

ISAS Special Report

No. 39 – 9 January 2017

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Current Trends in China-South Asia Relations¹

The need for a closer engagement between the South Asian countries, individually and collectively with China was the outcome of the scholarly exchanges that took place at an international workshop, jointly organised by the Institute of South Asian Studies (ISAS, NUS), Singapore and the Regional Centre for Strategic Studies (RCSS), Colombo, held in Colombo (Sri Lanka) on 5 and 6 December 2016. The workshop brought together some leading diplomats, policy analysts and academics in the field of South Asian Studies, Chinese Studies and policy analysis. The paper reports the views and ideas expressed on the political, economic, diplomatic and strategic aspects of China-South Asia relationship.

Srikanth Thaliyakkattil²

Regional Centre for Strategic Studies (RCSS), Sri Lanka and the Institute of South Asian Studies (ISAS), Singapore jointly organized a workshop on the topic of “China in South Asia-South Asia in China” on 5-6 December, 2016 in Colombo, Sri Lanka. It was the first of its kind of workshop which brought together the policy practitioners and academicians from China, India, Pakistan, Bangladesh, Sri Lanka, Nepal and Afghanistan. In view of China becoming a major factor in South Asian economic development and security it was a timely workshop. It

¹ This is a Special Report on the deliberations at the international workshop on ‘China and South Asia’ organised by the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS), in association with the Regional Centre for Strategic Studies (RCSS), in Colombo (Sri Lanka) on 5 and 6 December 2016.

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facilitated exchange of views between South Asian scholars and Chinese scholars about South Asian issues in which China plays an important role. In his introductory remark Professor Imtiaz Ahmed (RCSS) expressed his hope that this workshop will evolve as an annual event with a bigger program involving discussions on various macro- and micro-issues related to China-South Asia relations. According to him this workshop is imperative because Asian countries to a large extent construct the image of each other based on the information they get from the western sources. The dominant western influence skews the Asian world view as well as the understanding about each other, this is especially true in the case of Chinese perspective of South Asian countries and vice versa. Workshops like this will facilitate intra-Asian dialogue and contribute to the decrease in the misunderstandings between South Asian countries and China. Dr Iftekhar Ahmed Chowdhury (ISAS), in his introductory remarks, explained the deep intellectual and philosophical foundation of China's relations with South Asian region, especially the influence of Buddhism. Referring to China's difficult relation with United States, he pointed out that China's global influence has grown in such a way that its relationship with countries outside Asia will also affect Asian region. According to him, China-South Asia economic relations are satisfactory, but in the sphere of China's security relation with South Asian region there is a huge gap. The current workshop will be a welcoming initiative to figure out how China and South Asian countries can complement each other and develop harmoniously. He believes, in the near future China-South Asia relations will be a major factor in international relations.

Practitioners' Views: Focus on Economy more than Security

The inaugural speech was delivered by the Ambassador of the People's Republic of China to Sri Lanka His Excellency Yi Xianliang. In his speech he explained in detail the Chinese views of its relations with South Asian countries. He considers China in many respects as a part of South Asia, especially in terms of geography. He pointed out the combined China and South Asia's economic potential by referring to the collective GDP and demography of China and South Asia. Current Chinese cooperation with South Asian countries is undertaken within the framework of one belt one road (OBOR) plan of the Chinese government under President Xi Jinping. He explained that OBOR don't have any strategic, security or political intent. According to the ambassador, OBOR follows a cooperative framework, and pursues the goal of creating a win-win situation in its plan for the South Asian countries. Emphasizing China's

