G.V.C. Naidu · Mumin Chen
Raviprasad Narayanan *Editors*

India and China in the Emerging Dynamics of East Asia

Springer

India and China in the Emerging Dynamics of East Asia

G.V.C. Naidu • Mumin Chen
Raviprasad Narayanan
Editors

India and China in the Emerging Dynamics of East Asia

Springer

Editors
G.V.C. Naidu
Centre for Indo-Pacific Studies
School of International Studies
Jawaharlal Nehru University
New Delhi, India

Raviprasad Narayanan
Institute of International Relations
International Doctoral Program
in Asia-Pacific Studies
College of Social Sciences
National Chengchi University
Taipei, Taiwan

Mumin Chen
Graduate Institute of International Politics
National Chung Hsing University
Taichung, Taiwan

ISBN 978-81-322-2137-1 ISBN 978-81-322-2138-8 (eBook)
DOI 10.1007/978-81-322-2138-8
Springer New Delhi Heidelberg New York Dordrecht London

Library of Congress Control Number: 2014956920

Foreword

China and India: two mega-countries whose past, present, and future have been the subject of an enormous corpus of writings in English over the past century or so. Much of this literature, however, focuses on one or the other. Indeed, until the twentieth century, the two were rarely ever mentioned in the same breath, except in occasional travel and trade narratives. Deservedly celebrated therefore are the travel accounts of the great Chinese Buddhist pilgrims Faxian (399–414 CE) and Xuanzang (630–645 CE), among others, who recounted in astonishing details their experiences of and in India in the fifth and seventh centuries CE, respectively. And once Britannia ruled the waves and India in the nineteenth century, British and other Western authors traced the patterns of "oriental commerce," particularly in such commodities as opium and tea or described their adventures across the "Far East."

Early twentieth-century Western writings did not significantly deepen or broaden coverage of China and India. Most works continued to treat each country in its own terms. The odd work or two that took a different approach and paired the two were generally histories of the "orient" or studies of economic relations or Buddhism in Asia.

The rise of the United States in the post–World War II era and the Cold War changed these lines of inquiry to some extent. At the height of that period, academics, journalists, and other writers largely viewed the two countries as a study in contrasts: authoritarian Communist China versus argumentative Democratic India. Then, as before, researchers tended not to highlight the connections between the two countries, whether those forged in the distant past through Buddhism or the trade that flowed along the Silk Road or those resulting in the modern period from their shared and different experiences under Western colonialism and imperialism and their subsequent development as independent nations. One notable change though was the growing recognition within these countries and elsewhere that they were part of an Asia on the rise.

This volume represents a new wave of scholarship in China/India studies. It seeks a new intellectual path forward by recognizing the current realities of the world in which the center of political and economic gravity has shifted from the Atlantic to the Asia Pacific region. That momentous transformation is embodied in

the tremendous economic dynamism of the region and the emergence of China as a major world power and India as a rising power with growing global aspirations. All the essays also emphasize, as other studies do, the comparisons and contrasts between the two giant nations of Asia, but also strike out in new directions by exploring connections and the many aspects that make their relationship a complex mix of competition, rivalry, and/or cooperation. More so than other writings, the chapters in this collection carefully examine their interactions with one another and with the region and world around them. Finally, notable as well is the fact that all the contributors to the volume are scholars based in Asia, India and Taiwan as well as China and Japan.

China and India, or India and China, in whatever sequence we list these two countries, together they add up to two compelling reasons why the pivot to Asia is a global initiative and not peculiar to any one nation. As this exceptional set of essays demonstrates, the interactions and interrelationship between these two major powers, and between them and the rest of the world, is of global consequence.

Jackson School of International Studies Anand A. Yang
University of Washington, Seattle, WA, USA

Contents

1 **Introduction** 1
G.V.C. Naidu and Mumin Chen

2 **India, China and East Asia** 9
G.V.C. Naidu

3 **India and China in the Emerging Asian Economic Architecture** 27
Amita Batra

4 **Taiwan–India Relations Under the Shadow of a Rising China** 43
Mumin Chen

5 **The Indian Growth Model: A Chinese Perspective** 59
Li Li

6 **The Past, Prospects and Problems of Forming the 'Chindia' Alliance** 75
Tien-sze Fang

7 **Fence Sitting, Prolonged Talks: The India–China Boundary Dispute** 89
Srikanth Kondapalli

8 **India and China: Sifting the 'Generic' from the 'Specific'** 107
Raviprasad Narayanan

9 **China and India: Comparisons of Naval Strategies and Future Competition** 123
Tung-Chieh Tsai

10 Pure Commercial or More Than Strategic? An Observation of China's Establishment of Overseas Naval Bases 139
Ming-Shih Shen

11 Japanese Perspective on the Rise of India and China and Their Impact on East Asia 157
Go Ito

Index 171

About the Editors and Contributors

Editors

G.V.C. Naidu is currently Chairperson, Centre for Indo-Pacific Studies, School of International Studies, Jawaharlal Nehru University, New Delhi. Before joining JNU, he was a Senior Fellow at the Institute for Defense Studies and Analyses (IDSA), New Delhi. He specializes in Asia-Pacific issues, including regional security, India's security and foreign policy, Asian multilateralism, maritime security, and India's relations with East Asia. His visiting fellowships include a Research Fellowship at the Institute of Southeast Asian Studies, Singapore; Japan Foundation Visiting Professorship at the Daito Bunka University, Japan; Visiting Fellowship at the East–west Center, Honolulu; Visiting Fellowship at the Japan Institute of International Affairs, Tokyo; Visiting Professorship, Institute of International Relations, National Chengchi University, Taipei, Gakushuin University, Tokyo, and at several Indian universities. He has to his credit three books, five monographs on various issues related to India, Japan and East Asia, and over 150 articles, chapters in books, and research papers published in India and abroad.

Mumin Chen is Director of Center for Strategic Studies on South Asia and the Middle East, and an Associate Professor at the Graduate Institute of International Politics, National Chung Hsing University, Taiwan. His research focuses on China's foreign relations and regional security issues in South Asia with particular focus on India-China relations and China-Taiwan relations. Chen has published three books: *International Security Theory: Power, State and Threat* (in Chinese, Wu-Nan, Taipei: 2009), *Prosperity but Insecurity: Globalization and China's National Security 1979–2000* (Lambert Academic Publishing, Germany: 2010), and *International Relations Illustrated* (in Chinese, co-author with Chen Wan-yu, Wu-Nan, Taipei: 2012), and his research papers have been published on various academic journals such as *Asian Perspectives*, *Issues and Studies*, and *China Report*.

Raviprasad Narayanan is an Assistant Research Fellow with the Institute of International Relations (IIR) and concurrently an Assistant Professor in Asia-Pacific Studies, National Chengchi University, Taipei. A Ph.D. from the Centre for East Asian Studies, Jawaharlal Nehru University, he worked from 2003 till 2009 with the Institute for Defense Studies and Analyses, India's leading think-tank on defence and strategic issues. His research interests include Sino-Indian relations, South Asian security, Asia-Pacific security issues and the IR Theory. His publications have appeared in the *Asian Perspective*, *China Report*, *Harvard Asia Quarterly*, *Strategic Analysis* among other journals. He has had research stints with the Shanghai Academy of Social Sciences (SASS), Shanghai, Centre of Asian Studies, The University of Hong Kong, Japan Institute of International Affairs (JIIA), Tokyo, Shanghai Institute of International Studies (SIIS), Shanghai, and the Institute of Chinese Studies (ICS), New Delhi, where he is an Adjunct Fellow.

Contributors

Amita Batra is Professor of Economics in the Centre for South Asian Studies, School of International Studies, Jawaharlal Nehru University (JNU), New Delhi. She was earlier Senior Fellow at the Indian Council for Research on International Economic Relations (ICRIER), New Delhi, India. Professor Batra has been the first holder of the ICCR Professorial Chair in Contemporary Indian Studies at the Centre for South Asian Studies and Edinburgh-India Institute, University of Edinburgh, during January to May 2013. In 2008, Prof. Batra was Visiting Professor at the Indian Institute of Management (IIM)-Ahmedabad, where she taught a course on 'International Economic and Political Environment'. She has worked extensively in the area of regional trade and economic integration with a special focus on Asia. Her most recent book on the subject is titled *Regional Economic Integration in South Asia: Trapped in Conflict*? (London: Routledge, 2013). She also has to her credit two other books – *Preferential Trading Agreements in Asia: Towards an Asian Economic Community* (ed., 2008), and *India and the Asian Corridor* (co-authored, 2007) – and several research papers published in national and international refereed and other journals, books etc. She has also worked as consultant on research assignments including for The Sigur Centre for Asian Studies, George Washington University, Washington DC, Samsung Economic Research Institute, Seoul, Korea, and the World Bank's New Delhi office among others. Professor Batra is M.A., M.Phil., Ph.D. in Economics from the Delhi School of Economics, University of Delhi, India.

Go Ito is a Professor of International Relations at Meiji University in Tokyo, Japan. He received M.A. at Sophia University in Tokyo, and Ph.D. at the Josef Korbel School of International Studies, University of Denver, Colorado, USA. He is currently one of Japan's leading experts on national and international security studies, more specifically on US-China-Japan relations; US policy toward East Asia;

China-Taiwan cross-strait relations; and Japanese foreign and security policy. He has received several domestic and international honors for his work, including Eisenhower Fellowships in 2005 and the Yasuhiro Nakasone Award in 2006.

As a prolific writer, he has published: *Alliance in Anxiety* (New York and London: Routledge, 2003, 2013), "Redefining Security Goals: Japan's Response to the September 11 Terrorism," *Journal of East Asian Studies* (Seoul: Korea University, 2002), "Leadership in Bandwagon," *Policy and Society*, 23–1 (University of Sydney Press, 2004), "Japan's Participation in UN Peacekeeping Operations," Mike Mochizuki et al., *Japan in International Politics: The Foreign Policy of an Adaptive State* (Boulder: Lynne Rienner, 2007), "The Changing Domestic Governance in Japan and Its Impact on Foreign Policy," Ka Ho Mok and Ray Forrest (eds.), *Changing Governance and Public Policy in East Asia* (London: Routledge, 2009), and other numerous articles.

Srikanth Kondapalli is Professor in Chinese Studies at Jawaharlal Nehru University (JNU). After Doctorate in Chinese Studies from JNU, he served as a postdoctoral Visiting Fellow at People's University, Beijing from 1996 to 1998. He was a Visiting Professor at National Chengchi University, Taipei, in 2004; at the China Institute of Contemporary International Relations, Beijing, in May 2007; an Honorary Professor at Shandong University, Jinan, in 2009, 2011 and 2013; and a Fellow at Salzburg Global Seminar in 2010. He wrote two books (*China's Military: The PLA in Transition* in 1999 and *China's Naval Power* in 2001), two monographs, co-edited three volumes (*Asian Security and China* in 2004, *China and its Neighbours* in 2010, and *China's Military and India* in 2012) and a number of articles in journals and edited volumes.

Li Li is currently Deputy Director, Institute of South and South-East Asian Studies, China Institutes of Contemporary International Relations (CICIR), Beijing, China. Li earned her Ph.D. degree in Center for East Asian Studies, School of International Studies, Jawaharlal Nehru University (JNU), New Delhi, India (2004–2008); M.A. and B.A. degrees in Law, College of International Relations, Beijing, China (1999–2002 and 1987–1991, respectively). Her previous experiences include Deputy Director, Institute of South and South-East Asian Studies, China Institutes of Contemporary International Relations (CICIR), Beijing, China (2011–present); Associate Research Fellow, Institute of South and South-East Asian Studies, CICIR, where her main research areas included India and South Asia (2008–2011); Guest Faculty Member of Chinese Language, Center for East Asian Studies, School of International Studies, JNU, New Delhi, India (2007–2008); Guest Faculty Member of Chinese Language, Center for Chinese and South East Asian Studies, School of Language, Literature and Culture Studies, JNU, New Delhi, India (2005–2006); Assistant Research Fellow, Division of American Studies, CICIR, where her main research areas included US global strategy and US relations with the Islamic world (2002–2003).

She is the author of *Security Perception and China-India Relations* (New Delhi: KW Publishers, 2009) and *New Generation Leaders in the Middle East*, Co-Editor

(Beijing: Current Affairs Press, 2004). Her articles have been published on *Contemporary International Relations*, *China Daily* and *Journal of International Politics*. Her latest papers include "Stability in Southern Asia: China's Perspective", in Ashley J. Tellis and Sean Mirski ed., *Crux of Asia* (Washington: Carnegie Endowment for International Peace, 2013) and "Maturing China-India Relations and Analysis", *Contemporary International Relations*, Vol. 23, No. 3, May/June 2013.

Ming-Shih Shen is currently Associate Professor, active army colonel, Graduate Institute of Strategic Studies, War College, National Defense University, ROC Taiwan. He is also adjunct Associate Professor of the International Affairs and Strategic Studies Graduate School, Tamkang University, Taiwan, and teaching in the Department of Political Science, Fu Hsin Kang College, National Defense University, ROC, Taiwan. He got his Ph.D. in 2005 from the Department of Political Science, National Defense University; M.A. in 1995 from East Asia Graduate School, National Chen-Chi University, Taiwan; and B.A. in 1985 form Army Military Academy, Taiwan. He completed military course program from Army Command and Staff College in 1988 and regular course program of Army Infantry School in 1989. Shen has published five books: *The PLA after the Reform* (Taipei: Huichong, 1995); *Women and the Military* (Taipei: Yangchi, 2003); *Taiwan Defense Strategy* (Kaohsiung: Giliao, 2009); *The Chinese and Western Strategic Tradition of PLA Military Thoughts* (Kaohsiung: Giliao, 2009); and *The Overview of Strategy* (Taipei, Shihing, 2005).

Tien-sze Fang is currently Assistant Professor at the Center for General Education, National Tsing Hua University, Taiwan. He received his Ph.D. degree from the Department of International Relations, London School of Economics and Political Sciences (LSE), UK, in 2010 and M.A. and B.A. in Diplomacy from National Cheng-chi University, Taiwan, in 1998 and 1992.

He worked as Officer in the Department of East Asian and Pacific Affairs, Ministry of Foreign Affairs, Taiwan, during 1996–1998, Assistant Research Fellow at Prospect Foundation in Taiwan (2004–2005), and Senior Secretary and Acting Director, Science and Technology Division, Taipei Economic and Cultural Center in New Delhi (Taiwan's embassy in India) from 2005 to 2011.

He is the author of the book *Asymmetrical Threat Perceptions in India–China Relations* (2014). His research also appeared in several refereed journals, book chapters, conference papers and newspaper commentaries. His recent research interests include India's rise, China-India relations, IPE, and foreign policy studies.

Tung-Chieh Tsai is Professor and Chair at the Graduate Institute of International Politics, National Chung Hsing University. He is also Director of both the Center for Contemporary China Studies and the Center for Japan and Korea Studies at NCHU. He received a Ph.D. in Political Science from National Chengchi University (1999). His areas of specialization include Chinese foreign policy, Japanese foreign

policy, East Asian political economy and the history of international relations. He is the author of several books on Chinese foreign policy (in Chinese) and more than 100 journal articles and book chapters on East Asia international relations. His most recent publications include: "Whither East Asia Regionalism? China's Pragmatism and Community Building Rhetoric" (*Japanese Journal of Political Science*); "Dilemma of Choice: China's Response to Climate Change" (*Revista Brasileira de Política Internacional*) and "China's Relations with Latin America" (*The Ashgate Research Companion to Chinese Foreign Policy*).

Chapter 1
Introduction

G.V.C. Naidu and Mumin Chen

Even until the late 1990s, most scholars hardly paid attention to the likely rivalry or competition between India and China in East Asia. Although opinions had been divided, China's march to dominate the region was nearly unchallenged with the accretion of huge economic and military power. With the US deeply embroiled in wars in Iraq and Afghanistan, Japan mired in economic stagnation and India still trying to wriggle out of decades of red tape, political lethargy and a reticence to look beyond its immediate vicinity, it was surmised that East Asia would have no choice but to accept the new reality of a China-led regional hierarchy. Which means, to follow the historical trend, a new order would come about, replacing the older one.

But things began to change with India unfolding the second phase of its Look East policy in the early 2000s with renewed vigour and commitment once it became clear that it did not have too many choices to better its economic prospects and play a commensurate role. By the end of the first decade of the twenty-first century, Washington had announced its determination that it was 'back in Asia', which was quickly followed by the launch of the 'pivot' or 'rebalance' strategy. Not to be left behind, Japan, under the conservative governments especially of Taro Aso and Shinzo Abe (who has amazingly staged a successful comeback to the helm), is determined to unveil a new self that is not only willing to redefine its regional role but also embark on a bold new security policy aimed at greater strategic autonomy. New Delhi has also stepped up its involvement by not simply looking, but actively

G.V.C. Naidu (✉)
Centre for Indo-Pacific Studies, School of International Studies,
Jawaharlal Nehru University, New Mehrauli Road, 110067 New Delhi, India
e-mail: gvcnaidu@gmail.com

M. Chen
Graduate Institute of International Politics, National Chung Hsing University,
250 Kuo Kuang Rd, 402 Taichung, Taiwan
e-mail: muminchen@gmail.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_1

engaging the East through a comprehensive, multifaceted policy covering economic, political and strategic aspects. Amid this, the Association of Southeast Asian Nations (ASEAN) too has upped the ante by forcefully pushing across a robust role for itself and for regional multilateralism led by it. To compound the security environment further, the disputes over islands that had long remained dormant in the East and South China Seas have emerged as highly contentious, threatening to disrupt regional peace and stability. A major issue that analysts and policy makers alike are trying to grapple with is the rise of China and its increasingly assertive attitude both politically and militarily.

As a result, East Asian security is becoming all the more complex, even while the regional scene is characterised by an unprecedented economic dynamism. Indeed, it is extraordinary that virtually the entire East Asian region is on the rise. This phenomenon undoubtedly will have huge implications not merely for the region but for the rest of the world, and hence, the stakes are simply too high. Yet, the current transitory phase that the region is experiencing is fraught with serious problems; meanwhile, uncertainties remain in the nature of the future regional security order.

Against this backdrop, one issue that has come into sharper focus is the role of India and China in East Asia. Analysts have termed their relationship either as one of competition—for natural resources, for investments and for political influence and thus for strategic space—or as rivalry, with roots in the 1962 war, which was followed by bitter acrimony. Whatever form it may take, there is no denying that for the first time in recent history, India and China are meeting face to face with each other in East Asia, and this is likely to have considerable impact on the rest of the region. While it is too early to come to any definitive conclusions about how it will play out in the wake of strong stakes in regional peace and stability so that they may both pursue their economic development unencumbered by external worries, there is no question that their policies will influence in shaping the regional order. It is equally dicey to hazard likely scenarios where their competition/rivalry will manifest because these two great Asian nations have hardly been significant players in the region till recently. They were content to remain in the shadow of the super powers during much of the Cold War period, notwithstanding occasional pretentions to be autonomous. Thanks to economic reforms and to the end of the Cold War, in a remarkable shift of events, they are now emerging as major determinants of regional economic and security architecture. Concurrently, their bilateral relations are also witnessing an unprecedented transformation even as they become increasingly complex. Both are conscious of their long history and the influences they exerted across much of East Asia. Now they are seeking to redefine their roles and want to be major players.

