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India and China Competing for Influence in South Asia¹

The widely-held view that India and China are competing for influence in South Asia has gained currency with the flurry of activities between the two Asian giants and the countries of South Asia over the last decade or so. This, however, can be viewed as a healthy development that all can benefit from. It is in the context of the prevailing post-ideological era and economy-driven geopolitics that the perceived race for influence through friendship, connectivity and cooperation in South Asia by China and India needs to be seen and studied. It is a positive that can be nurtured in ways where there are no losers.

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The widely-held view that India and China are competing for influence in South Asia has gained currency with the flurry of activities between the two Asian giants respectively on one side, and the countries of South Asia on the other, over the last decade or so. Exchanges of

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high-profiled visits by the leaders of China and India, and the signing of mega deals in the areas of connectivity, infrastructure development, defence and energy, have only added substance to this perception. The issue is how China and India formulate their roles in, and their relationship with, the countries of South Asia, keeping an eye on enhancing their respective visibility and presence in this strategically located region. The matter has drawn attention among observers, analysts and commentators not just in South Asia, but also far beyond.

While this paper is an attempt to deal with the South Asian region as a whole, the focus will be more on Bangladesh and how it can relate to this evolving situation, and try to preserve and protect its own national interest while also maintaining healthy relationships with its Asian friends. This is a challenge that countries like Bangladesh must be ready to deal with, using tact, craft and vision so as to ensure adequate satisfaction all around. The paper shall attempt to use the Bangladesh case as a template that could be applied to the other South Asian countries, especially Sri Lanka and Nepal.

The paper shall start by quoting from two recent headline-making news on this very subject.

The first is titled “Amid Scramble for influence, China Scoops up Chevron Gas fields in Bangladesh.”³ This piece, written by Bethany-Allen Ebrahimian, appeared in the Washington-based *Foreign Policy* publication on 24 April 2017. The commentary reported in some detail how a Chinese consortium, composed of state-owned firm, China ZhenHua Oil, and investment firm, CNIC Corp, made a deal with the United States (US) energy giant, Chevron, to buy its three gas fields in Bangladesh. Chevron’s holdings in Bangladesh together produce 16 million metric tons of oil-equivalent each year, amounting to just over half of the country’s gas output. It added that, with this move, China looked set to make its first big energy-related move in Bangladesh, competing with Japan and India. The author concluded that, “it’s the latest move by China in a battle for influence in the region”.

³ “Amid Scramble for influence, China Scoops up Chevron Gas fields in Bangladesh”, Bethany Allen-Ebrahimian, *Foreign Policy*, 24 April 2017. See <http://foreignpolicy.com/2017/04/24/amid-scramble-for-influence-china-scoops-up-chevrons-gas-fields-in-bangladesh/>. Accessed on 8 July 2017.

The second is titled “To counter China quickly, India draws up tight schedule for projects in Sri Lanka”.⁴ Written by P K Balachandran, the Sri Lankan correspondent for *bdnews24.com*, a Bangladeshi on-line news portal, this piece was published immediately following the talks in New Delhi between India’s Prime Minister Narendra Modi and Sri Lanka’s Prime Minister Ranil Wickremesinghe on 25 April 2017. The talks resulted in an elaborate memorandum of understanding (MoU) that was signed by India’s Minister for External Affairs Sushma Swaraj and Sri Lanka’s Minister of Development Strategies Malik Samarawickrama.

One does not need to look very closely at the two commentaries to conclude that something is happening in South Asia involving China and India, creating a degree of interest among observers of the larger Asian geopolitical game as it is being played out. The use of the words ‘*Amid Scramble for influence*’ (emphasis added) on the one hand, and ‘*To counter China quickly*’ (emphasis added) on the other, perhaps, tells the whole story. The Chevron-related article also describes the Chinese move as a ‘*battle for influence*’ (emphasis added).

It is no secret that China and India have sought to establish their footprints in countries in the neighbourhood. In pursuit of this goal, both have used proactive diplomacy, funding of infrastructure and connectivity projects, defence deals and energy cooperation as the principal tools.

In March 2017, the Asian Infrastructure Investment Bank (AIIB), a Chinese-led multilateral institution, approved US\$60 million (S\$82.80 million) in loans to help finance a gas project in Bangladesh that would help improve the country’s gas supply. Meanwhile, India and Bangladesh have also reached several agreements on civil nuclear power cooperation. A planned coal-fired power plant in Rampal, the location of which has raised controversies in Bangladesh, would import Indian coal.

