

“Rise of China”: A Perceptual Challenge for Thailand

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Submitted 11 March 2015; accepted in final form 17 April 2015

Abstract

This article examines the implications of China’s rise, peaceful or otherwise, as a major world power on its relationship with Thailand, and how this “rise” will affect the future of Sino-Thai relations. China has become a great power as the result of its phenomenal economic growth. While China has emphasized that it would not behave like great powers of the past, it has nevertheless changed its approach to its foreign policy and its relations with countries throughout Asia-Pacific region. Thailand must recognize the changes brought about by China’s rise and find ways to adapt to these changes so it can properly maintain its strategic engagement with China, bilaterally and multilaterally, as China’s “real” partner in the region.

Keywords: *Sino-Thai relations, China’s rise, South China Sea, hegemonic power, Xi Jinping, ASEAN*

1. Introduction

When M.R. Kukrit Pramoj, the Prime Minister of the Kingdom of Thailand, signed the Joint Declaration with Zhou Enlai, the Premier of the People’s Republic of China, establishing diplomatic relations on 1 July 1975, China’s gross domestic product (GDP) was USD 160 billion (at current prices). Its GDP per capita was only USD 176. After almost 40 years, China’s GDP in 2013 stood at USD 9,180 billion (at current prices) and its GDP per capita had soared to around USD 6,620. This phenomenal economic growth and the consequent increase in political, military, economic power and social influence have been clearly felt not only by China’s immediate neighbours, but throughout the Asia-Pacific region and the world beyond. China has become a great power. It can now play diverse roles and pursue multi-dimensional objectives.

Among the countries of the Association of Southeast Asian Nations (ASEAN), Thailand may claim to have the closest ties with China. The underlying factors for such close relations are geographical location, historical and ethnic ties, mutually beneficial economic cooperation, and shared strategic and security concerns. This year, Thailand and China commemorate their 40th anniversary of the establishment of diplomatic relations. While bilateral relations between the two countries remain strong, the context and the environment of such relations have changed. Thailand, its elite as well as the general public, need to understand and adapt to the reality of “China’s Rise” to become a great power.

2. Sino-Thai Relations: 40 Years of Crises and Opportunities

“*Zhong tai yi jia xin*,” which roughly means “China and Thailand are like one family,” is often used to describe present-day Sino-Thai relations: the result of 40 years of diplomatic relations that have grown to be friendly, close, comprehensive and multi-faceted. To a large extent, both countries have established and fostered mutual trust in the political field, mutual benefit in the economic field, mutual aid in the security field, and mutual learning in the cultural field (Zhou, 2012). Thai people tend to have a favourable image of China, as reflected in various surveys. For example, a November 2005 survey sponsored by the U.S. Department of State’s Bureau of Intelligence and Research found that more Thais had a favourable view of China (83%) than they did of the United States (73%) (Medeiros, 2008).

These close ties were forged, first and foremost, out of mutual concerns over security in the region. By the second half of the 1970s, Thai and Chinese threat perceptions had begun to converge (Storey, 2011). The Cambodian conflict (1978-1991) brought together Thailand and China, as they and other ASEAN

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member countries worked to resolve the conflict throughout the 1980s. It is often said that this diplomatic and military cooperation marks China's growing influence in the region.

In the 1990s, Sino-Thai relations, which had been essentially security-focused, were broadened and deepened as trade between the two countries grew rapidly, from USD 1.5 billion in 1991 to USD 6.2 billion in 2000, with Thai exports to China increasing almost 10 times. This growth was many times faster than the growth in Thailand's trade with the rest of the world. China became an important market for Thai agricultural products, while consumer products from China found new markets in Thailand. Throughout the post-financial crisis years, Thailand continued to strengthen its ties with China. In 1999, Thailand and China signed the "Joint Declaration on the Cooperation Program of the 21st Century," providing a framework and guidelines for further expansion of the comprehensive cooperative relations (Freedman, 2014). In 2001, both countries issued a joint communiqué stating that bilateral relations would be raised to the level of "strategic cooperation."

Close ties between prominent institutions and personalities have played an important role in strengthening Sino-Thai relations. H.M. Queen Sirikit made a state visit to China in 2000, and other members of the royal family have visited frequently. Bilateral visits by political leaders and government officials have also occurred often. Cooperation between Thailand and China continues to be close in military and security affairs, education, culture, health, sports, and science and technology. The people-to-people relations have also increased as more and more Chinese tourists are visiting Thailand: from about 15,000 in 1995 to almost 3,000,000 in 2013.

