



TRENDS IN SOUTHEAST ASIA

NON-STATE CHINESE ACTORS AND THEIR IMPACT ON RELATIONS BETWEEN CHINA AND MAINLAND SOUTHEAST ASIA

Enze Han

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FOREWORD

The economic, political, strategic and cultural dynamism in Southeast Asia has gained added relevance in recent years with the spectacular rise of giant economies in East and South Asia. This has drawn greater attention to the region and to the enhanced role it now plays in international relations and global economics.

The sustained effort made by Southeast Asian nations since 1967 towards a peaceful and gradual integration of their economies has had indubitable success, and perhaps as a consequence of this, most of these countries are undergoing deep political and social changes domestically and are constructing innovative solutions to meet new international challenges. Big Power tensions continue to be played out in the neighbourhood despite the tradition of neutrality exercised by the Association of Southeast Asian Nations (ASEAN).

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Non-State Chinese Actors and Their Impact on Relations between China and Mainland Southeast Asia

By Enze Han

EXECUTIVE SUMMARY

- International relations scholarship and the popular media tend to portray China as a great power with hegemonic designs for Southeast Asia. Moreover, studies on Chinese influence in Southeast Asia predominantly focus on the Chinese state. This paper argues that Chinese non-state actors and their daily encounters with local communities in Southeast Asia deserve equal attention as these interactions evidently produce friction at both the society-to-state and state-to-state levels.
- The influence of Chinese non-state actors in Southeast Asia can be illustrated with three examples, namely, Chinese tourism operations in Thailand, Chinese market demand and agricultural transformations in Myanmar, and Chinese gangs within the casino economy in Cambodia.
- Thailand has recently become a top tourist destination for Chinese nationals. This has cultural implications as those involved in the tourism industry need to have Chinese language skills. The economic implications include increased competition and decreased accountability as Chinese tour companies have set up in Thailand using Thai locals as nominees. Bilateral relations also soured after a boat carrying Chinese tourists capsized in Thailand.
- As global prices of corn rose in 2011 and 2012, areas in Myanmar close to the Chinese border have increased corn cultivation to meet Chinese demands for that crop. This has led to deforestation in these areas.
- Chinese gangsters fleeing their government's crackdown in China have settled down to operate in the casino economy in Cambodia.

Consequentially, there has been a rise in crime rate involving online scams and deteriorating public security. Despite the Chinese government encouraging the Cambodian government to enforce a ban on online gambling, the actions of non-state actors from China continue to be associated with the Chinese state as a whole and there is rising resentment towards the Chinese in Cambodia.

- The COVID-19 pandemic has temporarily halted cross-border trade between China and mainland Southeast Asia. This has negatively affected local farmers who are dependent on the Chinese market.

Non-State Chinese Actors and Their Impact on Relations between China and Mainland Southeast Asia

By Enze Han¹

INTRODUCTION

There is a tremendous amount of anxiety in Southeast Asia over the rising power of the People's Republic of China (PRC). Over the past four decades, the formerly dirt-poor communist country has become the world's second largest economy. The colossal size of the Chinese economy plus its massive population looms over Southeast Asian countries across its southern border. Many in the region are not sure what intentions the Chinese state and society have towards them. Indeed, there is a tremendous amount of debate within Southeast Asia about what the rise of China will mean for the region. In one way or another, such uncertainty or debates originate from a lack of consensus on what kind of great power China is. Is it the celestial kingdom of the past that wants to reassert its tributary relations with Southeast Asia? Or is it going to model itself after the Western colonial powers which used to control the region, plunder resources and enslave people? Or will the PRC repeat its revolutionary past, export communist ideologies and support internal insurgencies once again? Or will contemporary China be something totally different?

¹ Enze Han, is Associate Professor at the Department of Politics and Public Administration, University of Hong Kong, Hong Kong SAR.

This paper takes on these questions and proposes that we understand China as an unconventional great power and that its influence in Southeast Asia will therefore be different from other historical or contemporary counterparts. Departing from conventional international relations approaches that tend to overwhelmingly focus on how the Chinese state or state-related actors exert influence, this paper instead focuses on how Chinese non-state actors have substantial impact on state-society relations in Southeast Asia, which in turn affect state-to-state relations as well. This exclusive focus on non-state actors is to compliment the large body of literature that has already examined the issue from the state angle, and to look at the complex nature of diverse non-state actors coming from China that have deep implications for Southeast Asia.