For nearly two millennia before the onset of colonialism, China and India were the two largest global economies which also and heavily influenced the rest of Asia in different ways (Madison 2007, p. 379). While China had a kind of security framework in the form of a tributary system, India was a benign power without ever resorting to the use of force and was content with spreading its cultural, religious

and linguistic influences peacefully. Although their interests overlapped, it is remarkable that they managed their relations without stepping on each other's toes. A major upshot of the colonial rule across Asia was that the vibrant links between India and China, on one hand, and between them and the rest of the region, on the other, spanning a vast spectrum such as culture, religion, language and art and architecture along with business, were cut off. Subsequently, in the post-independence era, profound ideological differences—India as democratic and China as communist—did not come in the way of reforging close bonds between them in the 1950s.

Things began to change remarkably and fundamentally once they went to war in 1962. Although it was brief and bloody, it would change the way they perceived each other. The spillover of that can be seen across numerous areas and issues, most prominently in East Asia at present. What needs to be taken note of is the fact that these two powers are becoming pivotal players in the regional economic and security calculus, and hence bilateral relations that govern them, their evolving perceptions about each other and their policies towards East Asia are significant aspects that deserve considerable attention and analysis.

A cursory look at scholarly analyses even a decade ago shows that they tended to focus on the India–Pakistan rivalry since the two nations had declared themselves as nuclear weapon states after conducting tests in 1998. China watchers, on the other hand, were more interested in the rising giant's interactions with its East Asian neighbours as well as the US book-length studies on China–India relations that looked beyond either the border dispute or China's support to Pakistan were rare in Western academia. Strategic communities' interest in China–India-related topics also tended to be sporadic and reactive.[1] The existing literature either dealt with technical issues—such as the impact of the 1962 war or border negotiations—or attempted to ask what role an external power such as the US plays either in the aftermath of the Cold War or post-9/11.[2]

However, the situation has since changed fundamentally. China's rapid ascent as a new global power is duly acknowledged, and India is increasingly seen by strategic analysts as a rising power whose influence is spreading across the Indian Ocean and the East Asian region. Both are experiencing high-growth rates and are committed to modernising their military capabilities, in particular sea power. Both consider preservation of state sovereignty and territorial integrity as critically important issues and vow to protect their national interests whatever it takes. Finally, both have shown tremendous interest (and confidence) in becoming new global players and aspire to be treated as equal partners with the US. Although India's economic

[1] Notable studies on China–India relations published between 2001 and 2005 include John W. Garver's (2001) and Wahaguru Pal Sigh Sidhu and Jing-Dong Yuan's (2003). There were certainly more books on China–India relations published in Beijing and New Delhi, but their circulation and influence on the Western academia were quite limited. See, for example, G.P. Deshpande and Alka Acharya (2001) and Zhang Minqiu (2004).

[2] One example is Francine R. Frankel and Harry Harding (2004). The book provides an American perspective of China and India's roles in the post-9/11 era.

performance and aggregated national strength still lag behind China's, its rise, despite the mammoth problems its highly diversified society is faced with, is noteworthy because it has managed to maintain such high rates of economic growth in the past decade (7.5 % annually). Moreover, unlike China, which relies heavily on foreign capital and exports to world markets, India's economic growth is largely domestic market driven, which makes it relatively more resilient.

Considerable research literature is now available on China–India relations, but most of it still follows a conventional perspective, seeing the relationship in the narrow conflictual prism limited to South Asia than in the larger perspective. The 'geopolitical conflict in the arc of land and waters lying between and alongside China and India', a phrase used in John W. Garver's landmark study of 2001, is constantly mentioned by many analysts as a fundamental determinant in depicting the relationship (Garver 2001, p. 5). According to Mohan Malik, China and India remain two fierce competitors, determined to outdo each other, rather than two collaborators with common agendas. Despite bourgeoning economic links, China and India harbour strong hostility and suspicions about one another (Malik 2011, p. 2). The modern international system has rarely witnessed the re-emergence of two neighbouring states simultaneously, not to mention the fact that both China and India are considered as 'awakening' powers in Asia. It has created a situation that both academic scholars and policy makers could not foresee, although sufficient theories or models to predict how they will interact with each other and how their Asian neighbours will accommodate their concurrent rise have been developed. There are certainly new books on how China and India's rise is reshaping global political and economic orders, yet few scholarly works have focussed on the impact of China and India's rise on bilateral relations, how their respective rise is interpreted by the elite from both societies, their evolving relations with other East Asian neighbours and the likely impact on the regional landscape.[3]

This volume tries to offer explanations on some of these issues. The papers included here are based on deliberations of an international conference that was held in Taiwan, co-hosted by the Graduate Institute of International Politics, National Chung Hsing University, Taiwan, and the Centre for South, Central and Southeast Asian and Southwest Pacific Studies, School of International Studies, Jawaharlal Nehru University, India, in December 2011. The original idea was to invite scholars from China, India and other Asian countries to share their perspectives and research findings on the current state of China–India relations, the likely course they might take and the impact of their rise on the rest of the region. Three broad themes were identified in the Taiwan conference—significant trends in the relationship between China and India; how each country has been accommodating the other's growth; and outside perspectives of India and China's rise. In addition to the identified topics, a number of contributors have assessed the growing competition or cooperation between China and India in a broader strategic sense, while others have attempted to compare their economic performances or military

[3] Recent studies on China and India's rise and response from other countries include Shalendra D. Sharma (2009), Ashley J. Tellis et al. (2011), and Ashley J. Tellis and Sean Mirski (2013).

strategies. Together, the chapters constitute a fairly wide-ranging study on China–India relations and their simultaneous rise comprising diverse perspectives and methodologies.

In Chap. 2, G.V.C. Naidu provides a comprehensive overview of the China–India relationship with particular focus on East Asia and compares their relations with other important players in the region (such as Japan), the US and the members of ASEAN. Naidu finds that there were 'clear signs of rising tensions between India and China corresponding with India's qualitative shift in its East Asian engagement' (unveiled by its Look East Policy), yet both sides are willing to recognise each other's strategic interests in the larger Indo-Pacific region (East Asia for India, Indian Ocean for China) and the implications of an outright competition or rivalry. While China is looking to play a larger role concomitant with the rise of its power, for India China is no longer the prime determinant of India's growing engagement with East Asia. Both seem to understand their limitations and strengths and hence would not cross the self-imposed red lines to ensure that the relationship is fairly stable.

In Chap. 3, Amita Batra conducts an in-depth analysis of the trends of growth and trade structure of both countries, aiming at understanding the patterns of China and India's participation in regional economic integration of East Asia. In particular, she compares and assesses the imperatives for both countries to strengthen trade ties with ASEAN members after the global financial crisis. While China is expected to reorient its growth strategy towards domestic consumption, India's emergence as an alternative market becomes a significant trend. In the future, India's integration prospects with ASEAN as well as Japan and Korea are bright as it can help these countries to look forward to alternative markets to that of China.

Mumin Chen in Chap. 4 shifts the focus from India–China bilateral to look at a third party with enough potential to alter the power-balancing structure between China and India, i.e., Taiwan. Compared to their other East Asian neighbours, Taiwan has stronger incentive to seek a strategic ally that also harbours a deep suspicion of China's growing power. An increasingly powerful India appears to be the ideal choice. The question, however, is whether Taipei and New Delhi are interested in forming some sort of a partnership if not an alliance. Since Taiwan has strong incentive to balance against likely Chinese hegemony, it will natural seek alliance with a country that shares strong its concerns about China and be in a position to counterbalance China. A rising India seems to be a perfect choice. Chen considers Taiwan's engagement with India as part of its 'pragmatic diplomacy', aiming at establishing relations with foreign governments to display Taiwan's independent sovereignty and to resist pressure from Beijing. He finds that in recent years both the Taiwan and Indian governments have shown interest in promoting a strong bilateral relationship and one of the reasons is a shared perception about China. However, it is still too early to predict if both sides have strong incentives to upgrade the present cooperation to a strategic level.

In Chap. 5, Li Li argues that Chinese scholars have produced rich and diverse observations on India's economic growth, but these studies have been overlooked

by the Western academia. In this chapter, Li attempts to reorganise and introduce the Chinese perspectives of India's economic performance in consequent to the liberalisation. Two interesting assessments by Chinese economists, according to the author, relate to how they evaluate the democratic political institutions of India as an important aspect in Indian economic performance and whether India's economic rise will be sustainable. Moreover, in contrast to the observations by some Indian economists that India's economic rise poses challenges to China, Li argues that China welcomes India's rise as the latter will offer opportunities for China to invest and to exploit the market. Further, together they can also transform the international economic order.

Chapter 6 concentrates on more positive sides of China–India relations. Starting with the idea of the Panchsheel (Five Principles of Peaceful Coexistence), Tien-Sze Fang examines how both countries experimented with cooperation in the 1950s and how such an idea—rephrased into the concept of 'Chindia'—was revitalised in recent years. The chapter also addresses the conditions for Chindia, meaning China and India working together to generate greater influence in world affairs. Unlike the realist view prevailing in the circles of China–India studies, Fang concludes that both share similar views on a range of issues concerning global affairs and have developed certain common interests. Thus, it is possible for Chindia to be accepted as a new mechanism to promote bilateral cooperation in the future.

The boundary dispute remains a critical issue with substantial impact on bilateral relations. In Chap. 7, Srikanth Kondapalli expresses a pessimistic view of the border dispute getting resolved any time soon. He observes that more than three decades of negotiations between the two sides since the early 1980s have not led to any major progress towards a resolution, even though certain confidence-building measures (CBMs) have been created to maintain border stability. Yet, Kondapalli also finds that increased defence budgets on both sides, aiming at military modernisation and strengthening of defence forces along border areas, and the rising nationalistic sentiments on both sides are spiralling into tensions. As a result, maintaining border stability is perhaps the best solution either side could hope for in the current political atmosphere.

In contrast to Kondapalli's conventional perspective and methodology, Raviprasad Narayanan offers a new interpretation to the current stagnation of China–India relations. In Chap. 8, he argues that the boundary dispute 'is displaying characteristics of an internal political deadlock and institutional intransigence in both countries; and the lack of institutional mechanisms… encourage[s] powerful domestic constituencies to monopolise discourse and opinion building' on both sides. To improve the situation, Narayanan suggests both governments should undertake a calibrated exercise in developing vertical and horizontal linkages that lead to the relationship becoming self-sustaining rather than self-limiting to certain crucial issues such as the boundary dispute.

Another significant trend in China–India competition is to compare their naval capabilities since the focus is invariably shifting to the rapidly changing maritime

security environment and further explore how their growing strategic interests in the oceans may reshape the geopolitical landscape. In Chap. 9, Tung-Chieh Tsai first explains why a maritime strategy is crucial for rising powers such as China and India and then provides detailed comparisons of their policies and practices in recent years. By analysing two arenas with potential conflict, the Indian Ocean and the South China Sea, Tsai concludes that even though China's eagerness to build a blue-water navy draws more international attention, India's role cannot be ignored as it has long been an active player in the Indian Ocean. Ming-Shih Shen Chap. 10 further elaborates China's naval strategy in the Indian Ocean and explains why it is necessary for Chinese People's Liberation Navy (PLAN) to seek and establish naval bases in the region. The much cited 'String of Pearls' thesis describes China's ambition to build a series of military and commercial facilities in the Indian Ocean so as to secure its trade in the region. China's Indian Ocean strategy has aroused huge debates, particularly in India. Its media and strategic community have castigated China of plotting to encircle India by investing to help build infrastructure in Indian Ocean Region countries, namely, Pakistan, Sri Lanka, Bangladesh and Myanmar. Yet China has never admitted existence of such a strategy and has rejected the allegations as baseless. Shen analyses China's incentive to evolve an Indian Ocean strategy from four different perspectives: ensuring energy security, building an advantageous geostrategic stance, demonstrating China's prestige and influence in diplomacy and supporting its overall maritime thrust. By examining the strategic literature in China and remarks by top military leaders, Shen concludes that it will be a logical step for China to build naval bases or strategic support points in the Indian Ocean. Obviously, the rise of India and China and its impact is not limited to the bilateral sphere alone, but impinges on the rest of East Asia and even beyond. Hence, it is imperative to take cognisance of the views of others to evolve an appropriate understanding of this dynamic.

Finally, in Chap. 11 Go Ito provides a Japanese perspective of the dynamic changes of strategic interactions among major players in East Asia and how Japan learns to accommodate the rise of China and India. The traditional US–Japan alliance, created and maintained by the US in the Cold War faces more challenges today as China is becoming more assertive and even aggressive in territorial claims. On the other hand, Japan has demonstrated tremendous interest in seeking security cooperation with India. The growth of closer security ties can be witnessed through a series of security dialogues, joint exercises and high-level visits between the two countries in recent years. Ito also avers that any US retraction of its engagement would only embolden China and hurt the interests of the US, Japan and India.

The chapters in this volume do exhibit the authors' interests in exploring the dynamics behind India and China's concurrent rise and their concerns about their relations between themselves and with other East Asian neighbours. Although the authors do not develop a common analytical framework for understanding such dynamics, nor do they reach a consensus on future directions of India–China relations, they all try to understand strategic interactions between both the two rising

giants in broader regional perspectives with innovative research agendas. As long as India and China continue to be seen as new rising powers with potential to redefining political, strategic and economic landscapes of East Asia in the twentieth-first century, studies on India–China competition/rivalry and/or cooperation and comparisons in diverse dimensions will continue to draw attentions from and generate debates in the scholarly world. The current endeavour is part of that.

References

Deshpande GP, Acharya A (eds) (2001) Crossing a bridge of dreams: 50 years of India–China. Tuliks, New Delhi

Frankel FR, Harding H (eds) (2004) The India–China relationship: what the United States needs to know. Columbia University Press/Woodrow Wilson Center Press, New York

Garver JW (2001) Protracted contest: Sino-Indian rivalry in the twentieth century. University of Washington Press, Seattle/London

Madison A (2007) Contours of the world economy, 1–2030 AD: essays in macro-economic history. Oxford University Press, Oxford

Malik M (2011) China and India: great power rivals. First Forum Press, Boulder/London

Sharma SD (2009) China and India in the age of globalization. Cambridge University Press, Cambridge

Sidhu WPS, Yuan J-D (2003) China and India: cooperation of conflict. Lynne Rienner, London

Tellis AJ, Mirski S (eds) (2013) Crux of Asia: China, India, and the emerging global order. Carnegie Endowment, Washington, DC

Tellis AJ, Tanner T, Keough J (eds) (2011) Strategic Asia 2011–12: Asia responds to its rising powers, China and India. National Bureau of Asian Research, Seattle/Washington, DC

Zhang Minqiu (ed) (2004) Zhongyin Guanxi Yanjiu (1947–2003) (Sino-Indian relations, 1947–2003). Peking University Press, Beijing

Chapter 2
India, China and East Asia

G.V.C. Naidu

An appraisal of India–China relations in the context of East Asia has to consider two key aspects. One, both had not been major factors in the region till recently, but in a remarkable shift of events, they are now emerging as important determinants of regional economic and security order; and two, along with their growing roles in East Asia, their bilateral relations are witnessing an unprecedented transformation. Backed by rapidly expanding economic relations, they are becoming multifaceted and thus increasingly complex. With China's rise as the predominant power in East Asia and India's emergence with rapidly growing stakes in East Asia, it is obvious that they meet here. Consequently, there is no question that their interests are clashing and competition is mounting, but there is also remarkable political alacrity now than ever before to ensure that relations do not spin out of control. Even as East Asian security continues to be on the cusp of a profound change, it would be reckless to draw hasty inferences merely because there have been occasions in the recent past that may have implied that these two Asian giants are headed towards an irreconcilable rivalry, if not an all-out armed conflict. Both are acutely conscious of the fact that they are rising almost simultaneously and are seeking greater strategic spaces concomitant with their growing interests and expanding stakes that are no more limited to the earlier confines of their immediate vicinity. Yet, both are also equally aware of their strengths (and weaknesses) and the ability to undermine each other's interests. The wariness is evident in their military build-up.

Even while they globalise their economies, log eye-popping growth rates, fundamentally reorient their military capabilities and harbour ever bigger political ambitions, it is but natural that East Asia has emerged as the principal arena where China and India's interests not only converge but also intersect. It is further compounded by the fact that this region also happens to be complex in every sense

G.V.C. Naidu (✉)
Centre for Indo-Pacific Studies, School of International Studies,
Jawaharlal Nehru University, New Mehrauli Road, 110067 New Delhi, India
e-mail: gvcnaidu@gmail.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_2

of the term, economically the most dynamic and at the same time confronted with huge security challenges that could potentially undermine regional peace and stability and thus disrupt economic vibrancy. The bottom line is that East Asia is witnessing extraordinary shifts in its political/security architecture. Hence, questions have been raised on whether the region will emerge as the theatre for India and China to play out their competition/rivalry and what the implications for the rest of the region will be. Or will they find ways to peacefully coexist by joining hands in the management of regional security? It is too early to speculate; nonetheless, some new signs are visible.

A broad tendency among analysts to dub relations between India and China as a zero-sum game and claim that they are bound to remain rivals and their antagonism will manifest most prominently in the Indo-Pacific region may be far-fetched. A closer look at the way relations are evolving, their guarded approach, deepening engagement and enormous caution while dealing with each other signify that they want to avoid a collision course.

To be sure, suspicions do abound. The Chinese are anxious about India's strong forays into East Asia through its Look East policy, in particular its participation in what China considers a US-led containment strategy along with Japan and its involvement in the South China Sea even if ostensibly in search of energy resources. Similarly, India has always been wary of close links between Beijing and Islamabad and is sceptical of every Chinese move in India's immediate neighbourhood, its long-term ambitions in the Indian Ocean and its attempts to keep India away from East Asian affairs. As areas of interaction steadily expand—global, regional and bilateral—there is no denying that they will remain competitors—for natural resources, in particular energy, to satiate their fast-expanding industry and consumption with rising incomes, for markets, for investments (both ways) and, more importantly, for political influence. However, they are most unlikely to allow competitive elements lead to an open political and/or military showdown. Occasions to enable them to join hands unreservedly have also cropped up—as in climate change negotiations and in the promotion of the BRICS (Brazil, Russia, India, China, South Africa) forum as a kind of alternative reference point to the existing global order. Consequently, both face the challenge of keeping their relationship on an even keel. While this needs to be factored in while sizing up the India–China relationship, what is significant is that the self-imposed red lines they would not like to cross are vital indicators of how the two sides seek to deal with each other. This dynamics will influence their relations in the East Asian region.

2.1 Backdrop

For nearly two millennia before colonialism, China and India were, on one hand, the two largest global economies and held sway over the rest of Asia (Madison 2007). Yet, it is remarkable that they managed their relations without stepping on each other's toes. The vibrant economic, political, cultural and religious links that characterised the relationship were snapped by colonial rule across Asia.

Interestingly, for India, the emergence of a Communist Party-led China as a unified, independent nation in the post-colonial era did not matter. On the contrary, New Delhi looked at developments in China as a triumph of anti-colonial and anti-imperialist forces and thus extended full support by becoming the first noncommunist country to recognise communist China (and follow a 'one-China' policy). The bonhomie in the 1950s is in fact testimony to the fact that ideological differences were hardly an issue.

The thing is, despite the enormous influence these two countries exerted historically on the rest of the region (but remained on the margins during the long colonial rule and during much of the Cold War), they never faced off with each other, let alone get involved in a confrontation, nor did their interests ever clash. Indeed, they never dominated each other or made attempts to upstage one another in any way till the fissures began to develop in the backdrop of Beijing's attempt to usurp Tibet. A series of events—beginning from the Dalai Lama fleeing to India and Indian concerns over the status of Tibet, which historically had served as a buffer between the two giants; the border dispute cropping up as a major issue; and perhaps a number of miscalculations—have had their share in leading up to the border skirmish. They went to war with each other for the first time in 1962. That lone incident—however compounded by other developments at the domestic as well as international level—has bedevilled relations so much that it has generated enormous mistrust, animosity and rivalry.

