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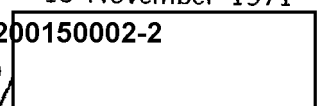
Intelligence Memorandum

China and Southeast Asia: A Gentle Rapprochement

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
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INTELLIGENCE MEMORANDUM

China and Southeast Asia:
A Gentle Rapprochement

Introduction

Chinese attitudes toward Southeast Asia have gone almost full circle from the "Bandung" or "peaceful coexistence" period of Chinese diplomacy in the mid-1950s, through a Maoist policy of subversion and revolutionary action, and now back to what in many respects resembles the peaceful coexistence approach. Whichever approach Peking has used in Southeast Asia--peaceful coexistence, revolutionary war, or a combination of the two--its objectives have generally remained constant: the creation of a belt of neutralist or Communist states amenable to Chinese political influence and insulated from Western, and of late, Soviet pressures. There is an element of timelessness in the Chinese belief that these objectives will be attained.

Peking's unhurried view of the future may have been affected for the moment, at least, by its fears that the Soviet Union and possibly Japan will attempt to move into Southeast Asia as the US moves out. Growing Russian military and political pressure impelled Peking's leaders to end the isolation which accompanied Red Guard diplomacy during the Cultural Revolution, creating an immediate necessity for China to begin strengthening its international

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influence vis-a-vis the USSR. Peking distrusts Japan's increasing economic influence in Southeast Asia, seeing it as a possible prelude to renewed Japanese political and military power there.

China's efforts to improve relations with the countries of Southeast Asia have been complicated by its continual espousal of local revolutionary wars. At present, Chinese support of insurgencies in Southeast Asia is primarily dependent on state-to-state relations: where relations on a state level have been acceptable to Peking, overt assistance to antigovernment elements has been curtailed. On the other hand, Peking has in varying degrees supported insurgents in "unfriendly" states--mainly to gain leverage against the government in power and, hopefully, to influence national policy decisions.

The Indochina war aside, Peking has limited itself primarily to selective political and moral support for antigovernment campaigns. Insurgents in Thailand, Malaysia and, until last year, Burma have received the most intensive propaganda support, partly through Peking-supported clandestine radio stations located in south China. Available evidence indicates that only the Burmese and Thai groups have received any material support and that only in modest amounts. To the governments of Southeast Asia, however, Chinese persistence in encouraging revolution represents the most crucial problem affecting their relations with Peking. In varying degrees, all the countries of Southeast Asia suffer from armed insurgencies and all are haunted by the specter of Chinese aid to the rebels.

Many nations also worry about the effect that closer relations with China will have on their resident Chinese minorities. In many instances, the local Chinese have remained unassimilated, and, consequently, national governments tend to regard them as potential channels for foreign influence and subversion. Overseas Chinese control a large proportion of the region's commerce, and indigenous leaders fear future developments which might give

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the Chinese increased political influence. As part of its recent effort to create a favorable mood in Southeast Asian capitals, Peking has carefully avoided appearing to be the champion of local Chinese communities.

The pace at which Peking has been able to establish a more reasonable and active position in the area has been slowed by its own ideological constraints, by the difficulties inherent in abandoning past policies, and by its unstable leadership coalition. In spite of these constraints, China has begun to make progress in various Southeast Asian countries, and Peking clearly expects further advances in the near future.

The nations of Southeast Asia see increased relations with China as inevitable, although few if any are enthusiastic about the prospect. For several, the solution has been to approach China through trade connections and leave diplomatic considerations in abeyance, but all are acutely aware of the need to stay in step with their neighbors. No one wants to be the last nation to recognize Communist China. While China believes that time is in its favor, it has tried to accelerate and encourage the pro-China trend by adopting an increasingly flexible and forthcoming approach toward most of the area's governments.


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Burma: Diplomatic Reconciliation

1. In the last two years, Peking has worked to improve relations with Rangoon and to increase China's political and economic presence there. Sino-Burmese relations were ruptured in mid-1967 after subversion by Peking's embassy personnel among Burma's Chinese minority precipitated anti-Chinese riots in Rangoon. Peking's interference in Burma's domestic affairs at that time, however, represented more of a spillover from domestic extremism in China than a deliberate abandonment of respect for Burmese neutrality.

