

## China and Southeast Asia

by Ambassador Biren Nanda, Senior Fellow, Delhi Policy Group

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Southeast Asia is a crucially important region in world politics. The cold war may have begun and ended in Europe but it was waged most fiercely in Southeast Asia. Today there is a renewed recognition that developments in Southeast Asia

and East Asia will determine the contours of international politics over the coming decades. The source of that certainty is the unprecedented rise of China, which is likely to become the world's largest economy in the coming decades.

Many analysts<sup>1</sup> believe that China's history and culture has played a key role in shaping China's external relations. According to this view, ever since 1949 China has been engaged in a drive to regain its "rightful place" in the world. This drive has had two key components. The first was the drive for unity, which involved the control of Taiwan, Tibet, Xinjiang and China's assertion of historical claims over territory and waters on China's periphery. The second drive was to restore China's "traditional influence" on her neighborhood. China appears to view Southeast Asia as potentially the most fruitful and receptive region for the projection of Chinese influence. China's relations with Southeast Asia have been described by some analysts as historically part of a traditional "Confucian tribute system" and in the contemporary period as part of the Western concept of a "sphere of influence."

China's larger strategic agenda seems to be driven by the following regional objectives in Southeast Asia:

1. Maintain a stable political and security environment, particularly on China's periphery, that will allow China's economic growth to continue.
2. Maintain and expand trade routes transiting Southeast Asia
3. Gain access to regional energy resources and raw materials
4. Develop trade relationships for economic and political purposes.

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**Ambassador Hemant Krishan Singh**  
Director General

5. Isolate Taiwan
6. Gain influence in the region to defeat perceived attempts at strategic encirclement or containment.

During the 1990s, China made immense progress in forging new economic links with Southeast Asia. China's support to Southeast Asian countries during the Asian Economic Crisis in 1997-98 and its substantive trade and investment links in the region made China the major Asian player in the region<sup>2</sup>.

The geo-economic trends in Southeast Asia over the past few decades were being driven by the rationality of individual investors seeking to benefit from the economic opportunity in China, but whose cumulative effects were generating major geopolitical consequences.

*“In fact Foreign Direct Investment into China has largely come from three countries and regions most concerned about China’s rise: Taiwan, Japan and the United States. ...”*

Conventional geopolitical wisdom holds that states will engage in power balancing against rising powers. This line of reasoning suggested that states would engage in “containing” or “hedging” against China’s rise. This did not happen in the 1990s because multinational firms seeking to access market

opportunities in China had been willing to do whatever it took to get in. The cumulative effect of these decisions helped build up their country’s foremost strategic competitor and simultaneously undermined their countries’ long-term interests. In fact Foreign Direct Investment into China has largely come from three countries and regions most concerned about China’s rise: Taiwan, Japan and the United States.

The tensions between the geo-political and geo-economic pressures in Southeast Asia are being mediated by the interdependence created by cross border production networks. These cross border networks while speeding up economic growth in Southeast countries, have made them less resilient and more vulnerable to Chinese pressure.

The resurgence of territorial disputes in the South China Sea over the past two decades signal a return to the imperatives of geopolitics in the region. The American pivot to the region and Washington’s efforts to rebalance its foreign policy to focus on the strategic challenge posed by China’s rise has allowed Southeast Asian countries to hedge against China’s more opaque intentions.

In all this ASEAN countries risk becoming pawns in the geopolitical clash between China and the United States. In the face of pressure exerted by China, ASEAN unity has cracked with uncomfortable regularity on the South China Sea issue since 2012. The ASEAN as a collective body appears to be divided on how it should deal with China’s increasing assertiveness.

*“In all this ASEAN countries risk becoming pawns in the geopolitical clash between China and the United States. ...”*

*“China’s dispute with Taiwan and China’s increasing dependence on energy imports is driving a naval build-up that has also influenced China’s maritime posture in Southeast Asia. ...”*

China’s dispute with Taiwan and China’s increasing dependence on energy imports is driving a naval build-up that has also influenced China’s maritime posture in Southeast Asia. China’s efforts to develop a “blue water” navy that can defend its

strategic sea lines of communication which transit Southeast Asian waters is simultaneously influencing China’s maritime posture in Southeast Asia<sup>3</sup>.

