by the fragility of the new government, both in parliament and in the executive branch. The PAC, controls only 12 of the 57 seats in the unicameral National Assembly—a weakness illustrated on the opening day of the assembly, when the first official motion was to call a recess because the newly elected legislators had not yet finalized inter-party alliance negotiations, determining whether the PAC, or a PLN-led opposition alliance, would control the body. With respect to the executive, few of those named as ministers have senior-level government experience. This lack of experience plus the new government's weak position in the National Assembly, suggest likely problems in successfully “shepherding” programs through legislative and administrative processes, with the result that those Chinese projects taken forward under a Solís administration, could face even more hurdles than those under the PLN governments of Oscar Arias and Laura Chinchilla.

Controversy over the relationship with the PRC is also likely to be bolstered by an expanding deficit in Costa Rica's trade with the country, with the country's \$1.4 billion imports from the PRC in 2012 already more than four times its \$331 million in exports (*Direction of Trade Statistics Yearbook*, International Monetary Fund 2013). More problematically, 78 percent of Costa Rica's exports to China are tied to the production of semiconductor chips by the Intel Corporation; the company's announced shutdown of its production line in Costa Rica will greatly increase Costa Rica's trade deficit with the PRC, and associated negative attention to the relationship. Nor will attempts to expand exports of coffee, banana, pineapple

or ornamental flowers adequately compensate for the loss of chip exports, since Costa Rica's limited production of such traditional products is already absorbed by the U.S. and European markets, and faces strong competition in China from closer suppliers such as Thailand and the Philippines.

Sources of tension on the Costa Rican side are also likely to be reinforced by decreasing generosity by the PRC. From China's perspective, each successive government following that of Oscar Arias (who took the political risk of changing the country's diplomatic posture), is seen to deserve progressively less special treatment for merely continuing the relationship. China's decreasing disposition to woo Costa Rica is reinforced by the continuing PRC rapprochement with Taiwan, which reduces incentives to provide gifts merely to maintain Costa Rica's diplomatic recognition.

The decrease in China's special treatment of Costa Rica is seen not only in the shift from gifts, such as the national stadium, to loan-based projects such as the refinery and the San Jose-Limon highway, but also in diplomatic assignments. Whereas China's first two ambassadors to Costa Rica, Wang Xiaoyuan and Li Changhua, each had extensive prior experience in the region, spoke fluent Spanish and actively sought relations with key actors in the country, its latest representative, Song Yanbin, arrived in Costa Rica with little Spanish ability, no previous experience in the region and is seen by many Costa Ricans as much less effective than his predecessors in building local relationships.

Conclusion

While such factors are likely to expand problems between China and Costa Rica, the relationship could nonetheless take an unexpectedly positive turn due, ironically, to economic necessity. Most pressing, Intel's withdrawal of semiconductor manufacturing from Costa Rica over the coming year is likely to negatively affect the economy far beyond the 1,500 positions to be directly eliminated, since other companies who have based their own presence in Costa Rica around Intel's chip production, including both component suppliers and service providers, may also cease operations or transfer jobs out of the country.

Costa Rica could further suffer capital flight if the

more left-of-center actors in the governing coalition assume a high-profile role in economic policymaking. In the National Assembly, these include the neo-socialist *Frente Amplio* party, which constitutes almost half of the governing coalition, as well as Dr. Henry Mora, president of the new parliament and an economics professor whose strongly leftist economic ideology was showcased through his outspoken opposition to the Central America Free Trade Agreement during its consideration by the National Assembly in 2008.

Such factors could push the new Costa Rican government toward greater cooperation with the PRC, making initiatives such as the free trade zones proposed by China Development Bank more attractive as a way to replace lost Costa Rican jobs or compensate for swelling trade deficits with the PRC.

However events unfold, it is likely that the impact of Luis Guillermo Solis's administration on Costa Rica's relationship with the PRC is likely to be as significant and unexpected as his arrival in the presidency.

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