What has changed is that their interests, which had been largely confined till the late 1990s to the bilateral arena, are now intersecting in East Asia, a region that is at the forefront of global economic growth. Consequently, its overall weight in global affairs is also concomitantly increasing in a big way, and hence developments here will have larger implications for the rest of the world as well. With a combined gross domestic product (GDP) of around US$28 trillion in PPP terms, East Asia is already almost as large as the US and the European Union put together (and set to overtake them by 2014). Besides being home to nearly half the global population, the world's fastest and largest growing markets are located here. Now that the talks have already begun for a region-wide free trade agreement called the Regional Comprehensive Economic Partnership (RCEP), it will throw up an entirely new element. Today, three out of four of the world's largest economies are located in East Asia. By several estimates, China is likely to become the largest economy by 2035–2040, and India is already the third largest in PPP terms. By 2008, China emerged as the largest manufacturing nation, surpassing the US, and is also the world's largest trading nation. Despite considerable slowdown in the last couple decades, Japan continues to be an economic powerhouse. The Asian economic tigers, followed by Southeast Asia and China, were the biggest beneficiaries of Japanese aid, investments and technologies. Although the Japanese economy is a laggard compared to the rest of the region, it would be imprudent to underestimate its strengths: aside from huge personal financial assets at around US$17 trillion (as of December 2012), it is the third largest economy with a GDP of over US$5 trillion. More importantly, it is still a leader in several niche advanced technologies. If Abenomics works out, it could bounce back once again.

Others such as South Korea, Singapore, Hong Kong and Taiwan have emerged as major capital–surplus countries, with rapidly expanding economic roles. Of the total of nearly US$7 trillion foreign exchange reserves held by the East Asian nations, these four countries alone have nearly US$1.5 trillion. In addition, virtually the entire Association for Southeast Asian Nations (ASEAN) region is doing exceptionally well economically. Though a latecomer, Vietnam has already joined the league of high performers and Myanmar's story is beginning to unfold too. Added to this is India, relatively a new entrant. With its huge human resource base, a demographic advantage and a strong hold on certain niche areas such as information technology and pharmaceuticals, India is forecast to emerge as a major economic growth driver in the region in the coming years.

Unlike in the past when their fortunes were dependent on the US and West Europe, and the heavy reliance on their markets, the East Asian countries are coming of age economically today. They have exhibited remarkable resilience in the wake of 2008 economic crisis in the US and more recently in the Eurozone. Intra-Asian trade—at nearly 59 % in 2011—is growing faster rather than trade with outside the region. Similarly, East Asian investments are increasingly being bound within the region. These indicate not merely the declining importance of traditional markets such as the US and Europe, but growing opportunities and expanding markets in East Asia. Under the Chiang Mai Initiative, which came about in the aftermath of the 1997 financial crisis, a reserve pool of US$240 billion by 2012 is in operation meant to tide over if the region faced with a similar crisis.

The innumerable bilateral and multilateral free trade agreements (FTA) and regional cooperation arrangements that the East Asian countries are involved in are a sign of growing regional integration. As of September 2012, 'there were 103 FTAs in effect involving one or more countries from the region, most of them bilateral. There are another 26 signed FTAs, 64 under negotiation and 60 more proposed (Menon 2013). Additionally, there are several regional multilateral mechanisms to promote economic cooperation, such as the Asia Pacific Economic Cooperation (APEC), ASEAN Dialogue and Summit Partnership Meetings, ASEAN Plus Three (APT) and East Asia Summit (EAS). Among these, the RCEP involving the ten ASEAN nations, China, Japan, India, South Korea, Australia and New Zealand will be a mega-FTA.

However, the region is not without its problems on the political and security fronts, prompting some to describe the current environment as two Asias (Feigenbaum and Manning 2012). In fact, at times they appear to be so unnerving that they might derail the region's economic juggernaut. Besides several flashpoints, the region is home to the world's largest (and probably most intractable) unsettled territorial and maritime boundary disputes. There is not a single country that is free from one of these. Some of them are minor but many are major and politically highly contested. For instance, the boundary dispute between India and China involves some 95,000 km^2. Many of the above have acquired considerable salience now compared to the past, either because of their geostrategic advantage or because of the vast natural resources they possess.

The other dimension of regional security are relations among the major powers. The regional powers, China, India and Japan, are redefining their roles and increasingly becoming more assertive. This is likely to be an enduring feature of East Asia in the coming years and will play a key role in any new regional order. The post-Cold War order led by the unipolarity of the US has collapsed with the rise of new power centres, and a lack of classic balance of power is adding to the anxiety of many small and medium countries. If history is any guide, it is inevitable that the rise of new powers not only disturb the status quo but they also try to constantly expand their strategic space at the cost of other existing dominant powers, leading to a clash of interests and tensions and quite often wars. It constitutes a major part of the discourse on Asian security whether this region too will go through the trajectory that other regions have traversed, such as Europe. On the other hand, there are others who argue that developments in the nineteenth- and early twentieth-century Europe are not necessarily the best guide to the future of East Asia, especially because of massive globalisation process that is current underway and unprecedented economic interdependence, which will make the cost of conflicts simply too much to bear. Whichever course East Asia takes, one thing is pretty certain: the post-Cold War unipolarity is transiting towards an East Asian multipolarity. This transition is unnerving because one is not sure if it is going to be smooth and free of conflicts, keeping regional peace and stability unaffected—a precondition for continued economic dynamism and development.

This paper argues that, whereas China figured prominently in India's policy towards East Asia since the late 1970s, it gradually became just one of several factors guiding New Delhi's Look East policy. In other words, China is no more the sole or prime determinant of India's engagement with East Asia. It concludes that India and China will continue to be wary of each other even as each of them steadily tries to gain more and more strategic space. Competition of one sort or the other is likely to continue and intensify, but they have no option other than finding ways to accommodate each other.

2.2 India's Look East Policy and China

Most contend, rightly so, that economic imperatives drove India to start looking eastwards, but the China factor certainly had a role in fashioning the Look East policy (LEP) as it evolved. Whether at the time of its launch or later on, India has economically never been a match for China. Hence, the objective was not so much to counter China, but to ensure that its own interests were not undermined. There was a broad realisation in New Delhi that the end of the Cold War was godsend that enabled it to break free from Cold War shackles and to look beyond its immediate neighbourhood where it had willy-nilly boxed itself in. To its credit, the Indian Navy took the first steps on its own to establish contacts with its counterparts in Southeast Asia and Australia to build confidence and to dispel misgivings that its modernisation in the 1980s was an attempt to project power into the eastern Indian

Ocean region. India was also concerned about the trend of creating regional trading blocs in the early 1990s, prominently in Europe and North America, prompting East Asia too to undertake steps to create their own—the East Asia Economic Group (later Caucus), put forward by Mahathir Mohamad, the Malaysian prime minister, for instance. This would have left India as the only major power not belonging any of these blocs. Second, India also wanted to be part of East Asian economic dynamism to attract more investments from Japan and other countries and to considerably increase its trade with this region. Hence, in the early 1990s, India had no option but to get closer to this region at any cost. This combination of factors was behind the launch of the Look East policy.

A close scrutiny, however, reveals that China has always lurked in the background, sometimes more starkly than others. Most certainly China was a factor after Vietnamese military overthrew the Beijing-supported Pol Pot regime in Cambodia in late 1978. India was the only noncommunist country to diplomatically recognise the Hanoi-installed government in Phnom Penh. Indeed, at the time, India preferred to forego the ASEAN offer of a Dialogue Partnership than to lose a strategic ally in Vietnam that shared common concerns about China.[1] The end of the Cold War also removed Cambodia as a major impediment between India and ASEAN. Interestingly, in the aftermath of the Cold War, the China factor began to figure in Southeast Asian thinking—quite unexpectedly for India—as a result of certain vital geostrategic developments in the early 1990s, which coincided with India's Look East policy, prompting several ASEAN countries (prominently Singapore and Indonesia) to reassess their attitude in terms of enabling New Delhi to play a larger role in regional affairs.

The most important among these was super power military withdrawal. The closure of America's largest overseas bases in the Philippines in 1992, for the first time, resulted in a power vacuum in Southeast Asia. This alone would not have been a major worry, but for other developments that followed, mostly concerned with China's generally assertive stances over its claims in the South China Sea in particular and exhibiting greater ambitions to be the predominant power in general by taking advantage of the new circumstances. The Standing Committee of the National People's Congress of China adopted the Law on the Territorial Waters and Their Contiguous Areas (Territorial Sea Law) in February 1992, asserting China's sovereignty over the Spratly and Paracel Islands, and published a map indicating not just the entire South China Sea from Hainan but all the way up to Indonesia's Natuna Islands as its territorial waters. Although Beijing clarified that the Natunas belonged to Indonesia, it failed to dispel the latter's anxiety. Soon, a series of low-level military spats followed between China and Vietnam and China and the Philippines. Against this backdrop, while the US was keen to re-establish its military presence in Southeast Asia, ASEAN started to weigh other options as it was forced to come to terms with

[1] New Delhi was apparently incensed when Beijing decided to launch a military attack on Vietnam in February 1979 (when the Indian foreign minister was in China on an official visit, forcing him to cut it short) to teach Vietnam a 'lesson' (the same language that it had used in the 1962 war with India).

new realities in the changed circumstances, wherein its security role all of a sudden had come into sharp focus. This explains why ASEAN, which was initially unenthusiastic about the Japanese idea of a regional security platform to replicate the European example, came around as a major benefactor of the ASEAN Regional Forum (ARF) in 1993.

Second, India, a large country with formidable military power, figures prominently as a potential countervailing force against China. This is evident if one looks at the debate on the creation of a regional security multilateral framework. Not only did India hardly figure in this, but its attempts to join the ARF were politely rebuffed. By 1995, however, a perceptible change in ASEAN's attitude was obvious when India was made a Dialogue Partner and also offered membership of the ARF.

Still, this cannot be construed as concerted attempts to create a regional power balance of some sort. For most countries of ASEAN, India was an unknown quantity that, after more than three decades of political chasm, it was trying to re-establish links. Its economic reforms, notwithstanding a strong commitment by the top political leadership, were teetering and were undoubtedly no match for the economic prospects China was already presenting. There was, nonetheless, a broad agreement that India's military power, in particular its navy, was formidable.

Among various factors, China's close economic and defence relations with Myanmar, particularly since the crackdown on the democracy movement in August 1988, figured prominently in revisiting India's previous policy of supporting pro-democracy movements. In the new policy framework initiated in 1993, besides engaging the ruling military junta politically, New Delhi also began to strengthen economic links. That was also the time ASEAN started looking for ways to get Myanmar into its fold.

India's May 1998 nuclear tests, avowedly to counter the potential Chinese threat, elicited mixed reactions from East Asia. When the issue came up at the July 1998 ARF meeting in Manila, a group of countries led by Australia, Japan, the Philippines and China sought to condemn India.[2] However, the attempt was thwarted because some ASEAN countries were strongly in India's defence. It was a clear indication that these countries were looking at India as a potential balancer to a nuclear-armed China.

However, in a remarkable turnaround, the advent of conservative leadership under George W. Bush in the US (and a few years later Junichiro Koizumi in Japan), who became openly critical of China's authoritarian government, brought the focus on India as a potential ally to counter China. Both these politicians (especially Koizumi) endeavoured to revisit their relations with India in a more fundamental way. China's first real concern about India in East Asia became palpable when Bush enlisted New Delhi's support to his ballistic missile defence programme in 2001. Then came the famous 2005 India–US Nuclear Agreement, which was followed by a series of other security cooperation arrangements. One could see the Bush administration strongly articulating a major role for India in East Asia. On the other hand, Koizumi signed the

[2]The Clinton administration even went to the extent of suggesting a partnership with China to compel India to reverse its nuclear decision, leading to strong reactions from New Delhi.

historic Eight-Point Initiative on a visit to India in May 2005—one of the most comprehensive agreements that Japan has ever signed other than with the US. The joint statement, titled 'Japan–India Partnership in the New Asian Era: Strategic Orientation of Japan–India Global Partnership', was a clear endorsement of India's role in East Asia. When seen against Japan's cold shouldering of India's efforts to forge close links with East Asia, perhaps with the calculation that it might complicate Tokyo's ambitions to play a bigger political role in the region in the early 1990s, and the bitterness it exhibited as a result of the nuclear tests, it is astounding that India has emerged as the second most important strategic partner to Japan after the US. There is no question that a common concern about China has been a major driver of this.

These developments had a major impact on China's thinking about India, and its unease over growing India's relations with and involvement in East Asian affairs was palpable. For long, China had dubbed India as a predominant power in South Asia, implying that it did not belong to East Asia. The launch of the informal Quadrilateral comprising the US, Japan, India and Australia, and the two major military exercises that India conducted in 2007, was probably the clearest signal to Beijing that these countries could join hands to counterbalance it. As expected, China took serious objection and expressed its concern in no uncertain terms. The change in political leadership in Australia, with the Labour Party winning the elections in 2007, and around the same Shinzo Abe—seen as a China baiter—being replaced by Yasuo Fukuda, a moderate, brought an end to the Quadrilateral. After several years, the US, Japan and India security cooperation had taken a new avatar in the form of the Trilateral, which, unlike the Quadrilateral, was a formal mechanism. So far, it has been a low-key affair, confined to senior bureaucrats in the foreign affairs ministry, but it is emerging as a key mechanism for security cooperation. The agenda of the Trilateral ostensibly covers several issues, including China.

Given its steady expansion, the Look East policy has become multifaceted; aside from political and economic aspects, strategic interactions with East Asia have begun to emerge as a notable dimension. What began in the early 1990s as an attempt to assuage Southeast Asian concerns over the impact of Indian naval expansion has since gathered an unprecedented momentum. The initial success in fashioning defence cooperation with a few East Asian countries has stimulated India's defence outreach programme in such a big way that it now includes a wide array of activities, such as strategic dialogues, bilateral and multilateral exercises, training programmes, high-level visits, technology cooperation agreements and some instances of arms transfers as well. Compared to 1990 when Vietnam was the only country with which India had some strategic understanding (sans a formal agreement), a decade and half later, it had forged defence and strategic links of one kind or another with most countries of East Asia as part of its 'defence diplomacy'.[3] New Delhi has been striving hard to broaden and strengthen these ties. A measure of its success can be gauged from the fact that a section on 'Defence Relations with

[3] In 2003 alone, India entered into eight agreements or memoranda of understanding on defence cooperation and held seven 'defence dialogues' (*Ministry of Defence Annual Report 2003–04* [New Delhi: Government of India, 2004, pp. 185–186]).

Foreign Countries' has started appearing in the annual reports of the defence ministry since 2003–2004. Since the Indian Navy was the trailblazer in this endeavour, it created a separate Directorate of Foreign Cooperation at its headquarters in 2004. It is obvious that India's exponential increase in its strategic relations with East Asia has significant security implications for the region in general and China in particular. It is not that China is the sole reason for these links, but it certainly is a factor in some cases.

2.3 India, China and East Asia

Since the early 2000s, there have been signs of rising tensions between India and China corresponding with India's qualitative shift in its East Asian engagement. Aside from Myanmar, now several issues in East Asia can be related to India and China one way or another. In fact, an intensifying competition can be seen virtually across the entire East Asian region to varying degrees—from wooing ASEAN, as was evident when New Delhi (and Tokyo) offered to sign a comprehensive economic cooperation agreement in 2003 to match a similar initiative by Beijing in 2002, to joining hands with Japan, from active participation in regional multilateralism to attempts at creating power balance vis-à-vis China. China resisted the expansion of the APT to include India prompting Japan to come up with the idea of creating a new forum in the form of the EAS. When it was launched in 2005, China tried unsuccessfully to block India's membership, but the majority prevailed. In the following section, we look at some examples where India and China's interests overlap.

2.4 India, Myanmar and China

As noted, earlier, New Delhi's discomfort about Beijing's growing influence was one of the factors responsible for a volte-face in its policy towards Myanmar beginning in 1993.[4] The world's chorus of condemnations of the military-led rule in Myanmar till 2010 failed to deter India from assiduously building close relations with the regime after openly supporting the pro-democracy movement previously. In 1992, the Indian government had awarded Aung San Suu Kyi with the prestigious Jawaharlal Nehru Award for International Understanding, much to the discomfort of the military. By then, China had made major economic, military and diplomatic

[4] India was equally concerned about unabated insurgency in its volatile north-east. Since Myanmar shares borders with four of these states and because there are certain communities that live on both sides of the porous border, it was very difficult to control the insurgency without active Myanmarese cooperation.

inroads into Myanmar. The August 1988 military deal of US$2 billion to fight insurgency (which India had declined earlier) and the unflinching support that Beijing extended to the military regime facing international sanctions and condemnation following the brutal crackdown in 1988 further distanced India from Myanmar. By the end of the 1990s, China had also emerged as Myanmar's principal aid provider and economic partner. As a key neighbour sharing a long border and whose support in fighting India's own insurgencies in its north-eastern region was critical, the last thing India wanted was Myanmar becoming a satellite to China. Sustained re-engagement and political cultivation enabled India to regain considerable ground. Although Myanmar joined ASEAN in 1997, its influence had always been limited, whereas what really mattered for Myanmar was its relations with the two giants.

True, India cannot match China in providing generous economic assistance and military aid, but its upper hand is its soft power because of its significant influence and strong historical linkages. Myanmar understood that excessive dependence on China was imprudent, and hence, as soon India changed its policy, it was eager to embrace it in order to maintain equal distance between India and China. By the early 2010s, India's trade grew more than tenfold to cross US$1 billion in a decade, and it managed to get several investment opportunities in energy, telecommunications, railways, hydroelectric power, the Kaladan Multi-Modal Project and the development of Sittwe Port. India is also engaging with Myanmar through the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC), an interregional mechanism involving countries from South and Southeast Asia.

The growing political comfort between India and Myanmar can be judged by the fact that India is probably the only foreign country that Yangon has been sending its naval ships to for periodic exercises and to participate in the Milan naval exercises since the mid-2000s. More recently, Myanmarese troops have also been receiving training in jungle warfare and counter-insurgency operations in India and in hydrographic surveys with the Indian Navy. After the transfer of the British Islander aircraft, India has also started training the Myanmar Air Force at the Kochi naval base.[5] In January 2007, during a visit to Yangon, the Indian external affairs minister announced that 'India would be supplying certain military equipment to Myanmar to boost the defence cooperation between the two countries'.[6] By April 2007, a leading Indian daily claimed: 'After equipping it [Myanmar] with 105 mm artillery guns, T-55 tanks and Islander aircraft, New Delhi plans to help set up a naval aviation wing and to provide training to their personnel.'[7] Some see BIMSTEC as a counter to China's Kunming Initiative (renamed as Bangladesh–China–India–Myanmar Initiative).

Thus, it is apparent that India and China are in competition to enhance their respective leverage in this geostrategically located and resource-rich nation. Since the August 2010 elections, Myanmar witnessed unprecedented political changes. The establishment of democracy has fundamentally altered its foreign policy orien-

[5] 'India to Firm up Military Ties with Myanmar', *Hindu* (24 June 2007), at http://www.thehindu.com/2007/06/24/stories/2007062451200900.htm, accessed on 25 June 2007.

[6] See Siddharth Varadarajan (2007).

[7] *Hindustan Times* (19 April 2007).

tation, with the US and Japan taking a major lead in re-engaging with Myanmar. It means a further erosion of China's influence and gives India opportunities to undertake joint initiatives, especially with Japan and the US.