This paper first presents the foundation for conceptualizing China as an unconventional great power and the need to look at diverse actors, particularly non-state ones, in their presence and influence in Southeast Asia. It then illustrates with three examples—Chinese tourism in Thailand, agricultural transformations in Myanmar, and casino economies in Cambodia. In all three cases, non-state actors from China have left substantial imprints on local economies as well as state-society relations and these ultimately have repercussions for bilateral relations at the state level as well. The paper concludes with some reflections about the implications of the COVID-19 pandemic on China’s activities with Mainland Southeast Asia, and the future of China-Southeast Asia relations.

CONCEPTUALIZING CHINESE INFLUENCE IN SOUTHEAST ASIA

As mentioned above, there have been complex debates within the literature of political science and international relations about what kind of great power China is. The People’s Republic of China, after four decades of rapid and steady economic growth, increasingly seeks to reassert its historically dominant position in regional affairs.

Yet doubts about whether China is really a great power or not, and disputes about what sort of great power it is never subside. Susan Shirk, for example, once described China as a “fragile superpower” and warned

that the West should not worry about China's economic or military strength but its internal fragility.² Similarly, Yukon Huang recently dubbed China an "abnormal" great power in the sense that "it is the first great power that is a developing rather than a developed country, the first to get old before it gets rich. Its weak institutions and historical legacies mean that it has more insecurity than would be expected of a great power".³ Indeed, for Huang, China is too populous, too big and too regionally diverse for us to draw appropriate conclusions about its overall economy and about the meaning of China as a great power for international relations.

However, few scholars in international relations have taken the complex nature of China as a great power seriously. Extant literature on the rise of China and its challenges to the existing US-led international order tends to present China as a monolithic authoritarian state with enormous military and economic power at its disposal. Many realist scholars, for example, have primarily looked at the growing power of China—measured by its exponential growth in economic and military capabilities—and pondered the implications for the stability of the international order. There are also many who are concerned about the nature of the political regime in China and contemplate what the rise of an authoritarian state under the leadership of a communist party would mean for the existing international order of free trade, human rights, democracy, and the institutions that promote these liberal values.⁴ And then there are scholars who pay special attention to the historical and cultural context of China's rise in the East Asian region. Some, like

² Susan L. Shirk, *China: The Fragile Superpower* (New York and London: Oxford University Press, 2007), p. 1.

³ Yukon Huang, *Cracking the China Conundrum: Why Conventional Economic Wisdom Is Wrong* (New York City: OUP USA, 2017), p. 2.

⁴ G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order: The Rise, Decline and Renewal* (Princeton, NJ: Princeton University Press, 2011); G. John Ikenberry, "The End of Liberal International Order?", *International Affairs* 94, no. 1 (January 2018): 7–23.

David Kang, discuss the tributary system and the historical legacies of the Chinese empire on the contemporary meaning of the rise of China for the rest of East Asia⁵ and contemplate how much political authority China can wield in the region, with the United States having established an institutionalized alliance structure there since the end of World War II.⁶

Indeed, how China will establish its legitimacy in international leadership or exert authority over regional states becomes an open question. Relatedly, scholars have also discuss how China's lack of cultural appeal or soft power does not grant it the kind of international leadership that the United States has enjoyed.⁷

Where Southeast Asia is concerned, similar narratives stand on China's relations with the region. Academics tend to assume China to be a monolith that enjoys an asymmetrical power balance towards its southern neighbors.⁸ An overwhelming amount of research focuses on the security dimension⁹ and much writing focuses especially on China's bullying

⁵ David C. Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2009).

⁶ Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, and Transition in Post-Cold War East Asia* (Oxford: Oxford University Press, 2015); David A. Lake, "Domination, Authority, and the Forms of Chinese Power", *Chinese Journal of International Politics* 10, no. 4 (December 2017): 357–82.

⁷ Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004); Yanzhong Huang and Sheng Ding, "Dragon's Underbelly: An Analysis of China's Soft Power", *East Asia* 23, no. 4 (December 2006): 22–44.

⁸ Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies", *International Security* 32, no. 3 (2007): 113–57; Alice D. Ba, "China and ASEAN: Renavigating Relations for a 21st-Century Asia", *Asian Survey* 43, no. 4 (August 2003): 622–47.

