

ISAS Insights

No. 371 – 14 December 2016

Institute of South Asian Studies
National University of Singapore
29 Heng Mui Keng Terrace
#08-06 (Block B)
Singapore 119620
Tel: (65) 6516 4239 Fax: (65) 6776 7505
www.isas.nus.edu.sg
<http://southasiandiaspora.org>



China and South Asia: Towards an Uncharted Order¹

The “China Dream” that President Xi Jinping pursues, and India’s aspiration of becoming “a leading power”, tend to define the nuanced competition between these two neighbours in Maritime South Asia. In interacting with India’s proximate neighbours in this maritime space, Beijing is exploring globalisation with Chinese characteristics, while India is still exploring catch-up with China.

P S Suryanarayana²

Chinese President Xi Jinping is consistently advocating “win-win cooperation” with other countries as the best means to realise the “China Dream”.³ As conceptualised, the “China Dream” is a grand 21st century vision with domestic significance for catalysing the national rejuvenation of an ancient and successful Chinese civilisation. At the same time, Xi’s calls for “win-win cooperation” with other countries are designed to realise the “China Dream”

¹ This paper is adapted from the extempore presentation by Mr P S Suryanarayana – Editor (Current Affairs), Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore – at the international workshop on ‘China and South Asia’, organised by ISAS in association with the Regional Centre for Strategic Studies (RCSS), in Colombo (Sri Lanka) on 5 and 6 December 2016.

² Mr P S Suryanarayana of ISAS, who can be contacted at isaspss@nus.edu.sg, is the author of *Smart Diplomacy: Exploring China-India Synergy* (2016). The author bears responsibility for the facts cited and opinions expressed in this paper.

³ Chinese President Xi Jinping’s discourse on the ‘China Dream’ as an aspiration, and ‘win-win’ cooperation as the means to accomplish this Dream, is evident from the numerous documents purveyed by the Ministry of Foreign Affairs of the People’s Republic of China, <http://www.fmprc.gov.cn> (English site).

externally. These calls have been imagined as the best strategy to position China as a premier global power now.

In addition, Xi is seeking to distinguish China from the current global superpower, the United States. Increasingly seen as a possibly-waning force which might even become isolationist, the US still has no definitive successor at the top of the existing world order. Unsurprisingly, therefore, he has already tempered the idea of universal “win-win cooperation” by floating the concept of a “new model of major-country relations between China and the United States”. This lateral concept of a “new model” of Sino-American ties has been amplified by Xi himself as an interactive network of “such principles as non-confrontation, non-conflict, mutual respect, and win-win cooperation”.⁴

Now, it is anybody’s guess whether Xi will be able to engineer the emergence of a “new model” of Sino-American relations. This will be particularly relevant after a presumably-‘isolationist’ Donald Trump becomes US President in January 2017. However, Xi has projected “win-win cooperation” and a “new model” of China-US equation as positive image-multipliers. These are further portrayed as the anti-thesis of America’s old and new game-plans of creating several de-stabilising force-multipliers in the form of US-led military alliances around the world. Within the framework of such a world-view from Beijing, China does engage South Asia, too.

In particular, China projects “win-win cooperation” with each of the South Asian countries, including India, as the leitmotif of this multi-directional and multi-dimensional engagement.⁵ Chinese protagonists further portray this leitmotif as a virtuous negation of the “old mentality” of zero-sum games which dominated the bygone Cold-War era between the US and the now-defunct Soviet Union.⁶ However, the complexity of real-world engagements can be understood, for the purposes of policy analyses, only through *nuanced thinking* – not through the simplistic dichotomy of zero-sum games and “win-win cooperation”.

⁴ The White House (US), Remarks by President Obama and President Xi Jinping in Joint Press Conference, Great Hall of the People, Beijing, 12 November 2014, <http://www.whitehouse.gov/the-press-office/2014/11/12/remarks-president-obama-and-president-xi-jinping-joint-press-conference> (The file details are cited here as they existed at the time of access).

⁵ China’s *mantra* of “win-win cooperation” was highlighted by the Chinese delegates to the ISAS-RCSS international workshop on ‘China and South Asia’ held in Colombo on 5 and 6 December 2016.

⁶ Ibid.

Nuanced Determinants of Policy

Two strands of nuanced policy-determinants come into play as China engages South Asia and vice versa. Often, the South Asian countries do not collectively deal with China which, too, does not always see, and interact with, them as a unified or homogenous entity. In this sub-context, India looms large as a power with a geopolitical and geo-economic outreach beyond South Asia. This elementary fact is not negated by the reality that India does not today match China's growing geopolitical and geo-economic sway across the world.