2. Burma's apprehensions about China, which have historically conditioned Burmese foreign policy decisions, have helped ensure adherence to strict nonalignment. The 1967 suspension of diplomatic relations and ensuing Chinese propaganda attacks, combined with the emergence of pro-Peking guerrillas in the northeast, only stimulated Rangoon to search harder for accommodation and to avoid acts that might further antagonize Peking. Burmese Prime Minister Ne Win took the initiative in a conciliatory speech delivered in November 1969. Although the Burmese refused to meet all Chinese conditions for resumption of relations, notably a public apology for the Rangoon riots, they did initiate a gradual lessening of tension. In the course of upgrading diplomatic representation to the ambassadorial level, Burma made the first move at each stage. Peking decided to overlook the lack of an apology and in March 1971 again posted an ambassador to Rangoon.

3. Chinese support for local Communist insurgents remains the major issue affecting current Peking-Rangoon relations. In an effort to pressure the Burmese leadership after the 1967 riots, China increased its propaganda support for the Burmese Communist Party and stimulated a new area of insurgency in northeast Burma. Now Peking finds it difficult to abandon the local Communists in order to improve relations with Rangoon. China's leaders have reassured Burmese Communists that, despite Peking's new diplomatic efforts in Rangoon and elsewhere, they will not be forgotten.

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4. Peking recognizes that continued open support of dissident activities in Burma is incompatible with its desire to improve state relations. Consequently, Chinese military support for the Communists has become less obtrusive. At the same time, the clandestine "Voice of the Burmese Peoples," established on the Sino-Burmese border last March, has replaced Radio Peking as the channel for the anti-Ne Win propaganda, and China's official media pay scant attention to the activities of Burmese Communists.

5. The most significant event in the Sino-Burmese rapprochement was Ne Win's trip to Peking last August. An atmosphere of cordiality prevailed throughout the visit, and the Chinese leaders went out of their way to flatter the Burmese. Mao Tse-tung honored Ne Win with a personal audience and Premier Chou En-lai later escorted him back to Canton from Peking. The Burmese were favorably impressed by China's apparent keen interest in Burma and left convinced that the visit had done much to return relations to a sound footing. Chou En-lai himself characterized the visit as another step toward further improvement in relations.

6. Since August, substantial progress has been made toward resolving some of the specific issues separating the two sides. While in Peking, Ne Win agreed to begin talks with exiled Burmese Communist Party leaders living in China. Rangoon has already designated an emissary to meet with the Burmese Communist representatives in Peking later this fall. By helping to arrange such a meeting, Chou apparently wished to show that China considers the insurgents an "internal" Burmese problem, one which the two sides must resolve between themselves. Peking may also hope to maneuver the insurgents into a less aggressive posture, thereby removing a source of potential diplomatic embarrassment. China has reportedly counseled the insurgents to concentrate on organizational work instead of armed violence, though China will continue to provide aid and training.

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7. Another important, and sensitive, problem discussed by Chou and Ne Win was the status of Overseas Chinese in Burma. Chou reportedly assured Ne Win that Peking had halted its earlier policy of fostering close ties with Chinese communities abroad. Recently the Chinese Embassy in Rangoon has tried to control local Chinese political activities in order to prevent any repetition of the 1967 rioting. Rangoon, in turn, has relaxed its restrictive measures against the Chinese community, and it has agreed to compensate local Chinese for losses suffered during the riots, an issue that had been a major obstacle to improvement of relations with Peking. In October, Rangoon and Peking agreed to resume Chinese economic and technical assistance, which had been unilaterally halted by Rangoon in 1967.

8. Despite the apparent success of the Ne Win visit, Peking will probably not try to rush the pace of its steadily improving relations with Rangoon. It will continue to avoid actions that would have a negative effect. At the moment, Peking accords the highest priority to its diplomatic efforts and is unlikely to reverse this policy so long as the diplomatic offensive continues to be successful. Burma remains suspicious of Chinese intentions, but there is a strong element of fatalism in the Burmese view of China. Although Rangoon resents Peking's involvement with the Communist insurgents, it realizes it cannot force the Chinese to disengage completely. Having restored friendly ties with Peking, Rangoon hopes to avoid antagonizing China again.