⁴ “To counter China quickly, India draws up tight schedule for projects in Sri Lanka”, P K Balachandran, *bdnews24.com*, 1 May 2017. See <http://bdnews24.com/neighbours/2017/05/01/to-counter-china-quickly-india-draws-up-tight-schedule-for-projects-in-sri-lanka>. Accessed on 10 July 2017.

Energy is just one area of big-power interest in Bangladesh. China, India, and even Japan have tried to woo Bangladesh with competing proposals for a deep seaport construction. China has previously pledged US\$9 billion (S\$12.42 billion) to expand Bangladesh's Chittagong port. There has also been some talk of a Yunnan-Chittagong overland road, and of the grand intercontinental connectivity network connecting China to Europe through Myanmar, Bangladesh, India, Pakistan, Iran, and Turkey, commonly known as the One Belt One Road (OBOR) initiative. Chinese President Xi Jinping has spelt out his ideas on this at a well-attended international event in Beijing in May this year.

Two recent events, coincidentally on the same day, 12 May 2017, are relevant to this context. Two newspaper reports, sourced from the French news agency AFP, drew the attention of South Asian observers.

The first stated that, "Nepal yesterday signed up to China's new Silk Road drive. The deal will see China plough money into Nepal for a series of projects, including boosting its road network, power grid and a new railway connecting the capital Kathmandu with Lhasa in Tibet".⁵ Defending the deal signed in Kathmandu, Nepal's then Foreign Minister Prakash Sharan Mahat said, "We believe China will bring more investment to Nepal, helping the country overcome its status as a landlocked and least developed nation."⁶

The second focussed on remarks made by Modi during his two-day visit to Colombo to observe the International Vesak Day in May 2017, where, while holding hands with the Sri Lankan president and prime minister, he announced his desire for "a quantum jump" in ties between India and Sri Lanka. Observers were quick to see this as part of India's continuing effort to engage the region vis-à-vis China and tagged it as "Delhi jostles with regional rival Beijing for influence in the island nation".⁷

⁵ "Nepal signs up to China's new Silk Road plan, *The Sun Daily*, 12 May 2017. See <http://www.the-sundaily.my/news/2017/05/12/nepal-signs-chinas-new-silk-road-plan>. Accessed on 10 July 2017.

⁶ Ibid.

⁷ "PM Modi calls for deeper ties with Sri Lanka amid China concerns," *Hindustan Times*, 12 May 2017. See <http://www.hindustantimes.com/india-news/pm-modi-calls-for-deeper-ties-with-sri-lanka-as-china-looms/story-n6vdd9XCm1MzZ8JtGHbiTM.html>. Accessed on 10 July 2017.

While in Colombo, Modi remarked, “*the economic and social wellbeing of the people of Sri Lanka is linked with that of 1.25 billion Indians and, whether it is on land or in the waters of the Indian Ocean, the security of our societies is indivisible*”. (Emphasis added). This earned a mixed reaction among Sri Lankan political analysts. Some also believe this was partly a response to China’s OBOR initiative.

Interestingly, the Sri Lankan government’s refusal of permission for the docking of a Chinese submarine off Colombo coincided with Modi’s Colombo trip. This may be just a diplomatic footnote, but, at the same time, it may be something more symbolic, especially when one recalls that Sri Lanka’s former and China-friendly President Mahinda Rajapaksa had allowed such dockings in the past.

The two abovementioned events indicate that, while India was demonstrably reaffirming its interest in the southern end of South Asia, China was doing its bit too. Modi’s latest venture in Colombo can be seen as a follow-up to what transpired in New Delhi towards the end of April this year as a corollary to Sri Lanka’s current President Maithripala Sirisena’s first overseas trip as president to India in February 2015, apparently indicating the willingness to revive the cooperative relationship across the Palk Straits. During that visit, Sirisena had signed a deal, among others, to receive training for Sri Lanka’s civilian nuclear programme. India’s state-run National Thermal Power Corporation is expected to start work on a 500-megawatt thermal power plant in Trincomalee, a scenic place on the eastern seaboard of the country. However, Sirisena followed up his New Delhi trip with an official visit to Beijing a month later, in what observers saw as an attempt to balance the country’s ties with the two Asian giants.

