



**TESTIMONY OF CONGRESSMAN J. RANDY FORBES**  
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Let me begin by thanking the U.S.-China Economic and Security Review Commission for inviting me today to share my thoughts on China's current activities in Southeast Asia and the potential implications for United States policy. This topic is of crucial importance and I appreciate the work of this Commission in holding this hearing. Since 2005, I have served as founder and co-chairman of the Congressional China Caucus, which seeks to educate Members of Congress on issues pertaining to China and Chinese interests while also serving as a forum for discussion. Our mission is similar to that of this Commission, and I look forward to working with your staff on important issues in the future.

Towards the end of the 1990s, we saw a dramatic shift in Chinese engagement in Southeast Asian affairs. That is to say that in response to the Asian financial crisis Chinese tactics changed to a more accommodating posture with an emphasis on soft power. This shift was part and parcel to a larger "charm offensive" in the region, through which China would seek to project a "benign national image" by participating in regional organizations, providing significant amounts of foreign assistance, and boosting economic ties with regional state actors, with considerable benefits accruing to those Southeast Asian states involved. When you compare this to the inconsistent attention given by the U.S. to the region during the same period, China's use of soft power is all the more striking.

For this reason, with the few minutes I have before you today, I would like to briefly touch on the growing use of "soft power" by China in Southeast Asian affairs over the past decade. This would include non-military inducements such as diplomacy, foreign assistance, and increased economic relations with member-nations of the Association of Southeast Asian Nations.

First, Chinese diplomacy in Southeast Asia has undergone a significant transformation over the past decade. Whereas previously its policy emphasized "hard [military] power," as in China's support for various communist insurgencies in the region during the Cold War or forceful claims to disputed islands in the South China Sea, over the past decade we have seen a more accommodating foreign policy based on principles of "non interference." To some actors in Southeast Asia this new policy has been perceived to be far less intrusive in the domestic affairs of regional states. And in comparison to the approach of the United States during the same period, which has placed an emphasis on the promotion of democracy and related objectives, the Chinese approach has garnered a degree of admiration throughout Southeast Asia as more respectful of national sovereignty. However, this is an interesting phenomenon for anyone who witnessed the demonstration of five Chinese vessels against the USNS Impeccable in the South China Sea last March, when China aggressively demonstrated ownership of territorial waters.

In regards to foreign aid, China has administered a wide range of economic assistance that has included non-development aid and low-interest loans, as well as trade and investment agreements. Because China offers such assistance without the conditions that other donors frequently place on aid

(i.e. democratic reform, market opening, and environmental protections), it seems to have enjoyed a level of appreciation from recipient governments disproportionate to the size of its aid. Over time, this has allowed China to wield significant influence in the region.

Regarding foreign aid, one should make mention of reports concerning deliberate Chinese aid directed to countries in Southeast Asia that have relatively unfriendly relations with the United States. Specifically, I point to Burma, where it is believed that China has been the largest source of economic assistance, including \$1.4 billion to \$2 billion in weaponry to the ruling junta since 1988, in addition to pledges of nearly \$5 billion in loans, plants, and equipment, investment in mineral exploration, hydro power and oil and gas production, and agricultural projects.

Perhaps the most effective use of soft power over the past decade, however, has been China's increased economic interactions with the ten countries that comprise the Association of Southeast Asian Nations. Over the past decade, trade between these countries and China has expanded sharply in terms of volume, percentage increase, and size relative to U.S. levels. Using ASEAN data, exports to China as a share of total ASEAN exports rose from 2.1% in 1995 to 8.9% in 2006 (while the U.S. share fell from 18.5% to about 13.9%). Similarly, the share of ASEAN's imports from China rose from 2.2% to 11.4% (while the share from the United States fell from 14.6% to 10.3%). As Southeast Asian economies continue to become more dependent upon or integrated with China, Chinese soft power is expected to grow.

As with everything China, there are varying schools of thought on what the growth in Chinese soft power means for U.S. policy. According to one view, China seems to be pursuing a zero sum game where expansion of its influence in Southeast Asia is at the expense of the United States. This is contrasted, however, by those who believe that China's growing economic influence over the past decade has been beneficial to the region and not detrimental to U.S. strategic interests.

Regardless of which doctrine you subscribe, it should be remembered that despite the possible decrease in relative influence, the United States continues to exert real hard and soft power in Southeast Asia that is profound and real. In terms of soft power, for example, the United States maintains multi-faceted foreign aid programs with clear objectives and large development and humanitarian components. This was clear for all Southeast Asian countries to see during the 2004 Indian Ocean tsunami. The United States also remains ASEAN's 2<sup>nd</sup> largest trading partner (China ranks 5<sup>th</sup>) and its 4<sup>th</sup> largest source of foreign direct investment (China ranks 10<sup>th</sup>).