Laos: Realistic Appraisal

9. Wishing to maintain good relations with the North Vietnamese, Peking has tended to follow Hanoi's lead in Laos, although leaving some room for independent maneuver. As the American role in the Indochina war has diminished, however, Peking has begun to emphasize China's unilateral interests in Laos. Since early this year, Chinese diplomats in Vientiane have been remarkably active; they have attended more functions and have displayed a more outgoing and congenial attitude. In May, a Chinese Ministry of Foreign

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Affairs official told the Lao chargé in Peking that China would be "very happy to study proposals by the Lao government to normalize relations." More recently, Vientiane has expressed an interest in replacing its chargé in Peking with an ambassador.

10. The attitude of the Lao Government toward China reflects the views of Prime Minister Souvanna Phouma, who believes that China will not attack so long as opportunities remain for a political solution in Laos that satisfies Chinese desires to reduce both American and Soviet influence in Vientiane. Indeed, he has always believed that China both needs and wants a neutral Laos as a buffer state. On two recent occasions, Souvanna noted that China has been a good neighbor to Laos; he also pointedly said that, unlike most of Laos' other neighbors, China has never invaded his country. He has long stressed the need for Laos to maintain good relations with China, and, recently he has made a point of keeping on good terms with Chinese diplomats in Vientiane.

11. The Chinese appear to regard Souvanna Phouma's continued leadership as important to the achievement of their objectives in Laos. Chinese officials in Vientiane have remarked that any development that could "shake" Souvanna's government--namely a rightist take-over--would be "undesirable," for "there is no one to replace him." Chou En-lai once characterized the presence of the Chinese Embassy in Vientiane as proof of the "continuing Chinese respect" for Souvanna and King Savang.

12. The Chinese have encouraged peace talks between the Lao Government and the Neo Lao Hak Sat--the Laotian Communist political front whose military arm is the Pathet Lao. According to a reliable clandestine source, the Chinese chargé in Vientiane last October went out of his way to assure the Lao National Assembly president that China was doing everything possible to persuade the Communist front to negotiate. China reportedly wants a government that includes the Neo Lao Hak Sat and espouses "strict neutrality."

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To emphasize Peking's support for the peace talks, the Chinese chargé conspicuously attends the arrivals and departures of the Lao Communist envoy to Vientiane, and developments affecting the talks are carried in official Chinese media.

13. An important factor affecting future relations between Peking and Vientiane is the extensive Chinese road-building project carried on in recent years in northwestern Laos. In the past, Souvanna expressed uncertainty about Chinese objectives, saying that he feared the growing Chinese presence meant Peking intended to carve out a sphere of influence in the area. Although doubt and mistrust remain, Souvanna did take a more relaxed attitude toward the road in an interview with the New York Times in May. He suggested then that the Chinese might be building the road in order to link China with North Vietnam and refused to comment on possible Chinese territorial ambitions in northwest Laos. Souvanna has not yet reacted to the construction begun in early fall 1971 which will extend the road to the Mekong River.

14. How far Peking is willing, or able, to go toward improving bilateral relations with Vientiane and helping to settle the war in Laos will depend mainly on the priorities it assigns to its relations with Hanoi. In private, the Chinese have suggested that Peking would favor a return to the Geneva agreements of 1962, making Laos a "genuine neutral state." But recently, at North Vietnam's insistence, Peking felt compelled publicly to rule out, at least for the present, the possibility of a new Geneva-type conference to settle the Indochina situation.

Malaysia: Cautious Beginnings

15. Initial interest in establishing a Sino-Malaysian dialogue emanated from Kuala Lumpur last year, after the installation of the Razak government in September. Unlike his predecessor, Prime Minister Razak believes that Malaysia should adopt a less adamant anti-Communist line in international relations. Aware that Malaysia's traditional Commonwealth allies

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are slowly withdrawing from the area, Razak judges that he must try to normalize relations with China, which he expects to exercise increasing international influence and to serve as a counterweight to Japan. Specifically, Razak has proposed a neutralization guarantee for all of Southeast Asia, and he hopes that China's admission to the UN will increase chances for realization of his plan.

16. Chinese officials privately expressed interest in Malaysia's new foreign policy, but added that China had no need to join in any guarantee of neutrality because, unlike the United States and Russia, China had no imperialist designs. In late 1970 and early 1971, Peking offered tangible evidence of its interest. It ceased propaganda attacks on Malaysian authorities and also suspended rebroadcasts of antigovernment programs that had originated from the clandestine "Voice of the Malayan Revolution" located in south China. Established in November 1969, the guerrilla radio station has been a major irritant to the Malaysian Government, and Razak has said that he will not consider diplomatic relations with China until Peking halts its operations. Although Peking radio resumed rebroadcasts of some antigovernment programs in early 1971, this has been carried out on a much more limited basis than before.