In all the analyses emanating from the events stated above, the words ‘*influence*’ and ‘*balance*’ crop up repeatedly. This reinforces the perception that China and India are engaged in a competition to extend and strengthen their spheres of influence in South Asia, at times less subtly than others, and that neither is ready to let up any time soon. The two-day Belt and Road Forum held in Beijing in the middle of May 2017, for example, was boycotted by India over sovereignty concerns relating to the US\$50 billion (S\$69 billion) China-Pakistan Economic

Corridor project, part of which runs through Pakistan-occupied Kashmir, a territory claimed by India.

The OBOR, spearheaded by Xi, has received lukewarm reception in New Delhi. The Chinese initiative is expected to cover 60 per cent of the global population and link around a third of the global gross domestic product through a network of Chinese-bankrolled ports, railways, roads and industrial parks. Leaders from 29 countries, including Pakistan, Sri Lanka and Nepal from South Asia, attended the event in Beijing. Bangladesh was represented at a ministerial level. India's decision not to attend the forum had drawn a sharp reaction from China's state-run media. The well-circulated *Global Times*, viewed by many as Beijing's de-facto mouthpiece, in a dispatch dated 15 May 2017, said that, India would "have a very small role to play if it decides to join the initiative in the future". The article added that, "given the active response from countries along the route, there is no way for India to impede its neighbouring countries from cooperating with China in infrastructure development". The report added that, "India's refusal to join China's high-profile initiative will not at all affect the cooperation in infrastructure among its neighbouring countries".⁸

India-Bangladesh Ties – A History

In the case of India's relations with Bangladesh, matters of geopolitics and strategic goals are juxtaposed with a potent element of history. India's direct role in Bangladesh's War of Liberation in 1971 is an undeniable and fundamental element of the parameters that have shaped the relationship between the two South Asian neighbours. This relationship is described as being written in blood, and for the right reasons. One cannot forget that more than 1,600 members of the Indian armed forces laid down their lives during that critical juncture of history that changed the map and geopolitical landscape of South Asia. In fact, a significant event during the visit by Bangladesh Prime Minister Sheikh Hasina to India in April this year was the formal recognition by Bangladesh of the supreme sacrifices made by members of the Indian

⁸ "India's refusal to join B&R will not hamper cooperation among other countries", Wang Jiamei, *Global Times*, Beijing, 15 May 2017. See <http://www.globaltimes.cn/content/1046896.shtml>. Accessed on 27 June 2017.

armed forces during its Liberation War in 1971. At a highly publicised event, held at the Manekshaw Centre in Delhi, Hasina, in the presence of Modi, honoured the memory of seven of the Indian heroes who had laid down their lives for Bangladesh's independence. The occasion was as poignant politically as it was symbolic.

In spite of this element of history, Bangladesh's relationship with India has had its share of undulations over the past four decades. The most important unresolved issue is finding mutually-acceptable solutions to sharing the waters of the 54 common rivers. The lack of any clear progress on this has been a constant irritant. Notwithstanding that, the ties remain on a firm footing and there is constant engagement focused on addressing bilateral issues. People-to-people contacts and strong cultural ties have provided important inputs in this very critical bilateral relationship. Hasina's high-profiled visit to New Delhi in April this year weighed, on balance, more on the side of optimism than anything else. It was high on optics, although the lack of any progress on the water-sharing issue was frustrating.

More than 20 agreements of varying shapes, covering a wide range of issues, were signed following the official talks. Connectivity was boosted, with agreements on new rail and road connections. A credit line of US\$4.5 billion (S\$6.21 billion) from India was signed to cover the costs relating to multifarious projects, boosting Indian investments in Bangladesh, and cooperation on peaceful nuclear technology and in outer space. Furthering the ongoing cooperation on combatting trans-boundary terrorism and violent extremism was also agreed.

The much-talked-about defence deal materialised with the signing of two major documents – a framework MoU and a US\$500 million (S\$690 million) line of credit for the Bangladesh military. In form and content, the framework MoU is not much different from the ones Bangladesh has with China. In any case, defence cooperation between the two militaries has been on constant rise in recent times. The deal provided a framework for institutionalising these links. The Joint Statement issued following the talks said, inter alia, “The two Prime Ministers affirmed that the relationship between India and Bangladesh was anchored in history, culture and language, one that goes far beyond a strategic partnership”.⁹

⁹ Bangladesh-India Joint Statement, New Delhi, 8 April 2017.