**How far have regional efforts at institution building helped in advancing the security of Southeast Asian States?**



*China's first aircraft carrier, which was refurbished from an old aircraft carrier that China bought from Ukraine in 1998, docked at Dalian Port, in Dalian, Liaoning province September 22, 2012.*

**Source:** <http://in.reuters.com/article/china-navy-idINDEE9AQ02220131127>

The **Regional Security Architecture** in East Asia has been characterized by regional frameworks centered around the ASEAN, the American bilateral alliance system, the United States’ Strategic Cooperation with non-allied countries, the growing bilateral defense relations between middle powers and the special relationships that continue to exist between former communist bloc countries.

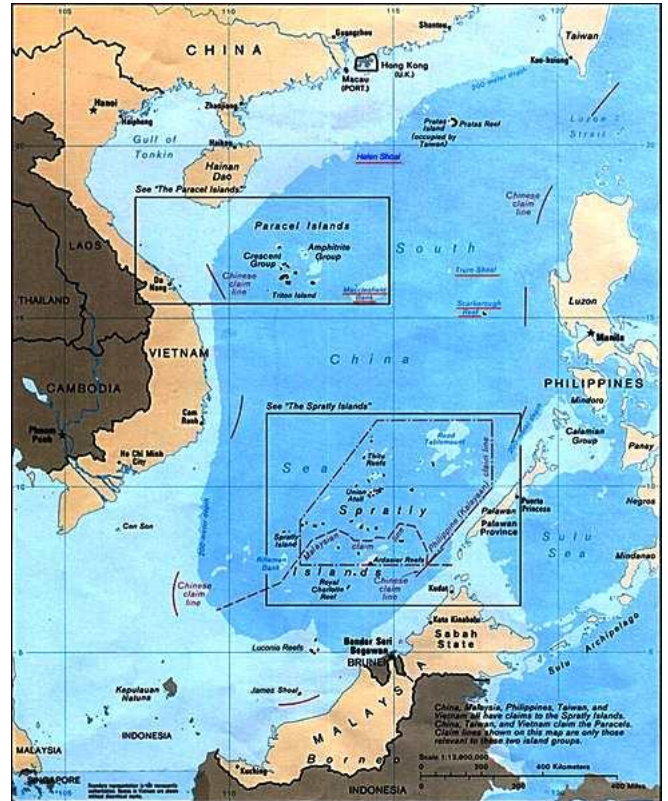
Since its establishment in 1967, the ASEAN has played well above its collective weight in East Asia. However, its reputation for effective diplomatic action was adversely affected by its failure to tackle regional challenges including the Asian Financial Crisis in 1997, East Timor’s secession from Indonesia, the annual forest fire haze, the 1997 Cambodian coup that overturned an ASEAN endorsed election, the failure to accelerate the pace of democratization in Myanmar, and the failure to arrive at a consensus on dealing with China on the South China Sea issue.

The ASEAN Regional Forum is East Asia’s largest platform for discussing security issues. Its membership includes all East Asian States, the EU, the United States, Canada and Russia. The ARF has achieved some success in anti-terrorist collaboration and HADR but made little progress on preventive diplomacy and conflict resolution. The ARF, like the ASEAN, takes decisions on the basis of consensus. This has inhibited tangible outcomes on hard security issues. Furthermore ARF membership includes the membership of a number of extra-regional countries with little role or influence on issues centered around the ASEAN, reducing this forum to a talking shop.

*“The ASEAN Regional Forum is East Asia’s largest platform for discussing security issues. ...”*

The East Asia Summit established in 2005 has emerged as the highest-level forum for leaders of East Asia to discuss regional security issues. With the admission of the United States and Russia in 2011, the membership of the EAS includes all great powers with a presence and stake in the security of the region, adding to its potential role in the regional security architecture.