2.5 Japan–India Partnership in the New Asia and China

India's courtship of Myanmar may not have evoked extensive anxiety in Beijing about likely competition in East Asia, but Japan's moving closer to India since the mid-2000s started the alarm bells ringing loudly. The way the India–Japan relationship has been shaping is a remarkable story, especially considering the fact that they, after having remained on the wrong side of the Cold War, divide for nearly five decades, appeared to gain some traction in the mid-1990s. Since then, it suffered its worst setback following the 1998 Indian nuclear tests. However, a decade later, they had become the best of friends. If Prime Minister Yoshiro Mori's 2002 visit broke the ice, Junichiro Koizumi's 2005 visit can be considered the real turning point.

The limited 2006 defence ministers' agreement was replaced by a more detailed accord signed by the prime ministers in 2008. Known as the Joint Declaration on Security Cooperation, it spells out the mechanics of defence and strategic cooperation involving both foreign and defence establishments. Ever since, numerous dialogues and meetings have been taking place such as strategic dialogues at the foreign minister and foreign secretary levels (and a Track 1.5 strategic dialogue) and 'meetings between the Defence Ministers, Meetings between the Vice-Minister of Defence of Japan and the Defence Secretary of India including Defence Policy Dialogue, Military-to-Military Talks at Director General/Joint Secretary level, exchange of service chiefs, Navy-to-Navy Staff Talks, Service-to-Service exchanges including bilateral and multilateral exercises'.[8]

What had been limited to coastguard-level bilateral maritime exercises has now been expanded from navy to navy—the first one called JIMEX was held in June 2012—along with the first-ever air force-level exercises.[9] Probably the most inconceivable is the Japanese offer of advanced military technologies to India (the only country outside the US, if reports are true) (Pabby 2011). In an attempt to further consolidate their relations, it has started, since 2010, the Two-Plus-Two mechanism. Initially restricted to the permanent secretaries of the foreign and defence ministries, it is to be elevated to the cabinet minister level (Dikshit 2010). It is noteworthy that Japan conducts similar talks with only the US and Australia.

Otherwise very fastidious about nuclear issues, Tokyo endorsed the Indo-US nuclear deal without reservation at the Nuclear Suppliers Group (NSG) in 2008 and has even initiated talks for possible civil nuclear cooperation in June 2010. Consequent to the Fukushima nuclear accident, the talks have hit a roadblock but

[8] *Joint Declaration on Security Cooperation between Japan and India* (22 October 2008), at http://www.mofa.go.jp/region/asia-paci/india/pmv0810/joint_d.html, accessed on 19 November 2013.

[9] http://indiannavy.nic.in/sites/default/files/PRel_120609_JIMEX12_Indio-Japan-Ex.pdf, accessed on 2 July 2012.

are expected to be resumed since the government of Japan—under intense pressure from nuclear industry—has in principle stated that it would not oppose export of nuclear reactors and technology.

What is striking is that, irrespective of which political party is in power and who is at the helm, India's overall strategic significance has not been lowered. On the contrary, it has been on the rise. The same is true in the case of India. India's Prime Minister Manmohan Singh, for instance, said that India and Japan are 'two major pillars of new Asia' and called their relationship 'one of the most important bilateral relationships we have. A strong India-Japan relationship will play a significant role in the emerging Asian security architecture.'[10] It is the first time such an emphatic underscoring of the India–Japan role in East Asia has been proclaimed. Although both sides have taken sufficient care, China—its rise, growing nationalism and its assertive attitude over its territorial claims—is a key factor that has contributed to Japan and India moving closer, and hence much of their bilateral strategic focus is on East Asian security.

That Japan is fundamentally reorienting its security policies (and its Self-Defense Forces deployments) to meet the China challenge is in no doubt. In fact, its 2004 defense guidelines clearly dubbed China a security threat, drawing strong reactions from Beijing.[11] It reiterated this emphatically once again in the new National Defense Program Guidelines issued in December 2010.[12] The remarkable changes that Japan is effecting to its defence policies largely stem from concerns about China. From Tokyo's viewpoint, the current political flux and security uncertainty that the region is facing needs an appropriate power balance so that an enduring, stable multipolar regional order takes shape. In this endeavour, India is seen as a formidable partner sharing similarity of interests and concerns.

2.6 India, the US and China

Connected in more ways than one is the burgeoning India–US strategic partnership and cooperation on East Asian security. Ever since these countries began to re-engage in a big way in the aftermath of the Cold War, much of the focus in the first decade had been primarily on bolstering bilateral relations. However, as part of broadening their security cooperation, they are increasingly turning attention to the security of the Indo-Pacific region. Speculations had also been rife—given the growing bonhomie between the US and India and between India and Japan—that a

[10] 'Strong India–Japan Ties Key to Asian Security Architecture: PM', *Business Standard* (21 October 2008), at http://www.business-standard.com/article/economy-policy/strong-india-japan-ties-key-to-asian-security-architecture-pm-108102100013_1.html, accessed on 19 November 2013.

[11] 'China Criticizes Japan's New Defense Guidelines', *Japan Times* (12 December 2004), at http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20041212a1.htm

[12] 'New Defense Strategy', *Asahi Shimbun* (editorial, 20 December 2010), at http://www.asahi.com/english/TKY201012190135.html, accessed on 20 December 2010.

new loose arrangement sans a treaty (some dubbed it the 'Asian NATO') comprising the US, India, Japan and Australia might be created (Blank 2003). The idea was apparently discussed in May 2003 when top Indian policy makers visited the Pentagon. This, expectedly, drew strong reactions from China.[13] On a practical level, during the relief operations following the December 2004 tsunami, the need to have greater interoperability among friendly nations was strongly felt. With Japan, in particular, the proposal by Shinzo Abe, the former prime minister, to create an 'arc of freedom and democracy' in Asia comprising the US, Japan, India and Australia, led to the formation of the informal Quadrilateral, which was discussed at the senior officials' level on the sidelines of the ARF meeting in Manila in May 2007.

Enthused by the success of the first-ever trilateral maritime exercises in April 2007 off the Japanese coast (the Indian Navy participated in such exercises for the first time in the Pacific), larger and militarily more significant exercises were hosted by India in September 2007, called Malabar II, in the Bay of Bengal, which also included Australia and Singapore. Sensing that these moves were largely aimed at it, Beijing reacted sharply. The Quadrilateral came to an end with change of leadership, with PM Fukuda in Japan and the new Labour government in Australia not wanting to take part in something that China had serious objections to. Even though India and the US hold a bilateral dialogue on East Asia annually, the need to create a formal trilateral mechanism among these three countries had been felt. The issue was broached during the Indian foreign secretary's Tokyo visit in April 2011.[14] It was brought up again during the US secretary of state Hilary Clinton's July 2011 visit, resulting in its launch whose first meeting was held in late 2011. As the Indian foreign minister stated, bilateral and trilateral India–US cooperation will aim at creating a 'peaceful and stable Asia, Pacific and the Indian Ocean regions, and the evolution of an open, balanced and inclusive architecture in the region. We will continue to work together, and with other countries, towards this goal through various mechanisms, such as our bilateral dialogue, the regional forums and our trilateral dialogue with Japan.'[15] Non-traditional security issues, including countering terrorism and tackling a number of maritime security challenges, are part of this, but it would be naïve to miss its hedging intent for unforeseen contingencies (read China's behaviour).

[13] 'US Dreams of Asian NATO', *China Daily* (18 July 2003), at http://www1.chinadaily.com.cn/en/doc/2003-07/18/content_246030.htm

[14] 'Japan, India, US to Team up to Tackle Security, Economic Issues', Asia News Network (1 June 2011), at http://www.asianewsnet.net/home/news.php?id=16585&sec=1, accessed on 2 June 2011.

[15] Ministry of External Affairs, Government of India (19 July 2011), at http://www.mea.gov.in/mystart.php?id=100517854, accessed on 21 July 2011.

2.7 Vietnam, India, South China Sea and China

The South China Sea has emerged as the latest and probably the most unlikely place for diplomatic sparring between India and China, involving Vietnam as well, exacerbating tensions between the two. Ever since it became public that the Indian government-owned Oil and Natural Gas Corporation plans to prospect for hydrocarbons jointly with Petrovietnam in what Vietnam claims is its territorial waters, China has raised objections, contending that it impinges on its sovereignty. The dispute is complicated as several countries in the littoral have varying claims. The South China Sea issue has acquired enormous significance because of its geostrategic location connecting the Indian and Pacific Oceans, through which some 40 % of global trade passes. It is estimated to be rich in both living and non-living resources, and importantly, control over this sea offers huge strategic advantage vis-à-vis the rest of the East Asian region.

A series of developments beginning from China's new assertions in early 2010 that the South China Sea constituted a 'core interest' and its sovereignty over the Spratlys (it occupied Paracels in 1974) was 'indisputable' has led to strong reactions from other disputants. Further, the US secretary of state, Hilary Clinton, vociferously voiced American concerns in the ARF meeting in Hanoi in July 2010 that the US had a 'national interest in the freedom of navigation, open access to Asia's maritime commons' and that it should be settled peacefully according to the norms of the international law. She also proposed that there was need to find a multilateral solution to the dispute and expressed support for a 'collaborative diplomatic process'. She also offered America's services for this. Expectedly, China reacted strongly to Clinton's remarks with the Chinese foreign minister, Yang Jiechi, categorically opposing any effort to 'internationalise' the problem. A number of run-ins with Vietnam and the Philippines led these countries to air their umbrage at China's belligerent attitude openly for the first time at the Shangri-la regional security forum in Singapore in June 2011.

India came into the picture first when its statement at the 2010 Hanoi ARF meet more or less reiterated what the US and several others had urged, that is, freedom of navigation, access to maritime commons and peaceful resolution of the dispute based on international law, which was contrary to Beijing's stated position of bilateral settlement. An Indian company entering into a deal with its Vietnamese counterpart to explore for oil and natural gas riled the Chinese. Even while China took serious objection to it, the media in both countries appear to have played a major role in stoking the row; the language used by the Chinese media, for instance, appeared provocative. For instance, a *People's Daily* editorial noted:

> India and Vietnam inked an agreement for joint oil exploration in the South China Sea on Wednesday. Both countries clearly know what this means for China. China may consider taking actions to show its stance and prevent more reckless attempts in confronting China in the area.

Furthermore, it cautioned that:

> Once India and Vietnam initiate their exploration, China can send non-military forces to disturb their work, and cause dispute or friction to halt the two countries' exploration. In other words, China should let them know that economic profits via such cooperation can hardly match the risk…. India has its ambitions in the South China Sea. However, its national strength cannot provide solid support for such ambitions yet. Furthermore, this is not India's urgent task in building itself into a great power. Even in respect of its own interests, India is just poking its nose where it does not belong. Indian society is unprepared for a fierce conflict with China on the South China Sea issue.[16]

India, on its part, asked China not to indulge in any activity in the Pakistan-Occupied Kashmir (POK) region (Bagchi 2011). In a meeting with his counterpart Wen Jiabao on the sidelines of the East Asia Meeting in November 2011, India's Prime Minister, Manmohan Singh, assured China that: 'Indian exploration activity in the South China Sea was 'purely commercial' and the issue of sovereignty over sea-waters should be resolved according to international law and practice (Reddy 2011) To be sure, there are saner voices on both sides urging restraint. The Indian government has repeatedly played down most of the recent controversies. Similarly, the relatively nationalist *Global Times* of China carried an opinion piece urging that 'China and India must not go for the throat' even while castigating that 'currently India is a bit pushy in its relations with China. The country appears to be highly interested in facing off with China. But that contest is not the primary focus of the Chinese society.' It also said that 'both countries should stay calm and not take small issues to a level of strategic hostility. India's power and its development will not make it a strategic enemy to China.'[17]

The India–China wrangle should be seen against the backdrop of growing defence cooperation between Vietnam and the US and between Vietnam and India. Further, Vietnam became the fourth country (apart from the US, Australia and India) that Japan has initiated its Two-Plus-Two dialogue with and increased security cooperation. There is a growing feeling in China that Vietnam is standing up to China in its claims (supported by 'outside powers') and that Hanoi has been responsible for internationalising and multilateralising the dispute. From India's point of view, the dispute in the South China Sea is between China and Vietnam, and it is up to them to settle it, while Indian energy prospecting activities are limited to what Vietnam claims as its own territorial waters. China, on its part, perceives Indian actions as attempts to fish in troubled waters, which further complicates the issue. The fact of the matter is, whatever the Chinese thinking, by taking a hardline position, it may have contributed to internationalising the issue.

---

[16] 'India–Vietnam Oil Exploration Deal Must Be Stopped', *People's Daily* (14 October 2011), at http://english.peopledaily.com.cn/90780/7617306.html, accessed on 19 November 2013.

[17] 'China and India Mustn't Go for the Throat', *Global Times* (29 November 2011), http://www.globaltimes.cn/NEWS/tabid/99/ID/686231/China-and-India-mustnt-go-for-the-throat.aspx, accessed on 29 November 2013.

2.8 Conclusion

Given this background, characterising India–China relations in East Asia as strategic rivalry (like the one between the US and the former Soviet Union during the Cold War) would be misleading. There is undoubtedly political competition and both would be wary of each other. At the same time, if the recent reconciliatory signals emanating from Beijing are any indication, it seems China is willing to recognise that India has strong interests in East Asia, implying that it has a role there that should be accordingly accommodated. Similarly, notwithstanding long-term concerns, India is exhibiting considerable understanding on China's mounting interests in the Indian Ocean. They have, in fact, cooperated to counter rampant piracy in the recent past.

India may have a slight upper hand strategically since it has a clean historical record, is not involved in territorial disputes and shares several common interests with the US, Japan, Vietnam and Indonesia. But the containment of China is futile and India is not likely to be party to any brazen attempts do so. It cannot match, at least for foreseeable future, China's economic attractiveness. Also, India itself wants to gain from China's economic rise.

Moreover, India's interests in East Asia are versatile and diverse, including a range of security challenges in the non-traditional domain. Close links, especially with Japan and the US, with whom it never had any bilateral problems in the first place, are seen to be mutually beneficial both in terms of maintaining regional peace and stability, and working towards building a new stable, multipolar regional order. In other words, there is a host of other considerations that are driving India's policy towards East Asia rather than just China.

Yet, as explained earlier, as China and India rise and as their strategic footprints expand, they are bound to view each other's security policies and military build-up with ever greater suspicion. What appears fairly clear is that both are aware of their strengths and shortcomings and have drawn their own redlines while dealing with each other by refraining from undertaking certain actions that are seen highly inimical and provocative. While recognising the fact that they, as in the past, will continue to be significant players in the future too, managing their relations in East Asia will be the biggest challenge for them as well as for the rest of the region. In the final analysis, Beijing has to factor in growing India's role in East Asian affairs rather than wish it away or pretend that it is non-existent or deliberately try to keep it away although New Delhi will be wary of getting sucked into spats involving Beijing and its neighbours.

References

Bagchi I (2011) Keep off PoK, India warns China. Times of India, 16 September 2011. http://timesofindia.indiatimes.com/india/Keep-off-PoK-India-warns-China/articleshow/10000158.cms. Accessed 19 Nov 2013

Blank S (2003) Inherent dangers in an "Asian NATO". Asia Times, 19 September 2003. http://www.atimes.com/atimes/South_Asia/EI19Df05.html. Accessed 19 Nov 2010

Dikshit S (2010) India–Japan ties enter strategic sphere. Hindu, 4 July 2010. http://www.thehindu.com/news/national/article498924.ece. Accessed 19 Nov 2013

Feigenbaum EA, Manning RA (2012) A tale of two Asias: in the battle for Asia's soul, which side will win—security or economics? Foreign Policy, 31 October 2012. http://www.foreignpolicy.com/articles/2012/10/30/a_tale_of_two_asias. Accessed 16 Nov 2013

Madison A (2007) Contours of the world economy, 1–2030 AD: essays in macro-economic history. Oxford University Press, Oxford

Menon J (2013) How to multilateralise Asian regionalism. East Asia Forum, 6 January 2013. http://www.eastasiaforum.org/2013/01/06/how-to-multilateralise-asian-regionalism/. Accessed 16 Nov 2013

Pabby M (2011) In a first, Japan offers to sell aircraft to India. Indian Express, 17 November 2011. http://www.indianexpress.com/news/in-a-first-japan-offers-to-sell-aircraft-to-india/876950/. Accessed 19 Nov 2013

Reddy BM (2011) India tells China its interest in disputed sea "purely commercial". Hindu, 18 November 2011. http://www.thehindu.com/news/national/article2638645.ece. Accessed 19 Nov 2013

Varadarajan S (2007) India to supply military equipment to Myanmar. Hindu, 22 January 2007. http://www.hindu.com/2007/01/22/stories/2007012208851400.htm. Accessed 19 November 2013

Chapter 3
India and China in the Emerging Asian Economic Architecture

Amita Batra

One of the most significant outcomes of the 2008–2009 global financial crisis has been the rapid integration of the developing world with the world economy. This has been most evident for Asia, which, in the last decade, has been at the core of the eastward shift of the centre of gravity of the global economy, a phenomenon led by the rapidly increasing economic dynamism of India and China. As these two nations have integrated with the world economy, their contribution and relevance to global trade and output has also increased. Conversely, greater integration has also made them more vulnerable to the adverse impact of changes in the global economic order. This is even more so with the uncertainties surrounding the recovery of the major advanced economies and the resolution of the Eurozone crisis being at their peak. The weak external demand from advanced economies, while being sought to be fulfilled by demand from emerging markets—also simultaneously makes it imperative that South–South economic bonds be strengthened in order to sustain growth in the developing world. For Asia, this requires active participation and support of the major regional players that includes China, India and the Association of Southeast Asian Nations (ASEAN).

China is a critical player in regional dynamics. Over the last decade, it has emerged as the hub of the production networks in Southeast Asia. The China–ASEAN Free Trade Agreement (CAFTA), implemented in 2005, has lent a formal dimension to a growing trade relationship between these regional economies. China's strategy for its future participation in the global economy, particularly with reference to the unwinding of global imbalances after the financial crisis, while being critical to determining its own course of growth, has equal importance for the Southeast Asian and East Asian economies given the regional production interlinkages. India is a member of many regional organisations and is also emerging

A. Batra (✉)
Centre for South Asian Studies, School of International Studies,
Jawaharlal Nehru University (JNU), New Delhi, Delhi, India
e-mail: batraamita@gmail.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_3

as an alternative market for the ASEAN economies. India's involvement with the region, which was initiated in 1991 with a formal Look East policy, has acquired a more strategic economic dimension with the signing of the India–ASEAN FTA in 2009. There is also the flourishing bilateral trade between India and China, wherein rapidly increasing volumes have set the stage for bilateral strategic economic dialogue.

This paper aims to identify the relative placement of India and China in the evolving Asian economic scenario. The next section undertakes an analysis of the trends of global economic integration of India and China. Their differential growth strategies, comparative advantages and export structures are discussed as determinants of the pattern of their respective regional economic integration. Presenting the trends of deepening integration of the two economies at the regional level both through the market and formal mechanisms of economic cooperation, the paper proceeds to examine the motivation for and design of the India–ASEAN and China–ASEAN FTAs. The final section of the paper explores the possible role that India and China could play in economic integration in Asia given their increasing bilateral economic interaction and the post-global-financial-crisis scenario.

3.1 Patterns of Global Integration

Since the 1990s, India and China have become the two fastest growing economies in the world. This is an outcome of systemic economic reforms that have spelt a break from their inward-looking closed economy growth models towards a more liberalised economic system wherein extensive state controls were replaced with private participation and market orientation. In the process, the external sector has acquired an importance of its own, with trade having emerged as an important economic activity for both economies.