peaceful intentions he said that using OBOR China wants to push for peaceful development; according to him some countries emphasise on security than economics, but China is only interested in peaceful economic development. He also said that China is not interested in playing one South Asian country against the other, because it will only harm Chinese interests in the region. He conveyed to the audience that Chinese government is asking research institutes in China to focus more on South Asian region, so that Chinese government can receive sound policy advice on the matters related to South Asia. He believes that most of the conflicts and wars in the world are because of the result of poverty, and if think tanks focus too much on security, it will only lead to negative impacts. So he suggested that think tanks should promote development awareness. According to him the differences should be side-lined and emphasis should be given to positive relations and cooperation; Chinese follow this rule and believe it is the best way to promote cooperation and peace in the Asian region. Drawing attention to the deficiencies in China–South Asia relations he mentioned that there is comparatively less study about practical mechanisms for cooperation between China and South Asia, this should be also a priority for think tanks. Another area he suggested for the focus of research is the negative factors in the relation between China and South Asia, because without the awareness of the negative factors it will be hard to emphasise on positive factors.

In his Key Note Address Dr Sarath Amunugama, Minister for Special Assignments, Government of Sri Lanka, called for the deepening of the cooperation between China and South Asian region. He pointed out the changes in international environment such as election of Donald Trump as the new US president, and the regional issues like the perennial tension between India and Pakistan, which handicaps the regional institutions like South Asian Association for Regional Cooperation (SAARC). He observed that the increasing network of trade and investment between China and South Asian Region is bringing South Asian countries more closely to China. According to him under these changing global political and economic atmosphere, the workshop on China and South Asian region will give impetus and push for the thought processes which will encourage a more cooperative and harmonious relationship between China and South Asian region.

Afghanistan-China Relations

In the panel addressing Afghanistan-China Relations Mr Halimullah Kousary and Dr Wang Shida presented state of relations between Afghanistan and China from Afghanistan's point of view and Chinese point of view respectively.

Mr Halimullah Kousary presented an historical outline of Afghanistan-China relations, dividing it in to three stages, pre-1950, post-1950 and post-2000. He mentioned the historical links between China and Afghanistan, especially the Buddhist linkages between China and Afghanistan. According to him continuing conflict in Afghanistan is to blame for the current complicated relations between Afghanistan and China. The current Afghanistan government, as well as Taliban (mainly in terms of helping Taliban in its fight against the West) want China to play a leadership role in the region, which will contribute greatly to peacebuilding in Afghanistan. However China is reluctant to play a leadership role in the region, because China tries to balance its interests in Afghanistan with other regional interests, and believes that too much is expected from China. According to Mr Halimullah, Chinese don't view Taliban as a threat, on the contrary, perceive American presence in Afghanistan as a threat to China's regional interests. China wishes to have US as a mediator not as a participant in Afghanistan problem. Mr Halimullah concluded that the continuing conflict in Afghanistan is not the result of ideological divisions, but because of the result of geopolitics in the region, and in the wake of American pull-out from Afghanistan the regional situation remains highly unpredictable and the future uncertain.

Dr Wang Shida also in his initial part of the talk touched upon the historical linkages between Afghanistan and China. He pointed out that Afghanistan acted as a transmission point of Islam and Buddhism to Chinese mainland. In the contemporary scenario China's interests lies in the security and stability of Afghanistan. He mentioned that many members of East Turkistan separatist movement from the Xin Jiang province of China trained under Taliban regime and carried out terrorist activities in Chinese mainland. He mentioned in detail China's peacebuilding and stabilization efforts in Afghanistan. In view of Afghanistan's strategic location as a land-bridge between East Asia, Central Asia, Middle East and South Asia, it can play a key role in China's OBOR project. China is carrying out many developmental and human resource capacity building projects in Afghanistan. Based on Dr Wang Shida's interactions with President of the Islamic Republic of Afghanistan, Mohammad Ashraf Ghani, Dr Wang Shida believes that Afghanistan is exploring the ways to push forward Chinese

projects in Afghanistan. China is also conducting, coordinating and participating in talks with regional powers and other stakeholders in Afghanistan problem to end conflict in Afghanistan. He believes that solution to Afghanistan problem lies in the regional efforts.