17. A more subtle, but in the long run probably more significant, indication of Peking's changing attitude is the occasional Chinese practice of referring to the country as "Malaysia" rather than "Malaya." This suggests that China is moving toward acceptance of the legitimacy of the postcolonial federation of Malaya and the Borneo territories, thereby eliminating an important obstacle to establishing official ties with Kuala Lumpur. There have been recent direct contacts between Peking and Kuala Lumpur: the Chinese donated some \$208,000 in flood relief last January; Malaysia granted permission for a tour by a Hong Kong based Chinese Communist dance troupe, and Kuala Lumpur opened a consulate in Hong Kong to facilitate commercial contacts with the mainland.

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18. The most important step toward improvement in Malaysian-Chinese relations was the recent exchange of trade missions. In May, the head of Malaysia's state trading company led a delegation to Peking, where they received a warm reception from Chou En-lai; Chou reportedly even expressed a desire to establish diplomatic relations as soon as possible. When the Malaysians brought up the subject of China's support of the terrorists in West Malaysia, Chou carefully drew a distinction between government-to-government and party-to-party relationships. Nevertheless, his audience came away with the impression that, if diplomatic relations were established, Peking might reduce its public support of the insurgents.

19. The delegation's meeting with Chou also touched on another matter affecting any future relations--Malaysia's large Overseas Chinese population. Kuala Lumpur has long feared that recognition of Peking would increase communal feelings among the local Chinese and encourage them to make more aggressive demands for political power that is commensurate with their economic influence. Chou reportedly said that the younger generation of Overseas Chinese should blend with their new societies and become loyal citizens of the countries in which they live. Although almost all Southeast Asian nations have an unassimilated Chinese minority, Malaysia's problem is exacerbated by the size of its Chinese population (some 38 percent of the total) and the stranglehold it has on the Malaysian domestic economy.

20. A sense of near euphoria was created in Kuala Lumpur as a result of the successful China visit. By early summer, however, the Malaysians were worried that things were moving too quickly, although Razak was quick to note that United States moves toward accommodation with China confirmed the correctness of his policy. Kuala Lumpur discovered following the return visit of the Chinese trade delegation to Malaysia in August, that earlier optimistic reports about the size of China's planned purchase of rubber were unfounded. This no doubt caused Razak to wonder how accurate were the reports of Chou's new "reasonable approach" to Southeast Asia.

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21. Although, over the short term, Peking will probably not discontinue all political and moral support for the Malaysian Communists, it is likely to avoid direct propaganda attacks on Kuala Lumpur and to press for more "people-to-people" contacts. Razak does not have a completely free hand in dealing with Peking. Some members of his own Malay party and of the ultra-Malay opposition have criticized his receptivity to China's approaches. He has also agreed to coordinate Malaysia's moves closely with Djakarta, and the Suharto regime has recently voiced some concern that Kuala Lumpur may be too trusting of Peking's intentions.

Indonesia: A Legacy of Hostility

22. Peking and Djakarta have had no official contacts since diplomatic relations were suspended in 1967 following two years of bitter recriminations by both sides and violent attacks on each other's embassies. The focus of the hostility was on Indonesian charges that China had played an active role in the abortive Communist coup of 1965. The residue of bitterness will not be easily overcome although there are indications that China's attitude may have mellowed. Peking has significantly reduced its propaganda attacks against Djakarta, often not mentioning Indonesian affairs for several months at a time. The Chinese have not totally discontinued official criticism of the policies of what they call the fascist Suharto clique, however; nor has Peking withdrawn its political support of the now illegal Indonesian Communist Party. Chinese media still give coverage to attendance at Chinese celebrations by Indonesian Communist leaders now living in exile in Peking.

23. Djakarta is approaching relations with Peking very cautiously; the Suharto government is divided on the wisdom of resuming contacts. The predominantly civilian Department of Foreign Affairs under Adam Malik--mindful of Indonesia's basic nonaligned foreign policy--believes relations should be resumed. Malik

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feels that, in any event, Indonesia should not lag too far behind other governments in patching up differences with China. The military, which dominates the government, has been reluctant to resume relations, largely for reasons of internal security. The officer corps argues that, once relations are restored, Chinese diplomatic and consular representatives might resume active work among the Chinese minority resident in Indonesia and also might provide covert support to the proscribed Communist party. Recently, however, President Suharto, backed by an influential group of generals, has said that improved relations with all Communist nations, including China, are necessary to balance Indonesia's increased dependence on Western aid.