⁹ Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia", *Asian Security* 8, no. 3 (September 2012): 287–310.

behaviour in the South China Sea.¹⁰ With respect to foreign policy, many scholars are concerned about interstate diplomacy, especially in terms of alliance choices between the United States and China.¹¹

Yet, most accounts of China as a great power remain at the abstract level. As Shahar Hameiri and Lee Jones point out, the literature on China as a great power often ignores the status of the contemporary Chinese state as being fragmented, decentralized and internationalized. That is, we face a reality where “disaggregated state apparatuses and quasi-independent, market-facing actors are increasingly acting overseas in ways not effectively coordinated in Beijing.”¹² For example, with regards to Chinese investment abroad, most scholars’ accounts tend to gloss over the country’s significant internal diversity and to ignore the government’s lack of control over many companies originating from China.¹³ Some recent scholarship has however started to pay serious attention to the variability of China’s presence and the implications of this fact. As

¹⁰ Denny Roy, “Assertive China: Irredentism or Expansionism?”, *Survival* 61, no. 1 (January 2019): 51–74; Ketian Zhang, “Cautious Bully: Reputation, Resolve, and Beijing’s Use of Coercion in the South China Sea”, *International Security* 44, no. 1 (July 2019): 117–59.

¹¹ Cheng-Chwee Kuik, “The Essence of Hedging: Malaysia and Singapore’s Response to a Rising China”, *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 30, no. 2 (2008): 159–85; Pongphisoot Busbarat, “‘Bamboo Swirling in the Wind’: Thailand’s Foreign Policy Imbalance between China and the United States”, *Contemporary Southeast Asia* 38, no. 2 (August 2016): 233–57; Ann Marie Murphy, “Beyond Balancing and Bandwagoning: Thailand’s Response to China’s Rise”, *Asian Security* 6, no. 1 (January 2010): 1–27.

¹² Shahar Hameiri and Lee Jones, “Rising Powers and State Transformation: The Case of China”, *European Journal of International Relations* 22, no. 1 (March 2016): 74.

¹³ Ching Kwan Lee, *The Specter of Global China: Politics, Labor, and Foreign Investment in Africa* (Chicago and London: University of Chicago Press, 2018), p. 3.

Ching Kwan Lee points out, “Global China is taking myriad forms, ranging from foreign direct investment, labour export, and multilateral financial institutions for building cross-regional infrastructure to the globalization of Chinese civil society organizations, creation of global media networks, and global joint ventures in higher education, to name just a few examples.”¹⁴ Indeed, much conceptual flexibility is needed for us to understand an increasingly globalized China and its variegated local impacts around the world.¹⁵

This paper thus presents China as an unconventional great power, examining the variety of influence it has on states in Southeast Asia. Perceiving China in that fashion concurs with Yukon Huang’s view that although China largely enjoys asymmetrical power over the smaller states to its south, the influences from China abroad are much more complex than one would expect from a typical great power in the West. Furthermore, China’s presence and influence in Southeast Asia are also tinted with the long historical encounters between itself and its southern neighbors, particularly the long history of Chinese emigration to the region during China’s times of internal turmoil and poverty. Of course, some scholars have emphasized the difference between China and other leading great powers, stating that China is not truly a global power but only a partial one, meaning that it has no genuine interest in becoming a global power in imitation of the United States.¹⁶ Indeed, intentions aside, the complex nature of the country as populous, diverse and still in the developing stage, plus its complex historical relations, suggest that its influence in Southeast Asia will differ from that of the United States in the present or of the European powers in the past.

To study the variety in China’s influence in Southeast Asia, this paper borrows the conceptual definition of “influence” from Evelyn Goh’s work

¹⁴ Ibid., p. xiv.

¹⁵ Ibid., p. 5.

¹⁶ David Shambaugh, *China Goes Global* (New York and London: Oxford University Press, 2013).

on differentiating power from influence.¹⁷ Goh argues that the former should be understood as encompassing resources and latent capability, while the latter constitutes the actual effective exercise of power. Specifically, she defines influence as “the act of modifying or otherwise having an impact upon another actor’s preferences or behaviour in favour of one’s own aims”.¹⁸ Thus, her theoretical framework examines how China coerces, induces and persuades others to behave in a particular way. Yet, Goh puts strong emphasis on the intentionality of China’s influence, which limits the scope of her study in the sense that the emphasis would lead researchers to look at China’s influence at the state level and ignore the diverse actors coming out of China and their intended and unintended influences on the global stage.