3.1.1 Growth Trends and Recovery from the Global Financial Crisis

Since 2003, while China has relentlessly moved forward with a double-digit rate of growth, India too has seen an almost uninterrupted 8 % plus rate. For both, recovery from the global financial crisis of 2008–2009 has been easier and quicker than the rest of the world. In 2010, China, with a growth rate of 10.3 %, returned to its precrisis double-digit figure. India also recorded its precrisis growth rate of over 8 % in the same year. Relative to the rest of the region and global trends, the two economies stand out in their performance and are, therefore, being seen as the saviours of the global economy in the course of recovering from the worldwide financial crisis (see Table 3.1). However, global expectations are far greater with regard to the Chinese economy than the Indian one as the former has, on a sustained basis,

Table 3.1 Growth rate of gross domestic product (% per year)

	2008	2009	2010
India	6.7	8.0	8.6
China	9.6	9.2	10.3
US	–	−2.6	2.9
Euro-zone	–	−4.1	1.7
Japan	–	−6.3	3.9

Source: *Asian Development Outlook* (Manila: Asian Development Bank, 2011)

Table 3.2 Share of world gross domestic product (%)

	1990–1991	2000–2001	2009
South	27.8	33.6	41.3
Developing Asia	13.1	18.3	25.7
China	3.7	7.3	12.6
India	3.0	3.8	5.2

Source: *Asian Development Outlook* (Manila: Asian Development Bank, 2011)

contributed a larger proportion of the global output. In 2009, this figure was almost 13 %, having increased from about 4 % in 1990–1991. The Chinese contribution comprises about a third of the developing South's and almost half of developing Asia's contribution to the world output. Over the years 2004–2007, a period when record expansion was registered in world growth; China shared the global growth leadership with the United States, while in the current slowdown it is perceived as the undisputed chief driver of world growth (Bergsten et al. 2008). In contrast, India's contribution to the global output is modest, having increased from 3 % in 1990–1991 to a little over 5 % in 2009 (see Table 3.2).

3.1.2 Global Trade Integration

The story of outward orientation as reflected in the global trade integration of the two economies is also spectacular. China initiated its reform process in 1978 with policies to attract foreign direct investments (FDI) so as to promote exports. Trade promotion and easing out of the strict and complex import control regime gained ground in 1992 when China was in a preparatory mode for its accession to the World Trade Organization (WTO) in 2001. India undertook systemic economic reforms and liberalisation of its trade policies in 1991. Prior attempts in 1979 and 1984–1985 were tentative and marginal, with incremental and/or unsustainable growth outcomes. Trade policy reforms in India in 1991 include removal of quantitative

restrictions, rationalisation of the tariff structure and introduction of a market-determined exchange rate.

Trade constitutes an important component of economic activity for both countries, with its share in GDP for China far outpacing India. When economic reforms were initiated in 1978, China's openness index was at a low of 6.6 % and close to that of India at 6.4 %.[1] In 1991, when India began its trade liberalisation programme, China had already started to reap the gains of its reforms and its openness index had risen to almost three times the 1978 value. India's openness index rose in the late 1990s, after the economic reforms started to make an impact. It increased to 22.9 % in 2010, also a threefold increase from the pre-reform period, but well below that of China's figure of almost 32 % in the same year. As a share of world exports however, India's performance is not at par with the Chinese economy. Total exports of goods and services, from both India and China, constituted less than 1 % of world exports in 1978. This share, for the Chinese economy, increased to 1.7 % by 1991 and then to 11 % by 2010. However, India's share of world exports while having remained almost constant till 1991 increased to only 2.0 % in 2010 that is almost two decades after initiation of its economic reforms programme in 1991. The differential rates of trade expansion are particularly apparent with regard to the volume of exports. In 2008, China exported a total of US$1.6 trillion worth of goods and services, comprising 8 % of the world's exports, against India's US$263 billion or 1.3 % of world exports (Wignaraja 2011). Thus, China's larger presence in the global trade scenario, owing to an earlier start on the economic reforms front, is evident. India, while having made significant strides from its pre-liberalisation days, is a relatively smaller player in terms of global trade volumes.

3.1.3 Financial Integration

In terms of financial integration, China attracted record FDI levels since 1990, with inflows amounting to US$54 billion annually during 1991–2010. Annual FDI inflows doubled in 2003–2010 compared to the period 1991–2002. With a cumulative inflow of US$1,098.7 billion between 1978 and 2010, China became the second largest FDI recipient after the US. Interestingly, the global financial crisis has not really made a huge dent in FDI inflows to China. Most of it has been through overseas Chinese investors, based primarily in Hong Kong, Taiwan and Macao, collectively accounting for 42 % of the total FDI into China over the period 1997–2006. By facilitating the inflow of capital, technology, market channels and world-class organisational structure, FDI has been instrumental in the evolution of China's comparative advantage from labour-intensive manufacturing to the more complex electronic and automotive goods structure and in establishing its position as the 'global assembly centre' in production networks in key industries.

[1] Openness index is defined as the ratio of export plus imports of goods and services to GDP.

In India, a formal policy towards liberalisation of FDI norms was introduced in 1996. Restrictions on foreign ownership and investments were removed, and procedural simplifications introduced. Limits of investment were gradually enhanced and coverage extended to almost all but a few sensitive sectors. India is today among the five most attractive investment destinations in the world. It received US$155.3 billion worth of FDI on a cumulative basis over the period 1991–2010. FDI inflows to India have been largely in response to and in order to take advantage of its large domestic market, so the FDI contribution to the country's manufactured exports has been very limited. While FDI has helped India augment its production frontier and resulted in the internationalisation of production, it has not led India into the international production networks. The East Asian model has not been emulated in India, and unlike China, which has become the global manufacturing hub, India's production system is far more nationally oriented. India's share in the global production network's exports is marginal, having increased from 0.1 % in 1992–1993 to 0.5 % in 2010–2011. In comparison, China's share has risen from a mere 2 to 20.1 % over the same period.[2]

3.1.4 Differential Growth Strategies of India and China: Share of Manufacturing in GDP

The differential pace and pattern of the evolution of the manufacturing sector in India and China is due to the fundamental differences in the growth strategies followed by the two economies. India's services sector, especially the information and communications technology (ICT) sector, has dominated the rate of economic growth and exports in the post-reform period. In the manufacturing sector, India's specialisation has evolved slower and remained largely limited to the low-technology sectors. In contrast, China, over the course of its development and trade liberalisation process, has made greater investment in manufacturing. Its manufacturing sector accounts for more than 40 % of its GDP, with manufacturing goods constituting over 90 % of exports. This is in contrast with India's trade in manufacturing not being remarkable to date, with the sector's share being just about 20 % of GDP. India is not yet a major force in international manufacturing, except in textile and clothing, pearls, precious stones, glass and glassware, miscellaneous manufactures and other unskilled labour-intensive (ULI) commodity categories where it has acquired specialisation and comparative advantage given its abundance of cheap labour. In all likelihood, India will continue to grow in this direction given its current emphasis on upgrading skills that are appropriate for the services sector. The lack of diversification in India's specialisation pattern is also largely attributable to the domestic policy constraints arising out of labour market inflexibilities and infrastructural bottlenecks that prevent easy reallocation of labour across industries. On

[2] Ganeshan Wignaraja, 'Trade Policy in PRC and India in the New Era of Slower World Growth', at http://www.icrier.org/pdf/Wignaraja_trade_policy.pdf (accessed on 23 October 2013).

the other hand, China has experienced dynamism in its manufacturing skills, specialisation pattern and, consequently, export structure. From specialising in ULI sectors like toys, footwear, apparel and light manufactures in the 1990s, it has in the 2000s advanced to office machinery, electrical and electronic equipment and appliances. The trade in electronic goods alongside other manufactures is at the heart of its assembly-line production linkages with the Southeast Asian economies.

China's outstanding participation in international trade is thus based upon its rapid expansion of manufacturing sector exports, which in turn has been an outcome of its evolving comparative advantage, leading to the diversification of manufacturing sector production. The Chinese have built strong export capacities in high-technology industries, having shifted away from the low-technology and labour-intensive sectors like textiles. India's trade expansion is growing with a relatively slow evolution of the structure of its comparative advantage, with the dominant exports continuing to belong to low-technology labour-intensive sectors. Marginal changes are observed in terms of a decline in the textile industry and rise in R&D-based industries like pharmaceuticals and organic chemicals. India's focus has been on the ICT services sector and, consequently, trade in IT-enabled services (ITES) constitutes a large proportion of the total trade. For India, the services sector advantages are envisioned as means of future linkages with the ASEAN economies.[3]

3.2 India and China: Regional Trade Integration

Asian economies have always been the most important trading partners for both India and China. Developing Asia accounts for about 75 % of the total trade among developing countries or South–South (S–S) trade, which has registered an increase from 7 % in 1990 to 17 % in 2009. China alone accounts for roughly 40 % of the increasing developing country trade.

In Asia, it is trade within the emerging economies that has recorded the sharpest increase—8.5 times between 1990 and 2006—and China seems to have played a special role. This is reflected in the impressive increase in trade between China and the set of economies comprising industrial Asia, the ASEAN-5[4] and the Asian newly industrialising economies (NIEs). This process was accelerated following the 1997–1998 crisis, when ASEAN sought China in its new role and aligned itself in the regional production chain. The China–ASEAN trade increased at over 15 %

[3] Despite the differences in trade patterns, it is interesting to note that by exploiting their relative comparative advantages in the manufacturing and services sectors, India and China have together contributed to and shared in the dynamism of the electronic goods, and computer and information services trade, which has experienced a growth over and above that of total world trade. Against an overall growth of 7 % in total trade in goods and services, trade in electronic goods increased at about 8 % and for computer and information services at around 24 % over the period 1995–2005. See Isabelle Bensidoun et al. (2009).

[4] ASEAN-5 includes Indonesia, Malaysia, Philippines, Singapore and Thailand.

per annum during 1991–2000 and accelerated further after China's accession to the WTO. The composition of the ASEAN economies' exports to China is also revealing in this context. The share of resource-based commodities decreased from two-thirds of ASEAN's total export value in the early 1990s to only 22 % in 1999 and has remained about the same ever since. Simultaneously, the relative share of intermediate manufactured goods, towards which the ASEAN economies upgraded their comparative advantage—electrical machinery, computer chips and automobile parts in particular—increased from 12 % in 1990 to 52 % in 2008. This pattern of intra-industry trade in the electrical, electronics and machine goods industry is central to the growth process of the ASEAN economies and the export potential of China. It also provides evidence of the latter's emergence as the fulcrum of the Asian export platform, a part of the 'factory Asia' that involves intermediate goods being sourced from within the region—from the Southeast Asian nations as also from Japan—for assembly in China and then exported predominantly to the developed Western markets. The trade relationship that thus gained strength in the late 1990s and early 2000s has been given a further boost through a formal trading agreement between ASEAN and China in the form of the CAFTA.

3.2.1 The China–ASEAN Free Trade Agreement

The idea for CAFTA was proposed by China at the ASEAN+3 meeting in Singapore in 2000 and again at the ASEAN–China Economic Cooperation meeting in 2001. For China, the motivation was both regional trade liberalisation as well as to provide a necessary boost for making its underdeveloped western region a more attractive international trading hub. The framework agreement for comprehensive economic cooperation was signed in 2002, leading to the creation of the largest FTA in terms of China's 1.9 billion population. With a combined GDP of US$5.6 trillion and total trade volume of US$4.5 trillion, it is the third largest FTA after the European Union and the North American Free Trade Agreement (NAFTA) in terms of GDP (Yang Mu and Heng Siam-Heng 2010). The FTA allowed for a differential implementation for the CLMV (Cambodia–Laos–Myanmar–Vietnam) countries through an extended timeline up to 2015 for tariff elimination as also for 'highly sensitive' commodities for which duties are to be cut by no more than 50 % by 2015. To accelerate the tariff liberalisation for the first phase of 'normal' track of goods, members agreed to implement an early harvest programme (EHP).[5] The EHP was to implement tariff cuts on 600 agricultural products and was to be launched immediately. It not only made a contribution to the increase in trade observed over this period as it liberalised China's market to ASEAN's agricultural goods but also contributed to allaying any fears on ASEAN's part of competitive pressures from China. The accompanying agreements for liberalisation of services and investment were ratified in 2007 and 2009, respectively.

[5] In two-track liberalisation, goods are categorised as 'normal' and 'sensitive'.

The CAFTA became effective from January 2010 when tariff barriers were eliminated on 90 % of the products, that is, about 7,000 items traded between ASEAN and China.[6] As an immediate impact, bilateral trade increased in the first 7 months of the implementation of CAFTA when China's exports to ASEAN experienced an increase of 43.2 % and ASEAN's exports to China increased by 56 %.[7] Prior to 2009, ASEAN–China trade expanded rapidly, and trade volumes went up from US$78 billion in 2003 to US$231 billion in 2008. Bilateral trade thus increased by over 20 % over the period of 2001–2008. By 2008, in fact, China became ASEAN's third largest trading partner and ASEAN China's fourth largest. Trade volumes, however, declined to US$212 billion in 2009, apparently in response to the declining external demand for Chinese goods in the wake of the global financial crisis. As regards investment, current trends show that there is a need to encourage intra-regional investment, which is very low, at about 15 % of the total flows into ASEAN, and China invests only a small proportion of this, that is, around 1 %.

While trade expansion has been observed after the implementation of the CAFTA provisions, there remain concerns among the ASEAN economies regarding some of the high-tariff industries that may face direct competition from Chinese goods, such as textiles and electronics in Indonesia and the Philippines. There is also a general fear of an onslaught of cheap Chinese commodities among the ASEAN economies. Some renegotiations regarding specific sectors have already been notified to the ASEAN Council by Indonesia. As already discussed, much of the China–ASEAN trade is in response to the external demand for Chinese goods that are being manufactured through imports of parts and components from the ASEAN economies, and this phenomenon may face a limitation given the development of global conditions following the financial crisis of 2008–2009 and the accompanying decline in demand from the advanced economies. Trade liberalisation between the ASEAN and Chinese economies may not be an easy task in light of these evolving circumstances. Notwithstanding these altered conditions following the global financial crisis, the rise of China's role in regional trade has also led to a fear of its dominance in the region. This is particularly true of the traditional ASEAN trade partners like Japan and Korea. As a response to these fears, as also to the changing global conditions, there is an attempt to draw other economies into the regional fold, prominent among which is India, with its growing regional economic linkages with ASEAN.

3.2.2 India as a Market for ASEAN

India's engagement with ASEAN and East Asia having gained momentum since the 1990s is a consequence of both its Look East policy as also a conscious policy objective of diversification of its trade partners. This is reflected in its increasing

[6] For ASEAN-6 and will be effective for 90 % of trade goods for ASEAN-4 by 2015 where ASEAN-4 is the CLMV countries and ASEAN-6 is the other 6 (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) of the ten member ASEAN.

[7] Year- on-year.

integration with the developing world in general and developing Asia in particular. In fact, the growing integration with developing Asia has largely been driven by the growing importance of China as a trade partner. At the same time, closer economic ties with the more dynamic segment of the Southeast Asian region have grown rapidly in the last few years. India experienced fairly high rates of growth in export as well as import during the period 1998–2006. While the total export value grew at an annual compound rate of 17.6 %, export to industrial countries grew at a slightly lower 13.6 % and to developing countries at 21.8 %. Within developing countries, exports to Asian countries grew at 23.2 %, surpassing the rate of growth of exports registered for developing countries as a whole.

Seen as absolute values, the Asian region alone has accounted for nearly one-third of India's increase in exports during this period. Developing Asian countries also accounted for a high value, almost 29 %, of increase in India's imports over this period. As a result, the share of various Asian subregions, with the exception of South Asia, in India's total trade has increased considerably.[8] However, trade has strengthened with the relatively more developed of the Southeast Asian economies like Singapore and Malaysia, followed by Thailand, Indonesia and the Philippines. And while India does not seem to have integrated its manufacturing sector with Asian production networks like China has, it is seen to be emerging as a rapidly growing market for Asian goods. This is evident from the overall trade surplus with ASEAN.

The fact that India is emerging as an important market for intra-regional exports is further corroborated when we look at India's trade with ASEAN and the ASEAN+3 economies of China, Japan and Korea. The average annual growth of India's imports from ASEAN+3 exceeds the rate of growth of India's exports to these countries. In addition, when compared with other plus-three economies, the rate of growth of India's imports from ASEAN+3 is second to China and significantly higher than that of Japan and Korea. Over the last few years, India registered a very high growth in the region for Chinese and Indonesian exports. For Korean, Malaysian and Thai exports, India is second only to China as the most attractive market in the region (Batra 2007a).

3.2.3 India–ASEAN FTA

India has cemented its growing trade relationship with ASEAN economies through an FTA agreement that has been operational since 2010. The framework FTA agreement with ASEAN was announced in 2003 and finally signed after 6 years of protracted negotiations in 2009. The agreement, which is for trade in goods only, provides for elimination of tariffs on about 80 % of bilaterally traded goods by 2016. Several reservations have, however, been expressed about the likely impact of the FTA. These include an enlargement of India's existing trade deficit

[8] This is notwithstanding the importance of West Asia for oil imports for India.

vis-à-vis ASEAN and India's competitiveness with regard to certain plantation crops like pepper, coffee, tea, crude oil and refined palm oil. Owing to much lower productivity, and higher wage and input costs relative to ASEAN, India is at a comparative disadvantage in these commodities. Liberalised trade on a preferential basis was, therefore, considered to have an adverse impact on plantation farmers. The matter was resolved through an extended timeline of 9 years for tariff reduction for these commodities. There are other elements of the FTA where India has distinctly compromised its initial stand. These relate to the size of the negative list, which was finalised after a major cut in its initial formulation and to the dilution of rules of origin (RoOs) by India. The negative list was reduced to less than a third of its original size by the time the negotiations were finalised. As regards the RoOs, India has in its FTAs traditionally followed the 'twin –criterion' of change in tariff heading (CTH) at the HS-4 digit level and 40 % value addition (VA) to determine the country of origin for goods to be eligible for tariff concessions.[9] In case of ASEAN, India has allowed for a more flexible stand with a single criterion of 35 % VA even while retaining the stricter 'twin-criterion'-based rules in its bilateral FTAs with ASEAN member countries like Thailand and Singapore. India's FTA, owing to the prolonged negotiations, has also placed it at a late-mover disadvantage with respect to China in the ASEAN market. The extent of this could have been limited, but for the fact that the intervening 6 years would have given China, owing to its earlier entry, the time to garner greater market share in commodities where India may have had a higher comparative advantage, such as commodity groups like organic chemicals, rubber items and iron and steel products (Batra 2007b).

India's compromise in the goods FTA may be attributed to two aspects. One, that subsequent FTAs in services and investment liberalisation were expected to result in more favourable outcomes given India's greater advantages in these sectors; and two, the growing regional compulsions. The latter has probably been a more important factor as China's FTA in goods was already operational and expected to be effective from January 2010, while the other components of the comprehensive economic cooperation pact, that is, agreements for investment and services liberalisation, had also been signed. Over this time, Korea and Japan had also signed FTAs with ASEAN. Therefore, India could not afford to lose any more time. The FTA has placed India on an equal footing with the other regional economies, thereby giving it a legitimate right to play a more appropriate role in the regional economic order. The FTA also formalises India's relationship with ASEAN, which is the accepted regional focal point for economic integration.[10] As regards the services and investment liberalisation, ASEAN has retained its position of hard bargaining vis-à-vis India. The agreements are expected to be signed sometime in 2013 after almost 3 years of negotiations.

[9] HS stands for the Harmonized System of trade classification.

[10] Amita Batra, 'Indo ASEAN Agreement Boosts India's Image', Policy Commentary, Sigur Centre for Asian Studies, George Washington University (February 2010).

