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469A Bukit Timah Road
#07-01, Tower Block, Singapore 259770
Tel: 6516 6179 / 6516 4239
Fax: 6776 7505 / 6314 5447
Email: isasec@nus.edu.sg
Website: www.isas.nus.edu.sg



India and China: Emerging Dynamics and Regional Security Perspectives

Rajshree Jetly¹

Executive Summary

India and China, both heirs to ancient civilisations, have emerged today as the two most powerful and influential Asian nations in terms of their economic capabilities and geopolitical standing. The two erstwhile adversaries have recognised the need for casting off the baggage of history and residual mistrust and have embarked on the path of building a new pragmatic partnership. However, despite the recognition that cooperation may be in their mutual interest, this will be easier said than done. Sino-Indian relations have always been complex with multilayered regional and global dimensions, which have complicated their bilateral relationship. Even as India and China have traversed a long road from being friends to adversaries to pragmatic partners, a factor which has been constant in the conduct of their affairs, is the fact that they are neighbours and geopolitical rivals who have as much to gain from each other as to fear from the other.

A stable and cooperative relationship, which seems to be more or less 'in the cards' of the foreseeable future, would thus not necessarily be translated into a closer relationship between the two Asian giants. It is contended that regardless of the thrust and pace of mutual engagement (cooperation), a relationship between the two largest Asian countries will inevitably have strong

¹ Dr Rajshree Jetly is Research Fellow at the Institute of South Asian Studies, an autonomous research institute at the National University of Singapore. She can be reached at isasrj@nus.edu.sg. The views reflected in the paper are those of the author and not of the institute.

undercurrents of contest and rivalry as they seek the same economic and political space for future interaction. This paper sets out some of the security challenges confronting the two countries and argues that it will essentially be not so much how India and China perceive the gains and opportunities of mutual cooperation, but how they manage their geopolitical and strategic rivalries that will determine the future shape of their relations in the years ahead.

Introduction

India and China, both heirs to ancient civilisations, have emerged today as the two most powerful and influential Asian nations in terms of their economic capabilities and geopolitical standing. The two erstwhile adversaries have recognised the need for casting off the baggage of history and residual mistrust and have embarked on the path of forging a new pragmatic partnership. There are two mutually reinforcing components to this new partnership. One, both continues to have a vested interest in a peaceful neighbourhood to focus on an uninterrupted process of economic and technological progress and to sustain their steady rise as important centres of power. Two, there is a greater understanding on the part of both China and India that cooperation could work to their mutual advantage and benefit. Any conflict between the two would not only jeopardise their national security, but would also have serious implications for their regional and global security perspectives. It would also go a long way in positioning Asia as the fulcrum of the future world order, a prospect which would only be in their long-term economic and strategic interest.²

However, despite the recognition that cooperation may be in their mutual interest, this is easier said than done. Sino-Indian relations have always been complex with multilayered regional and global dimensions which have complicated their bilateral relationships. Even as India and China have traversed a long road from being friends to adversaries to pragmatic partners, a factor which has been constant in the conduct of their affairs is the fact that they are neighbours and geopolitical rivals who have as much to gain from each other as to fear from the other. It is argued in the following pages that Sino-Indian relations, driven as they will by the primacy of national strategic interests and quest for global influence, will continue to remain subjected to diverse pulls and pressures from their competing interests.

² This pragmatism is clearly evident in government thinking in both countries. For example, in a speech made by the Chinese Foreign Minister, Yang Jiechi, he reiterated that 'Without friendly relations and mutually beneficial cooperation between India and China, there would be no development and prosperity of our respective countries, no harmony and rejuvenation of Asia, and no peace and progress of the world'. See Ministry of Foreign Affairs of the People's Republic of China, 'Yang Jiechi delivers a Speech on China-India Relations' (9 August 2008), www.fmprc.gov.cn/eng/wjdt/zyjh/t512134.htm, accessed 2 September 2010. Also, see Ministry of Foreign Affairs of the Peoples Republic of China, 'A Shared Vision for the 21st Century of the People's Republic of China and the Republic of India' (15 January 2008), www.fmprc.gov.cn/eng/wjdt/2649/t399545.htm, accessed on 2 September 2010.

A stable and cooperative relationship, which seems to be more or less 'in the cards' of the foreseeable future, thus would not necessarily be translated into a closer relationship between the two Asian giants. It is contended that regardless of the thrust and pace of mutual engagement (cooperation), relationship between the two largest Asian countries will inevitably have strong undercurrents of contest and rivalry as they seek the same economic and political space for future interaction. On that account, it will be essentially not so much as to how India and China perceive the gains and opportunities of mutual cooperation, but how they manage their geopolitical and strategic rivalries that will determine the future shape of their relations in the years ahead.

Towards Cooperation

India has steadily moved a long way from the shadows of hostilities generated by the 1962 war and is today constructively engaged with China in building a stable and cooperative relationship. The momentous visit of the then Indian Prime Minister, Rajiv Gandhi in December 1988 – the first ever such visit after the 1962 hostilities – was the first clear signal of India's readiness to end the stagnation and unfreeze the border issue which had immobilised Sino-Indian relations for over almost three decades.³ The visit was a landmark in lifting the relationship to a qualitatively new level. It set in motion a process of mutual engagement, marked by a greater sense of pragmatism and realistic expectations for both parties.

The landmark agreement on maintaining peace and tranquillity along the 'Line of Actual Control' (LAC) of 1993 was a breakthrough in terms of the clear commitment on the part of both countries to ensure a peaceful environment along the Sino-Indian borders, even as substantial points of difference remained between them over the final settlement of the disputed boundary issue. Both countries have since remained engaged in a steady and uninterrupted dialogue to find a just and rational settlement of the vexing border issue. An agreement on 'Confidence Building Measures in the Military Field along the LAC in the India-China Border Areas' was signed in 1996.⁴ Consequently, a number of confidence-building measures have been taken by the two countries to avert the threat of any accidental confrontation. Measures for reduction of troops on

³ There is abundance of literature on the India-China border issue. For a good historical background on the border dispute, see Sumit Ganguly, 'India and China: Border issues, Domestic Integration, and International Security', in Frankel and Harding (eds), *The India-China relationship, Rivalry and Engagement* (Oxford: Oxford University Press, 2004), pp.103-33. For details on the lead up to the dialogue and Rajiv Gandhi's visit, see B.M. Jain, 'India-China Relations: Issues and emerging trends', in *Round Table*, Vol.93, no.374 (April 2004), pp.253-8. Also, see David P. Malone and Rohan Mukherjee, 'India and China: Conflict and Cooperation', in *Survival*, Vol.52, no.1 (February-March 2010), p.252.

⁴ S. D. Muni 'September 11: the Asian Giants get closer', in Vicziany, Wright et al (eds) *Regional Security in the Asia Pacific, 9/11 and After* (Northampton: Edward Elgar, 2004), p.84.

both sides, prior notification of military exercises, regular meetings between the local commanders and joint military exercises are securely in place to maintain peace and tranquillity along the borders.⁵ An important agreement for spelling out the political parameters and guiding principles to delineate and demarcate the LAC was signed in 2005, calling for both sides to ‘make meaningful and mutually acceptable adjustments to their respective positions’ and ‘give due consideration to each other’s strategic and reasonable interests, and the principle of mutual and equal security’.⁶

India and China have also moved to simultaneously accommodate each other’s concerns on some touchy and sensitive bilateral issues. Following the visit of then Indian Prime Minister Atal Bihari Vajpayee to Sikkim in 2003, there was a visible thaw in the approach of the two countries on the border. This was signalled by their decision to re-establish their Consulates General in Shanghai and Bombay and resume border trade through the Nathu La pass⁷ for long an emotive issue for both India and China. India unequivocally accepted the Tibet Autonomous Region (TAR) as an integral part of the territory of the People’s Republic of China (PRC). It reaffirmed its commitment to not allow the Dalai Lama to engage in anti-Chinese political activities on its soil. In a similar vein, China officially recognised India’s sovereignty over Sikkim, which it had been contesting for a long time. More significantly, it veered towards a more nuanced position on Kashmir. Its call to Pakistan to respect the LAC and resolve the dispute through negotiations rather than military action during the Kargil War of 1999,⁸ helped to allay India’s deep concerns of a Sino-Pak entente on its sensitive north-western borders. All these measures have gone a long way in palpably reducing tensions on the borders and generating greater transparency and trust between the two countries.