On several occasions over the past decades, Thailand and China have managed to transform crises into opportunities. China's constructive role in supporting Thailand through these crises, security as well as economic, have engendered in Thailand, among its elite as well as the general public, a sense of confidence in and affection for China. Unfortunately, it has led to an unrealistic expectation, verging on dependency, that China will always "rescue" Thailand whenever the kingdom needs help. Prime Minister Thaksin Shinawatra exhorted on the need for Thailand to have good relations with China because of its growing economic power. China could offer great opportunities for economic transactions and benefits. The rising purchasing power of Chinese consumers can absorb greater amounts of raw materials, agricultural products and manufactured goods from Thailand (Chinwanno, 2008). Agricultural trade with China is important for Thailand's countryside. The Thai government has gone from asking China to sell petroleum to Thailand at "friendship prices" in 1973 to, in more recent times, requesting China to buy surplus agricultural products, particularly rice, rubber, and fruit, so as to shore up domestic prices and keep Thai farmers afloat. Thai authorities also look to China to supply the kingdom with more tourists whenever it needs to augment flagging income from its tourism sector.

3. The Rise of China: Changing China

China's phenomenal and unparalleled economic growth has led to an increase in power, importance and influence that significantly affects Southeast Asia. To rebut the "China threat theory," the term "China's Peaceful Rise" was first publicly used in a speech by Chinese scholar Zheng Bijian, the former vice principal of the Central Party School, in late 2003 during the Boao Forum for Asia. In 2005, Zheng's article on this subject was published in *Foreign Affairs* (Zheng, 2005). The term was designed to allay regional and global concerns about China's long-term goals and intentions. Chinese leaders and scholars have insistently and consistently tried to purvey the doctrine of a "peaceful rise," which asserts that in contrast to the warlike behavior of ascending great powers of the past, China's ascent as a modern great power would be entirely peaceful and allow all sides to "rise together" through economic cooperation. They have sought to characterize China as a responsible world power that does not threaten international peace and security. Moreover, the State Council, China's cabinet, issued a paper in 2005 defining this concept as a "peaceful development" strategy (People's Daily, 22 October 2005). It emphasized economic development as China's main goal and that a peaceful international environment was essential to achieve this goal.

However, under the leadership of current President Xi Jinping, while not abandoning the concept of "peaceful development," China has abandoned all modesty about its global intentions. In a speech made at an exhibition, "The Road to Rejuvenation," on 29 November 2012, President Xi announced the concept of the "Chinese Dream": "Everyone has an ideal, ambition and dream. We are now all talking about the

greatest dream of the Chinese people since the advent of modern times,” and “In the future, the Chinese nation will ‘forge ahead like a gigantic ship breaking through strong winds and heavy waves’...” (Xi, 2014). He set the goal of bringing about a moderately prosperous society by 2021, when the Communist Party of China (CPC) will celebrate its centenary, and the goal of building China into a “modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious” by 2049, when the People’s Republic of China (PRC) marks its centenary.

To counter the negative international perception of this idea, Xi Jinping reaffirmed China’s intention to pursue “peaceful development” in his speech at the third group study session of the Political Bureau of the 18th CPC Central Committee in January 2013 (Xi, 2014). Also, in a written interview with reporters from Trinidad and Tobago, Costa Rica and Mexico in May 2013, he stated that “To realize the Chinese Dream, we must pursue peaceful development. We will always follow the path of peaceful development and pursue an opening-up strategy that brings mutual benefits... The realization of the Chinese Dream will bring the world peace, not turmoil; opportunities, not threats” (Xi, 2014). In March 2014, he reiterated this message in a speech at the Korber Foundation in Berlin: “In short, China’s pursuit of peaceful development is not an act of expediency, still less diplomatic rhetoric... As peaceful development benefits both China and the world as a whole, we cannot think of any reason why we should not pursue this approach that has proven so effective” (Xi, 2014).

But on 29 November 2014, when President Xi delivered a keynote speech to the CPC’s Central Foreign Affairs Work Conference (CFAWC), he laid out a sweeping foreign policy platform, suggesting that a proactive, balanced and, where necessary, “muscular” foreign policy approach is likely to be a hallmark of his rule. He said China should develop a distinctive diplomatic approach befitting its role as a major country: in effect, he was telling the CFAWC that China is already a great power and should start acting like one (Johnson, 2014). He also said China’s overseas interests should be protected and the capacity to provide such protection should continue to be improved. This marks a major shift from China’s “Non-Assertive, Low-Profile International Strategy” (*Tao Guang Yang Hui*), the guideline advocated by Deng Xiaoping, namely: observe calmly; secure (our) position; cope with affairs calmly; hide (our) capabilities and bide (our) time; be good at maintaining a low profile; and never claim leadership (and make some contributions).

Furthermore, the CFAWC also changed the order of the general framework for foreign affairs, which is a simple, but authoritative, list of broad categories of countries. The list’s order has long been understood to suggest a sense of priority. Relations with country types at the top of the list are understood to have a stronger bearing on China’s prospects than those at the bottom. The CFAWC’s decision to elevate in priority China’s relationships with its neighbours over those with the United States and other great powers heralds a major shift in its diplomacy (Heath, 2014). What does this entail for countries in the region?