Sino-Bangladesh Relations – An Evolution

Since the mid-1970s when formal diplomatic relations were established, Sino-Bangladesh engagement has made giant strides, characterised by large dosage of China's financial and technical assistance in the form of state credits and some grants in a number of areas, most importantly, in the field of infrastructure development and defence. Now, there is an increasing Chinese involvement in the energy sector.

China is the major source of training and procurement for the Bangladesh armed forces. A high point in the field of defence cooperation was reached with the delivery of two refurbished *Ming* class submarines by China to the Bangladesh navy in November 2016. This drew instant reactions from defence analysts in India. Some expressed concerns over a deepening of China's footprint in India's immediate neighbourhood, even calling it a part of a strategy meant to encircle India. Admiral Arun Prakash, a retired Indian Navy Chief said, "The acquisition of submarines is not only illogical but actually an act of provocation as far as India is concerned and would pose a threat [to] India and complicate the latter's maritime security paradigm." He added, "Obviously this transfer is a step further in China's strategy of encircling India with its client states."¹⁰ Professor Swaran Singh, a professor for diplomacy and disarmament at Jawaharlal Nehru University in India, opined that, "Bangladesh navy has always been the beneficiary of Chinese transfers, but the transfer of submarines means major upgradation of their defence cooperation and would contribute to South Asia becoming a far more contested space infested with new weapon systems."¹¹ However, Professor Bharat Karnad, a research professor at the India-based think tank, Centre for Policy Research, views it differently. He simply believes that, "It is just a good economic deal that Dhaka could not pass up."¹² This perhaps appears to be a more accurate reflection of the state of play.

¹⁰ "Purchase of Chinese Subs by Bangladesh 'An Act of Provocation' Toward India", Vivek Raguvanshi *Defense News*, 23 November 2016. See <http://www.defensenews.com/articles/purchase-of-chinese-subs-by-bangladesh-an-act-of-provocation-toward-india>. Accessed on 10 July 2017.

¹¹ Ibid.

¹² Ibid.

Xi's highly publicised visit to Bangladesh in October 2016 created a new threshold. This is so, not just because it was the first visit by a Chinese president to Bangladesh after a gap of nearly 30 years, although the exchanges of visits at the heads of government level have been frequent. Indeed, the Chinese president's visit was also peppered with offers of massive financial and technical assistance which, by some estimates, exceed US\$25 billion (S\$34.5 billion) to be spent over the next decade or so. More significantly, at the end of the visit, the leaders of the two countries agreed to elevate their relationship from a "Comprehensive Partnership of Cooperation" to a "Strategic Partnership of Cooperation."¹³ This elevation to "Strategic Partnership" did not go unnoticed in New Delhi.

India-Bangladesh Defence Cooperation Boosted

In the backdrop of all the hype surrounding the delivery of the Chinese submarines to the Bangladesh navy, India's then-Defence Minister Manohar Parrikar paid a two-day official visit to Bangladesh from 30 November 2016. The visit had drawn the attention of the media and political analysts alike for more reasons than one. First, this was the first visit by an Indian defence minister to Bangladesh. Second, the visit created the potential for a quantum-upgrading of defence cooperation between the two South Asian neighbours. Last but not least, the visit took place shortly after the procurement of two submarines for the Bangladesh navy from China and Xi's visit to Dhaka. The Indian defence minister underlined that his visit would contribute to further grow defence ties between the two countries. In his interactions with the Bangladesh defence and security-related officials at different levels, details of such cooperation were spelt out. This was followed by the visit by India's Army Chief General Bipin Rawat in March 2017. The defence-related MoU mentioned earlier was the outcome of these efforts. The exchanges of visits at the highest levels of the armed forces of the two countries have helped strengthen ties. An Indian naval training ship visited Chittagong recently. Bangladesh-India joint military exercises are held routinely.

¹³ Bangladesh-China Joint Statement, Dhaka, October 2016.