India and China have also expanded multifaceted bilateral cooperation in a number of areas including, trade, investment, agriculture, education, cultural heritage and tourism. Terrorism has also emerged as a new area of cooperation between the two countries after 2001.⁹ While progress is underway in all the areas, economic cooperation has emerged as the dominant feature of the emerging Sino-Indian partnership. Notwithstanding a number of existing impediments,¹⁰ both countries are engaged in a steady endeavour to diversify the trade basket and exploit their present

⁵ David Scott, ‘Sino-Indian Security Predicaments for the Twenty-first century’, in *Asian Security*, Vol.4, no.3 (2008), p.252.

⁶ Surjit Mansingh, ‘Rising China and Emergent India in the 21st Century: Friends or Rivals?’, in *The Korean Journal of Defence Analysis*, Vol.XIX, no.4 (Winter 2007), p.131.

⁷ Trade between Tibet and Nathu La pass (India) resumed in 2006 after a gap of almost 40 years.

⁸ For details on the Chinese response to the Kargil war, see Srikanth Kondapalli, ‘China’s Response to the Kargil incident’, in *Strategic Analysis*, Vol.23, no.6 (1999), pp.1039-1044.

⁹ S. D. Muni ‘September 11: the Asian Giants get closer’, in Vicziany, Wright, et al (eds) *Regional Security in the Asia Pacific, 9/11 and After* (Northampton: Edward Elgar, 2004), p.92.

¹⁰ These range from the Chinese imposition of a series of tariff and non-tariff barriers against Indian goods to India’s resistance to Chinese investments on security grounds into core sectors such as telecommunications.

potential complementarities to their fullest potential. Bilateral trade between the two countries has witnessed spectacular growth over the last few years touching a staggering figure of US\$51.8 billion in 2008.¹¹ China has also overtaken the United States (US) as India's largest trading partner.¹² There is little doubt that the overriding framework of economic cooperation, based on expanding trade, commercial and investment linkages [not discussed at length as it does not fall within the scope of this paper], is going to remain the single most positive factor in Sino-Indian engagement and evolving partnership in the foreseeable future.

China's Security Challenge: Discordant Notes on Border Settlement

Given the fact that a stable and cooperative framework of relationship has remained firmly in place over the years, one can assert with reasonable certainty that, barring any unfortunate turn of events, Sino-Indian relations will move on a more or less even keel in the foreseeable future. However, at the same time, the complex overlay of geographical proximity and historical memories on the Sino-Indian strategic landscape will make for strong undercurrents of competition and contest between the two Asian giants.

China undoubtedly represents a major long term, even primary, security challenge for India. While India has ample reasons to draw comfort from the steadily expanding ties with China, it also remains cognizant of the formidable reach of China's technological, military and nuclear capabilities across its borders.¹³ With its undisputed power potential, China's strong military and nuclear presence in Tibet looms large on India's strategic horizon. China has stationed medium and intermediate range missiles in Tibet which have major Indian cities within their reach.¹⁴ It is also engaged in a massive infrastructural push to increase its connectivity with Tibet, keeping India vulnerable to its future designs. Apart from the main Qinghai-Tibet rail link and the 3900 km Beijing-Lhasa rail link (which may be extended later to Xigaze, South of Lhasa, and then to Yatung, near Nathu La Pass that borders India), China is involved in the construction of airports

¹¹ According to Chinese statistics, China-India trade grew from US\$ 2.9 billion in 2000 to US\$ 51.8 billion in 2008, registering a 16-fold increase in the eight-year period, <http://in2.mofcom.gov.cn/aarticle/biography/201001/20100106754740.html>, accessed on 28 September 2010. India-China trade is currently pegged at US\$43 billion.

¹² Government of India, Ministry of Commerce and Industry, Department of Commerce, Total trade, Top n countries, <http://commerce.nic.in/eidb/Default.asp>, accessed on 28 September 2010.

¹³ This point was highlighted in the Indian Defence Ministry's report for 2009-2010. See Government of India, Ministry of Defence, Annual Report 2009-2010, p.26, <http://mod.nic.in/reports/welcome.html>, accessed on 30 August 2010. J. Mohan Malik, 'India-China competition revealed in ongoing Border Disputes', in *Power and Interest News Report*, No. 695 (9 October 2007).

¹⁴ According to one source, there are 66 Chinese nuclear missiles stationed in Tibet, which are directed towards India's major cities. Cited in Harsh Bhasin, *The Big Three: The Emerging Relationship between the United States, India and China in the Changing World Order* (New Delhi: Academic Foundation, 2009), p.66.

and road projects that link most of its major cities with Tibet.¹⁵ Major highways such as the Qinghai-Tibet (central highway); Sichuan-Tibet (eastern highway); Lhasa-Kashgar/Aksai Chin/Xinjiang (western highway); and the Yunnan-Tibet highway connect Tibet with neighbouring provinces of Sichuan, Yunnan, Qinghai and Xinjiang.¹⁶ Air connectivity is similarly enhanced through the Gonggar Airport (linking Lhasa with most other Chinese cities including Beijing, Shanghai, Guangzhou and Chengdu); smaller airports at Chamdo and Nyingch, and a new airport in Ngari, scheduled to open in October 2010.¹⁷ These developments cause grave anxiety in India regarding China's intentions, particularly in view of the fact that the border issue has yet to be resolved. As aptly pointed out by a keen observer of the scene, 'an unsettled border provides China the strategic leverage to keep India uncertain about its intentions and nervous about its capabilities, while exposing India's vulnerabilities and weaknesses ...'.¹⁸

It is important to note here that, notwithstanding India's readiness to engage with China without making border resolution a precondition for normalization of ties, the border dispute continues to remain a core concern in India's long term security perspectives. There is no doubt that Sino-Indian borders have remained by, and large, conflict free since 1962. Furthermore, nobody in the Indian strategic community believes that given the configuration of forces on the ground and India's vastly altered power status, China will repeat any adventurist action against it, like in 1962. At the same time, India is keenly aware of the potential danger of unsolved borders which can be used as much as a strategic leverage as a territorial dispute by China, should it choose to do so at some future date.

To recall briefly, the boundary dispute centres around Aksai Chin in the western sector running into 40,000 square kilometres and the Indian state of Arunachal Pradesh in the eastern sector, running into 92,000 square kilometres, making Sino-Indian borders one of the longest disputed

¹⁵ Alerted by China's heightened activity in the development of rail & road links with Tibet, the Government of India admitted to taking 'necessary steps' 'for the upgradation of infrastructure and force structuring to secure the desired national security objectives along the Northern borders'. See Government of India, Ministry of Defence Annual Report 2009-2010, p.26, <http://mod.nic.in/reports/welcome.html>, accessed on 30 August 2010. India has already planned a 497 km Bilaspur-Manali-Leh rail link stretching from Himachal Pradesh to Jammu & Kashmir, to serve as an alternative route for movement of combat equipment along the Eastern borders.