The complex variety of Chinese actors going global is an issue that scholars need to contend with seriously. As Hameiri and Jones point out, even in the case of Chinese foreign aid, oftentimes it is not uniform or coordinated from a central authority, but rather driven and implemented by regional and local interests, including both state-owned as well as private and hybrid companies linked predominantly to subnational governments that seek business opportunities by lobbying the Chinese state.¹⁹ Such diverse actors—with distinct interests that are not always in alignment — are demonstrated clearly in Ching Kwan Lee’s study on Chinese investment in Zambia,²⁰ as well as in Deborah Brautigam’s ground-breaking book on Chinese aid practices in Africa.²¹ In studies on China’s influence in Southeast Asia, scholars have also noticed

¹⁷ Evelyn Goh, “The Modes of China’s Influence: Cases from Southeast Asia”, *Asian Survey* 54, no. 5 (2014): 825–48; Evelyn Goh, ed., *Rising China’s Influence in Developing Asia* (New York and London: Oxford University Press, 2016).

¹⁸ Goh, “The Modes of China’s Influence”, p. 826.

¹⁹ Hameiri and Jones, “Rising Powers and State Transformation”, p. 86.

²⁰ Lee, *The Specter of Global China*.

²¹ Deborah Brautigam, *The Dragon’s Gift: The Real Story of China in Africa* (New York and London: Oxford University Press, 2009).

the different array of interests sometimes putting the Chinese central government and local provincial authorities at odds.²²

At the same time, China as a country is in the middle of transitioning from being the world's factory to being a global consumer market. The workers who used to sit at the bottom of the global capitalist value chain have become consumers with purchasing powers themselves. Yet, even amid improved domestic economic conditions, other factors such as demographic pressure, competitive market environment and political situation have prompted many people to emigrate. At the same time, the stereotype of the mainland Chinese as poor, cheap, and vulgar continues to persist despite their improved economic conditions and consumption power. These contradictions and the diverse set of actors involved in this whole process mean that the influence of China on the global stage—particularly in Southeast Asia—is most profound and complex.

The intensiveness of encounters between Chinese non-state actors and their Southeast Asian counterparts is due to several factors. Geography is certainly a crucial factor in that being in China's near abroad, mainland Southeast Asia is within easy reach, facilitated by the relatively easy visa regimes and frequent and convenient travel modes, at least until COVID-19 led all regional governments close their borders and implement strict immigration control. Simultaneously, the Chinese government's encouragement of its domestic enterprises to go abroad based on its *zouchuqu* (Go Out) policy as well as the fact that many people do have the means to migrate and invest overseas meant that a new wave of Chinese migration is going to Southeast Asia. Encounters between them and local peoples are happening on an everyday basis and on a large scale. The following three cases represent these intensified encounters in the recent past.

²² Mingjiang Li, "Local Liberalism: China's Provincial Approaches to Relations with Southeast Asia", *Journal of Contemporary China* 23, no. 86 (March 2014): 275–93.

CHINESE TOURISM PRACTICES IN THAILAND

During the past few years, Thailand has become one of the top tourist destinations for Chinese nationals. Due to relatively low costs of travel, easy visa arrangement, and frequent flight connections between the two countries, the number of Chinese tourists to the kingdom has soared. Since 2018, Chinese tourist arrivals in Thailand has surpassed 10 million persons annually, accounting for one-quarter of Thailand's foreign tourist intake.²³ Such large numbers of Chinese flocking to Thailand's popular tourist destinations on the one hand create handsome business opportunities, but on the other they also bring new challenges for local tourism industries to adapt to the tastes and spending habits of the Chinese which are quite different from those typical of Western backpackers to Southeast Asia.

One prominent aspect is the need to have more people with Chinese language skills to service tourists who may not be well-versed in English. This means that many road signs, restaurant menus and shop catalogues in popular tourist sites in Thailand are increasingly written in simplified Chinese characters. Concurrently, more and more Thais are learning Chinese as a second language. This coincides with the Chinese government's effort to promote Mandarin education abroad. Thailand is also the country that hosts the most number of Confucius Institutes among all Southeast Asian countries.²⁴ Thus, with such large numbers of Chinese tourists coming to Thailand, they bring their cultural influences to the country. This is particularly significant in Thailand because the country has had a long history of Chinese migration and the new notable

²³ Sutthiwit Chayutworakan, "10 Millionth Chinese Tourist This Year Arrives in Thailand", *Bangkok Post*, 19 December 2018.