While US participation in the EAS is expected to counter the growing Chinese clout in East Asian affairs, there is a risk that regional states will be caught up in the US-China rivalry<sup>4</sup> - and will eventually be forced to choose sides. Indeed, the US-China tensions within the EAS have prevented it from functioning effectively as a forum for discussing the mediation of hard security issues in East Asia.



*China's claims over the South China Sea*  
**Source:** [http://www.bluebird-electric.net/oceanography/south\\_china\\_sea.htm](http://www.bluebird-electric.net/oceanography/south_china_sea.htm)  
*Nine Dash Line*

ASEAN countries are facing an increasingly difficult and coercive security environment, which includes direct challenges to their territorial integrity, such as in the South China Sea. The growing dependence of regional countries on Chinese finance, capital, manufacturing value chains and trade is increasing their vulnerability and diminishing their capacity to stand up to China. In the face of these pressures, ASEAN cohesion and unity is cracking and there is a clear division between those countries which are more susceptible to Chinese pressure, and those which are not. The heightened influence of China is encouraging ASEAN countries to use ASEAN led security institutions and forums in ways that conceal this internal conflict.

Many small and middle powers in Southeast Asia are counting on the support of the United States to strengthen their defense capabilities and to help in upholding a rules based order and maintaining a stable balance of power in the region<sup>6</sup>.

Countries in the region are strengthening their individual military capabilities and augmenting bilateral defense cooperation with regional partners. Southeast Asian countries are also continuing to comprehensively engage

China bilaterally and in multilateral institutions in an effort to balance conflict and competition with economic cooperation<sup>7</sup>.

The ASEAN represents a market of over half a billion people, with a combined GDP growth above the global average. Yet its consensus based approach to fostering regional economic integration leaves it ill equipped to lead in the task of forging a regional strategy. The ASEAN therefore requires reform and renewal to enable the institution's survival as a third pole in the new geopolitics of Southeast Asia, with the capacity and authority to mitigate the strategic contest between China and the US. Failure to do so will mean surrendering the future of the region to the geopolitical interests of extra-regional powers. It will also erode the relevance of the ASEAN.

### How are major Southeast countries reacting to increasing Chinese assertiveness in the region?

Since the normalization of relations in 1991, bilateral relations between **Vietnam and China** have developed into one of normal or mature asymmetry. This is a relationship in which China seeks acknowledgement of its primacy and Vietnam seeks recognition of its autonomy.



*JUNE 2014 CLASHES - Chinese and Vietnamese-owned vessels clashed on June 23, near a Chinese oil rig that had been set up in a part of the South China Sea that is being claimed by both countries.*

*Source: [http://www.bluebird-electric.net/oceanography/south\\_china\\_sea.htm](http://www.bluebird-electric.net/oceanography/south_china_sea.htm)*

Maritime disputes in the South China Sea have emerged as the major irritant in bilateral relations because of the salience of conflicting claims to sovereignty. Vietnam's leaders have sought to prevent maritime boundary disputes from spilling over and impacting negatively on Vietnam's comprehensive strategic cooperative partnership with China.

At the same time, Vietnam has attempted to manage its maritime disputes with China through government-to-government negotiations and in times of crisis through party-

to-party channels. In the late 1980s and early 1990s, Vietnam began to re-conceptualize how it framed its foreign policy. Vietnam elevated the importance of national interests over socialist ideology in its relations with China.

Vietnam pursued a policy of 'multilateralizing and diversifying' its external relations with all the major powers. In 2014, Vietnam was the first to feel the economic consequences of maritime disputes with China. Anti-Chinese riots broke out after China parked an oil rig in waters claimed by both countries, causing some damage to Vietnam's reputation as an investment destination<sup>8</sup>. China is Vietnam's largest trading partner accounting for 10% of Vietnam's exports. Vietnam's decision to join the TPP was an attempt to diversify economic relations away from China. At the same time Vietnam has taken major steps to develop a robust defense capacity through force modernization in order to resist maritime intervention by China.