¹⁶ See Monika Chansoria, 'Trendlines in China's Infrastructure Development in Tibet', *CLAWS Journal*, (Summer 2010), pp.178-79.

¹⁷ Chris Devonshire Ellis, 'Investing in Tibet, The Roof of the World', *China Briefing*, www.china-briefing.com/news/2010/08/20/investing-in-tibet-%E2%80%93-the-roof-of-the-world.html, accessed on 28 August 2010. Also see Vijay Sakhuja, 'Military Buildup across the Himalayas: A Shaky Balance', *China Brief*, Vol.9, no.18 (James Town Foundation: 10 September 2009), www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=35469&tx_ttnews%5BbackPid%5D=25&cHash=255e0ccfe7, accessed on 28 August 2010].

¹⁸ J.Mohan Malik, 'India-China Relations', *Asia Pacific Center for Security Studies*, p.1145, www.apcss.org/core/BIOS/malik/India-China_Relations.pdf, accessed on 10 June 2010]. Refuting this, a Chinese scholar points out that India's threat perceptions are exaggerated and based on 'Beijing's capability instead of its intentions', See Zhang Guhong, 'The Rise of China: India's Perceptions and Response', in *South Asian Survey*, Vol.13, no.1 (2006), p.99.

borders in the world. India's claim that the Sino-Indian borders were legally binding for both countries under existing treaties was refuted by China. China maintained that borders between the two countries had never been delineated or demarcated and the so called 'legal treaties' were a legacy of British imperialism, imposed unilaterally on China. That it would not hesitate to back its claims even by brutal force was underlined by its swift attack across the entire stretch of the borders in 1962, in which an unsuspecting and surprised India was defeated comprehensively by the Chinese forces. In its moment of complete victory, China declared a unilateral ceasefire, withdrawing from all the territories, barring the strategic Aksai Chin area that it had occupied during the brief, but decisive war. It also simultaneously warned India of severe reprisals, should it breach the ceasefire or cross the LAC in any sector. The situation has remained unchanged on the borders since, with India making no move to cross the LAC or alter the status quo.

Given the prevailing balance of power and China's geo-strategically advantageous position, India does not have much choice in accepting the ground realities. India has reconciled to the fact that China is 'in the driver's seat' and it is China, which will ultimately set the pace of finding a negotiated settlement of the border dispute. China has displayed a certain degree of pragmatism in not allowing varying perceptions of national security to derail the ongoing dialogue. Although, this does not detract from the fact that the resolution of the border issue is not a strategic priority or necessity for China, but a choice, which will be dictated by political expediency. China is keeping the initiative fully in its hands and has displayed no great urgency to move towards a speedy settlement. Not surprisingly, despite an agreement for spelling out the political parameters and guiding principles to delineate and demarcate the LAC in 2005, there has been no real progress on the final delineation and demarcation of the LAC.

On the contrary, China has sought to keep the question open and has not hesitated to up the ante by periodically raking up its claims on Arunachal Pradesh much to the discomfiture of India. China has consistently refused to issue visas to state officials from Arunachal Pradesh on the grounds that because the state is a part of Chinese territory, there is no need for any visas. At one point, it tried to score a point by even protesting against Indian Prime Minister Manmohan Singh's electoral campaign in the State. Last year, it brazenly attempted to block funds from the Asian Development Bank (ADB) to India on the ground that some of that money was to be used in Arunachal Pradesh.¹⁹

China also reacted sharply to the Dalai Lama's visit to Tawang (Arunachal Pradesh) which he declared, for the first time, as being part of India. This was particularly galling for China as Tawang holds special significance for Tibetans as the birth place of the 6th Dalai Lama. The

¹⁹ Jeff Smith, 'The China-India Border Brawl', *Wall Street Journal* (24 June 2009), <http://online.wsj.com/article/SB124578881101543463.html>, accessed on 30 May 2010. Despite Chinese opposition, the loan was eventually passed.

Dalai Lama's statement came at a time when massive protests against the Chinese rule were taking place in Tibet. China officially cautioned India to exercise restraint and not to stir up trouble in the disputed area with a view to ensuring the sound development of China-India relations. It added as a pointed reminder that the two countries had never officially settled the demarcation of their border and China's stance on the Eastern sector of the China-India border was 'consistent and clear cut'.²⁰ India, on its part, reiterated that regardless of what others had to say, 'It is government of India's position that Arunachal Pradesh is a part of India'.²¹

India recognises that China's consistent refrain on Arunachal Pradesh to mount pressure on India is, to no mean extent, a function of its own vulnerability in Tibet. Its tenuous hold on Tibet, even five decades after it moved its forces into the region, underlines its failure to achieve its declared objective of bringing Tibet firmly into the fold of the motherland. Seething unrest and insurgency in the sensitive region continues to make for a deep challenge to China's central authority.²² The Dalai Lama's presence in India only heightens its anxieties and predicament in Tibet. Growing international popularity and support for the Dalai Lama, who is seen as a separatist figure by China, adds to its international embarrassment. India has steadfastly maintained that a grant of asylum to Dalai Lama, as a revered religious and cultural figure, was a purely humanitarian decision in keeping with its democratic traditions. The recent meeting of Mr Manmohan Singh with the Dalai Lama in August 2010 also reinforces this point. Aside from its repeated assurance that he would not be allowed to indulge in any political activities on the soil, India has not given into China's demand for imposing curbs on the Dalai Lama's travels within the country or abroad. India recognises that it is in no position to play the Tibet card, given its limitations in view of China's vastly superior capabilities and its potential to rake up old issues at its will and time of choosing. For the rest, India wants to keep its options open. India is in no hurry to curb the Dalai Lama's freedom or to mitigate China's long term concerns on Tibet.

India recognises that for China the border issue, as it was fifty years ago, is not only about territorial gains, but also about erosion of India's prestige as a major power. China had won the 1962 war, but had vacated most of the territory only to expose India's vulnerabilities and effectively shatter its image in the region. To that extent, China's posturing on the border issue is a reminder of the underlying volatility of Sino-Indian relations. Additionally, this underlines the potential dangers of the dispute being reignited to score political points of sovereignty that go

²⁰ 'MEA reiterates Arunachal Pradesh an Integral Part of India', *The Indian* (13 October 2009), www.thaindian.com/newsportal/india-news/mea-reiterates-arunachal-pradesh-an-integral-part-of-india_100260071.html, accessed on 3 June 2010].

²¹ 'Arunachal an Integral part of India: Nirupama Rao' (16 October 2009), www.asianetindia.com/news/arunachal-integral-part-india-nirupama-rao_90131.html, accessed on 3 June 2010.

²² Tibet is deeply symbolic for China in terms of its full control in its outlying regions and China does not want other disgruntled ethnic minorities such as the Uyghur's in Xinjiang and ethnic Mongolians in Inner Mongolia to draw inspiration from any Tibetan success in resisting the Chinese might.

beyond actual territorial claims. Unresolved borders will thus continue to make for deep concerns in India regarding its security and strategic engagement with China.

India's worries are magnified further with the rapid modernisation and upgrading of China's military facilities. The 60th anniversary celebration of the PRC was centred on a massive display of China's military might and further exposed the widening gap in the military capabilities of the two countries. According to one source, China's defence budget in 2009 at US\$75 billion was two and a half times larger than India's US\$30 billion. The PLA (People's Liberation Army) is the world's largest army with a much higher ratio of men and artillery as compared to India. Furthermore, the acquisition of sophisticated fighter planes such J-11 and J-12, has served to greatly bolster the Chinese Air force, at the expense of India. According to one estimate, the Chinese will have as many as 2,300 combat aircrafts of the third/fourth generation by 2020 as compared to 750 aircrafts by India.²³

India and South Asia

India remains a predominant power in South Asia, in terms of its size, location and power potential. It is, however, also aware of the need to carry the region with it in a cooperative framework to be able to fulfil its long term aspirations of playing a major role in global affairs. India therefore has a stake in not only playing a pivotal role in the region but also keeping it free from external powers' presence and interference. Cognizant of India's status as the most powerful South Asian nation, China has been reluctant to accept its unchallenged leadership in the region. Its strategy to counter balance India's power and influence in the region tends to raise India's security concerns vis-à-vis China's encroachment in its own backyard and remains an integral part of India's regional security perspectives.