Bangladesh-China Relations

Dr Iftekhar Ahmed Chowdhury presented his paper³ on Bangladeshi perception on China taking into account the China's diplomatic history and philosophical basis of Chinese behaviour. He pointed out the declared policy positions of China, such as China's intent to use force if its core interests are threatened, seek win-win situations in its relationship with other countries, as key factors affecting Chinese behaviour towards other countries. According to his analysis, there is a consistency in Chinese behavioural pattern towards Bangladesh. The major factor affecting Bangladeshi perceptions towards China is that in its war of Independence in 1971, in this war, though an ally of Pakistan, China did not intervene on behalf of Pakistan. He believes that for China there is "no difference in its perception of Pakistan as a strategic ally on the one hand, and Bangladesh as also a strategic ally on the other". Explaining the perception of Bangladeshis towards China, he pointed out that in Bangladesh "no one question the position of China as an important factor in Bangladesh's development". China also understand Bangladesh's need to balance its relationship with India and China. He also mentioned the ongoing and proposed infrastructural developments by China in Bangladesh, especially China's plans to invest an estimated \$26 billion in Bangladesh. He believes that nature of Bangladesh-China relationship is positive, however one of the major worries for Bangladesh is the American reactions to the rising China.

Nepal-China Relations

Dr Mohan Lohani in his presentation on Nepal-China relations, gave a detailed description of Nepal's historical relationship with China, emphasising mainly on Buddhist links between Nepal and China. He pointed out Nepal's geographical position between India and China as a major driving factor of its policy towards China. According to him "Nepal should have its close relationship with India, but not at the cost of its relations with China", especially because

³ Iftekhar Ahmed Chowdhury, *China and Bangladesh: New Strategic Partners*, ISAS Working Paper No. 249 – 14 December 2016, <http://www.isas.nus.edu.sg>.

“Nepal and China have several common interests”. According to Dr Lohani “India-China relations will profoundly influence South Asia-China cooperation. While Nepal welcomes strategic partnership between India and China, two rising powers of the world, as a positive sign, ongoing intra-regional discord makes Nepal ‘extremely sensitive and worried’. It is incumbent upon Nepal to try to do what it can to ‘bring India and China together, at least as it concerns Nepal’. On the political diplomatic front, Tibet looms large in China-South Asia relations. As Tibet is China’s soft belly, its centrality in China-Nepal relations cannot be overlooked and undermined. Finally, it is proposed that a Trans-Himalayan Institute of Higher Learning would be a prudent and sensible approach to ‘bring thinkers from both sides to create new convergence of ideas’ so as to ‘build confidence and credibility for China and South Asia rising together in peace and cooperation’. This could lay, from a Nepalese perspective, the foundation for a new Asian Partnership for Peace and Progress.

Pakistan-China Relations

Professor Moonis Ahmar’s presentation on Pakistan–China relations divided Pakistan-China relations into two periods, pre-1989 and post-1989. The two major questions Professor Moonis tried to answer in the presentation is how Sino-Pakistan relations impacted on Indo-Pakistan and Pakistan-U.S relations? and How Pakistan’s relationship with China flourished irrespective of the different nature of both countries’ political culture and value systems?, according to Professor Moonis, China is the only country in Pakistan’s neighbourhood which have conflict-free relationship with Pakistan. He gives credit to the political will of Pakistan’s political leaders for its stable relation with China, for instance, Zulfikar Ali Bhutto paid special attention to diversify Pakistan’s foreign policy options, and a strong relationship with China fitted well with Pakistan’s geopolitical interests. One of the major achievements of the initial years of Pakistan-China relationship is the Chinese assistance in building and maintaining Karakoram Highway. In the post-1989 scenario, in which cold war rivalries ceased to exist, China still maintained cordial and friendly relationship with Pakistan, however the major difference was that China since 1989 maintained neutrality in its stand on Pakistan–India bilateral issues, especially the issue of Kashmir. The contemporary relationship between Pakistan and China is defined by close economic and military cooperation. In recent times China Pakistan Economic Corridor (CPEC) is the major project undertaken by China in Pakistan, which envisage US\$ 46 billion investment in Pakistan, and considered to be the key project which will change the