While many feel that a rising China can help serve as an important pillar for stability and prosperity in the Asia-Pacific region, this rise must be translated into constructive engagement on the basis of mutual benefit. For its part, China has proposed initiatives to ASEAN and to the Asia-Pacific commensurate with its rising status, such as an ASEAN-China Treaty of Good Neighbourliness, Friendship and Cooperation, to help provide a secure framework for the ASEAN-China Strategic Partnership, the Maritime Silk Route initiative to enhance maritime connectivity in the region, and the proposed Asian Infrastructural Investment Bank with initial capital of USD 50 billion and an expected target of USD 100 billion. For some, these initiatives represent efforts to engage constructively with the region and build a secure foundation for growth. Others see them as a continuing move to shift further the strategic balance in the region in China’s favour (Pinthong, 2015). While these initiatives have garnered much attention, ASEAN countries’ response so far has been cautious.

Although it can be expected that China will deepen economic links with countries in Southeast Asia, including Thailand, in the coming decade, it is also impossible for them to ignore the rise of China as a potential hegemon in the region. China may become more aggressive in pursuing its interests, especially as Xi Jinping said that “China’s overseas interests should be protected and the capacity to provide such protection should continue to be improved.” The litmus test for Southeast Asia as to how much China has changed will be how China chooses to deal with the issue of the South China Sea.

4. Perceptual Challenge for Thailand's Policymakers

Most Thai leaders perceive China's rise as an opportunity for economic cooperation. China's support during Asian financial crisis of 1997-1998, pledging USD 1 billion to Thailand as well as giving assurances that it would not devalue the RMB, while the West was perceived as hesitating on the sidelines, is still much appreciated among Thai leaders. Close military-to military cooperation also helps to reinforce the elite's positive view of China.

Moreover, Thailand has been the leading proponent of the need for ASEAN to engage in partnership with China. The aim of engagement is to draw China closer to Thailand and ASEAN so as to integrate China into the regional community at the political, economic and security levels, thereby sensitizing and socializing the Chinese government and officials into accepting regional norms and principles (Chinwanno, 2009).

But with the fifth generation of leaders in power in Beijing, a significant change in China's approach to foreign policy in general and to its relations with its southern neighbours has been made. Meanwhile, in Thailand, the government and the people appear not to have perceived fully the extent or implications of these changes in China and in its policies. Looking back over 40 years of a close and cordial relationship, Thai leadership must realize that China in 2015 is vastly different from the China in 1975 or even in 2005.

As Chinese power grows, China is making greater efforts to consolidate its leadership of the Asia-Pacific region and stepping up its demands for reforms in the international order to reflect more fairly, by its judgment, the changing distribution of power. Nationalism seems to have become the dominant framework for conducting China's domestic and foreign policies. In his address to the CFAWC on 29 November 2014, while underlining the importance of pursuing "win-win" cooperation, Xi Jinping also stressed the need to "firmly uphold China's territorial sovereignty, maritime rights and interests and national unity, and properly handle territorial and island disputes" and "protect China's overseas interests and continue to improve our capacity to provide such protection" (Ministry of Foreign Affairs of the PRC, 29 November 2014).

As a result, Thailand's policymakers need to discern three major consequences of "China's Rise": first, China will increasingly behave like a great power; second, as China embraces a market economy more deeply, it will advocate following international standards and processes more closely; and third, China will look after its own interests more assiduously.

The signs that China will increasingly behave like a great power are clear. Many countries in Southeast Asia are increasingly alarmed about a more aggressive China, especially over the continuing tension over territorial claims in the South China Sea. China has taken a more aggressive approach to the issue since March 2010 by including it in its "core national interests." China's increasing use of military and other law enforcement authorities to assert sovereignty over a large area inside the so-called "nine-dash line," concerns many ASEAN countries. China has also taken steps to show that it is the leader by making many initiatives that it hopes will form parts of a new regional architecture designed to suit its interests. ASEAN diplomats and officials will need to get used to dealing with increasingly self-confident, assertive and forthright Chinese diplomats and officials.

As China becomes more integrated into the world economy and trading system following its accession to the World Trade Organization (WTO) in 2001, it has shown signs that it will increasingly observe rule-based arrangements. When Thaksin Shinawatra was prime minister of Thailand, he proposed that China and Thailand engage in a barter trade system. The well-known example was "longan for railway engines." This proposal was apparently discussed but did not materialize. It was said that a high-level official at China's Ministry of Commerce (MOFCOM) once remarked to the leader of a high-level Thai delegation that China had just acceded to the WTO and was looking forward to playing its role in the international trading system, so he could not understand why Thailand, an original member of the WTO, was proposing that both countries return to the "old ways." The underlining point was that as China integrates itself more deeply into the international system, it needs to play by the rules, either international or Chinese rules. Past "friendship" deals will be harder to come by in a future market economy. As an aspiring world leader, China cannot afford to be seen refuting good governance and transparency, or

displaying flagrant favoritism. Also such deals should be avoided as they may open Chinese leaders to accusations of corruption.