Sino-Pak Entente: Strategic Concerns

The Sino-Pak alliance, in particular, ensconced as it is firmly in an anti-Indian construct, has been the single most complicating factor in India's regional security concerns. The Sino-Pak friendship has been durable primarily because it has proved of great value to both countries in furthering their common objective of keeping India under check. China has a clear interest in building Pakistan as an effective counter against India, eroding its wider role in the region and keeping its global ambitions at bay. Close defence cooperation with China has, on the other hand, not only bolstered Pakistan's defence and nuclear capabilities disproportionate to its power

²³ For more details on the growing power differential in nuclear weapons, Army and Air Force for India and China see G.D. Bakshi, 'The Chinese Threat in Perspective', in *CLAWS Journal* (Summer 2010), pp.58-9.

potential, but has also, in no small measure, enabled it to stand up to India and keep it mired within the sub-continental confines.

Beijing remains Islamabad's largest benefactor in terms defence sales and technology. Between 1978 and 2008, US\$7 billion worth of equipment was sold to Pakistan, including ballistic missiles, small arms and conventional war fighting weapons systems.²⁴ More recently, Beijing approved the sale of 36 sophisticated J-10 fighter jets and two F22P frigates to Pakistan. It has, over the years also assisted Pakistan with the production of the JF-17 Thunder advanced multi-purpose fighter aircraft, advanced training aircrafts such as K-8 Karakorum, Al Khalid Tanks, Babur cruise missiles and AWACS (Airborne Warning and Control System).²⁵

Additionally, a major source of concern for India is the potential fallout of Sino-Pak nuclear collaboration on its long term strategic interests. By all accounts, China's significant assistance to Pakistan's nuclear programme has been critical to its emergence as a nuclear power in 1998. As widely reported, China began to provide nuclear assistance to Pakistan in the early 1980s, following the Soviet invasion of Afghanistan. Subsequently, it also provided significant assistance in the development of Pakistan's ballistic missiles programme, including the short and medium range Ballistic Missiles, Shaheen 1 and Shaheen 2 and Ghauri 1 and Ghauri 2 respectively.²⁶ Even after the signing of Nuclear Non Proliferation Treaty (NPT) and Comprehensive Test Ban Treaty (CTBT) in 1992 and 1996 respectively, China has reportedly continued providing nuclear assistance and missile technology to Pakistan, even at the risk of violating its treaty obligations.²⁷ For instance, in 1994, China is believed to have sold unsafeguarded ring magnets to Pakistan which were used in gas centrifuges to enrich Uranium.²⁸

²⁴ Cited in Bruce Riedel and Pavneet Singh, 'US-China Relations: Seeking Strategic Convergence in Pakistan', *Brookings Policy Paper*, no.18 (January 2010), www.brookings.edu/~media/Files/rc/papers/2010/0112_us_china_relations_riedel/0112_US_China_Relations_Riedel.pdf, accessed on 27 August 2010.

²⁵ Mohan Guruswamy, 'Pakistan-China Relations, Higher than Mountains, Deeper than the Oceans', in *CLAWS Journal* (Summer 2010), p.101. Also, see Lisa Curtis, 'China's Military and Security Relationship with Pakistan', *Testimony before the US-China Economic and Security Review Commission* (20 May 2009), www.heritage.org/research/testimony/chinas-military-and-security-relationship-with-pakistan, accessed on 1 September 2010.

²⁶ See Rajaan Arpit, 'Nuclear Deterrence in Southern Asia: China, India and Pakistan', (New Delhi: Sage Publications, 2005), p.159; Mohan Malik, 'The Proliferation Axis: Beijing, Islamabad – Pyongyang', *The Korean Journal of Defence Analysis*, Vol.XV, no.1 (Spring 2003), pp.57-100. Also, see Adrian Levy and Catherine Scott-Clark, *Deception: Pakistan, the United States, and the Secret Trade in Nuclear Weapons*, (London: Atlantic Publishers, 2007); and Bhumitra Chakma, *Pakistan's Nuclear Weapons*, (New York: Routledge, 2008).

²⁷ This is contested by some Pakistani scholars who have termed allegations of a Sino-Pak nuclear axis as highly exaggerated and not based on concrete evidence. See Pervaiz Iqbal Cheema, 'The China Threat: A view from Pakistan', in Herbert Yee and Ian Storey (Eds), *The China Threat: Perceptions, Myths and Reality* (New York: Routledge Curzon, 2002), pp.302-11.

²⁸ Shirley A. Kan, 'China and Proliferation of weapons of mass destruction and missiles: Policy Issues', *CRS Report for Congress RL 31555* (16 August 2010), www.fas.org/sgp/crs/nuke/RL31555.pdf, accessed on 25 September 2010.

Pakistan's nuclear bomb is, alleged to be, based on the Chinese blueprints.²⁹ China has also played a major role in helping Pakistan to set up the civilian nuclear plants Chashma I and Chashma II. Recently, China has announced the sale of two nuclear reactors to Pakistan.³⁰ China has assured India that its civil nuclear cooperation with Pakistan would be in accordance with its international obligations. Given Pakistan's record of carrying out a clandestine nuclear weapon programme, there are worries in India about diversion of technology for its civilian nuclear plants for military use.

India's pointed reference to China as the primary threat and its nuclear support to Pakistan as the main factor underpinning its rationale for the 1998 tests clearly underlined India's grave concern on Sino-Pak nuclear collaboration. In a 1998 letter to the American President Bill Clinton, Indian Prime Minister A.B. Vajpayee justified India's tests on the ground that China was an '... overt nuclear weapon state on our border, a state which committed armed aggression against India in 1962. Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem'. He also referred to the 'material help this state had rendered to "another neighbour" of India to become a covert nuclear weapon state'.³¹

Expectations in some quarters that a subtle shift in China's stance on Kashmir³² - it maintained neutrality in the Kargil war – would lead to a more balanced approach by China vis-à-vis Pakistan have also been largely belied.³³ According to some scholars, China's moderate stance

²⁹ B.R. Deepak, 'Sino-Pak 'Entente Cordiale' and India: A look into the Past and Future', in *China Report*, Vol.42, no.2 (2006), pp.129-51.

³⁰ Ashish Kumar Sen, 'Chinese Deal with Pakistan Hems Obama', *Washington Post* (13 May 2010), www.washingtontimes.com/news/2010/may/13/chinese-deal-with-pakistan-hems-obama, accessed on 30 August 2010.

³¹ For the full text of Vajpayee's letter to President Clinton see 'Nuclear Anxiety, India's letter to Clinton on the Nuclear Testing', *The New York Times* (13 May 1998). www.nytimes.com/1998/05/13/world/nuclear-anxiety-indian-s-letter-to-clinton-on-the-nuclear-testing.htm, accessed on 25 September 2010. Reacting strongly to the above charge, the Chinese government asserted that the 'gratuitous accusation by India against China is solely for [the] purpose of finding excuses for the development of its nuclear weapons'. See 'India's Nuclear Tests Show Fear of China', *Wall Street Journal* (15 May 1998), p.A13.