24. Before Djakarta could agree to full resumption of relations with Peking, it would insist that China stop publicly vilifying the Suharto government, cease its blatant interference in the Overseas Chinese community and renounce its support for the illegal Indonesian Communist Party. Despite these preconditions, Indonesia has already made several probes of Peking's attitude toward future relations. In early 1971, it made indirect approaches through both Yugoslavia and Romania. In September, direct contact occurred between an Indonesian intelligence official and the publisher of a Chinese Communist newspaper in Hong Kong. The Indonesian, who was acting on instructions of both the Department of Foreign Affairs and his own organization, had been authorized to discuss the reestablishment of relations. The Chinese publisher, in the past a reliable spokesman for Peking's views, expressed China's interest in resuming ties with "all countries of Asia, even those which are unfriendly."

25. The Chinese have apparently decided to adopt a noncommittal attitude toward Djakarta while awaiting further developments, both in Southeast Asia in general and in Indonesia in particular. Vice Foreign Minister Ch'iao Kuan-hua recently emphasized China's "patience" in a conversation with the British chargé in Peking. Ch'iao said that China maintained a "passive position" with regard to relations with Asian

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countries such as Malaysia, Singapore, and Indonesia-- that although China would welcome diplomatic relations with them, it would not take the initiative. China, he continued, would settle for trade relations if it could not have diplomatic ties, or cultural exchanges if it could not have trade. Despite Ch'iao's statements, China clearly does not include Indonesia in the same category as Malaysia and Singapore; having little leverage in Djakarta, Peking harbors no false hopes for an easy return to normal relations with Indonesia.

Singapore: Enough Chinese of Its Own

26. An unofficial and mutually profitable trade relationship has long existed between Singapore and Peking, but, in contrast to Malaysian leaders, Premier Lee Kuan Yew has shown no interest in developing government-to-government trade contacts with China. He refused, for example, to consider a visit by the Peking trade delegation that went to Kuala Lumpur in August. In October, a delegation from the Singapore Chinese Chamber of Commerce went to Peking, but such trips by private citizens are not new.

27. Peking's official attitude toward Singapore remains ambiguous. In past months, it has launched no direct propaganda attacks on the Lee government. It did not even comment on Lee's May crackdown on two Singapore newspapers, which he charged with accepting subsidies from China. By maintaining public reticence about events in Singapore, Peking retains flexibility to pursue relations with Lee should the effort seem worthwhile.

28. The former hard-line approach toward Singapore has not been completely forgotten, however. When Singapore became independent in 1965, Peking declared that diplomatic relations could not be established until Singapore had proven its anticolonial, anti-imperialist position and had renounced relations with Soviet "revisionists." This sentiment apparently continues. Chou En-lai reportedly told the Malaysian

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trade delegation last May that he distrusted Singapore, which he said had "sold out to the imperialists" and was still permitting the Americans and British to use it for their own "imperialistic purposes."

29. Peking is apprehensive about growing Soviet interest in Singapore and will certainly bear in mind the possibility of increasing Russian influence in the area as it shapes its own future policy toward Lee's government. For the time being, Peking will probably continue to develop trade and commercial relations. China is already Singapore's principal trading partner among Communist nations.

30. Lee Kuan Yew continues to view official relations with China more suspiciously than his Malaysian neighbors. He recently expressed the opinion that Malaysia should be more cautious about dealing with Peking. Singapore's population is almost 80 percent Chinese. Although Lee has worked to infuse a spirit of Singapore nationalism into his people, most still maintain a strong sense of their Chinese identity. A permanent mission of the People's Republic of China, he fears, would not only strengthen Chinese cultural feelings but also might invigorate the moribund leftist movement. Lee therefore would like to delay as long as possible before establishing direct relations. For domestic and foreign policy reasons, however, he would not want to be left behind if he perceived a general move among neighboring nations toward rapprochement with Peking.

Thailand: An Overture Spurned

31. In recent months, Foreign Minister Thanat Khoman has renewed his efforts, through Thai diplomats in Europe and other intermediaries, to make contact with Peking. The Chinese thus far have not responded formally to these overtures. They have made clear in public and in private that any "favorable" reply will depend on Thailand's relationship with states considered "antagonistic" to China (the US and USSR) and on the Thai role in the Indochina war.