economic destiny of Pakistan. According to him, one of the major difficulties facing the CPEC is the Pakistan's internal debate about the route of the corridor, major ethnic interests groups compete for the larger share of benefits from the CPEC, for instance Khyber Pakhtunkhwa province (KPK) has alleged that the proposed alternative western route of the CPEC will disproportionately benefit Punjab province. There is a fear that CPEC will not benefit Baluchistan, and there is also concerns about Chinese loans related to the CPEC and the interest rates Pakistan have to pay on those loans. However majority of Pakistani people and Pakistan government view CPEC in a positive light, which will benefit Pakistan's energy sector, improve infrastructure, and will give rise to industrial zones. According to him, China expect Pakistan to provide adequate security to the construction of CPEC, for this purpose Pakistan raised a Special Security Division to protect CPEC projects, he also emphasised that CPEC is not against any other country. According to Prof Moonis, Pakistan is also having close defence relation with China, he pointed out Pakistan-China joint projects like PAC JF-17 Thunder combat aircraft and Khalid Tank, as examples of Pakistan-China defence cooperation. According to Professor Moonis, for Pakistan China is a role model as far as Social and Human development is concerned. He referred to 2015 Gallup poll in which 85% of Pakistanis favoured better relations with China compared to 15% for better relations with United States, to show how favourable is Pakistan's perceptions on China.

Sri Lanka-China Relations

Ambassador Nihal Rodrigo analysed Sri Lanka-China relations from a regional and global perspective. Like many other scholars he also emphasised on Sri Lanka's historical Buddhist linkages with China. According to Ambassador Nihal Rodrigo, dealing with South Asian countries as a whole, without particularly favouring any specific country, through organizations like SAARC will be a better strategic policy option for China. According to him Sri Lankans view China very favourably. Sri Lankans remember with gratitude China's diplomatic and material help to Sri Lankan government to defeat LTTE during Sri Lankan civil war. Sri Lankans also greatly appreciate China's contribution to Sri Lanka's economic development, according to him, Sri Lankans are grateful to China for such gifts like Bandaranaike Memorial International Conference Hall (BMICH). He pointed out Sri Lanka is increasingly becoming focus of major powers in the region such as India, China and US, especially because of the huge maritime traffic going through the Indian ocean. Over the years Sri Lanka's relationship

with China is only getting stronger, currently China is the largest source of tourists for Sri Lanka. According to him Chinese investments in Sri Lanka is largely misunderstood and misreported, the truth is that Chinese investments in Sri Lanka go through due processes and contribute constructively to the economic development of Sri Lanka. China also want Sri Lanka to develop itself as a hub of Indian Ocean Shipping lanes.

South Asia-China Counter-Terrorism Cooperation

Wang Zhen started his presentation on China-South Asia cooperation on counter-terrorism by analysing how China and South Asian countries cooperate in the field of counter-terrorism, and which factors are influencing the cooperation. He explained in detail Shanghai Cooperation Organization's (SCO) role in the counter-terrorism cooperation. SCO plays a pivotal role by acting as a platform of cooperation between China, South Asia and Eurasia, all important stakeholders in effective counter-terrorism cooperation. China have bilateral agreements with most of the South Asian countries in counter-terrorism cooperation, for instance China have counter-terrorism cooperation agreements with Pakistan and India, as well as conduct counter-terrorism related consultations and operations with these countries. Wang Zhen does not believe that, in case of US pull-out, China will take US role in Afghanistan. China will only act in cooperation with other countries and stakeholders in the region to stabilize Afghanistan. China also support UN's anti-terrorism initiatives. However, with the increase in the Chinese trade and investment with the world, for instance according to Chinese Ministry of Commerce statistics in the year 2015, China's outbound investment was US\$ 148 billion dollars, so for China's non-interference does not mean doing nothing, China will act if Chinese interests are threatened.