²⁴ Hong Liu, "Opportunities and Anxieties for the Chinese Diaspora in Southeast Asia", *Current History* 115 (2016): 312–18.

presence of Chinese tourism in the country has created a phenomenon of resinicization among the Sino-Thai community in recent years.²⁵

At the same time, the rapid growth of Chinese tourism presence in Thailand does precipitate a reshuffling of the existent tourist industry. There are two aspects of Chinese tourism industry practices that have brought controversy to Thailand in recent years. The first is the so-called zero-dollar tours, which as the name indicates charge very little for tour packages upfront but compel people to shop in designated tourist locations in Thailand to make up for the costs. However, such practices often generate disputes between tour group members and their tour guides.²⁶ Relatedly, because of the need for Chinese tourist companies to recoup their costs, increasingly many have set up their own chain stores in Thailand. This is the so-called *yitiaolong* (one-stop) tourist industry, whereby Chinese tourist companies set up shops, hotels, restaurants and tour companies in Thailand to serve Chinese tourists, incidentally meaning that most profits from them go back to China rather than stay in Thailand. This practice often requires the Chinese companies to use Thai nationals as nominees; according to Thai laws only Thai nationals can operate tourism businesses.²⁷ Naturally, this creates unfair competition for local Thai tourist companies, and this has generated anger and resentment within the Thai society and media towards the Chinese counterparts.

This controversial practice erupted into public contention in the summer of 2018 when a boat carrying Chinese tourists capsized off Phuket and led to the death of forty-eight Chinese nationals. Details

²⁵ Caroline S. Hau, "Becoming 'Chinese' in Southeast Asia", in *Sinicization and the Rise of China: Civilizational Processes beyond East and West*, edited by Peter J. Katzenstein (London and New York: Routledge, 2012).

²⁶ "Thai Tour Operators Charged over Chinese Visitor Scams", *Straits Times*, 24 November 2016.

²⁷ Sureeporn Huengwattana, "Legal Problems of Travel Agency Business and Tour Guide in Thailand" (Master thesis, Faculty of Law, Thammasat University, 2018).

later emerged that the boat belonged to a Chinese tour company that was set up through Thai nominees and on the day of the incident, the company had ignored high wave warnings. What followed from this incident created a big uproar in both Chinese and Thai media. Just after the tragedy, Thailand's Deputy Prime Minister Prawit Wongsuwan was reported blaming the whole incident on the Chinese, for which he said "Some Chinese use Thai nominees to bring Chinese tourists in ... they did not heed warnings ... which is why this incident happened."²⁸ This comment generated strong furore in domestic Chinese media where many called for a boycott on tourism to Thailand. Later, the Thai Foreign Minister Don Pramudwinai had to play down the comment, saying that the incident would not affect bilateral relations between Thailand and China.²⁹ However, tourist numbers from China dipped significantly for Phuket in the following months, which led the Thai government to introduce new measures such as waiving visa fees to attract the Chinese back to Thailand.³⁰

One seemingly common tragedy thus led to bilateral frictions. The sheer volume of Chinese tourists visiting Thailand has definitely brought economic benefits for the country. Likewise, the cultural implications of so many Chinese tourists and their associated businesses cannot but be huge.

However, some Chinese tourism industry practices have also caused unprecedented frictions. Increased encounters between the two cultures will certainly lead to more conflicts in years to come. Yet, even though perhaps all those engaged in the tourism industry are private entities and all Chinese tourists travelling to Thailand are acting in their own private

²⁸ "Thai Minister Blames Chinese Tour Operators for Boat Disaster", *Reuters*, 8 July 2018.

²⁹ "Prawit Sorry for Offending China Netizens over Boat Tragedy, but Law Offenders to be Punished", *Nation Thailand*, 10 July 2018.

³⁰ "Thailand to Grant Visa-on-Arrival Fee Waiver for Some Visitors in Bid to Lift Tourism Slump", *Straits Times*, 7 November 2018.

capacity, somehow or other, the mass media as well as academics tend to associate them with the image of China as a whole.

CHINESE DEMAND FOR CORN, AND DEFORESTATION IN MYANMAR

China has traditionally been a major producer of corn and the country used to be a net exporter. Although corn remains the second largest grain produced in the country, but even with increased production China failed to keep up with the demand and the country became a net importer in 2008. As meat consumption in the country shoots up with rising prosperity, so has the need to find enough animal feed. It is reported that the Chinese animal feed market is growing rapidly due to increasing demand for meat and meat products, especially pork.³¹ The country's animal feed market continues to be highly dependent on raw materials such as wheat, corn and soybean.³² This high demand for animal feed quickly led to growing need for corn imports to supplement domestic production.