China's proposal to establish an Asian Infrastructural Investment Bank can be interpreted two ways. It is often regarded as an alternative to the Asian Development Bank (ADB) and therefore a tool to compete for geopolitical influence with Japan. On the other hand, it can be said that China also wants to deal with requests for preferential loans or financial aid under a banking system, with its attendant governance, transparency and non-discriminatory practices.

Moreover, while continuing to profess special friendship with Thailand, China is looking after its own interests more assiduously. Some Thai officials and scholars have expressed disappointment with the free trade agreement that allows an "invasion" of cheap Chinese products into Thailand but does not allow the same free flow of Thai agricultural products into China due to non-tariff barriers (Chinwanno, 2009). The high standard of food safety and hygiene, phyto-sanitary and quarantine measures are now enforced rigorously by Chinese authorities against imported agricultural and food products. Set against the food safety scandals in China, these high-standard measures do appear to be non-tariff barriers. It has been observed recently that while the Chinese leadership appears forthcoming and reassuring, it has become clear that "China remains a transactional superpower. It does not give without taking up front and sometimes in advance. Although there are no freebies in geopolitics, China has exacted a heavier cost for its goodwill compared to Japan" (Pongsudhirak, 2015).

5. Concluding Observations: Which Way Forward?

Thailand has always been conscious of China's power in the region. The current context of China's rise, peaceful or otherwise, requires an adjustment to the inevitability of its economic and strategic reach into the region. Thailand has sought to engage China by drawing it into a structured and interconnected network of cooperative relationships, largely through ASEAN-China relations. Thailand has sought to bring about the peaceful rise of China by pursuing a policy of engagement, or "bonding" with China.

So far, Thailand's debate over China's rise has tended to be positive and relaxed because cooperative relations with China are perceived to be in the national interest. The Thai perception of the "China threat" is also low, unlike in many ASEAN member countries, because Thailand does not share borders and has no territorial disputes with China. There is no doubt that Thailand will maintain its strategic engagement with China, both bilaterally and multilaterally. Assuming that China continues to grow economically without exhibiting manifestly aggressive behaviour, Thailand is likely to continue deepening its economic, political, social, cultural, and military relationships with China.

But first, Thailand must modify its perceived need to rely or depend on China and the Chinese market. As former Ambassador Surapong Jayanama wrote in 2005, "Sino-Thai relations in the present and in the future would be based on understanding and cooperation (and therefore mutually beneficial) only when Thailand realizes that Sino-Thai relations are not simply about longan exports" (Jayanama, 2005). Thailand's relationship with China is multidimensional and it must recognize the complexities, as well as the costs, involved.

Second, as China has found engagement with Thailand useful, Thailand must find ways to continue this useful role. Thailand needs to show that it can be a real partner, albeit a junior one, with China, by using its advantageous and geo-strategic position as the hub of mainland Southeast Asia. The current Sino-Thai railway project from Nong Khai to Bangkok and Rayong, if managed properly, would represent a good example. While it can bring economic benefit to Thailand, it can also showcase Chinese advanced technology and knowhow, as it will be the first time a country in the region has employed this technology. Moreover, when Lao PDR agrees to employ the same technology and the line is extended to the south of Thailand, connecting with Malaysia and Singapore, Thailand will become an indispensable part of China's strategic integration of Southwest China to mainland Southeast Asia through physical connectivity.

Third, Thailand must show that it can continue to be a reliable partner with China in regional affairs. The Asia-Pacific is devising a new regional architecture with China playing a prominent role by proposing several new institutions and measures. Thailand and ASEAN must take up this challenge or risk losing ASEAN's centrality in the debate and design of this new regional architecture.

Until recently, Thailand has enjoyed success in handling the two most influential countries in the region, China and the United States, by managing good relations without losing either's favour. This past success seems to have been upset by the United States' strong reaction to the military's seizing of power on 22 May 2014. Many observers have pointed to Thailand "pivoting" ever more towards China. While a consensus exists that good relations with China are a strategic asset, many fear that Thailand is being forced into a Chinese sphere of influence as the result of US policy. Thailand's unique geostrategic environment allows it to maintain diplomatic flexibility. However, the success of its primary foreign policy of avoiding a strategic choice between China and the United States, while remaining important and relevant to both, will depend ultimately on how either chooses to deal with Thailand.

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