Professor Imtiaz Ahmed discussed the philosophical nature of terrorism, especially emphasising on the rational basis of the terrorist activities. He stressed on the difficulties of defining terrorism, he pointed out that many of the terrorist activities are conducted by the state itself. However in the public consciousness terrorist actions conducted by the states rarely register. According to him, it is hard to explain terrorist activities like suicide bombing from a rational point of view. He believes that terrorism as a threat is greatly exaggerated, because far more people die because of accidents and other causes than terrorist attacks. He also point out that the most powerful country in the world with all its sophisticated surveillance and military technology could not stop September 11 attacks in 2001. It shows the difficulty in predicting

and preventing terrorist attacks. In relation with anti-terrorism efforts in South Asian region, he believes that it is essential to form a collective consciousness and camaraderie in South Asia; for that, it is necessary to introduce common history books in South Asian countries, because he believes the current history text books in South Asian countries spread stereotypical views of the other, which forms the basis of terrorism. Professor Imtiaz Ahmed proposed strengthening of different state mechanisms in South Asian countries to restrict and prevent terrorism, such as strengthening of the intelligence agencies and surveillance infrastructure.

South Asia and OBOR

Mr Wu Hang, in his paper on OBOR, analysed OBOR in the current context of the global economic changes and then proceeded to explain how OBOR is unique and different from western economic programs. According to his analysis, the world economy is slowing down, and the global trade is also slowing down, in addition to it the growth rate of global trade is even lesser than the global economic growth rate. Some of the recent events like Brexit and victory of Donald Trump in the US Presidential elections is pointing towards a trend towards populism and de-globalization in the world economy. In some countries most of the wealth is concentrated among a minority of the population. Small-scale businesses are facing issues all over the world. Developed countries are imposing nontariff trade barriers which is impacting negatively on the labour-intensive non-industrialized countries. Western countries who dominated globalization are also trying to impose their values on other countries. According to Wu Hang, the OBOR will be different because of the different nature of Western and Eastern civilizations. The main differences between Western and Eastern civilizations are that, westerners believe in individualism and easterners believe in dialectical thinking. In economic development Westerners believe in trickledown theory and easterners believe in the objective of common prosperity. Westerners believe in exclusiveness and easterners believe in inclusiveness. Westerners believe in radicalism and easterners believe in moderation and gradualism. According to Wu Hang, he don't imply that one system is better than the other. The OBOR plan is based on the eastern values, so very much distinct from the programs proposed by the West. Based on this inferences he stated that "China do not want to overthrow current international system", but to work in it. According to him the objective of the OBOR is to achieve common development. South Asian region is important for OBOR plan because of its strategic location. To avoid misunderstandings about OBOR in some South Asian

countries he proposed strengthening of the inclusiveness of the OBOR, and China should be proactive in strengthening the economic structure and political culture of the region, he also proposed that regional institutions such as SAARC could work together with China, and more institutional building is necessary to improve the mutual understanding and trust between South Asia and China. Initiatives like OBOR think tank network is a welcome initiative in this regard.

Mr P S Suryanarayana, presenting his paper,⁴ gave a brief overview of the evolving security situation in the Indian Ocean region, focusing on the Chinese plans to build a canal across the Kra Isthmus in Thailand. According to him the 2008 financial crisis gave China an opportunity to repair the globalization system in its own terms, and since then China is taking a more assertive position in Asia. China will face competition from India in the Indian Ocean region. India is not supporting China's OBOR project because India is not consulted in its implementation in the Indian neighbourhood. India also does not believe in the Chinese clarifications that OBOR projects only have economic objectives, because, according to Suryanarayana, "economic initiatives have strategic and security dimension". Because of the geographical proximity of the Indian regions such as Andaman and Nicobar islands to the Malacca Strait, India may have a strategic upper hand in the Indian Ocean region, especially in the Bay of Bengal; India can try to resist any Chinese move against its interests in the Indian Ocean region. Suryanarayana believes that the Chinese plans like Isthmus of Kra canal will be having military and security implications in the region.