*“Vietnam’s decision to join the TPP was an attempt to diversify economic relations away from China. ...”*

*“President Duterte seems inclined to pursue a more independent policy balancing alliance security commitments with the US with the desire to restore ties with China. ...”*

Under former President Benigno Aquino III, the Philippines had been the Southeast Asian claimant to the Spratlys most willing to challenge China, through its case for arbitration and increasing military cooperation with the United States. During this year's Presidential campaign his successor President Duterte had repeatedly expressed interest in attracting Chinese investment to the Philippines and favoring bilateral negotiations and joint development of resources. President Duterte seems inclined to pursue a more independent policy balancing alliance security commitments with the US with the desire to restore ties with China. But the arbitration award in favor of the Philippines and China's muscular and bullying response limits his space for a compromise solution, even though the Philippines has been restrained in its public response to the ruling. Nevertheless, Duterte has over the past weeks struck a stridently anti-US note, scaling back on military cooperation with the US and favoring military supplies from Russia and China.

The Philippines has a relatively low level of economic engagement with China. Philippines' infrastructure requirements could be met by development partners like Japan, Korea, ADB and the World Bank and the Philippines would not necessarily be dependent on the Asian Infrastructure Investment Bank. It remains somewhat of an open question what direction the Philippines will take under Duterte.

In March 2016, in a confrontation with **Indonesia**, a Chinese coast guard ship rammed a detained Chinese fishing boat to free it from Indonesian detention. The incident took place near the Indonesian Natuna Islands close to the Southern end of the South China Sea. China claimed that the boat was in China's "traditional fishing grounds". Indonesia holds that the concept of traditional fishing grounds is not recognized by International Law. However, since Indonesia values its economic engagement with China and courts Chinese investment, it treats this matter as primarily concerning unauthorized fishing and not sovereign rights or EEZs.

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**Myanmar's** position between South Asia and Southeast Asia is of geostrategic importance to its neighbor China. Myanmar may be viewed by some in China as key to China's efforts to prevent its potential encirclement by the United States. Myanmar has the potential to give China greater access to the Indian Ocean and from there to the oil rich Middle East. This is particularly valuable to China as it seeks to raise levels of development in its western interior, which has experienced much lower rates of development than China's eastern coastal areas.

China has helped Myanmar build a road linking Yunnan Province with a port on the Irrawaddy River. Chinese companies are also developing Myanmar's hydrocarbon resources. The isolation of the military regime in Myanmar, due to its record on human rights, had the unintended consequence of encouraging ties with China which gave China key strategic access, as well as economic inroads, to the Indian Ocean and which in turn had an impact on the geopolitical balance with India. China has reportedly supported the construction of naval facilities in Hainggi and Great Coco Islands and assisted with upgrades at the Mergui naval base.

Since the initiation of reforms by the military backed Government in Myanmar in 2011, the dominant trend has been the opening up to the west and a gradual reduction in dependence on China. Whether this trend will continue under Suu Kyi's leadership is a moot question. Suu Kyi has to stabilize ties with Myanmar's northern neighbor. Myanmar needs China's cooperation to settle ongoing ethnic conflicts in the country. Despite suspended projects and domestic resentment against China, China will remain a major economic partner for Myanmar.

**Thailand** appears to be relatively comfortable with expanding ties with China. Thailand has shared geopolitical interests with China on limiting Vietnamese influence in Cambodia and has a well-integrated Sino-Thai ethnic minority. China's prompt offer of financial assistance in the wake of Thailand's financial difficulties in 1997 contrasted sharply with the United States' response. The lack of territorial disputes between China and Thailand has also helped.

Thailand has a long tradition of balancing its relations with major powers and, since the 2014 coup, it has been shifting the balance of its relations towards China. However, with the two countries now involved in a complicated collaboration on high-speed rail, the Thai public has started to question whether China is truly its best ally. Indeed, once one looks beyond perceptions and emotions and examines the content of Thailand-China relations, China's privileged status is puzzling.