Between 2010 and 2012, there was a global commodity price shock, during which a list of grains saw their prices soar. Corn's global price rose 57 per cent between 2010 and 2011. The price of corn per metric ton in 2010 was only US\$185.91 but within one year it had jumped to US\$291.68. It continued to increase in 2012 to almost US\$300 per metric ton.³³ There are many reasons for this surge in global corn prices, most of which have nothing to do with China or Southeast Asia. For example, experts have hypothesized that between 2010 and 2012,

³¹ "Feed Use Is Set to Increase in China on Strong Poultry and Pig Sector Growth", FeedNavigator, <https://www.feednavigator.com/Article/2020/10/12/Feed-use-is-set-to-increase-in-China-on-strong-poultry-and-pig-sector-growth>

³² "China Animal Feed Market to Grow at over 16% till 2019", TechSci Research, <https://www.techsciresearch.com/news/297-china-animal-feed-market-to-grow-at-over-16-till-2019.html>

³³ World Bank Commodity Price Data, accessible at <https://www.worldbank.org/en/research/commodity-markets#2>

there was a drought in the United States and Europe that affected corn output.³⁴ Corn was also one of the main crops heavily used in biofuel production.³⁵

This combination of increased Chinese domestic demand and global commodity price shock pushed up the price for corn in the Chinese market furthermore. To put this into perspective, a ton of corn was worth US\$298.42 in global markets in year 2012; however, the same now costs US\$385.98 in the Chinese market.³⁶ Indeed, Chinese domestic price for corn continues to be higher than global market price, and it seems Chinese customers are willing to pay more. This creates strong incentive for neighbouring countries to increase production. Particularly in northern Myanmar, and in other parts of highland mainland Southeast Asia, geographic proximity and easy transportation links to China make the region a preferable location for corn plantation.

To have a sense of the consequence of this growing Chinese demand for Myanmar, we can see that the country's corn production spiked between the years 2011 and 2012 from barely over 1,200 metric tons to around 1,600 metric tons per year.³⁷ In the years after, corn production has continued to rise, despite price fluctuations. The timing of such a rapid rise in corn production is highly correlated with the rise in global corn prices, but it is also a response to the increasing Chinese demand. Additionally, the commercialization of corn plantation in northern Myanmar has been facilitated by international seed companies and has led to more cases of contract farming as well.³⁸

³⁴ Toni Johnson, "Food Price Volatility and Insecurity", Council on Foreign Relations, 16 January 2013.

³⁵ Ibid.

³⁶ For domestic Chinese corn price increase, see <http://finance.sina.com.cn/nongye/nygd/20130318/101014865294.shtml>

³⁷ For Myanmar corn production data, see <https://www.indexmundi.com/agriculture/?country=mm&commodity=corn&graph=production>

³⁸ Kevin Woods, "CP Maize Contract Farming in Shan State, Myanmar: A Regional Case of a Place-Based Corporate Agro-Feed System", BICAS Working Paper 14, 18 May 2015.

However, with this acceleration in corn production, there has been collateral damage to forest coverage in northern Myanmar. As satellite data provided by Hansen Global Forest Change shows, Myanmar's Shan State has witnessed a significant spike in deforestation since around 2011–12.³⁹ For example, one of the main towns linking Mandalay to the Chinese border is Lashio—the Lashio district was where this upward spike in deforestation was the most dramatic. The uptick of deforestation during the same period, although to a slightly lesser extent, is also observed in other parts of the Shan State, such as Taunggyi, Kengtung, Loilen, and some other townships.

Indeed, a casual observer in Lashio would notice that almost all the mountain slopes in and around the township have been cleared away. Instead of trees, rows of corn have been planted. The scale of corn plantation around Lashio is very large and corn has become the dominant crop in the region, instead of the traditional paddy rice. Interviews with households in the area confirm that people increased corn cultivation because it has become more profitable to sell to the Chinese.⁴⁰

Thus, in northern Myanmar, as a response to Chinese and global market incentives, there has been an ongoing agricultural transformation of the rural landscape through deforestation. In this case, it will be a huge stretch to claim that deforestation in Myanmar was the intended goal of the Chinese state. Nonetheless, normal market operations domestically have created a butterfly effect on agriculture in neighbouring Myanmar and beyond.