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32. Peking adopted an openly belligerent attitude toward Bangkok in 1965 in reaction to the use of bases in Thailand for support of increased US military involvement in Indochina. The Chinese increased their material support for the Thai Communist movement and intensified propaganda attacks on the Thai Government. Subsequently, whenever the war took a new turn involving greater Thai participation, Peking tried to intimidate Bangkok by raising the specter of an expanded, Chinese-supported Communist insurrection in Thailand "in coordination with the struggle of the three Indochinese peoples." Indeed, in late 1967, the Chinese actively supported the north Thai insurgents.

33. The issue of Chinese support for Thai insurgents, especially in the north, strongly affects Bangkok's view of Chinese relations. Although, as in Burma, the dissidence has an indigenous base, Peking has provided ideological guidance for over-all strategy as well as some training, indoctrination, funds, and materiel. Whether the Chinese exercise dominant control over the north Thai insurgency, however, is still unclear.

34. Within Bangkok government circles, the leading advocate of accommodation with Peking has been Foreign Minister Thanat, but even he recognizes that the existence of the Chinese-backed insurgency makes it necessary for Thailand to remain wary of Peking. Prime Minister Thanom and his deputy Praphat have thus far successfully argued for a wait-and-see attitude with regard to diplomatic contacts with China, in part on the grounds that more cognizance must be taken of the insurgency and in part due to worries about Thailand's Overseas Chinese community.

35. In the absence of any clear-cut response from Peking to various Thai overtures, Bangkok is uncertain about Peking's intentions and hesitates to take any other positive steps of its own. Praphat has said, for example, that approval of China travel

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requests from Thai businessmen and parliament members must await an assessment of Peking's behavior as a UN member. He has also said that the Thai Government will not consider any further approaches to Peking until there has been clear evidence of a decrease in China's support for Thai insurgents.

36. As long as the US maintains a significant presence in Thailand, Peking is likely to maintain an overtly hostile posture toward Bangkok and to continue to assist the Thai insurgents. On the other hand, the Chinese are probably prepared to limit their support of the insurgents should Thailand's position change.

Philippines: Trade First, Then Talk

37. Over the past two years, the Philippines has been examining possibilities for improving relations with the Soviet Union and East Europe, but it has remained steadfastly aloof from official contact with Communist China. Manila harbors strong fears of potential Chinese subversion, despite the apparent lack of Chinese interest in the islands and the protection provided by a buffer zone of hundreds of miles of open sea.

38. Recent American-Chinese contacts, however, have altered Manila's perspective, and the changing international situation undoubtedly stimulated President Marcos' decision to permit an unofficial trade delegation to visit Peking in early May 1971. His lingering distrust of China was reflected in Marcos' refusal to accord the delegation official status.

39. Chou En-lai's cordial reception of the trade delegation and other gestures toward Manila are undoubtedly designed to encourage Filipino contacts. Last November, for example, Peking offered--and Manila accepted--\$80,000 for typhoon relief. The Chinese official media have contained no attacks on Marcos for several years, and Peking has publicly taken a moderate line toward the Manila government. A single

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exception was a strong Peking attack on "reactionary government authorities," because of the deportation of two Chinese newspaper editors from the Philippines in May 1970. In its propaganda, Peking has tended to blame Japanese or American "exploitation" and "plotting" for events in the Philippines. Although the Chinese have provided some propaganda support for the Philippines' Maoist dissidents, the New People's Army, they have not funded a clandestine radio station to support the movement and have generally paid it less attention than the Malaysian insurgency.

40. China seems content to have no official political contacts for the moment. Chou's conversation with the trade delegation last May was apparently devoted almost entirely to commercial matters, in particular to China's desire to open direct trade with the Philippines. Chou suggested that discussions about the establishment of Filipino trade offices in China could take place without additional diplomatic or commercial arrangements. In September, the first Sino-Philippine trade contract was signed for purchases of Chinese rice and Filipino coconut oil. No new political steps have been taken, however, nor has the volume of Filipino visitors to China increased. Manila does not want to find itself one of a small minority of states displaying unyielding hostility toward Peking, but at the same time it will not make any hasty moves toward accommodation. The Philippine leadership continues to view its current approach as the best insurance against Chinese support for local insurgents or subversion among the nation's distrusted Chinese minority.