Two factors explain why China has become Thailand's new best friend. First, Beijing's lack of criticism of political developments in the Kingdom is evident. Second, China has showered great attention on Thailand's leaders. Exchanges of High level visits and side meetings between the two countries exceed those Thailand has had with other countries. Thai Princess Sirindhorn visits China every year at the invitation of the Chinese government. Princess Chulabhorn is another frequent guest. China also extended a warm welcome to and facilitated an ancestral visit by the former Thai prime ministers Thaksin and Yingluck Shinawatra last year, without provoking a spat with the present government, or being heavily criticized by the Yellow Shirts. In contrast, Western leaders and diplomats have struggled in their interactions with the military government and the Pheu Thai party, and continue to remind Thailand to uphold principles of liberal democracy.

China views **Singapore** as part of a grouping including Japan, South Korea, Taiwan, and Australia that are closer to the United States than China would prefer. China is concerned that such a ring of countries could be used to encircle China. Singapore on the other hand sees in its complex relationship with China the potential for mutual gain, economic competition, and potentially conflicting strategic aims. Singapore is thought to advocate developing a constructive relationship with China while hedging against a potentially revisionist regime. It has been at the receiving end of Beijing's ire over activist diplomacy on the South China Sea at the Non-Aligned Summit, something that Singapore strongly denies.

*“Australia faces tension between geo economic “pull” factors drawing it closer to China and geopolitical “push” factors that compel strategic balancing. ...”*

**Australia** faces tension between geo economic “pull” factors drawing it closer to China and geopolitical “push” factors that compel strategic balancing. China is by far Australia's biggest trading partner – more than twice as large as the United States.

Australia is also one of the leading destinations for outbound Chinese FDI, which was estimated at \$34 billion between 2005 and 2010. Yet Canberra is simultaneously pursuing balancing. In November 2012, Australian Prime Minister Julia Gillard agreed to station 2,500 U.S. Marines in northern Australia. Similarly, in March 2013, Canberra and Washington announced plans to develop a joint airbase on Australia's Cocos Islands in the Indian Ocean. In the same vein, Australia is also taking steps to strengthen security relations with Japan and India, laying the groundwork for potential (though contentious and still-nascent) geopolitical balancing in the region.

#### **Do multilateral frameworks help in providing insights into Chinese policies towards Southeast Asian countries?**

**The Greater Mekong Subregion (GMS)** was formed in 1992 with encouragement and assistance from the Asian Development Bank. One issue that may provide insight into China's attitude towards Southeast Asia is the damming of the upper Mekong in Yunnan with little regard to the impact on its downstream neighbors.

Similarly, China is increasingly using its regional military and economic dominance to pressurize and coerce ASEAN countries into a forced acquiescence with Chinese aims and objectives, which include direct challenges to their territorial integrity and sovereignty, such as in the South China Sea. To achieve this China has succeeded in creating proxies within the ASEAN to do

its bidding, break ASEAN unity and prevent the emergence of a consensus opposed to China's creeping aggression in the region.

#### **So what does the future hold for Southeast Asia?**

It is possible to identify four strategic trends. First, power asymmetry and interdependence between China and Southeast Asia will continue to grow. While China's neighbors should not give up their aims, out of considerations of national interest they do have to sustain relationships with China that are wider than their disputes with China.

*“It is possible to identify four strategic trends. First, power asymmetry and interdependence between China and Southeast Asia will continue to grow. ...”*

Second, the United States is no longer the only great power operating in maritime Southeast Asia. The US and China must find mutually acceptable rules for maritime usage in contested waters like the South China Sea.

Third, China is most likely to continue on its path of development within the existing international order because it has benefitted enormously from it and because its principal economic partners sit within it.

Fourth, nations in Southeast Asia will continue to look at the US as the principal security guarantor and offshore balancer.