The scenario following the global financial crisis has provided further relevance to India's emergence as an alternative market largely on account of the expectations from China to reorient its growth towards domestic consumption in order to reduce its contribution to the global imbalances. We discuss this aspect in the next subsection.

3.2.4 China and Global Imbalances: India's Role as an Alternative Market in the Region

The worldwide financial crisis has highlighted the fact that China's current trade patterns, while reflecting deepening regional economic integration, also portray a very active global supply chain. The Chinese demand of intermediate goods from ASEAN is a derived demand and ultimately a function of the global demand for its goods. For countries closely linked to the East Asian production network, therefore, the policies and performance of the Chinese economy, as well as major advanced economies, hold the key for medium-term growth prospects, given their sheer size and close trade linkages. This assumes importance in the face of regional trade constituting a link in the Chinese surplus creation that has been at the heart of the global imbalances, which, in turn, has been a major contributory factor to the financial crisis around the world. The unwinding of the global imbalances, it is thought, will have significant spillover effects for the surplus and deficit economies and additionally for those linked through the production networks, such as the Southeast Asian economies. Since the genesis of the crisis and the consequent spotlight on this process of surplus creation, there has been an expectation from China to adopt a shift in its growth policy and strategy so that it could be oriented towards domestic demand as against a global demand under earlier conditions. This is likely to lead to a reduction in the imbalances in the global economy. The shift in growth strategy is already evident, as over the past year the external surpluses in China, which to a large extent form the counterpart to the US deficit, appear to have narrowed.[11] China registered a surplus of about US$250 billion (i.e. less than 3 % of GDP) in 2011, dropping from a high of 10.7 % of GDP in 2007.[12] Even though the structural components leading to this reduction are yet to be permanently entrenched in the Chinese economy, the evident shift in the growth strategy indicates that the export-led and trade-linked growth system may not be feasible in the new scenario.[13] Domestic

[11] The external surpluses have also narrowed in the other economies like Germany, Japan and a group of fuel-exporting countries.

[12] See http://www.imf.org

[13] Of question here is if China's declining surplus can be accounted for by structural or cyclical factors. The latter would lend an element of permanence to the change. It is considered that part of the decline in surplus is on account of the collapse in global demand owing to weak recovery in the advanced economies. Additionally, government and private sector investments have increased to counter the adverse impact of the global financial crisis. The investments—public and private—

Chinese consumption may not be suffice as a substitute for external demand or else may not be import intensive to the extent that external demand has been in the past. For the ASEAN economies, therefore, looking elsewhere and beyond China is now an imperative to sustain their growth in the wake of the financial crisis and the consequent loss of their major export markets and the source of their economic dynamism.

This is where India's significance as a market for ASEAN becomes more relevant. India's integration prospects with ASEAN are now likely to be stronger as it can help the latter overcome the travails of a diminished Chinese market. India's growing attraction as an alternative market is also evident from the fact that the other major economies of the region, Korea and Japan, have shown a keen interest in institutionalising their growing trade and investment relationships with India. Korea has a comprehensive economic partnership agreement (CEPA) under implementation with India. The India–Korea CEPA was signed in 2009 after a 3-year period of negotiations, with inclusion of provisions for deeper integration through goods, investment and services liberalisation. The CEPA, which has been in effect since January 2010, has a symbolic importance in being the first between a major industrial powerhouse and a BRICS (association of the emerging economies of Brazil, Russia, India, China and South Africa) economy. The agreement, by undertaking to eliminate tariffs on 85–90 % of mutually traded goods, aims to double bilateral trade from its 2008 level of US$15.6 billion. Through this deal, India has also been able to secure an opening for the liberalisation of its services sector with a major economy and in sectors/areas where it has comparative advantage, that is, the ICT sector and temporary movement to RoK of service professionals. India has also agreed to provide better investor protection to induce increased investment flow from Korea. The India–Japan economic partnership agreement (EPA), negotiations for which began in 2007 and was signed in 2010, is likely to provide major benefits to the dwindling Japanese economy by tariff cuts on offer in the auto parts sector. Japan has offered to cut tariffs on farm products and Indian tea. In addition, it is also to provide for the movement of professionals in the health sector, while facilitating Japanese investment into India. The trade pact is thus envisioned to benefit both countries. In contrast with India's rapid formalisation of its economic relationships, China is as yet only in the process of evolving the structure of negotiations with Korea and Japan for a trilateral FTA in the region.

The emerging Asian architecture for regional economic integration must then be evaluated in this context. Unlike the East Asian crisis, when Chinese assistance to the ASEAN economies had led to a strengthening of the China–ASEAN relationship, which started to increase in terms of trade and investment, the current trends

---

have both been import intensive, implying a lower trade surplus for China. The accompanying exchange rate appreciation has further helped reduce China's surpluses. The process has also been assisted by the more recent policy reform with respect to social safety nets that China has promoted in areas like health care and low-cost housing. However, its impact on household consumption will not be evident immediately.

have to be cautiously considered for the long-term challenges they pose to regional economic integration.[14]

Simultaneous to this differential evolution and placement of India and China in the regional context has been the other development: of strengthening of the bilateral trade relationship between the two countries. This, while having registered a dramatic and positive change, has, however, not culminated in a formal FTA engagement. Interestingly though, the recent initiation of negotiations for a region-wide FTA, that is, the Regional Comprehensive Economic Partnership (RCEP), is likely to bring the dynamic duo together in a formal regional trading arrangement. The India–China bilateral relationship is reviewed in the next section, including a discussion on the possibility of the RCEP assuming the primary position of a regional trading arrangement in Asia.

3.3 Bilateral Trade Relationship Between India and China and the Way Forward for the Region

Even while the Indian and Chinese economies evolve along differential paths, their bilateral trade relationship has undergone dramatic expansion over the last decade. With a spectacular increase in bilateral trade during the 2000s, China has been among the three largest single-country trading partners for India. India–China bilateral trade increased to US$42 billion from US$17 billion from 2005–2006 to 2009–2010.[15] However, this has so far not led to a formal preferential trading arrangement. The two countries did set up a joint study group for the purpose in 2004, but the outcome was a rather ambiguously defined regional trading arrangement. The reservations to a well-defined and traditionally designed FTA on the Indian part have been with regard to the fear of an import surge from China and a consequent increase in an already large trade deficit vis-à-vis China. Current statistics show that trade is more favourable to the Chinese economy as Indian imports from China are far larger than Chinese imports from India. This lopsidedness is further evident from the observed 160 % increase in India's trade deficit with China over a period of 5 years up to 2010–2011.[16] This growing deficit is an outcome of both India's limited diversification of its export basket, as also of the many 'hidden' nontariff barriers that China has in place for products where India is comparatively advantageously placed, such as pharmaceuticals, agricultural products, machinery and even IT products. Chinese exports and their overwhelming presence in the power sector have also

[14] That China, having been relatively less affected by the crisis, was able to continue trading with ASEAN even after the 1997–1998 crisis contributed to the latter's confidence in China.

[15] See http://dgft.delhi.nic.in

[16] Trade deficit is the gap between exports and imports, and is indicative of India's import dependence on China. In 2010–2011, Indian imports of Chinese goods increased to US$43.5 billion from the 2006–2007 figure of US$17.5 billion, but exports have seen a relatively slower positive change, rising to US$19.6 billion from US$8.3 billion over the same 5-year period.

been a cause of some anxiety in Indian policy circles. India's concern with the growing deficit, while being noted by the Chinese, has found little reflection in their policy, particularly in terms of relaxation of the sector-specific and other general nontariff barriers. As a formal forum, the establishment of the India–China Strategic Economic Dialogue is a positive step and the outcome of the first dialogue held in Beijing in September 2011 was positive in terms of delineating areas for future cooperation, like infrastructure, and in particular railways, energy efficiency and environment protection, water conservation and clean water technology. There has, however, hardly been any progress on existing problem areas in bilateral trade. So while cooperation defines this bilateral forum, it does not appear to have laid the foundation for a bilateral trading arrangement between these two dynamic economies.

However, it is interesting to note that both India and China have now been brought together in a regional trading arrangement as proposed by the 16 members of the East Asia Summit (EAS) in the form of the RCEP in 2011. Keeping in view the disparity in the income level of member countries, the RCEP is envisioned with a special and differential treatment clause that allows for gradual implementation and open accession at variable timings. Given the huge scope of tariff and nontariff reduction and removal among member economies, this formation appears to hold considerable potential for trade creation and is, therefore, the most desirable formulation for regional economic architecture at the present juncture. It may also be recognised that even while the RCEP has emerged as major contender for a formal region-wide trade agreement, there has been no stopping of the discussions around other formulations like the trilateral agreement between China, Japan and Korea or the Comprehensive Economic Partnership for East Asia. That said, none of these have as yet evolved in any concrete manner. The only caution that needs to be exercised in this context is the existing and potential competition from the US-led Trans-Pacific Partnership (TPP) that has already been able to draw some ASEAN economies and evoke interest in others. China is not likely to become a member of the TPP and India has also not expressed an interest. The RCEP, therefore, provides a feasible forum for India and China to come together in a regional trade arrangement.[17] For successful implementation, however, the RCEP will have to contend not just with the prior presence of the TPP in the region as an alternative formulation but also the higher standards of the TPP's clauses. If some ASEAN members join the TPP and thereby accept the 'platinum standard' TPP provisions, the overlapping membership with the RCEP will inevitably lead to immense pressure for reforms from its members.[18] This, in all likelihood, will be difficult for the relatively less

[17] India and China are otherwise participants in the Bangkok Agreement (now called the Asia Pacific Trade Agreement), an inter-subregional integration arrangement. India has been a member of the since 1975 and China joined in 2000. The limited scope and coverage of the concessions offered under the agreement makes it rather ineffective in taking forward the idea of regional economic architecture in Asia.

[18] Given that the negotiations are aimed at the 'WTO++' provisions that may contain far more stringent obligations than those required by the WTO multilateral regime.

developed ASEAN members. In addition, the fact that the RCEP that has just started its negotiation process, whereas the TPP has already had 14 rounds of negotiations cannot not be ignored. Given that in the existing scenario the RCEP is a positive all-encompassing regional configuration that allows for the economic dynamism of both India and China to contribute to regional trade creation prospects, the negotiations must be fast, taking into consideration the differential levels of member economies, to outdo the competition posed by the TPP.

References

Batra A (2007a) Asian economic integration: ASEAN+3+1 or ASEAN+1s? ASEAN Econ Bull 24(2):181–204

Batra A (2007b) The structure of comparative advantage of China and India: global and regional dynamics. China World Econ 15(6):69–86

Bensidoun I, Lemoine F, Unal D (2009) The integration of China and India into the world economy: a comparison. Eur J Comp Econ 6(1):131–155

Bergsten FC, Freeman C, Lardy NR, Mitchell DJ (2008) China's rise: challenges and opportunities. Peterson Institute of International Economics, Washington, DC

Yang Mu, Heng Siam-Heng (2010) Promoting China–ASEAN economic cooperation under CAFTA framework. Int J China Stud 1(3):667–684

Wignaraja G (2011) Economic reforms, regionalism and exports: comparing China and India, Policy studies 60. East West Center, Honolulu

Chapter 4
Taiwan–India Relations Under the Shadow of a Rising China

Mumin Chen

4.1 Introduction

On 7 March 2011, India's foreign secretary, Nirupama Rao, received a group of journalists from Taipei, who were invited by the government of India to visit and report on the achievements of this new economic giant. During the conversation, Rao caught everybody by surprise by declaring that India was working with Taipei on a feasibility study to pave the way for signing a free trade agreement (FTA).[1] This news was unexpected, as Taipei had never announced such talks with India. When the Taiwanese media asked officials from Taiwan's Ministry of Economic Affairs (MoEA) about Rao's announcement, the latter denied it, claiming: 'It is not the time to engage in official talks on an FTA with India'.[2]

For the past few years, Taipei has tried hard to sign FTAs with other countries, but very few have responded positively. An FTA has both economic and political interests for Taiwan. Economic benefits are quite substantial: Taiwan can further integrate into the world economy and expand its economic influence globally. But the political interests are what the Taipei leaders would like to focus on: through FTAs Taiwan can demonstrate itself as a sovereign state capable of interacting with other countries on an equal basis. At present, Taiwan only completed signing FTA agreements with six other countries (Panama, Nicaragua, Honduras, Singapore and New Zealand) and signed the Economic Cooperation Framework Agreement

[1] 'Taiwan and India Begin Exploring Feasibility of a Free Trade Agreement', *China Post* (9 March 2011), at http://www.chinapost.com.tw/taiwan-business/2011/03/09/294005/Taiwan-and.htm, accessed on 18 March 2014.

[2] 'Indian Official Optimistic on FTA Deal', *Taipei Times* (9 March 2011), at http://www.taipeitimes.com/News/taiwan/archives/2011/03/09/2003497745, accessed on 18 March 2014.

M. Chen (✉)
Graduate Institute of International Politics, National Chung Hsing University,
250 Kuo Kuang Rd, 402 Taichung, Taiwan
e-mail: muminchen@gmail.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_4

(ECFA) with China in 2010. In contrast, South Korea, Taiwan's main competitor in the global market, has signed 11 FTAs or similar agreements, including the ones with the Association of Southeast Asian Nations (ASEAN), the European Union and the United States. In terms of promoting economic liberalisation and joining regional trade blocs, Korea is far more ahead of Taiwan.

India's tilting towards Taiwan is not entirely a surprise as there were signs of changes over the past few years. In December 2010, India's former President A.P.J. Abdul Kalam visited Taipei to attend the thirtieth anniversary of the World Poet Conference. This is the first time a former state leader from India had visited the Republic of China in Taiwan since the break-up of diplomatic relations in 1949. A few months later, two cabinet members of the Taiwanese government, Wu Ching-chi, Minister of Education, and Liu Yi-ru, Chair of the Economic Planning and Development Council, led respective delegations to New Delhi. When China's Prime Minister Wen Jiabao visited New Delhi in December 2010 and signed a joint declaration with Indian Prime Minister Manmohan Singh, for the first time the declaration included Taiwan and Tibet as inalienable parts of China, a policy insisted upon by Beijing in previous announcements.[3]

Do these changes signify that India has begun to play the Taiwan card against China? Do enhanced ties between Taiwan and India imply a strategic partnership between New Delhi and Taipei against their common threat? India–Taiwan relationship represents an interesting case on whether two countries with a common adversary would naturally form an alliance and how far such an alliance may go. To test the effectiveness of the alliance theory, this chapter focuses on the developments of India–Taiwan relations in the past two decades. The first part addresses alliance theory and its applicability to Taiwan–India relations. This is followed by discussions on Taiwan's pragmatic diplomacy, India–China relations and Taiwan–India relations focusing on the three areas of politics, economics and security. The last part briefly assesses the achievements and limitations of Taiwan's pragmatic diplomacy in India.

4.2 Alliance Theories Reconsidered

Alliance theory, which is a strand of realism in international relations, is concerned with when and how a state chooses to form an alliance with another when faced with a profound or imminent threat from a third state. Discussing the origins of alliances, Stephen Walt argues that countries will choose between balancing and bandwagoning strategies in case of an external threat. He defines balancing and bandwagoning as follows:

[3] 'Joint Communiqué between the Republic of India and the People's Republic of China', Ministry of External Affairs (16 December 2010), at http://mea.gov.in/bilateral-documents.htm?dtl/5158/Joint+Communiqu+of+the+Republic+of+India+and+the+Peoples+Republic+of+China, accessed 18 March 2014.

> Balancing is defined as allying with others against the prevailing threat; States join alliances to protect themselves from states or coalitions whose superior resources could pose a threat. Bandwagoning refers to alignment with the source of danger…. States are attracted to strength. The more powerful the state and the more clearly this power is demonstrated, the more likely others are to ally with it (Walt 1987, pp. 17–20).

According to Walt, 'Balancing and bandwagoning are usually framed solely in terms of capabilities…. Although power is an important part of the equation, it is not the only one. It is more accurate to say that states tend to ally with or against the foreign power that poses the greatest threat' (Ibid., p. 21). Whether a state will adopt a strategy of balancing or bandwagoning, he points out, is not determined solely by the material capabilities of an adversary but also by the threat perceived, the existence of ideological solidarity and the degree of penetration of foreign aid (Ibid., pp. 21–49).

Walt further argues that balancing is more common than bandwagoning for one simple reason: trust hardly exists between states. If leaders of a weaker state decide to bandwagon with a more powerful adversary, it will only increase the aggregated strength of the latter and place its own country in a more vulnerable position. Therefore, balancing is a safer strategy when a number of countries face a common enemy.

According to the realist theory, no great revisionist power can ever arise peacefully. Fear of China's dominance in the region will, therefore, compel its neighbours to counterbalance its rising influence. As John Mearsheimer states, 'China will try to dominate the Asia-Pacific region much as the United States dominates the western hemisphere…. China will want to make sure it is so powerful that in Asia no state has wherewithal to threaten it.' Consequently, it is expected that a powerful China will 'push the United States out of the Asia-Pacific region, much as the United States pushed the European great powers out of Western Hemisphere in the 19th century' (Mearsheimer 2010, p. 389). Mearsheimer further explains the rational responses from China's neighbours:

> China's neighbors in the Asia-Pacific region are certain to fear its rise as well, and they too will do whatever they can to prevent it from achieving regional hegemony. Indeed, there is already substantial evidence that countries like India, Japan, and Russia, as well as smaller powers like Singapore, South Korea, and Vietnam, are worried about China's ascendancy and are looking for ways to contain it (Ibid., p. 390).

Nevertheless, when David Kang applies the balancing/bandwagoning model to East Asia, he finds that perhaps with the exception of Taiwan, no country in the region has chosen a balancing strategy against China: 'Most East Asian states view China's return to being the gravitational centre of East Asia as inevitable and have begun to adjust their policies to reflect this expectation' (Kang 2007, p. 50). His research also finds that with the exception of Taiwan, no other East Asian country today is 'arming itself against China or seeking military alliance with which to contain China' (Ibid., p. 4).

These discussions present two opposing predictions and interpretations on how East Asian countries are responding to China's rise. In the first instance, according to Mearsheimer, China's neighbours are balancing, and in the second instance, as

per in Kang's estimation, they are bandwagoning with China. At present there is no answer to this subject as Asian countries do not form a formal alliance against China, and China has not been able to force any of the Asian countries into submission, either. To further understand whether the Asian countries may form an alliance against (or go bandwagoning with) China, the best way is to examine the relations between two countries with similar strategic objectives, particularly when both consider China as their main adversary. Moreover, assuming two countries ally, within the discussion of alliance theory, there is little research on whether this will lead to open conflict with their common enemy. Further, if Taiwan is the only state in East Asia with a strong enough incentive to balance against the Chinese hegemony, it will still need to seek alliance with a willing country that shares strong suspicions of China's intentions and has enough capabilities to counterbalance China's rising regional influence.[4] While India may not be the only option, as the United States and Japan are two other candidates that also support Taiwan's de facto independence, India is strong enough to form a coalition with Taiwan without fearing Beijing's response. An examination of the India–Taiwan partnership also illuminates, apart from whether two countries facing a common 'threat' may form an alliance, how the reinforcement of their strategic relations will trigger an open conflict with their common enemy, an outcome that conventional alliance theorists have failed to address.