³² Lisa Curtis, 'China's Military and Security Relationship with Pakistan', *Testimony before the US-China Economic and Security Review Commission* (20 May 2009), www.heritage.org/research/testimony/chinas-military-and-security-relationship-with-pakistan, accessed on 1 September 2010.

³³ That China continued to support Pakistan fully on its claims on Kashmir was recently underlined by its decision to issue stapled instead of stamped visas for travellers of Kashmiri residence to China. China has also undertaken several projects in Pakistan-occupied Kashmir (PoK) which India considers to be an integral part of the state of Jammu and Kashmir. In 2009, India lodged a strong protest over China assisting Pakistan to build the Bunji Hydro-Electric power project in PoK. According to some recent reports, China has plans to connect Pakistan with rail line running close to Karakoram highway which connects Khunjerab pass with the Chinese town of Kashgar. The rail link will give China access through PoK and is seen by India strategic community a serious military infrastructure close to the Indian border. See Saibal Dasgupta, 'China plans railway link with Pakistan' *Times of India* (7 July 2010). <http://timesofindia.indiatimes.com/world/china/China-plans-railway-link-with-Pakistan/articleshow/6139388.cms>, accessed on 28 September 2010. Recently some reports alluded to the

on Kashmir was a reflection of its concerns about potential Jihadi violence within its own territories in Xinjiang.³⁴ Ethnic tensions remain a concern for China but Pakistan has taken several measures - military and intelligence support and joint anti-terrorism exercises - to allay Chinese apprehensions on this score as to prevent any downward slide in their future relations.³⁵ Quite clearly unless Pakistan descends into greater chaos and there is complete failure on Islamabad's part to control the deleterious consequences of the rising tide of militant Islamic terrorism for Beijing, Sino-Pak relations are unlikely to waver on this score.

Any fundamental change in China's calculation of leveraging Pakistan as a useful counterweight to India's growing power is clearly not on the cards any time in the near future. As an analyst has argued, 'Pakistan is the only country that stands up to India and thereby prevents Indian hegemony over the region thus fulfilling the key objectives of China's South Asian policy'.³⁶ More importantly, Pakistan is a trusted ally to keep India from emerging as an independent centre of power outside the sub-continental balance. This is particularly in view of the growing Indo-American strategic partnership which China sees as countering its growing power and influence in the region. With no prospects of China scaling down its support for Pakistan in the near future, it is clear that India will have to continue factoring Sino-Pak entente as a given in its larger regional security concerns for a long time.

China's Growing Role in India's Neighbourhood

It is equally important for India to factor in China's quest for expanding its presence and influence over the politics and security matrix of other neighbouring countries. Over the years, China has steadily increased its presence in South Asia and carefully crafted economic, political and military linkages with the smaller South Asian countries to find its own space in the region. India has reasons to be concerned about China's undisguised thrust to constrain its leadership and status in South Asia.

presence of 11,000 Chinese troops in Gilgit-Baltistan though this is denied by the Chinese. See 'China denies troops presence in Gilgit-Baltistan', *The Hindu* (2 September 2010), www.thehindu.com/news/international/article609016.ece, accessed on 2 September 2010.

³⁴ Xinjiang is an autonomous region of China, which is home to over 40 ethnic groups. The largest group, Uyghurs, are followers of Islam and have been seeking a separate state since the 1980s. In the 1990s, the group began to use violence and terrorist tactics as part of its separatist movement, causing considerable concern for China.

³⁵ See Rajshree Jetly and Iftikhar Lodhi, 'Pakistan-China Relations in the 21st Century, Retrospect and Prospect' in Tan Tai Yong (ed.), *South Asia: Societies in Political and Economic Transition* (New Delhi: Manohar Publications, 2010), pp.162-3.

³⁶ J. Mohan Malik, 'South Asia in China's Foreign Relations' in *Global Change, Peace and Security*, Vol.13, no.1 (February 2001), p.85.

On one hand, India's geostrategic location and power makes for its inevitable centrality in the region. Paradoxically, however, India's extensive religious, linguistic ethnic and cultural affiliations with its neighbours have led to greater psychological distance between them. Heightened anxieties regarding the smaller South Asians' national identities and sovereignty have led to greater discord with their bigger neighbour, India. In that context, bilateral issues of water sharing, trade and transit facilities, ethnic overspill and migration and, in more recent years, cross-border terrorism, have acquired such deeply emotive overtones that they continue to defy rational settlement.

On the other hand, China comes with no baggage of historical memories and bilateral disputes. More importantly, China is seen by many of India's smaller neighbours as an effective counterweight to India's preponderant power. This gives a certain edge on which China can capitalise on the prevalent anti-Indian sentiment to build its own bridges of friendship with these countries. Given these ground realities, China's gradual encroachment into India's traditional sphere of influence has long term implications for India's regional status which India cannot ignore.³⁷

China has over the years developed extensive military links with Bangladesh and has emerged as its largest military supplier. It signed a defence cooperation agreement with Bangladesh in 2002 and has also assisted it in developing a missile launching pad near Chittagong port.³⁸ The two countries have also signed an agreement for the peaceful use of nuclear energy. During the visit of Bangladesh Prime Minister Sheikh Hasina to China in March 2010, China agreed to assist Bangladesh with the construction of a US\$8.7 billion deep seaport in Chittagong. The port can be used for gaining access to harbours in Chittagong and Cox's Park as well as refuelling facilities for China's aircraft. China also desires to utilise this port as a passage for its southern Yunnan province and is for the same reason pushing for the construction of a road link between Chittagong and Kunming (in Yunnan).³⁹

³⁷ It is not surprising that India was not at all keen for China to be granted an observer status in South Asian Association for Regional Cooperation (SAARC). It was only when Japan and the US, who could counter balance China, also became observer countries that India finally acquiesced.

³⁸ Anand Kumar, 'Chinese Puzzle in India-Bangladesh Relations', *IDS Comment* (19 April 2010), www.idsa.in/idsacomments/ChinesePuzzleinIndia-BangladeshRelations_akumar_190410, accessed on 7 June 2010.

³⁹ Kriti Singh, 'Hasina's visit to PRC: In Quest of a Comprehensive Partnership', *Institute of Peace and Conflict Studies* (26 March 2010), www.ipcs.org/article/china/hasinas-visit-to-prc-in-quest-of-a-comprehensive-partnership-3074.html, accessed on 28 August 2010.

China has also steadily expanded its trade and economic cooperation with Sri Lanka, surpassing Japan as its largest aid donor.⁴⁰ Gradual reduction of aid and engagement by India, following Sri Lanka's poor human rights record, left a void which China was quick to utilise for its increased interaction with Sri Lanka. China has continued to play an important role in the reconstruction and rehabilitation of the northern and eastern provinces by upgrading facilities and infrastructure (roads, buildings and hospitals) in the country's war-affected areas.⁴¹ It has been also actively collaborating with it in oil exploration and developing port and harbour facilities in Hambantota. Other significant projects include the construction of a second international airport at Hambantota, a US\$855 million coal power plant at Norochcholai (to be connected to the national grid by early 2011) and a US\$248 million expressway connecting the capital Colombo with the airport at Katunayake.⁴²

China has also built a steady political relationship with Nepal, who has been ever willing to play the China card to offset India. India remains particularly sensitive to China's forays in Nepal given its strategic location on the northern border adjoining China. Chinese investment in infrastructural development in the Himalayan Kingdom has been extensive; it is presently engaged in building a rail line linking Lhasa, the capital of Tibet, to the Nepalese town Khasa on the Sino-Nepalese Border.⁴³ It has also extended generous financial assistance to Nepal and its annual aid has increased by 50 per cent to touch US\$22 million.