Despite India's asymmetrical disadvantages, China has been consistently capitalising on its macro-economic and military-spending superiority over India to try and 'contain' it within the confines of South Asia. Often cited in this regard are the perceived moves by Beijing to prop up as well as enhance the power-coefficients of India's South Asian neighbours. India seems to have no means of moderating the interactions of its neighbours, particularly Pakistan and Sri Lanka, with China. As pointed out later in this paper, the China-Pakistan Economic Corridor (CPEC) has a military dimension, too, at and off Gwadar port, not far from India's western coast. China's potentially-strategic access to a southern Sri Lankan port is also of concern to India. Above all, from Delhi's perspective, China continues to raise the bogey of consensus to thwart India's entry into the United Nations Security Council as a permanent member, and the Nuclear Suppliers Group as a responsible power with atomic weapons. These are but illustrative of Delhi's frustration at being treated by Beijing as a mere South Asian player. Looking beyond such a real but stereo-typed view of China's role in South Asia, it is necessary to assess how the "China Dream" and Xi's *mantra* of "win-win cooperation" impinge on India and its proximate neighbours in Maritime South Asia. This forms the limited focus of this paper.

One of the two nuanced policy-determinants in the China-South Asia engagement is India's own competitive aspiration to become "a leading power". Such an aspiration is driven by India's own sense of history as an ancient civilisation which, too, is in a position today to try and re-emerge as a leading force on the global stage. This aspect, frequently articulated by India's Foreign Secretary S Jaishankar,⁷ can be seen as a geopolitical and geo-economic dynamic that might impinge on Xi's pursuit of the "China Dream" in South Asia and beyond.

⁷ Jaishankar spoke of India's aspiration to become "a leading power", while delivering the IISS Fullerton Lecture in Singapore in 2015 and while addressing a group of Indian and Chinese think-tanks in Delhi on 9 December 2016, <http://www.mea.gov.in>.

The second and no-less significant nuance in the China-South Asia engagement is the possibility that the formula of “win-win cooperation” does *not* guarantee or even imply equal or matching wins for Beijing and its partner(s) as well as interlocutor(s).

Moreover, Xi’s pursuit of the “China Dream” and “win-win cooperation”, as well as India’s aspiration to emerge as “a leading power”, will in some ways be influenced by the Trump-led America’s likely equations with Russia, Beijing’s best friend today, and with India. Within this overarching framework, one must view Xi’s outreach towards South Asia through the implementation of his initiative for the nearly-global ‘21st century Maritime Silk Road’.⁸

Broadly, the US-spawned global financial crisis of 2008 offered an ascendant China the first opportunity to think big and aim high on the world stage. Beijing’s own go-global party, the Olympics of 2008, was a defining moment, especially because the country overcame, in the run-up to that event, world-wide protests over the treatment of the Tibetan minority in Han-majority China. Significant, too, was India’s support for China on that occasion. To this day, India hosts thousands of Tibetan refugees, who dislike China, as well as the Tibetan leader Dalai Lama, and the ‘Tibetan Government-in-Exile’. However, Delhi took steps in 2008 that pleased Beijing in the run-up to the Olympic Games. India forestalled any disruption of the Olympic-torch relay that passed through the streets of New Delhi.

Trade Routes and Militarisation

Fast-forward to 2016. Beijing has the benefit of uncertainties over America’s global profile under the prospective Trump presidency of presumably ‘isolationist’ tendencies – a possible reversal of the current US’ strategy of re-balanced predominance in China’s neighbourhood. If indeed the Trump presidency will imply a reduced US presence in Asia or a reduced American attention towards Asia, this should suit Beijing in its engagement with South Asia, especially, Maritime South Asia in India’s proximate environs. Three sub-theatres become relevant to this particular context – the Bay of Bengal, the Indian Ocean environs around Sri Lanka, and the Arabian Sea along the Pakistan-Iran coastline.

⁸ The English-language site of the Ministry of Foreign Affairs of the People’s Republic of China purveys an exposition of Xi Jinping’s inter-related initiatives like the ‘21st century Maritime Silk Road’, the ‘Silk Road Economic Belt’, the ‘One Belt One Road’, the ‘Belt and Road’ etc. Also read, among others, Andrew Small, *The China Pakistan Axis: Asia’s New Geopolitics*, Random House Publishers India Pvt. Ltd, Gurgaon, 2015; and P S Suryanarayana, *Smart Diplomacy: Exploring China-India Synergy*, World Century Publishing Corporation, New Jersey, USA, 2016.