India, on its part, has actively worked towards bolstering ties with Bangladesh in recent years, with one of the main objectives being the need for the two to “resolutely” tackle terrorism together. India has also been holding direct army-to-army staff-level talks with Bangladesh since 2009. The importance of these talks can be gauged from the fact that India has similar staff-level talks with just a handful of countries, which include the US, the United Kingdom, France, Japan, Australia, Malaysia, Indonesia and Singapore.

Conclusion

It is easy to understand from the above why analysts tend to look at China’s and India’s offers of economic, technical and defence cooperation to the South Asian countries as competing for influence in this region. This is a healthy development from which all can benefit. This is not an ‘either with me or against me’ syndrome, not even close to that. China and India are not just regional powers; they are both matured and responsible players who have clout at the global high table. Notwithstanding their differences, India and China have convergences in a number of areas. They have very similar positions, for example, on key global issues like climate change, combatting terrorism and a rule-based trade regime. Countries like Bangladesh can benefit immensely from these convergences. Besides, India and China are both members of BRICS, a transcontinental body consisting of Brazil, Russia, India, China and South Africa. It is aimed at creating a common platform on a number of international issues. Being players in today’s global politics, India and China know that soft-power diplomacy, connectivity and enhanced economic and military cooperation with smaller countries in the neighbourhood can bring higher political and economic dividends for them than by trying to muscle their way into creating zones of influence, having hostile military alliances or creating the Cold-War-era-style client states. India and China also recognise that the smaller countries of South Asia like Bangladesh, Sri Lanka and Nepal are today in a position to demonstrate a good measure of autonomy and manoeuvrability in pursuing their respective foreign and defence policies that preserve their national political and economic interests while balancing strategic friendships. China’s initiatives like the OBOR and the AIIB present countries like Bangladesh with ample opportunities and have the potential to plug some of the gaps in infrastructure-financing that

the developing countries in South Asia can accept. At the same time, the appeal of political and economic proximity to India is equally obvious. The same is the case with enhanced defence cooperation that, unlike military alliances of the past, is not aimed against one or the other.

It may be pertinent to remember that, when the Cold War ended with the fall of the Berlin Wall and the collapse of the Soviet Union, global geopolitics took a new shape where attempts to create spheres of influence took a new more-benign form. Soft but visible diplomacy, extensive connectivity and economic cooperation have become the major tools for making friends and for deepening ties. This is no more an ideological war. If there be any competition, it is one for seeking enduring friendships rather than a race for geopolitical dominance.

As Gowher Rizvi, Adviser on International Affairs to the Bangladesh Prime Minister, said recently, “Bangladesh’s friendship with India and China is not a zero-sum game...It is the relationship in which both of us gain.” He emphasised that both China and India are “absolutely centrally vital for us. It is a win-win situation for all of us.”¹⁴ It is safe to assume that such is the case with the other South Asian countries in similar situation, such as Sri Lanka, Nepal, the Maldives or Bhutan. There is also the matter of inter-dependence and mutuality of interests and benefits. Bangladesh, with its huge consumer base and an ever-growing middle class, is an important export destination for both Chinese and Indian products. Besides, they both have substantial economic investments in Bangladesh with much more in the pipeline. Special economic zones are being set up in Bangladesh for both Indian and Chinese industries.

Zheng He, the great Chinese mariner, explorer, diplomat and fleet admiral from China’s early Ming dynasty, during one of his many voyages to the South Asian part of the globe, had erected a trilingual tablet in Galle in the southern tip of today’s Sri Lanka in 1410 that was unearthed five hundred years later. The message, inscribed in Chinese, Persian and Tamil, invoked the blessings of the Hindu deities for a peaceful world built on trade.¹⁵ Whether it is by the will of

¹⁴ “Bangladesh’s friendship with India, China is a win-win deal: Gowher Rizvi”, *bdnews24.com*, 8 May 2017. See <http://bdnews24.com/bangladesh/2017/05/08/bangladeshs-friendship-with-india-china-is-a-win-win-deal-gowher-rizvi>. Accessed on 10 July 2017.

¹⁵ *Monsoon: The Indian Ocean and the Future of American Power*, Robert D Kaplan, Random House, 2010.

the deities or of the present-day political leaders, Admiral Zheng He's message remains as potent today as it did then.

It is in the context of this post-ideological era and economy-driven geopolitics that the perceived race for influence through friendship, connectivity and cooperation in South Asia between India and China needs to be seen and studied. It is a positive that can be nurtured in ways where there are no losers.

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