China's growing links with Myanmar, which technically does not fall within South Asia, but abuts on India's sensitive eastern flank while also sharing borders with China, cause deep concern in India. China has over the past few years established extensive military linkages with significant arm sales and infrastructural development in Myanmar. China's remains Myanmar's largest benefactor in the supply of defence equipment and technical assistance.⁴⁴ China has also assisted with the construction of naval bases, roads waterways, and oil and gas pipelines to link Yunnan, its southernmost province, with Myanmar. China is also helping with the establishment and advancement of radar and communications systems and refuelling facilities at the Hainggyi,

⁴⁰ R.N. Das, 'China's Foray into Sri Lanka and India's Response', *IDSA Comment* (5 August 2010), www.idsa.in/idsacomments/ChinasForayintoSriLankaandIndiasResponse_rndas_05081, accessed on 28 August 2010.

⁴¹ 'China grants \$66 million to develop hospitals in conflict-affected areas of Sri Lanka', *Colombo Page* (21 August 2010), www.colombopage.com/archive_10B/Aug21_1282371791CH.php, accessed on 28 August 2010.

⁴² Sudha Ramachandran, 'Sri Lankan Waters run deep with China', *Asia Times* (13 August 2010), www.atimes.com/atimes/South_Asia/LH13Df02.html, accessed on 23 August 2010.

⁴³ China has an added reason to have its fingers in Nepal which has the second largest Tibetan refugee community in the world. Abanti Bhattacharya, 'China's inroads into Nepal: India's concerns', *IDSA Comment* (18 May 2009), www.idsa.in/idsastrategiccomments/ChinasInroadsintoNepal_ABhattacharya_180509, accessed on 27 September 2010.

⁴⁴ China played a significant role in modernising Myanmar's army and remains its largest supplier of arms including tanks, fighter aircraft, radar systems, ammunition, surface-to-air missiles and short-range air-to-air missile systems. For details see 'China's Myanmar Dilemma', *International Crisis Group Report No.177* (14 September 2009), p.21, www.burmalibrary.org/docs07/Chinas_myanmar_ICG.pdf, accessed on 28 August 2010.

Coco, Sittwe, Zadetkyi Kyun, Myeik and Kyaukphyu ports. In August 2010, two Chinese warships made a visit to Myanmar's Thilawa Port in an effort to strengthen military and naval exchanges between the two countries.⁴⁵

Closely related to the expansion of China's military and economic presence in its immediate neighbourhood is its relentless urge to secure the energy resources in the region. China and India are today one of the largest consumers of energy in the world and as their needs grow, they are bound to compete for control and access to markets and resources. India remains concerned about China's success in gaining exploration rights for developing natural gas fields in Bangladesh, which had earlier turned down India's proposal for a tri-national gas pipeline between India, Bangladesh and Myanmar.⁴⁶ China is also engaged in exploration and production of gas pipelines linking offshore platforms in Myanmar to Kunming in China. The 2,806km long natural gas line, with a capacity of 1 billion cubic meters annually, to Kunming is expected to be ready by 2012. India, which is expected to face a huge energy crunch in the years ahead, has yet to make any headway in accessing natural gas from either Bangladesh or Myanmar.

Deeply aware that China's inroads into India's immediate neighbourhood cuts into its power base, India has sought to mend its fences with its neighbours and taken manifold steps, even unilaterally, to strengthen its economic and political ties with these countries. Capitalising on a pro-India government in Bangladesh after many years, India has taken significant steps to engage with the government of Bangladesh on a number of issues. These include bilateral trade, financial aid and assistance, and cooperation on terrorism among others. India recently extended US\$1 billion line of credit to Bangladesh.⁴⁷ The two countries are also developing land and sea transport links including the use of Mongla and Chittagong Sea ports, and the construction of the Akhuara-Agartala railway line. Similarly with Nepal, India has acceded to Nepal's long-standing demand for review of the 1950 Indo-Nepal Treaty of Peace and Friendship, which has been seen by Nepal as compromising its autonomy in foreign and defence matters. It has also tried to offset China's growing investment in Nepal's infrastructure by a granting US\$361 million for development of transportation links in the Terai region.

In recent years, India's policies in Myanmar have also undergone a visible shift in its engagement with the military junta. After realising that its deliberate distancing from the military government was benefitting China to consolidate its presence in the country at India's expense,

⁴⁵ 'Chinese Navy Escort Warships make Port Call in Myanmar', *SINA English* (29 August 2010), <http://english.sina.com/china/p/2010/0829/336618.html>, accessed on 2 September 2010.

⁴⁶ The proposal has since been approved by the Sheikh Hasina government in Bangladesh.

⁴⁷ 'Dhaka to pen \$1 billion loan from India today', *Daily Star* (7 August 2010), www.thedailystar.net/newDesign/news-details.php?nid=149733, accessed on 28 August 2010.

India has for the past few years been engaged in improving its relations with Myanmar.⁴⁸ It has taken several steps to woo Myanmar which remains important for India's strategic interests on its land borders as also for its maritime security in the Indian Ocean. India's interests in Myanmar are spread across a range of sectors including telecommunications, energy, agriculture, industry, IT and education. In line with these priorities, India has taken on a more active role in disbursing aid and building infrastructure. It has, for example, extended US\$20 million credit for renovation of Thanlyan refinery and development of the Sittwe port, and is collaborating with the exploration of oil and gas projects with Myanmar.⁴⁹ It is also assisting in building a transport corridor to connect the port with Mizoram through the Kaladan River. The visit of Myanmar's senior leader General Than Shwe to New Delhi in July 2010 provided a further impetus to growing relations between the two countries.

Even as India accords the highest priority to its 'neighbourhood diplomacy' to maintain its preeminent position in South Asia, there is little doubt that China's growing influence in its own backyard serves to heighten India's long term strategic and economic concerns vis-à-vis its giant neighbour. More important, as long as China keeps up its pressure on India, there is little possibility of any let up in the subtle competition between India and China in India's neighbourhood in the foreseeable future.

India's Maritime Security: Emerging Challenges

As a major peninsular power, surrounded by sea on three sides, India also has a vital interest of maritime security in the Indian region, which it considers crucial for its security and trade. India has a clear stake in not only playing an active role in the region as a leading maritime power but also in protecting its strategic and economic interests by keeping the Indian Ocean free from any potentially inimical dominance by other powers. India has over the years expanded its naval and maritime influence and positioned itself to play a pivotal role in the region by upgrading its naval capabilities and carrying on naval exercises with other powers in the region.⁵⁰

With its aspirations for playing a leading role in the region, India is increasingly finding its interests intersecting with China. It is particularly concerned about China's search for ports and military installations at various points stretching from the South China Sea to the Indian Ocean

⁴⁸ For an Indian perspective on India's renewed interest in Myanmar see, Rajeev Bhatia (former Indian ambassador to Myanmar), 'Crafting a Richer India-Myanmar Partnership', *The Hindu* (10 August 2010), www.thehindu.com/opinion/lead/article562944.ece, accessed on 28 August 2010.

⁴⁹ Harsh V.Pant, 'Keep the General in Good Humour', *The Tribune* (Chandigarh), (2 August 2010), www.tribuneindia.com/2010/20100802/edit.htm#6, accessed on 28 August 2010.