The Bay of Bengal, especially the Six-Degree Channel near the western entry-exit point of the Malacca Strait, is a crucial conduit for China's two-way international trade and commerce. China's international trade in this sector passes through India's exclusive economic zone, because India's Nicobar Islands lie close to the Six-Degree Channel. This Channel, as well as the Ten-Degree Channel which separates India's Nicobar Islands from its Andaman Islands to the north, are of strategic interest not only to Delhi but also Beijing in both commercial and military terms. Legitimately, India has some of its sovereign military facilities on its Andaman and Nicobar Islands – certainly, a matter of deep interest to China.

The Ten-Degree Channel will be of increasing interest to China, *if* Xi eventually goes ahead with his presumptive 'plan' of carving out a Panama-Canal-like or a Suez-Canal-like artificial waterway at the Isthmus of Kra.⁹ The Isthmus lies in the vicinity of the Ten-Degree Channel which falls within India's territorial waters. China's presumptive 'plan' of carving out an artificial Kra Canal has been variously hinted at by at least one Chinese Minister and the state-media. The 'plan' is widely seen as China's creative response to the so-called Malacca Dilemma.¹⁰ This relates to the possibility of the US, its allies and its partners being able to impede China's international commerce (and perhaps also strategic traffic) at or near the Malacca Strait, the natural waterway that Beijing currently uses in its outreach towards South Asia and beyond. As the Kra Canal option is a long-term proposition, the current uncertainties over Trump's likely foreign and strategic policies do not alter the inherent logic of this option. Moreover, observers believe that China, with its capabilities for creating artificial islands in the South China Sea, must be competent to carve out an artificial Kra Canal to link two seas.

Of interest to China in this perspective are (1) India's military presence at the Andaman and Nicobar Islands; (2) Delhi's reported plans to reinforce its Eastern Naval Command (ENC) as well as set up a strategic-arms outpost in the Bay of Bengal, and; (3) America's military interest in this Bay, as reflected by US Defence Secretary Ashton Carter's visit to the ENC in 2015. China's reported interest in gaining strategic (not just commercial) access to Bangladesh will also add to the *potential militarisation of the Bay of Bengal*. In addition, much will depend on whether, and if so how, India advances its on-going strategic partnership with the US, under or

⁹ For more details, read: P S Suryanarayana, *Indian Ocean and the Bay of Bengal: A Strategic Factor in China-South Asia Relations*, ISAS Working Paper No. 248 – 12 December 2016; <http://www.isas.nus.edu.sg>.

¹⁰ For the importance of Malacca Strait to China, read, among others, John W. Garver, *China's Quest: The History of the Foreign Relations of the People's Republic of China*, Oxford University Press, New York, USA, 2016; and Jeff M. Smith, *Cold Peace: China-India Rivalry in the Twenty-First Century*, Lexington Books, Lanham (Maryland, USA) and Plymouth (UK), 2014.

after the Trump presidency, by becoming a “net provider of security” in this Bay and, more broadly, in the Indian Ocean theatre.¹¹

Vying for Strategic Access

In another sub-theatre in Maritime South Asia, namely Sri Lanka’s Indian Ocean environs (this island-republic is surrounded by the Indian Ocean on all sides), China has already gained geo-economic and geopolitical access to Hambantota in the south. The Hambantota port, at a vantage location along the Indian Ocean, and the collateral logistical facilities there, have been built with China’s technical and financial help. Although these facilities are for civilian use (and, there has so far been no commercial vibrancy there), the depth of the port and the quality of the airport have given rise to speculation about China’s potential geo-strategic access to them. Equally noteworthy is China’s on-going construction of the ‘Colombo port city’ (in reality, a financial centre), a project that was stalled for some time due to a change in Sri Lanka’s domestic political climate. This project gives China considerable strategic access to Sri Lanka’s western coast.

In this strategic setting, Delhi has recently augmented its presence and activities at the Oil Tank Farm at Trincomalee on Sri Lanka’s eastern seaboard. India’s geo-cultural links with the island-republic’s northern areas and parts of eastern hinterland are well-known. In a sense, therefore, the competitive impulses in the equation between China and India, both rising powers at different stages of economic development, are not confined to the Bay of Bengal sub-theatre in Maritime South Asia.