41. Although China continues to support the New People's Army with low-key propaganda, Peking is also working to expand unofficial contacts with the Filipino people in order to present a more "reasonable" face and improve its standing with the population as a whole. Peking's reasonable handling earlier this year of the hijacking of a Philippine Air Lines plane to China, for example, helped in this direction.

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42. Peking has taken the official attitude that it does not expect to achieve closer political relations with Manila in the near future. Chou En-lai told the trade delegation in May that, while China was "waiting with open arms" to establish diplomatic relations, its leaders understood that Marcos needed more time to reach a decision. China, according to Chou, could wait. The Chinese expect domestic pressures will push Marcos toward accommodation, and Peking probably believes that moves toward a Sino-American rapprochement will stimulate a favorable readjustment in Manila's China policy.

Cambodia: Watchful Waiting

43. Phnom Penh has also displayed some interest in establishing a channel of communications to Communist China. The new Cambodian leadership began reconsidering its relations with China (and other Communist countries) as early as the summer of 1970 when it began to realize that there would be no quick or easy end to their war against the North Vietnamese.

44. At a high-level meeting called in mid-August 1970 to discuss possibilities for a "peace settlement," Sirik Matak stated that China held the key to peace in Cambodia. Although the Cambodian leaders decided that it was too soon to make any significant concessions to the Communists, it was agreed to send an emissary--former prime minister Son Sann--to Paris to take secret soundings among the "great powers." In early 1971, Sann made several approaches to the Chinese Embassy, but the Chinese were apparently willing only to put him in touch with Sihanouk's representatives.

45. China's reactions to Cambodian initiatives are presently governed by Peking's decision to defer to Hanoi's interests and to support Sihanouk's government-in-exile. China's policy in Cambodia is determined by its desire to enhance China's influence in Hanoi, at the expense of the Soviet Union, by supporting the North Vietnamese war effort. Before Sihanouk's ouster, the Chinese had acted as a

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broker, arranging the shipment of Chinese military supplies and foodstuffs through Cambodia to Communist forces in South Vietnam and mediating differences between the Sihanouk regime and the Vietnamese Communists. Cambodia's strategic relationship to Vietnam was the fundamental consideration guiding Chinese policy. If Peking could have reached a satisfactory agreement with the post-Sihanouk government concerning continuation of aid shipments, the Chinese might not have perceived any need to give unqualified support to Sihanouk's government-in-exile. Indeed, the Chinese Embassy reportedly contacted the new Phnom Penh leadership immediately following the March 1970 coup and offered to regard the situation as an "internal affair" in return for an agreement to permit the continued flow of supplies to the Vietnamese Communists. Only after Phnom Penh failed to respond to Chinese suggestions did Chou En-lai explicitly endorse Sihanouk's efforts to regain power.

46. The Chinese then began an all-out display of support for Sihanouk. They helped arrange the April 1970 Indochina Summit Conference held in south China; issued continuing high level endorsements of Sihanouk (including a rare public statement from Mao himself); quickly recognized Sihanouk's Royal Government of National Union; and, in August, signed a military aid agreement with Sihanouk. Throughout this period, the Chinese accorded Sihanouk full diplomatic honors as chief of state and maintained heavy propaganda barrages against the new government in Phnom Penh.

47. President Nixon's announced intention to visit China reopened the question of Phnom Penh - Peking relations. There are rumors in Phnom Penh that "ping-pong diplomacy" is a prelude to a big power settlement of the Indochina war. Some Cambodian leaders clearly would welcome Chinese protection against Cambodia's historic enemy, the Vietnamese. The concept of benevolent Chinese intervention had formed the cornerstone of Sihanouk's foreign policy. On the other hand, Phnom Penh fears that Washington's

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equities in South Vietnam and Laos will take precedence over the maintenance of an independent, non-Communist Cambodia, and that the US might therefore sanction a de facto--if not de jure--partition of Cambodia as part of the price for a favorable settlement in South Vietnam.

48. Despite these concerns, there is no evidence that the Cambodian leadership has begun a serious new effort to engage the Chinese in a dialogue. For the moment, the government seems content with American assurances that Cambodia's interests will not be sacrificed in any deal to end the war. Phnom Penh's future policy toward China will continue to be conditioned primarily by the pace and direction of the evolving relationship between Peking and Washington.