⁵⁰ India has built a naval base in Andaman and Nicobar Islands. Its Far Eastern Naval Command at the Andaman Islands has been upgraded to Far Eastern Command of all three services.

and the Arabian Gulf to enhance its geopolitical and naval standing. China claims its 'string of pearls' strategy is geared to protecting the sea lines of communication to secure vital energy supplies for itself. India, however, sees the strategy as not only significantly boosting Chinese naval capabilities in the region where India has vital strategic, geopolitical, economic and energy interests, but also encircling India across its maritime borders.⁵¹ China's search for naval bases and facilities in Bangladesh, Myanmar, Sri Lanka, Maldives and Pakistan virtually hems in India from all sides with long term implications for its maritime security.⁵²

India in turn, has sought to shore up its naval projections by holding regular naval exercises with the US, Japan, Australia and Singapore near the Andaman Islands, close to Coco Islands and near the strategic Straits of Malacca. China has openly criticised these exercises as seeking to contain its influence in a region where it has significant security concerns vis-à-vis Taiwan, the US and Japan. India's growing strategic relationship with Japan and the US is particularly troubling China, which sees both these countries as its strongest rivals in the region. India has steadily built a strong economic and defence relationship with Japan; Japan-India Strategic and Global Partnership Agreement in 2006 has cemented the ties further, setting up a new framework for closer cooperation between the two countries in future. Although India is not projecting its ties with Japan in an anti-China construct, it remains fully aware of the fact that as a historic rival of China, Japan has a vested interest in a regional balance of power, which does not tilt in favour of China to Japan's disadvantage. As an analyst has put it, 'moves by India towards a quadrilateral "axis of democracies" with America, Australia and Japan, whilst not couched in overt anti-China terms, does have an element of China containment inherent in it'.⁵³ Although the strategy has already withered somewhat following Australia's public statement that it did not intend to be party to any anti-Chinese exercise, China remains wary of India's active participation in the region, which it has traditionally considered its sphere of influence.⁵⁴

⁵¹ Some Chinese scholars have argued that India's fears are misplaced and that China's interests in South Asia and the Indian Ocean are purely economic and not targeting India. See Zhang Guihong, 'The Rise of China: India's Perceptions and Responses', in *South Asian Survey*, Vol.13, no.1 (2006), p.99. Some Indian scholars also support this view. See Amardeep Athwal, *China-India Relations: Contemporary Dynamics* (Alingdon, New York: Routledge, 2008), p.65.

⁵² China's biggest pearl in South Asia is its deep water sea port in Gwadar, Pakistan which is capable of offering berthing facilities for the Chinese Navy. Pakistan's deep hostility to India gives an extra edge to China's potential to out-manoeuvre India in the strategic region at the entrance point to the oil rich gulf and energy rich central Asia.

⁵³ David Scott, 'The Great Power Great Game' between India and China: The logic of geography' in *Geo Politics*, Vol.13, no.1 (2008), p.13.

⁵⁴ For more details on the idea of quadrilateral cooperation, see C. Raja Mohan and Alyssa Ayres, 'Shaking Realignment' in Alyssa Ayer and C. Raja Mohan (eds), *Power Realignments in Asia: China, India and the United States* (New Delhi: Sage Publications, 2009), pp.314-5. It may be noted here in passing that China was not happy with India's admission into East Asia Summit (EAS) and initially resisted it. Japan, on the other hand, openly supported India's membership. India became part of EAS in 2005.

India's Engagement with South East Asia: Competing Dynamics

India has also been actively engaging with South East Asia, a strategically vital region in terms of India's maritime and economic interests. During the Cold War years, India had chosen to stay on the margins and allowed its interaction with the region to fall into a state of benign neglect. The end of Cold War and the altered geopolitical regional dynamics has seen India take several steps to more constructively engage with the ASEAN countries. India's 'Look East' policy signalled India's desire to give a push to revitalising its economic and political interaction with the ASEAN region. Given India's rapidly developing technological and economic capabilities, ASEAN countries have also found it useful to cooperate with India to reap the benefits of extensive economic and technological linkages. Over the years, India has forged strong economic ties with most ASEAN countries. Singapore, Malaysia and Thailand have already emerged as important trading and investment partners for India.

More importantly, India has steadily expanded its strategic presence in the region. It became a dialogue partner of ASEAN in 1995, a member of the Asean Regional Forum (ARF) in 1996, and a signatory to the ASEAN Treaty of Amity and Cooperation and the Free Trade Agreement (FTA) with ASEAN, in 2003 and 2009 respectively. Over the years, India has also forged strong defence and naval ties with Malaysia, Singapore, Indonesia and Vietnam. It has a significant strategic relationship with Singapore with whom it signed a Defence Cooperation Agreement in 1993; a year later the India-Singapore dialogue was inaugurated. India also signed a defence agreement with Indonesia in 2007. In 2000, India had signed a defence pact with Vietnam and has been holding joint naval exercises as part of the new strategic partnership. India has also been helping Vietnam to significantly increase its naval and air power. It is pushing for a naval base in Cam Ranh Bay, which would go a long way in augmenting its naval capability in the strategic region.⁵⁵

South-East Asia lies at the junction of South Asia and East Asia, traditionally seen by both India and China as their respective spheres of influence. China has been a keen player in the ASEAN region for historical reasons in view of the existence of a large Chinese Diaspora, trade and investment linkages and protection of its maritime interests. It is also viewed with a certain degree of fear by most Southeast Asian Countries, in terms of its territorial claims on disputed islands in the South China Sea.⁵⁶ India, on the other hand, has the advantage of not carrying any historical memories or baggage of bilateral disputes in the region. Over the last decade or so,

⁵⁵ Some scholars have argued that India wants to use the Vietnam Card to counter China's supremacy in South China Sea. Iskandar Rehman, 'Keeping the Dragon at Bay: India's Counter Containment of China' in *Asian Security*, Vol.5, no.2 (2009), p.133. Also, see David Scott, 'The Great Power "Great Game", between India and China: The Logic of Geography' in *Geo Politics*, Vol.13, no.1 (2008), p.10.

⁵⁶ In particular, Vietnam and Indonesia have been locked for many years in a dispute with China over territorial claims on Spratly Islands.

India has steadily emerged as an important player in Southeast Asia, with many people in the region seeing it as a balancer against China. There is little doubt that the ASEAN countries will have some interest in maintaining a geopolitical balance of power between India and China for maximising their economic strength and security. This could well lead to a quiet competition between China and India over expansion of their geopolitical influence and naval capabilities in the region.

India, United States and China: Emerging Balance of Alignments

As India continues its surge towards emerging as a key regional power, it is bound to engage in the global environment as an autonomous centre of power with its own regional agenda and global priorities. It will also continue to make efforts to seek its rightful place in the global community through strategic dialogue and partnership with other centres of power, particularly the US.

The US today remains the only power with the economic and military potential to impinge on a wide range of issues affecting India's national strategic interests. Recognising India's growing economic power and regional influence, the US has shown greater willingness to deal with India. In 2005, the US President George Bush called India a natural partner and publicly assured it of the US support in its rise as a major power. In 2006, the momentous Indo-US nuclear deal was signed, heralding a new chapter of mutual confidence and goodwill between the two countries.⁵⁷

Apart from getting uninterrupted supply of nuclear fuel for the upgradation of its civilian facilities, India was informally admitted in the nuclear club, without having to formally sign the NPT. Significantly, Pakistan, a long-time ally, was not considered for a similar deal, signalling India's emergence as an independent centre of power in South Asia, after years of carrying the vexing burden of India-Pakistan parity on its shoulders. That the momentum of the Indo-US strategic partnership was irreversible, regardless of changes in the US administration, was brought to the fore by the US President Barack Obama when he reiterated, 'A fundamental pillar of America's comprehensive engagement with the world involves deepening our cooperation with the 21st century centres of influence – and that includes India'.⁵⁸ India and the US cooperation is also underpinned by strong defence ties and a robust economic relationship with Indo-US trade growing from US\$26,807.80 million in 2005-2006 to US\$36,509.17 million in

⁵⁷ Although the nuclear deal got locked in domestic opposition in India and is making slow progress in implementation, it has given India an immense leverage in its international status.