#### **What policy implications are there for India in light of recent developments in China-Southeast Asia relations?**

1. India should pursue her Act East policy with renewed vigor focusing on trade, investment, connectivity and security cooperation taking full advantage of the negative impact of China's assertiveness in the majority of Southeast Asian countries. This means that India should approach physical connectivity projects like the trilateral highway linking India, Myanmar and Thailand and economic integration initiatives like the RCEP from a strategic perspective. We need to deploy all our resources ranging from development cooperation to human resource development assistance under the ITEC program.

2. India should continue to step up defense cooperation with strategic partners in the ASEAN. Its approach should not only involve the institutionalization of high level contacts between the militaries but also a renewed focus on defense sales to strategic partners like Vietnam and Indonesia. In this context, the extension of lines of credit amounting to US \$ 600 million for defense purchases by Vietnam, including possible future sales of Brahmos missiles is a welcome development. We could also consider periodic trilateral naval exercises between India, Indonesia and Vietnam in the South China Sea

*“India should continue to step up defense cooperation with strategic partners in the ASEAN. ...”*

3. India should focus its efforts at building bilateral ties with regional middle powers – Indonesia and Vietnam (both strategic Partners).

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4. Vietnam is a strategic partner with whom India has moved to strengthen bilateral security ties, including the sale of defense equipment. However India needs to find ways of strengthening our trade and investment ties with Vietnam, taking advantage of the latter’s desire to diversify trade and investment partners and reduce dependence on China.
5. Indonesia is our most important strategic partner in Southeast Asia. It straddles all the major choke points between the Indian and Pacific Oceans, is the largest economy in the ASEAN and its most influential member. It is also a significant trading and investment partner for India in the region.

*“We should also work towards a White Shipping Agreement with Indonesia. ...”*

India and Indonesia have exchanged ten visits at the level of HOS/HOG since 2000. However, as yet there has been no VVIP visit exchanged between the two countries over the past two years. We need to renew high-level engagement with Indonesia to build relations from a strategic

perspective – not in the least because of the renewed tensions between Indonesia and China over fishing off the Natuna Islands.

India has a modest level of bilateral defense cooperation with Indonesia including Joint Coordinated Patrols between the two Navies at the mouth of the Malacca Straits. However, there is need to greatly enhance bilateral security ties through joint exercising, training exchanges and defense industrial cooperation. We should also work towards a White Shipping Agreement with Indonesia to further maritime domain awareness in both countries and encourage cooperation in the area of hydrographic surveys.

6. Thailand has drifted too close to China for India’s comfort level and so have Cambodia and Laos who are now firmly in the Chinese sphere of influence. With Thailand, India should continue with Navy-to-Navy cooperation. There is significant cooperation with Thailand’s National Security Council in the area of counter terrorism and transnational crime. This should be continued. India should leverage the India-Thailand FTA for consolidating the economic pillar of our relationship.

Cambodia and Laos are relatively small countries with a long history of cultural links with India. We should leverage our soft power, development assistance and technical cooperation to make some inroads into the Chinese sphere of influence in these countries.

7. Myanmar has moved closer to the west after the introduction of democratic reforms but could go either way in the future and is likely to pursue closer ties with China under the new democratically elected Government.

*“Myanmar is key to India’s connectivity with the ASEAN, a vital partner for the security of border areas in India’s northeast and rich in natural resources. ...”*

Myanmar is key to India’s connectivity with the ASEAN, a vital partner for the security of border areas in India’s northeast and rich in natural resources. India should take advantage of the reduced Chinese influence in Myanmar to establish itself as an economic partner, particularly in the field of energy cooperation. The India - Myanmar security

partnership, especially in the area of navy-to-Navy cooperation should be enhanced.