The Calligraphy on the Wall

49. In the long memory of the Middle Kingdom, Southeast Asian nations have been seen as buffers for China's southern borders and expected to accord proper deference to China. Chinese influence in the area was interrupted by a brief century of direct European interference, but with the dissolution of the colonial empires and the rise of a unified and self-reliant Chinese state, the old patterns are beginning to reassert themselves.

50. China's recent admittance to the United Nations serves as symbolic recognition of Peking's return to the world stage and its potential for playing a crucial role in Asian affairs. The states of Southeast Asia realize, no matter how grudgingly they acknowledge the fact, that they must reach a working relationship with Peking. Thus far, however, only Burma has managed to re-establish full diplomatic relations with China at the ambassadorial level.

51. Some Southeast Asian leaders have suggested that nations in the area should devise a coordinated approach to Peking. A conference of the members of the Association of Southeast Asian Nations in Kuala Lumpur this November will discuss regional diplomacy

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with Peking. The association includes only five of the areas' nations--Thailand, the Philippines, Malaysia, Singapore, and Indonesia. Moreover, given the different perception each of these has of its own position, it seems unlikely that even they will agree on a common blueprint.

52. Among the members, Malaysia shows the greatest interest in pursuing new contacts with China. As part of Kuala Lumpur's drive to achieve a credible neutralist foreign policy, the government wants to improve relations with all Communist nations, but, until China makes at least some reassuring gesture regarding its support for Malaysia's insurgents, it seems unlikely that full diplomatic relations will be established.

53. Unlike Malaysia, Indonesia once exchanged ambassadors with China, but the gulf of suspicion which has separated the two nations since the 1965 Communist coup attempt makes any move toward Peking much more difficult for Djakarta than for Kuala Lumpur. Renewed relations must be preceded by an accommodation between the desires of the foreign office to reassert Indonesia's position as a champion of neutralism and the army's fears of an increase in Communist subversion. Singapore cannot long demur if Malaysia establishes formal ties with China, but Prime Minister Lee Kuan Yew obviously hopes that this will not happen any time soon. Concerned about the impact on Singapore's Chinese population, Lee would prefer to restrict Singapore's contacts to commercial relations, hoping to profit as an entrepot for China's increasing world trade.

54. Thailand and the Philippines have been the main promoters behind a conference on China policy, possibly because they want to exercise a restraining influence. Although Manila does not really face a direct Chinese threat, President Marcos has found his staunch anti-Communist, anti-Peking line a useful domestic political tool and one he will not soon relinquish. For the Thai, the potential Chinese

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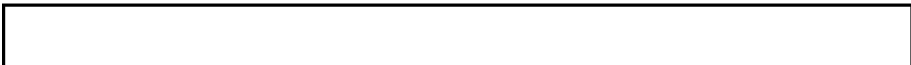


threat is more immediate, both geographically and psychologically. Bangkok's continued association with a war against Peking's allies and its involvement in Laos are real impediments to any major improvement of relations, as is China's support for the Thai Communist movement.

55. The course of the Indochina war is almost certainly the determining factor guiding future Cambodian and Lao relations with China. Laos is in a much better position to adjust to the changing role of the US because Souvanna has never turned his back on Peking. The Cambodians, on the other hand, must contend with the Sihanouk government in exile, to which China has accorded full legal and diplomatic status.

56. The stationing of a permanent Chinese mission at the UN cannot help but affect the process by which Southeast Asian nations seek a rapprochement with China, if only because all now have a central point where they can contact Peking directly and easily. Both the Philippines and Thailand, for example, have already indicated that the UN might provide an opportunity for unofficial contacts with China, contacts that would allow their diplomats to measure Peking's current moods and intentions.

57. To a large extent, of course, the nature and pace of Southeast Asia's approach toward China must depend on Peking itself and how much importance it attaches to improving relations with its neighbors. The movement toward moderation in Chinese foreign policy over the past few years, shows no sign of waning. China's relations with the Thai and Cambodian governments may be the only noteworthy exceptions to this trend. The strong involvement of these countries in the Indochina war and in areas of strategic importance to China complicates their situation. Elsewhere, the Chinese almost certainly will maintain political ties and at least indirect support for the revolutionary groups it now supports in Southeast Asia. At the same time, Peking will continue to develop a forthcoming approach and to make limited gestures to the various governments.



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