⁵⁸ Cited in Narayan Lakshman, 'After Strategic Dialogue, Big Push to US-India Cooperation', *The Hindu* (5 June 2010), www.hindu.com/2010/06/05/stories/2010060563170100.htm, accessed on 7 June 2010.

2009-2010.⁵⁹ The holding of the US-India Strategic Dialogue in June 2010 was a strong reflection of the progress made by the two countries on important issues of security, anti-terrorism, nuclear disarmament, trade, technology, energy security, science and technology, and education.⁶⁰

India does not presently rank very high on China's strategic radar, but the latter remains keenly aware of India's potential challenge. This is borne out by its steady opposition to India's bid for permanent membership of United Nations Security Council. China has also been resistant to the international, albeit informal, endorsement of India as a nuclear power, following the Indo-US nuclear deal.⁶¹ It also views with unease India's steady strategic engagement with major global powers, particularly the US, which could increase its power capabilities and influence beyond its shores and emerge as a major rival for China in Asia and beyond. It is not surprising therefore that China has tended to view the warming Indo-US relations with some concern as potentially threatening its position in the region. According to a Chinese scholar, 'unlike the US, which worries about the rise of China and not the rise of India, what concerns China most is how to prevent the US-Indian relations from becoming a formal alliance in South Asia'.⁶²

China has exercised restraint in terms of any public statements against the improving the Indo-US relations for its own strategic reasons; China would not want to risk upsetting the US as this would have a detrimental effect on Sino-US relations. China and the US already have security concerns and deep seated mutual suspicions. The US is clearly uneasy with China's rapidly modernising military capabilities, human rights and intellectual property rights violations and balance of trade issues. China is unhappy with the US arms sales to Taiwan, its politicisation of human rights issues and the US pressure to devalue the yuan. Nevertheless, both countries are cooperating on several fronts. Both countries are cooperating in greater measure on global issues like human and drug trafficking, climate change, anti-terrorism, and nuclear weapon proliferation in their bilateral discussions. These are problems that cannot be solved individually by China or the US, as they are global in nature and any solution will require joint concerted action. Similarly, despite differences on trade issues, the economies of both countries are also highly dependent on each other. China holds 70 per cent of its 2 trillion foreign currency reserves in

⁵⁹ *Export Import Data Bank*, Indian Ministry of Commerce, Department of Commerce, <http://commerce.nic.in/eidb/iecnt.asp>, accessed on 30 August 2010.

⁶⁰ US Department of State, *US-India Strategic Dialogue Joint Statement* (3 June 2010), www.state.gov/r/pa/prs/ps/2010/06/142645.htm, accessed on 1 September 2010.

⁶¹ China had lashed out India's nuclear tests in 1998 and openly criticised the Indo-US nuclear deal as violating the existing treaty obligations.

⁶² Zhang Guihong, 'US Security policy towards South Asia after September 11 and its Implications for China: A Chinese Perspective', in *Strategic Analysis*, Vol.27, no.2 (April-June 2003), p.161.

USD, including US\$740 billion in treasury bonds,⁶³ and both countries enjoy strong trade relations.⁶⁴ This makes it difficult for them to ignore each other.

It bears reiterating that for India, Sino-Pak-US Conundrum has been a significant feature of South Asian strategic landscape. China and the US remain the key external players, who have in the past both separately and together played an important role in shaping India's security dynamics in South Asia. There is little doubt that as long as India continues to be wary of China's preponderant power across the border and its encroaching role in South Asia, it will find it useful to explore any relationship, which will give it a certain leverage and diplomatic manoeuvrability in dealing with a powerful neighbour whose future intentions remain uncertain at best. Given the US long term interests in containing the increasing power of China, there is bound to be a strategic convergence between both India and the US, who have a shared interest in checking China's unbridled power in the region.⁶⁵

Having said that, it is important to keep in mind that India has a track record of not being a camp follower and there is little doubt that it will strive to retain its own autonomy and initiative vis-à-vis China. It is unlikely that India would either rock the boat of seeking normalisation with China or be seen as being inextricably tied to the US overarching global strategy. As an analyst has argued, 'the best insurance against assertive Chinese power [for India] lies not in participating in any evolving anti-China alliance but rather in emerging as a strong and independent power centre on Chinese periphery'.⁶⁶ To that extent, the Indo-US relations may remain an irritant for China, but will not substantially alter India's quest for keeping the Sino-Indian relations on an even keel.

⁶³ Huang Ping, Tao Wenzhao, Weng Rongjun, et al, 'China-US Relations, Tending Towards Maturity', in *The International Spectator*, Vol.44, no.2 (June 2009), p.12.

⁶⁴ An in depth analysis of US-China relations is outside the scope of this paper but recent writings on issues of cooperation and competition in US-China relations include Rosemary Foot, 'China and the United States: Between Cold and Warm Peace', in *Survival*, Vol.51, no.6 (December 2009-January 2010), pp.123-46; Kenneth Lieberthal, 'The China-US Relationship Goes Global', in *Current History*, Vol.108, no.719 (September 2009), pp.243-49; Huang Ping, Tao Wenzhao, Weng Rongjun, et al, 'China-US Relations, Tending Towards Maturity', in *The International Spectator*, Vol.44, no.2 (June 2009), pp.9-16; and Jia Qingguo, 'Exception to the Rule: The Obama Administration and China-US Relations', in *Korean Journal of Defence Analysis*, Vol.22, no.2 (June 2010), pp.249-64.

⁶⁵ Ashley Tellis, 'US and Indian interests in India's Extended Neighbourhood' in Alyssa Ayres and Raja Mohan (eds.), *Power Realignment in Asia: China India and the United States* (New Delhi: Sage Publications, 2009), pp.224-5.

⁶⁶ *Ibid.*, p.227.

The Road Ahead

As India seeks to play a major role in global affairs, its stake in the peace and stability in its immediate environment would call for the adoption of a climate of cooperation with China. At the same time, a greater challenge for Indian diplomacy is to engage with China in a cooperative framework within the larger context of geopolitical rivalry and competition between the two Asian giants. India will face increasing competition from China, as their interests intersect and overlap in both South Asia and beyond. This will make for inevitable contest and competition between the two countries in the foreseeable future.

In that context, it is clear that India's regional and global policies will be increasingly driven not so much by seeking to countervail China's preponderant power as by seeking to find its own place as a power of some consequence. India's broad orientation towards China will therefore have to rest on three pillars. The first will be to continue to engage with China within the parameters already set and accepted by both countries. In other words, it will seek a negotiated settlement to the vexing issue of disputed borders, whilst simultaneously expanding its ties in other areas of mutual interest, particularly economic, to generate stakes for continued cooperation. The second, given the uncertainties regarding the long term intentions of its more powerful and assertive neighbour, it will be prudent for India to continue building up its military strength to meet any future challenge from China. The third and last pillar will be to invest in building partnerships with its smaller neighbours in an overarching framework of bilateral and regional cooperation, enabling India to play a more constructive and positive role of leadership in region. As India gains enhanced economic and military power and greater recognition as a regional influential, it will be easier for it to engage with China in a more relaxed and balanced framework. More importantly, as India gradually works out new strategic equations with other major players to emerge as an influential centre of power beyond the confines of South Asia, it is bound to gain greater leverage and manoeuvrability vis-à-vis China.

As relations and domestic strengths progress, it will be as important to push for Sino-Indian cooperation as it will be to be prepared for greater competition with its powerful neighbour. The future of the Sino-Indian relations will, in the ultimate analysis, remain contingent not only on how the two countries manage their geopolitical rivalries and divergent strategic priorities, while dealing with each other, but also how they balance their competing interests and aspirations in dealing with the rest of the world. At best, the Sino-Indian relations will remain an exercise in finding equilibrium between the competing poles of cooperation and contest.

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