8. Malaysia has been an important economic partner but in the wake of the competitive Islamic radicalization of civil society being pursued by the Government and the opposition, we need to tread warily. Malaysia's defense cooperation with China also needs to be watched carefully. Nevertheless, India should continue to build upon our economic and defense ties with Malaysia. Specifically, we should build on defense training exchanges and explore the potential of cooperation in the maintenance of defense platforms. Last but not the least, India has to remain mindful of the welfare of Malaysia's Indian minority which has been steadily been denied educational and employment opportunities under the Bumiputra policy.

### What is the Key to Diffusing Tensions in the Region?

The gradual but steady rise of India, a revitalized Japan under PM Shinzo Abe and the US rebalance to Asia are major strategic developments which are shaping responses to the challenge posed by China to the status quo and the post World War II order in the region. For a majority of the countries in East Asia, there remains the belief that the US and its alliance system as well as its new security relationships with regional powers are here to stay, checking the tendency to capitulate to Chinese hegemony for the present.

Under Prime Minister Modi, India has pursued the "Act East" policy with renewed vigor and has actively sought defense and security partners in the East Asian region. In doing so, India has progressively advanced her security objectives and those of her partners while seeking to reduce the diplomatic and military space of a certain country which is resorting to the use of bullying tactics and creeping aggression in order to seize territory in an attempt establish regional hegemony and to overturn the existing regional order. As India strengthens its Act East balancing in East Asia, we can hopefully encourage China towards a greater recognition of multi-polarity in Southeast Asia and accommodation of her Southeast Asian neighbors.

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### Endnotes:

- <sup>1</sup> Marvin Ott, US-Indonesia Society and The Sigur Center for Asian Studies' conference on "China-Indonesia Relations and Implications for the United States," Washington, November 7, 2003 quoted in the CRS Report for Congress entitled China-Southeast Asia Relations:
- <sup>2</sup> Trends, Issues, and Implications for the United States
- <sup>3</sup> China was perceived as a threat to its Southeast Asian neighbors in part due to its conflicting territorial claims over the South China Sea and past support of communist insurgency. This perception began to change in the wake of the Asian financial crisis of 1997/98 when China resisted pressure to devalue its currency while the currencies of its neighbors were in free fall. China's "charm offensive" downplayed territorial disputes while focusing on trade relations with Southeast Asia which were viewed by some as the catalyst for expanding political and security linkages. In November 2004, China and the Association of Southeast Asian Nations (ASEAN includes Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam) agreed to gradually remove tariffs and create the world's largest free trade area by 2010. China also began to develop bilateral and multilateral security relationships with Southeast Asian states.
- <sup>4</sup> It is estimated that over half of China's oil imports transit the Straits of Malacca.
- <sup>5</sup> In fact, this is already happening with the emergence of cracks in ASEAN unity on the South China Sea issue.
- <sup>6</sup> After the PCA ruling on the Philippines complaint relating to maritime claims in the South China Sea, the ASEAN Foreign Ministers met in Vientiane on June 25-26, 2016. Under pressure from China through its proxy Cambodia the ASEAN Ministers were forced to exclude a reference to the PCA Court ruling in their Joint Statement. Similarly, at the Kunming Meeting of ASEAN Foreign Ministers and Chinese Foreign Minister Wang Yi, on June 14, 2016 ASEAN Foreign Ministers first issued and then retracted a joint statement drafted by them. It is believed that statement included formulations on the South China Sea issues critical of Chinese positions and drew a private protest from the Chinese side and that, the



Chinese viewpoint was advocated by the Cambodian and Laotian Foreign Ministers within the ASEAN group. There was a similar incident in 2012 when ASEAN Foreign Ministers meeting in Cambodia failed to issue a Statement at the end of the meeting for the first time owing to a lack of unity on the South China Sea Issue.

<sup>7</sup> There is a need for a legally binding Code of Conduct (CoC) to replace the 2002 Declaration on the Code of Conduct (DoC) which was voluntary in nature.

<sup>8</sup> For Example India has done well in managing her boundary dispute with China while expanding trade and investment with China and cooperating with China on a range of global issues.

<sup>9</sup> The Foreign Investment sector accounts for 70% of Vietnam's exports



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