CHINESE GANGSTERS AND CASINO ECONOMY IN CAMBODIA

In early 2018, the Chinese State Council issued a guideline on how to combat gangsters and evil forces within the Chinese society.⁴¹ This

³⁹ The Global Forest Change dataset can be accessed at https://earthenginepartners.appspot.com/science-2013-global-forest/download_v1.5.html

⁴⁰ Personal interviews in Lashio, February 2019.

⁴¹ 中共中央国务院关于开展扫黑除恶专项斗争的通知。

represents a long tradition of domestic political campaigns targeting organized crimes and gangsters in a bid to improve social stability and underline party authority.⁴² Even before this nationwide campaign, various localities had already started their own campaigns in the name of fighting these *hei'e shili* (dark and evil forces). With the domestic draconian crackdown, many such gangsters have instead chosen to exit the country and Southeast Asia is often their first option. Indeed, in Cambodia's Sihanoukville province, there has been a dramatic increase of Chinese gangster activities with soaring crime rate in the past couple of years.

In recent years, China has emerged as the largest investor for Cambodia. For example, between 2013 and 2017 China invested over US\$5 billion in the country.⁴³ Of these investments, many ended up in casinos, hotels and real estate projects where Sihanoukville has been prominently focused. Sihanoukville, formerly a quiet seaside resort town, has become a "Wild Wild West" type of destination for outbound Chinese investments and migrants—and many come for its burgeoning casino economy.

The Cambodian government has pushed for the development of the gambling industry to attract foreign tourists.⁴⁴ In Sihanoukville itself, there are reportedly more than eighty licensed casinos.⁴⁵ Chinese tourists

⁴² Choi Chi-yuk, "Detentions, Torture, Executions: How China Dealt with Mafia in the Past", *South China Morning Post*, 26 January 2018.

⁴³ Kimsay Hor, "Investment in Cambodia Nearly Doubles in 2017", *Phnom Penh Post*, 7 March 2018.

⁴⁴ Kevin Horridge, "Cambodia Hopes Reforms Will Fuel Billions More Foreign Investment in Casino Industry", *Caino.org*, 14 March 2018, <https://www.casino.org/news/cambodia-hopes-reforms-will-fuel-billions-foreign-investment-casino-industry/>

⁴⁵ Sovinda Po and Kimkong Heng, "Assessing the Impact of Chinese Investments in Cambodia: The Case of Preah Sihanoukville Province", A Working Paper on China-Cambodia Relations, Issues & Insights Working Paper (Honolulu: Pacific Forum, May 2019), p. 6.

are their main customers; there are also many Chinese nationals working for these casinos as well as their associated industries. For example, according to a report in Channel NewsAsia, 120,000 Chinese tourists visited Sihanoukville in 2017, four times more than in the previous year.⁴⁶ Similarly, there are reportedly 78,000 Chinese nationals who work and live in the city, which has unavoidably led international media to call Sihanoukville the second Macau.⁴⁷ However, many of these Chinese migrants engage in gangster activities and as a result, the local crime rate has risen. Gun shooting and violent crimes in Sihanoukville kept rising and it is believed that Chinese nationals were heavily involved in them.⁴⁸ Particularly, many of these Chinese mafia groups operate online scams that mostly target people back in mainland China.

Such deterioration of public security has prompted the Provincial Governor Yun Min to warn about the negative consequences of the Chinese mafia.⁴⁹ Because of the activities in Sihanoukville, many Cambodians have left the city, because of the rising crime rate as well as the souring real-estate prices. Worst still, Chinese gangsters have created a bad image of the Chinese in the eyes of the Cambodian public. There has been rising public resentment towards Chinese presence in the country and many Cambodian opposition leaders have also joined in to criticize the bad behaviours of the Chinese and the negative implications for Cambodia.⁵⁰

Although not made explicit, many Western reports on this issue portray the case of Sihanoukville as one where China as a state exerted neocolonial control. However, when we read closely into the case, we can see that the Chinese state is equally troubled by these gangsters because

⁴⁶ Desmond Ng and Charles Phang, “China Brings Casino Boom to Cambodian Town—But Doom to Local Businesses?”, *Channel NewsAsia*, 20 October 2018.