In the Arabian Sea sub-theatre, in and near Pakistan’s territorial waters, the Chinese success in constructing the Gwadar port as a full-spectrum facility reinforces Beijing’s almost-intrusive (but certainly extensive) access to this strategically located country. India cannot at all hope, or even wish, to match Beijing’s extensive reach across the length and breadth of Pakistan, which China looks upon as its version of America’s closest junior partner (Israel).¹² Indeed Beijing’s strategic access to Pakistan is being dramatically enhanced through the ongoing work on the creation of China-Pakistan Economic Corridor (CPEC). In contrast, the well-known

¹¹ The idea of India as a “net provider of security” in the Indian Ocean region was first floated by the US – The International Institute for Strategic Studies, *The Shangri-La Dialogue, The 8th IISS Asia Security Summit*, Singapore, 29–31 May 2009, pp. 21–24. The author covered the summit as a media representative.

¹² It is known in the international diplomatic circles that China treats Pakistan in much the same way as the US has treated Israel, at least so far. China has conveyed this to the US.

paradigm of problematic India-Pakistan relations places Delhi at a disadvantage vis-à-vis Beijing in this sub-theatre in Maritime South Asia. Nonetheless, Delhi is assisting Iran in developing its Chabahar port, which lies in the vicinity of Gwadar itself. At this stage, however, there is no authoritative indication of India being able to gain strategic access to Chabahar over time. In contrast, the Chinese Navy and the Pakistani Navy have already exercised together, close to the Gwadar port after it was operationalised recently.¹³ The exercise, in the nature of war-game to safeguard the Gwadar port, has not gone unnoticed in India.

The CPEC is an integral part of Xi Jinping's geo-economic and geopolitical initiative of linking his country to various parts of Asia, Europe and Africa through suitable land-and-sea connectivity projects. Labelled overall as the "Belt and Road" initiative, Beijing has undertaken to build energy-and-infrastructure projects in partner-countries that allow China unimpeded connectivity by land, sea, and air. The cyberspace and the Outer Space have not so far figured prominently in China's "Belt and Road" initiative.¹⁴

As a "leading power"-aspirant, India has not so far associated itself with Xi Jinping's unilateral initiative¹⁵ of linking China to much of the rest of the world through connectivity-energy-and-infrastructure projects. However, India has not fought shy of joining China's multilateral initiative of creating the Asian Infrastructure Investment Bank. In this milieu, China tends to view its promised investments in India's infrastructure and industrial sectors as being intrinsic to the 'Belt and Road' initiative. Chinese Ambassador to Sri Lanka, Yi Xianliang, recently catalogued Chinese investment-commitments in South Asia, under this initiative, as follows: US\$ 46 billion in Pakistan, US\$ 22 billion in India, US\$ 20 billion in Bangladesh, and US\$ 17 billion in Sri Lanka.¹⁶

China and India, both aspiring to capitalise on their differential strengths as rising powers in that order, are also willing to cooperate wherever possible¹⁷ (the current and potential areas of

¹³ Details of the China-Pakistan naval exercise off Gwadar in November 2016 can be had from <http://www.ispr.gov.pk>.

¹⁴ China has recently said that nearly 100 countries are supportive of its 'Belt and Road' initiative. Details can be had from the PRC's Foreign Ministry website (English site).

¹⁵ India's Foreign Secretary S Jaishankar has said, during his Fullerton Lecture in Singapore in 2015, that Delhi was not consulted by Beijing when it blueprinted its national initiative such as the 'Belt and Road' strategy. However, India is open to multilateral initiatives.

¹⁶ Chinese Ambassador to Sri Lanka, Yi Xianliang, spoke at the inaugural session of the ISAS-RCSS international workshop on 'China and South Asia' held in Colombo on 5 December 2016.

¹⁷ For a scholarly commentary on numerous aspects of the China-India interactions, read: Subrata Kumar Mitra, *Rivals Sometimes, Friends Always? Puzzles, Paradoxes and Possibilities in Sino-Indian Relations*, ISAS Working Paper No. 241 – 11 October 2016; <http://www.isas.nus.edu.sg>.

such cooperation fall outside the limited scope of this paper on China and Maritime South Asia). However, competition is still the name of the Sino-Indian game in Maritime South Asia, because Beijing is exploring globalisation with Chinese characteristics while Delhi is still exploring catch-up with China.

.