4.3 Taiwan's Pragmatic Diplomacy

For the past four decades, Beijing has effectively deterred other countries from developing official relations with Taiwan and pressured the global community to bar Taiwan from international organisations, especially political ones such as the United Nations. Beijing's purpose is clear: to prevent Taiwan from projecting an image of autonomy in the international community. By isolating Taiwan, the Chinese government can eventually coerce the leaders in Taipei into negotiations on unification with the 'motherland'. The Kuomintang (KMT) government, under the leadership of President Ma Ying-jeou, has adopted several unprecedented reconciliatory policies and compromises for improved relations with Beijing. It was assumed that this new stance would encourage the Chinese leaders to reciprocate by allowing Taiwan to participate in certain functional international organisations; however, Taiwan's international status remains unchanged.[5]

[4] Even 'bandwagoning' advocates such as David Kang allow that Taiwan prefers a balancing strategy.

[5] Such policies include resuming semi-official talks, establishing regular cross-strait flights and allowing Chinese tourists to visit Taiwan. In 2010, in spite of vehement protest by the opposition camp, the KMT government even signed the Economic Cooperation Framework Agreement (ECFA) with China, an FTA aiming at establishing closer economic partnerships with China and integrating Taiwan's economy into the booming Chinese market.

At present, Taiwan only maintains diplomatic relations with 22 countries. In terms of participation in the international community, Taiwan has acquired full membership from 31 international organisations, but many of them are simply forums for experts from specialised fields such as the Inter-American Tropical Tuna Commission or the International Seed Testing Association. The most important international organisations that see Taiwan's participation are the World Trade Organization (WTO) and Asia-Pacific Economic Cooperation (APEC), but Taipei can neither use its official name (Republic of China) nor its common name (Taiwan) when participating in these forums. The current KMT government has tried to negotiate a deal with Beijing that will allow Taiwan to participate in some international organisation activities. For instance, the KMT's honorary chair Lien Chan asked Chinese President Hu Jintao in the APEC Leaders' Meeting in Vladivostok, Russia, on 7 September 2012, asking him to allow Taiwan to enter the International Civil Aviation Organization. Hu responded by saying China would seriously study how to let Taiwan to participate in ICAO events in an appropriate way. Next year Taiwan did receive an invitation for attending ICAO Assembly, but was informed that such invitation was a suggestion from the Chinese government (Shih Hsiu-Chuan 2013). Taiwan's citizenry is frustrated by their international isolation, and enhancing Taiwan's international status has always been a passionate issue since democratic national elections commenced in the early 1990s.

Political competition with Beijing requires diplomatic flexibility in Taipei's approach with other countries. This is what pragmatic diplomacy (*wushi waijiao*) is about. The central idea is to establish non-official relations with foreign governments so as to create the benefits of a sovereign state, while promoting friendship and cooperation between both parties.

Pragmatic policy was initiated in 1988, when the first native-born president Lee Teng-hui decided to abandon the self-imposed principle of claiming to represent the whole of China. He proceeded to establish relations with countries that enjoyed diplomatic relations with Beijing. It is 'pragmatic' because Taipei is flexible in the names and formats used for its representation in a foreign country or international organisation. The process of promoting relations with foreign counties is primarily carried out by first establishing a bilateral diplomatic representation, officially or unofficially; second, signing agreements with foreign governments; and third, by reciprocal visits by government officials from both sides (Chen Jie 2002, p. 22). Via representations, agreements and visits, Taipei reinforces its political ties with foreign governments and paves the way for future deeper bilateral exchanges. For instance, after Japan terminated diplomatic relations with Taipei in 1972, the Taiwanese government established the Association of East Asian Relations (AEAR) as the intermediate institution to deal with 'non-official' relations with Japan.[6] In return, the Japanese government set up a similar institution called the Interchange Association of Japan (ICA) to handle economic and cultural relations with Taiwan. Both governments authorised the AEAR and ICA to conclude an agreement for

[6]Ministry of Foreign Affairs (Taiwan) website: http://www.mofa.gov.tw/webapp/content.asp?CuItem=11361&ctnode=1863

establishing their respective liaison offices in each other's capital. This formula created a framework for the two to manage their relations without challenging the One-China Principle, which Japan recognised in the China–Japan Joint Communiqué.[7]

Success of pragmatic diplomacy is determined by three factors: first, the respective government must have a strong incentive to establish or enhance relations with Taipei; second, its government should be capable of resisting pressure from Beijing; and third, both Taiwan and the other country should work out an arrangement to regulate bilateral relations at the semi-official or even the official level without offending Beijing. Of course, Taipei's ultimate goal is to advance the relationship to the official level (i.e., establish formal diplomatic relations), but Taiwanese diplomats also realise that given the current political circumstances, it is difficult for the other party to take such a risk. Therefore, Taipei has to carefully evaluate its relations with all other countries and take the opportunity to establish or upgrade relations, officially or unofficially, when an incentive to do so presents itself (Chen Jie 2002, p. 22).

If one does not judge the success of Taipei's strategy in terms of the establishment of full diplomatic relationship or the attainment of full membership in international organisations, then it is a fair claim that Taipei's pragmatic diplomacy is largely effective. As Chen Jie points out:

> Taiwan's international profile has never been (more) prominent since the late 1970s, and international sympathy for Taiwan has never been stronger. Also the countries with which Taipei has been developing semi-official relations are where Taiwan's most important political, security, and economic interests lie (Ibid., p. 39).

In addition, China was unable to challenge Taiwan's unofficial ties with many countries as Taiwan has been a vibrant player in international trade and investment, particularly in Southeast Asia. That is why Taiwanese President Lee was able to visit the Philippines, Singapore, and Indonesia during his term in the 1990s.

There are, however, certain limitations to Taiwan's diplomatic manoeuvres. Many agreements Taiwan has signed with other countries are simply tacit arrangements and are kept from the public. In some cases, Taiwan makes promises of generous donations and assistance before establishing relations, and in others Taipei relies on private lobbyists to build communications with foreign governments (Ibid., p. 53).

Yet the most difficult part of pragmatic diplomacy is that Taipei must promote its relations with the respective government on a level that will not subvert the other side's relationship with Beijing. For instance, in February 2004, Taiwan announced the opening of a representative office in Dhaka, the capital of Bangladesh. The establishment of Taiwan's diplomatic representation was the result of prolonged and secret negotiations between both governments, making Bangladesh the second country in South Asia to allow Taipei to establish a liaison office.[8] In response, the Chinese government imposed tremendous pressure

[7] In 1992, the Japanese government let the AEAR rename its liaison office in Japan as the Taipei Economic and Cultural Representative Office.

[8] 'Taipei to Open a Bangladesh Office', *Taipei Times* (28 February 2004), at http://www.taipeitimes.com/News/front/archives/2004/02/28/2003100417, accessed on 18 March 2014.

on the Bangladesh government by threatening to cut off all aid. The latter in turn stipulated that the newly established Taipei Representative Office in Dhaka may not conduct any official activity, including the issuing of visas. Because this liaison office was 'neutralised' even in performing mundane consular affairs, the Taiwanese government finally decided to close it in 2009. Similarly, in Sri Lanka, Taiwan has tried, at least twice, to establish a semi-official representation there, even secretly dispatching a senior diplomat to Colombo for overseeing that objective, but the Sri Lankan government finally declined the request from Taipei and the diplomat was required to return home.

4.4 Escalating India–China Rivalry and the Rationale for Taiwan–India Cooperation

The India–China relationship is a complicated issue and not the focus here; nevertheless, it is necessary to briefly examine how it might affect India's changing attitude towards Taiwan. The territorial dispute that led to the Sino-Indian War of 1962 remains the top issue hindering either side from reconciling their differences. Reports about the Chinese troops crossing the borders regularly appear in Indian media, despite denials by both governments. Although both sides have committed to solving the border dispute peacefully and have sent envoys to meet at regular intervals, these talks have seen little progress. Unresolved borders have made the Indian public highly suspicious of China's strategic intention, and the media in both countries continue to portray the other in a negative light (Baruah 2009). In 2010, India's former defence minister, Mulayam Singh Yadav, claimed that 'China would attack India soon'.[9] Even moderate politicians such as Prime Minister Manmohan Singh warned the public to be aware of China's expansion in South Asia (Scrutton 2010).

Despite the complexity, that is, India–China relations, there have been three broad trends in recent years. The first is China's hardened position on the territorial dispute. Although both governments are keen to see the end of the territorial dispute through negotiation, Beijing in recent years has publicly claimed that the Arunachal Pradesh, the eastern sector of the disputed territories controlled by India, is a Chinese territory. Many observers in India regard this as a provocative act as this area has been under Indian control since 1951.[10]

[9] 'China Will Attack India "Soon": Mulayam', *Times of India* (9 November 2010), at http://timesofindia.indiatimes.com/india/China-will-attack-India-soon-Mulayam/articleshow/6895140.cms, accessed on 18 March 2014.

[10] Beijing's position was first revealed by Ambassador Sun Yuxi in an interview on the Indian TV on 14 November 2006, a week ahead of President Hu Jintao's visit to New Delhi. He claimed the whole state of Arunachal Pradesh to be a Chinese territory. 'Arunachal Pradesh is Our Territory: Chinese Envoy', *Rediff News* (14 November 2006), at http://www.rediff.com/news/2006/nov/14china.htm, accessed on 18 March 2014.

Second, Beijing, since 2010, has gradually readjusted its position on the Kashmir issue by calling it 'a separate territory from India'. The Indian media first noticed this when the Chinese government issued a different form of visa to passport holders from Jammu and Kashmir in 2009 and then published a map that depicted the Indian-controlled area as a separate territory. At the same time, the Western and Indian media began reporting that China was deploying troops in Pakistan-controlled Kashmir. The original report appeared in the *New York Times* in August 2010, indicating that 'Pakistan is handing over de facto control of the strategic Gilgit-Baltistan region in the northwest corner of disputed Kashmir to China' and that 'an estimated 7,000 to 11,000 soldiers of the People's Liberation Army' would be deployed in the region to work on the railroad as well as other infrastructure works (Harrison 2010). Both Beijing and Islamabad denied these reports, but it did not reduce the suspicion in New Delhi.

The third trend emerging in China–India relations is the new theatre of strategic competition in the Indian Ocean. When the concept of the 'String of Pearls' was first touted years ago, very few strategic analysts took it seriously because historically China had little interest in developing a blue-water navy.[11] But within years, it became one of the most discussed topics among the strategic communities in India and elsewhere.[12] The key issue that emerged from the discourse was energy security. China is located in a strategically vulnerable position where the world's most salient energy shipping lanes, oil pipelines on land or oil tankers from the sea, are beyond its control. Its economic growth makes the country increasingly dependent on foreign oil, and this dependence is likely to grow in the near future. In recent years, the Chinese strategic analysts no longer avoid formulating a strategy for the Indian Ocean, and some even openly talk about it in the foreign media (Hu Zhiyong 2010). Sri Lanka is one of the most obvious 'prizes' for China–India strategic competition. China has provided US$3.2 billion of aid to the island country, overtaking Japan as the biggest donor, and is invested heavily in Hambantota, a deep-water port with the potential role as a host fort the Chinese Navy (Metha 2011).

Today, most Indians see China's growing power as constituting the biggest challenge for India in the twenty-first century. Indians must learn to live with this giant neighbour and develop an appropriate strategy for coping with China's rising influence in Asia. An editorial in the *Times of India*, the world's largest English newspaper by circulation, states, 'We fear China, we envy China, we don't want to be China, but we want to be as efficient as China'.[13] In recent years, the Indian government has become more active in strengthening relations with certain East

[11] The phrase 'String of Pearls' was first used in a report by the US Department of Defense. The report described the strategy as including a new naval base under construction at the Pakistani port of Gwadar, naval bases in Myanmar, a military agreement with Cambodia, strengthening ties with Bangladesh and even a plan to build a canal in Thailand to bypass the Strait of Malacca.

[12] Two great discussions about how India looked at China's String of Pearls strategy are Gurpreet S. Khurana (2008, pp. 1–39) and Iskander Rehman (2010).

[13] '50 Years On, China Is an Opportunity as Well as a Challenge', *Times of India* (10 October 2012), at http://articles.timesofindia.indiatimes.com/2012-10-10/india/34362623_1_india-s-china-war-chinese-scholars-new-delhi, accessed on 18 March 2014.

Asian countries that are considered as China's adversaries, notably Japan and Vietnam. Improving relations with Taiwan is just another logical step. Thanks to deteriorating India–China relations in recent years, Taiwan is now a key to India's evolving strategy.

4.5 Taiwan's Relations with India Since the Early 1990s

Although both Taipei and New Delhi have a strong incentive to form an alliance, as predicted by the alliance theory, both sides have been reluctant to do so for many decades. Despite India's war with China in 1962 and the following termination of diplomatic relations with Beijing for 14 years, New Delhi never made any diplomatic gestures towards Taipei. One reason is that India during Cold War years considered itself a leading member of the Non-Aligned Movement and for many years adopted a pro-Soviet policy, while Taipei was a close ally of the United States and the Western camp. Another reason is that Taipei, prior to the 1990s, declared itself the legitimate government of the whole of China and insisted in conventional borderlines with India. When the Indian government announced the establishment of Arunachal Pradesh in 1986, Taipei even issued a statement condemning it.

Taipei and New Delhi began to make contact in the early 1990s, when the Indian government sent a delegation to Taipei to seek financial aid.[14] The Indian delegation returned and advised the government to establish relations with Taipei in exchange for huge investments from Taiwan. The ruling KMT government took this opportunity to set up a liaison office in Bombay in charge of promoting trade with India. The office was under administration of the Taiwan External Trade Development Council (TAITRA), a semi-official institution promoting trade opportunities overseas. Over the years, TAITRA has set up 52 branches worldwide; many of them are in countries without diplomatic relations with Taiwan. TAITRA branches are allowed to operate in these countries because it only focuses on promoting trade opportunities and does not execute diplomatic functions.

In 1995, Taiwan was finally allowed the setting up of the Taipei Economic and Cultural Center (TECC) in New Delhi to provide consular services and a host of other functions similar to an embassy. The Indian government also established the India–Taipei Association (ITA) as an equivalent institution in Taiwan and appointed Vinod Khanna, a retired ambassador and China expert, to be its first director-general. Taipei, on its part, sent B.Y. Teng, director of the Department of East Asia and Pacific Affairs, Ministry of Foreign Affairs, to serve as the first representative in India.

The first three ITA directors-general appointed by New Delhi, Vinod Khanna, L.T. Pudaite and Ranjit Gupta, were all retired ambassadors. Although Taipei was able to send career diplomats to India, and the TECC was allowed to set up its first office in the diplomatic areas in New Delhi (its first office is located in Vasant Vihar), its

[14] Lai Yi-chung (2008, p. 446); Indian resources point out that delegation was led by I.K. Gujral (former prime minister). See Vinod C. Khanna (2010, pp. 240–31).

members did not enjoy full diplomatic privileges and immunities. In an interview by an Indian journal, Khanna recalls that he was required by the Indian government to 'focus on establishing economic relations with Taiwan, and not to accord Taiwan any symbol of sovereignty' (Khanna 2010, pp. 240–31). Perhaps because of lack of trust, both New Delhi and Taipei were careful in handling bilateral relations in the first few years. The Ministry of External Affairs (MEA) of India even set up a series of rules prohibiting visits of ministerial-level officials from Taiwan to India and limited the number of contact levels between the TECC and the Indian government.

Despite the difficulties, the TECC in New Delhi has tried to function as an embassy. The current office in New Delhi comprises five divisions: information (press), economic, cultural, science and technology and consular affairs. Taipei is also allowed to send an on-duty colonel as a military attaché and two representatives from the National Security Bureau in charge of intelligence exchanges. From 2002 to 2011, both sides signed eight agreements or memoranda of understanding (MoUs), covering virtually all major areas in bilateral relations.[15]

The most significant progress in India–Taiwan relations occurred in 2003, when Taiwan–China relations suddenly deteriorated as a result of Taiwanese President Chen Shui-bian's pro-independence remarks. George Fernandes, the Indian defence minister, famous for his anti-China stance, led a delegation to visit Taipei in 2004 and attended a conference organised by the Taiwanese Think Tank, a private research institute with close ties with the ruling Democratic Progressive Party (DPP). A Taiwanese delegation, led by senior DPP Politician Maysing Yang, also visited India in October 2005 and met prominent figures including I.K. Gujral and L.K. Advani. In early 2006, a group of ten Taiwanese legislators paid a visit to India and met with key Bharatiya Janata Party (BJP) leaders such as Satyanarayan Jatiya. New Delhi's reactions to Taiwan's attempt to upgrading bilateral relations were lukewarm as the new United Progressive Alliance (UPA) government maintained relatively stable relations with Beijing. It was not until 2006, however, when India's clashes with China escalated that New Delhi played the Taiwan card. As Rajiv Sikri, a former MEA secretary, recalls in his recent book, 'It was only after 2006, presumably as a signal of its displeasure with China at various political and military provocations by the latter, that India was bold enough to have exchanges with Taiwan's political leaders' (Sikri 2009, p. 126).

[15] MoU on civil aviation (2001), agreement between the Taipei Economic and Cultural Centre in New Delhi and the India–Taipei Association in Taipei on the Promotion and Protection of Investments (17 October 2002), MoU between Academia Sinica and Indian National Science Academy on scholarly exchanges and cooperation (24 September 2004), MoU between the Securities and Exchange Board of India and Financial Supervisory Commission on Exchange of Information for Cooperation, Consultation and Technical Assistance (11 April 2007), MoU between the Taipei Economic and Cultural Centre in New Delhi and the India–Taipei Association in Taipei on Scientific and Technological Cooperation (18 April 2007), MoU on Higher Education Cooperation (June 2010), MoU between the Taipei Economic and Cultural Centre in New Delhi and the India–Taipei Association in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (12 July 2011) and MoU between the Taipei Economic and Cultural Centre in New Delhi and the India–Taipei Association in Taipei regarding Mutual Assistance in Customs Matters (12 July 2011). Source: Taipei Economic and Cultural Centre in New Delhi website, http://www.taiwanembassy.org/IN/mp.asp?mp=277

Further, the KMT presidential candidate Ma Ying-Jeou's visit to India in June 2007 was also a huge success for Taiwan's pragmatic diplomacy. In the 2-day visit, Ma met leaders from both ruling Indian National Congress and the opposition BJP. He also visited the major Indian information technology industry associations, including the powerful National Association of Software and Service Companies.[16] But the most significant part of the visit was that he was formally invited by the Indian government to deliver a speech at the Indian Council of World Affairs, a think tank affiliated to the MEA.

4.6 Assessments of India–Taiwan Relations at Present

This section further assesses India–Taiwan relations from three different perspectives: high-level visits, trade and investments and security/strategic cooperation. The Taiwanese media considers visits of current high-ranking officials to foreign countries as evidence of pragmatic diplomacy. Under normal circumstances, governments having diplomatic relations with Beijing do not allow the Taiwanese president, vice-president, premier and defence and foreign ministers to visit their countries. Even if other ministerial-level officials are allowed to visit, they usually ask Taipei not to publicise the news prior or during the trip. Using this criterion to assess Taiwan's relations with India, there have been noteworthy breakthroughs in recent years. In addition to the visits of Wu Ching-chi (Minister of Education) and Liu Yi-ru (Chair of the Economic Planning and Development Council) to New Delhi in 2011, Shen Lyu-shun (Deputy Foreign Minister) and Hsiung Hsiang-tai (Deputy Defence Minister) also visited India in 2010 and 2011, respectively. Taipei considered both visits a great achievement not only because it was the first time Taiwan's deputy ministers in defence and diplomatic areas were allowed to land on the Indian soil but also because the Indian government did not prevent the Taiwanese media from reporting it. Nevertheless, when DPP presidential candidate Tsai Ying-wen tried to model Ma's 2007 trip to India, her staff probed the Indian government about the possibility of visiting Delhi in the summer of 2011, but she was advised not to bother applying for a visa.[17] On April 8, 2012, Taiwanese President Ma Ying-jeou made a surprise stopover at Mumbai international airport on his way to a diplomatic trip in Africa. Although both governments kept low profile on the issue, observers from New Delhi interpreted it as a sign of India's changing course in foreign policy, even though the changes may irritate China.[18]

[16] 'Ma Ying-jeou Visiting India, Singapore', *Taipei Times* (13 June 2007), at http://www.taipeitimes.com/News/taiwan/archives/2007/06/13/2003365000, accessed on 18 March 2014.