⁴⁷ *Ibid.*

⁴⁸ Po and Heng, “Assessing the Impact of Chinese Investments in Cambodia: The Case of Preah Sihanoukville Province”, pp. 10–11.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*, p. 14.

of online scams targeting domestic population as well as online gambling that led to capital flight from the country. In fact, it was the Chinese government that has tried to pressure the Cambodian government to ban these online casinos.⁵¹ Indeed, in August 2019 the Cambodian government issued a directive to ban online gambling because of the negative consequences of security and social order, a measure that was welcomed by the Chinese government. The Chinese Ministry of Foreign Affairs' spokesperson Geng Shuang stated that “we believe it will help protect both Cambodian and Chinese people’s interests”, and “it will also strengthen our law enforcement cooperation and friendly relations”.⁵²

Creating lawlessness in Cambodia is certainly not the intention of the Chinese government. Yet, we can certainly connect the dots, and the picture is that Chinese domestic crackdown on gangsters had had the unintended consequence of driving these criminals away from China to neighbouring states such as Cambodia. As a result of these gangsters operating the casino economy in Cambodia, not only has there been a deterioration in public security but also a rising resentment towards the Chinese as well as the Chinese state. Even if these are ordinary Chinese citizens, people tend to associate them with the Chinese state in its abstract form, and thus their actions have led to friction in bilateral relations between the two countries.

CONCLUDING REMARKS

All the three cases we examined here have nothing to do with the Chinese state. Yet, they all had profound implications for several countries in Southeast Asia. The negative consequences they have had not only affected local communities’ perceptions of the Chinese, but also indirectly led to tension at the state-to-state level. That means, these

⁵¹ Muhammad Cohen, “Boom to Bust for Cambodia’s Chinese Casino Town”, *Asia Times*, 8 November 2019.

⁵² “Gambling Ban Driving Chinese Nationals away from Cambodia”, *Bangkok Post*, 10 September 2019.

non-state actors from China have their own influence on Southeast Asia, which previous studies that focus on the Chinese state tended to miss out. Given contemporary PRC's diverse and colossal population and market, and given the geographical proximity to Southeast Asia, more and more such influence is bound to occur in the years to come.

Dealing with such a variety of Chinese influence also requires the set of responses developed by Southeast Asian governments to be typically different from the ones from the West. The division between the global north and south or the racial hierarchies inherent in that division are not as straightforward in the Chinese case. Particularly, the weak institutional capacity of some Southeast Asian governments makes them vulnerable to these non-state Chinese actors. There is great need for these countries to cooperate in areas such as having better communication and improved mechanisms for tackling law and order issues. However, the international community and regional governments still have not grappled with the large size of the Chinese population and what their domestic market consumption as well as outbound migration will mean. More studies on these dimensions will be very fruitful and will complement existing studies on the Chinese state and its relations with Southeast Asia.

Finally, the COVID-19 pandemic caught the world off guard. For Southeast Asia–China relations, there have been unpredicted ups and downs. Chinese tourism to the region came to a halt, and for countries such as Thailand the impact on its economy has been huge. Cross-border trade between China and Myanmar was closed for a while, and many agriculture products were left rotting in the field and at border crossings.⁵³ Yet, overall Southeast Asia's trading relations with China has intensified during the pandemic, partly because of the decoupling of trading relations between China and the United States. ASEAN as a whole became the largest trading partner for China for the first time in 2020, and particularly the recent signing of the Regional Comprehensive Economic Partnership

⁵³ <https://asia.nikkei.com/Spotlight/Coronavirus/Coronavirus-leaves-tropical-fruit-rotting-at-China-border-crossings>

(RCEP) agreement indicates further trade integration between China and Southeast Asia in the years to come.

The pandemic has also exposed the deep rift between China and the West, and the Chinese government has doubled down on its diplomatic charm towards countries in Southeast Asia to show goodwill and largesse through mask diplomacy and medical assistances.⁵⁴ Finally, with the disastrous COVID-19 situation in many Western countries, and the emphasis to provide vaccines for themselves first, China's promise to offer vaccines for Southeast Asia, and that will be a huge public diplomacy success for Beijing.⁵⁵ However, as this article has argued, to understand China's influence in Southeast Asia, looking only at the Chinese state is not enough. We need to pay attention to the variety of Chinese actors as well as to the intended and unintended consequences of their actions, if we are to understand the bigger picture of relations between Southeast Asia and its giant neighbour to the north.

⁵⁴ Lye Liang Fook, "China's COVID-19 Assistance to Southeast Asia: Uninterrupted Aid and Global Uncertainties", *ISEAS Perspective*, 4 June 2020.

⁵⁵ Resty Woro Yuniar, "China's Coronavirus Vaccines: Is Southeast Asia Ready to Trust Them?", *South China Morning Post*, 14 November 2020.

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