India-China Relations

Dr Zhang Liyan, in her presentation, analysed how micro-level activities can bring fundamental changes in the relations between the India and China, especially focusing on grass-root innovations and its practical applications. According to her, grass-root innovations and its implementation are improving the livelihood and economic wellbeing of the rural population of both India and China. According to her "As the most populous and fastest growing economies in the world, China and India share a similar challenge of poverty alleviation. Interactions among people of both China and India will not only benefit the disadvantaged and marginalized members who are suffering similar problems but would also help in improving

⁴ 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; and *China and South Asia: Towards an Uncharted Order*, ISAS Insights No. 371 – 14 December 2016, <http://www.isas.nus.edu.sg>.

understanding and friendship between the people of the two countries”. More collaborative efforts by India and China in areas such as exchange of technological knowhow, related to rural development, and combined training and awareness workshops will increase mutual benefits and win-win situation for the common people of the both India and China.

Dr Deeparghya Mukherjee in a systematic and structured presentation analysed the evolving India-China economic relations, its opportunities and challenges. According to him “as China continues to develop economically, its interests in various South Asian countries increase significantly in the wake of lower prospects of growth in the world economy as well as rising costs in China”. He pointed out India’s mounting trade deficit with China and limited access to Chinese markets for Indian products as major challenges in India’s economic relations with China. However China can help in alleviating negative factors in the economic relationship like trade deficit by investing in India, especially in the long-term projects, such as in the infrastructure sector. He pointed out the increasing Chinese investment in India particularly in the year 2015 as a positive sign in the India-China economic relations.

Dr Srikanth Thaliyakkattil, presenting a paper co-authored with Professor Subrata K. Mitra on “India-China Relations and Policy Process under Prime Minister Modi”, analysed India’s China policy since Prime Minister Modi came to power in India. According to the paper, India’s increasing economic and diplomatic engagement with China is only making China more aggressive. The Modi government’s stance against China is rhetorically strong, however in practice amounting to appeasement. Since Modi came to power, China consistently took an anti-Indian stand in most of the issues pertaining to Indian National interests, for instance China effectively worked to block India’s admission to NSG (Nuclear Supplier Group) as a member, India’s efforts to designate Jaish-e-Mohammad chief Maulana Masood Azhar as terrorist by UN was vetoed by China in UN Security Council. India’s requests to China to limit border transgressions was also unheeded by Chinese authorities. On economic front, India’s mounting trade deficit with China and Chinese reluctance to address it in a positive manner is negatively affecting Indian economy, particularly Indian manufacturing industries. Considering that active engagement with China only produced negative results for India, and incentivised Chinese aggressive stance against Indian interests, the paper advocates a policy of gradual disengagement or limited engagement with China, and greater focus on India’s diplomatic and economic engagement with other friendly countries such as US and Japan.

Conclusion

The workshop provided rich dividends in terms of deepening interaction between Chinese and South Asian thinkers and policy practitioners. A wide range of issues came under debate and deliberation, and equally wide range of opinions are expressed. The participants acknowledged that the scholarly exchange helped to create the awareness among themselves and policy practitioners that lot of efforts remained to be done in order to strengthen mutual understanding between China and South Asian countries. All participants agreed that it is necessary and vital to continue the efforts like this meeting, and make it a regular platform of dialogue between China and South Asian countries. The workshop participants also agreed that the target of these efforts are to find ways to build a harmonious relationship between China and South Asian countries.

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