[17] It remains unclear why the Indian government did not want Tsai to visit during her election campaign. However, it is certain that the Indian government sent a message to the DPP, asking her not to apply for a visa. Tsai finally paid a visit to India in September 2012, 4 months after stepping down as party chair.

[18] 'Ma's India stopover historically significant: Academic', *Taipei Times*, 09 April 2013, http://www.taipeitimes.com/News/taiwan/archives/2012/04/09/2003529894

Another area of strengthening Taiwan–India bonds is in the one of trade and investment. Prior to 1991, the Indian economy was not fully engaged with the outside world, and trade figures with Taiwan were insignificant. In 1995, the year when New Delhi and Taipei set up respective representative offices, the total bilateral trade was US$934.8 million, in which Taiwan enjoyed a surplus of US$107.1 million. Five years later in 2000, trade reached US$1.23 billion, with an average annual growth rate of 7.4 %.

In 2003, the MoEA of Taiwan included India on the list of the Global Export Expansion Plan (*Quanqiu Chukou Tuoxiao Jihua*), which means that Taiwan began to consider seriously India for more active trade opportunities. It was also around this time that the Goldman Sachs Group first coined the term 'BRIC', listing India along with Brazil, Russia and China as the four leading economies with a combined output surpassing the G7 by the year 2050. In 2004, the Council for Economic Planning and Development commissioned the Chung-Hua Institute for Economic Research (CHIER) in Taiwan to publish the first report on Indian economics and prospects for Taiwan–India trade.[19]

According to a 2011 report concluded by the CHIER, Taiwan–India trade has shown substantial growth since 2003. The bilateral trade in the first 11 months of 2010 reached US$5.847 billion, with a growth rate of 317 % since 2003. Table 4.1 shows that bilateral trade between Taiwan and India has witnessed stable growth over the past 20 years. In particular, Taiwan's exports to India have substantially increased since 2003. Yet this amount accounts for less than 6 % of Taiwan's trade with China and about one-tenth of India's trade with China. Given the fact that both India and Taiwan are highly dependent on China and have a strong incentive to reduce their trade dependence levels, strengthening trade relations with each other is a more prudent solution.

In contrast to the steady growth of bilateral trade, Taiwan's foreign direct investments in India remain low. In 1993, D-Link, a Taiwanese company that manufactures network and telecommunication products, entered the Indian market through local distributors. Within 2 years, D-Link and its Indian partner formed D-Link India. Today, it has developed into one of the top three network hardware merchants in India (Fu-kuo Liu 2008, p. 653). Yet not all Taiwanese companies have achieved such a success. China Trust Bank, a Taiwan bank that entered the Indian market in the mid-1990s and remains the only Taiwanese bank operating in India, applied for setting up a branch in the southern city of Chennai, and it took 4 years for the Indian government to approve the application. According to MoEA data, from 1990 to 2010, there were only 33 cases of Taiwanese investments in India. Information from the Indian government also indicates that foreign direct investment (FDI) from Taiwan between 2000 and 2010 was only US$41.47 million, accounting for only 0.03 % of the total FDI in India, with Taiwan ranked the fortieth foreign investor in India. Yet another optimistic report, conducted by the WTO research centre in Taiwan, estimates that the total Taiwanese investments in India from 1991 to 2010 reached US$52.27 million, and if one includes the Taiwanese investments to India through a third party,

[19] Website of the Council for Economic Planning and Development, http://www.cepd.gov.tw/m1.aspx?sNo=0008715

Table 4.1 Taiwan–India trade figures, 1990–2013 (Unit: thousand US dollars/%)

Year	Total Taiwan export	Export to India		Total Taiwan import	Import from India		Trade with India Surplus (+) Deficit (−)
		Amount	Ratio		Amount	Ratio	
1990	67,214,446	229,127	0.34	54,716,004	214,694	0.39	+14,433
1991	76,178,309	158,459	0.21	62,860,545	240,823	0.38	−82,364
1992	81,470,250	173,359	0.21	72,006,794	218,381	0.30	−45,022
1993	85,091,458	211,951	0.25	77,061,203	318,122	0.41	−106,171
1994	93,048,783	344,923	0.37	85,349,194	411,425	0.48	−66,502
1995	111,658,800	520,996	0.47	103,550,044	413,864	0.40	107,132
1996	115,942,064	463,099	0.40	102,370,021	468,437	0.46	−5,338
1997	122,097,865	549,430	0.45	114,425,570	662,373	0.58	−112,943
1998	112,595,448	529,290	0.47	105,229,820	463,256	0.44	66,034
1999	123,733,345	596,863	0.48	111,196,086	391,057	0.35	205,806
2000	151,949,756	723,886	0.48	140,731,990	514,322	0.37	209,564
2001	126,314,288	635,271	0.50	107,970,570	494,986	0.46	140,285
2002	135,316,743	654,225	0.48	113,245,120	552,698	0.49	101,527
2003	150,600,472	775,953	0.52	128,010,148	625,379	0.49	150,574
2004	182,370,384	1,082,344	0.59	168,757,598	862,788	0.51	219,556
2005	198,431,651	1,582,902	0.80	182,614,393	859,591	0.47	723,311
2006	224,017,271	1,471,110	0.65	202,698,135	1,245,298	0.61	225,812
2007	246,676,931	2,342,020	0.94	219,251,567	2,537,297	1.15	−195,227
2008	255,628,690	3,007,097	1.17	240,447,789	2,333,174	0.97	673,923
2009	203,674,648	2,531,483	1.12	174,370,531	1,623,200	0.93	908,283
2010	274,600,519	3,628,449	1.32	251,236,390	2,837,490	1.12	790,959
2011	308,257,310	4,427,413	1.43	281,437,549	3,141,520	1.11	1,285,893
2012	301,180,864	3,384,551	1.12	270,472,560	2,623,698	0.97	760,853
2013	305,441,190	3,422,971	1.12	269,896,778	2,751,401	1.01	671,571

Source of Data: Ministry of Finance (Taiwan), Foreign Trade Statistics, http://www.mof.gov.tw/engweb/ct.asp?xItem=60197&CtNode=2284&mp=2

the actual amount is US$800 million. This number has surpassed the Chinese investment in India (Wu Tai-yi 2011).

To further strengthen economic ties and promote business opportunities in India, the DPP government established the Taiwan–India Association in 2006 to serve as a platform for government and business communities to develop relations with India. At the same time, the Economic Planning and Development Council also formulated the Action Plan for Promoting Economic and Trade Relations with India as guidance. Under this Action Plan, the Institute for Information Industry, a semi-official organisation aiming at promoting Taiwan's information technologies, decided to set up a research and development centre in Chennai. In addition, TAITRA also set a branch in Chennai. Lai Yi-chung, a DPP strategist in charge of promoting relations with India,

points out that the increase of the Taiwanese investments in Chennai is the result of this administrative guidance policy initiated during the DPP era.[20]

The highest level of pragmatic diplomacy is to establish cooperation in security and strategic areas, but it is quite difficult to acquire the information in that regard. The following discussion provides a general overview of current Taiwan–India cooperation in strategic areas based on interviews with certain Indian scholars and open resources obtained from Taipei and New Delhi.

One senior leader from an Indian think tank recalls that strategic communities from both sides started to make contact in the early 1990s, but the Indians found Taiwan not really serious about cooperation, perhaps because of lack of mutual trust.[21] One Taiwanese scholar also points out that the real obstacle to India–Taiwan strategic cooperation was from the United States. The US government once prevented Taiwan from approaching India for a joint project on satellite launching. Despite the difficulties, the DPP government finally managed to build strategic contacts with India, including intelligence exchange and track-two dialogues. One of the most important projects was the Taiwan–India Security Dialogue, an annual strategic dialogue between the Institute for Defence Studies and Analyses (IDSA) in India and the Institute of International Relations (IIR), National Chengchi University (NCCU), in Taiwan. In addition, Taiwan's National Security Council also once successfully cooperated with the United Service Institute (USI) of India to set up the Taiwan–India–Japan trilateral strategic dialogue, inviting scholars and retired military leaders to discuss regional security issues.[22] Both security dialogues terminated after the KMT came to power in 2008, but scholars from both sides have advocated for resuming such talks. Arvind Gupta, director-general of the IDSA, recently contributed an article to the *New Indian Express* promoting India–Taiwan cooperation (Gupta 2013). This is a definite sign of the warming up of New Delhi–Taipei strategic cooperation.

4.7 Conclusion: Normal Friends or Potential Allies?

The current KMT government in Taiwan avoids certain strategies in pragmatic diplomacy adopted by previous administrations so as not to provoke Beijing. The KMT's foreign policy—building closer economic ties with China rather than seeking cooperation with other Asian neighbours—sometimes confuses the Indian leaders as to whether Taiwan will be a reliable trade or strategic partner. Perhaps it is why the FTA feasibility reports have been completed and publicized in September 2013, but both governments show no incentive to start formal negotiations.

From Taipei's perspective, pragmatic diplomacy has its limitations since it operates under the confines of unofficial links when building relations with foreign governments. Once Taipei secures clarification of its international status, its diplomacy

[20] Lai Yi-chung, 'Dang Taiwan Niu Yujian Yindu Xiang' (p. 451); see Sikri (2009, p. 126).

[21] Interview with a senior think tank director in India, New Delhi (January 2012).

[22] Lai Yi-chung, (pp. 453–454); see Sikri (2009, p. 126).

ceases to be pragmatic. However, no country today, including the big powers such as India, is willing to establish formal diplomatic relations with Taiwan or publicise its cooperation with it in certain areas. The Indian scholars also make it clear that it is unlikely that their government would help Taiwan acquire membership in international organisations. Even though certain Indian scholars believe that their government has gradually adjusted its position towards Taiwan, most Indians still see Taiwan as a source of investment rather than a potential strategic ally.

Therefore, we can conclude that developments in Taiwan–India relations seem to fit the theoretical perspective that countries facing a common adversary are likely to form an alliance, but it is too early to tell they have formed a solid alliance. Taiwan's pragmatic diplomacy in India, while contributing to bilateral trade and investment, leaves political and especially strategic ties underdeveloped. Yet there is one thing for sure: rising China remains the single decisive factor in India–Taiwan relations. Beijing's growing assertiveness in foreign policy will encourage both New Delhi and Taipei to cooperate, particularly at strategic levels. Unless both governments no longer consider China a rising hegemon or imminent threat to their national security, there is always a possibility for Taiwan and India to move from normal friends to formal allies.

References

Baruah A (2009) China bashing in the Indian media. BBC News, 16 September. http://news.bbc.co.uk/2/hi/8258715.stm. Accessed 18 Mar 2014

Chen Jie (2002) Foreign policy of the New Taiwan: pragmatic diplomacy in Southeast Asia. Edward Elgar, Northampton

David Kang (2007) China rising: peace, power, and order. Columbia University Press, New York

Fu-kuo Liu (2008) Towards a dynamic economic partnership. In: Kesavapany K, Mani A, Ramasamy P (eds) Rising India and Indian Communities in East Asia. Institute of Southeast Asian Studies, Singapore

Gupta A (2013) Strong ties with Taiwan. New Indian Express, 30 January. http://newindianexpress.com/opinion/article1441318.ece. Accessed 18 Mar 2014

Harrison S (2010) China's discreet hold on Pakistan's northern borderlands. New York Times, 26 August. http://www.nytimes.com/2010/08/27/opinion/27iht-edharrison.html?_r=1. Accessed 18 Mar 2014

Hu Zhiyong (2010) Zhongguuo de Yinduyang Zhanvue ji qi Neihan (China's Indian Ocean strategy and its content). Liahe Zhaobao (United Morning News). http://hkmag.crntt.com/crn-webapp/mag/docDetail.jsp?coluid=31&docid=101445362. 13 September

Khanna VC (2010) The India Taipei Association: a mission extraordinaire. Indian Foreign Aff J 5(2):240–31

Khurana GS (2008) China's string of pearls in the Indian Ocean and its security implications. Strateg Anal 32(1):1–39

Lai Yi-chung (2008) Dang Taiwan Niu Yujian Yindu Xiang: Taiyin Guanxi de Guowang yu Qianzhan (When Taiwanese cow meets Indian elephant: development of and prospect for Taiwan–Indian relations). In: Cheng Duan-yao (ed) India. Prospect Foundation, Taipei

Mearsheimer J (2010) The gathering storm: China's challenge to US power in Asia. Chin J Int Polit 3(4):389–396

Metha AK (2011) Not so hidden dragon. Hindustan Times, 18 August. http://www.hindustantimes.com/News-Feed/ColumnsOthers/Not-so-hidden-dragon/Article1-734816.aspx. Accessed 18 Mar 2014

Rehman I (2010) China's string of pearls and India's tactical advantage. Institute for Defence Studies Analysis comment, 8 June. http://www.idsa.in/idsacomments/ChinasStringofPearlsandIndiasEnduringTacticalAdvantage_irehman_080610. Accessed 18 Mar 2014

Scrutton A (2010) Manmohan Singh says China wants foothold in South Asia. Reuters, 7 September. http://in.reuters.com/article/idINIndia-51323020100907. Accessed 18 Mar 2014

Shih Hsiu-Chuan (2013) Taiwan only 'guest' due to China: ICAO. Taipei Times, 26 September. http://www.taipeitimes.com/News/front/archives/2013/09/26/2003573020

Sikri R (2009) Challenge and strategy, rethinking India's foreign policy. Sage, Delhi

Walt SM (1987) The origins of alliance. Cornell University Press, Ithaca

Wu Tai-yi (2011) Taiwan yu Yindu Jingmao Wanglai de Xiankuang yu Zhanwang (Current status of and prospect for Taiwan–India economic relations). WTO Newsletter, 25 February. http://www.wtocenter.org.tw/SmartKMS/www/Epaper/wtoepaper/article251.htm. Accessed 18 Mar 2014

Chapter 5
The Indian Growth Model: A Chinese Perspective

Li Li

5.1 Introduction

The first decade of the twenty-first century was characterised by the simultaneous rise of China and India. The key contributor to this was their fast and uninterrupted economic growth. While the average growth rate of China has been above 10 %, India's hovers around 8–9 %. Despite the global financial crisis in 2008, both China and India have succeeded in maintaining these figures. Between 2009 and 2011, China's economy grew at 9, 8.7 and 10.3 %, while India's grew at 6.7, 7.4 and 8.5 %. Today, China has become the world's second largest economy in real dollar terms, while India is the third largest economy in purchase power parity terms. As many global agencies like the World Bank and the International Monetary Fund predict, both countries will continue to rise in the next 20–40 years in spite of some uncertainties and will become major determinants of the future of Asia in particular and the world in general.

Although the two Asian giants are locked in an unresolved border dispute, a legacy of history, their bilateral relations since 1988 have thawed substantially, with the understanding that it should not be predicated on the solution to the boundary dispute. In 1993 and 1996, they signed two agreements on the maintenance of peace and tranquillity in the border areas. They have also agreed on the political parameters and guiding principles for the settlement of the boundary question. Moreover, in 2005, they established a 'strategic and cooperative partnership for peace and prosperity'. Bilateral trade has shown an impressive increase, from US$264 million in 1991 to US$60 billion in 2010. As emerging economies, they share common stances on many global issues like climate change, food security, energy security

L. Li (✉)
Institute of South and South-East Asian Studies, China Institutes of Contemporary International Relations (CICIR), Beijing, China
e-mail: jasmineli3@yahoo.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_5

and global financial reform. They have been cooperating on global forums like the World Trade Organization, G-20, BRICS (the association of the emerging economies of Brazil, Russia, India, China and South Africa) and United Nations Climate Change Conference.

Yet, their mutual political trust has not kept pace with the rapidly increasing cooperation in other areas. In recent years, China–India relations have experienced some turbulence due to their discord on the Dalai Lama, the Kashmir issue and the border dispute. With overlapping interests as they share a common extended neighbourhood, suspicions have also increased about each other's intents. Adding fuel to the fire are the respective media, which tend exaggerate certain events, making it that much more difficult for the political leadership to work towards closer relations.

In the past decade or so, there have been numerous comparative research papers and other studies on the growth models of the two nations. Academics and analysts have been trying to find out which model is better, which will lead to a sustainable rise, and how China–India relations will evolve as a consequence. Many Chinese scholars have been actively pursuing such comparative research and have provided rich and diverse observations on India's economic growth model. However, as most of these works are in Chinese, they have failed to catch the attention of the English-dominated international academic and intellectual circles. This paper attempts to examine Chinese scholars' perspective of the contours and unique features of the Indian economic model and its implications for Sino-Indian relations. It deals with the following five questions in which Chinese scholars are most interested:

1. What are the drivers for India's growth?
2. What are India's advantages and disadvantages compared to China in terms of its growth model?
3. What role does democracy play in India's economy?
4. Is India's growth sustainable?
5. And what does India's growth mean to China?

5.2 Drivers of India's Growth

Many Chinese scholars attribute India's fast growth mainly to its economic liberalisation, which was seriously implemented following the balance of payments crisis in 1991. They call it 'systematic reform' (Yin 2010). It dismantled the License Raj, 'the system of receiving prior authorization for investment, importations of capital and intermediate goods, and business diversification' (Cavalier 2006). India also adopted a flexible exchange rate for the rupee, opened up services and reduced the government's control of the financial sector, restricted the number of public monopolies, reduced import duties, tried to gradually liberalise foreign investment and more. These measures enabled private sectors to invest in

Table 5.1 India's savings and investment rates

	National savings volume (Rs billion)	National savings rate (%)	Gross fixed capital formation volume (Rs billion)	Gross fixed capital formation rate (%)
1950–1951	8.7	8.6	8.8	8.7
1980–1981	269	18.5	267	18.4
1990–1991	1,300	22.8	1,311	23.0
2007–2008	17,796	37.7	16,054	34.0

Source: *Economic Survey 2008–2009*, Government of India

areas that used to be dominated by state-controlled companies and increased the competitive power of both private and public enterprises. The reforms have significantly changed the government's approach in regulating and managing the economy. Although the planning element and state-controlled enterprises remain powerful, the market and the private sector are playing a much bigger role in India's economic development. As Yong-lin Yin argues, without the economic reforms of 1991, it would have been impossible for India to achieve today's economic miracle (Yin 2010, p. 40).

Second, high savings and investment rates have ensured a steady performance of the economy. Yong-lin Yin points out that, in many developing countries, investment usually plays a significant role in economic growth. This is no less true in India. In the fixed price of 1999–2000, India's national savings in 1950–1951 were Rs 8.7 billion and the savings rate was 8.6 %. In 1980–1981, the figures increased to Rs 269 billion and 18.5 % and in 1990–1991 to Rs 1,300 billion and 22.8 %. In 2007–2008, they surged to Rs 17,796 billion and 37.7 %. Savings growth led to domestic investment growth. The gross fixed capital formation volume and rate increased accordingly. In 1990–1991, it was Rs 1,311 billion and 23 %, respectively. In 2007–2008, the figures surged to 16,054 billion and 34. In 2008–2009, the gross fixed capital formation volume contributed to 42.5 % of India's gross domestic product (GDP) growth. As a result, the Indian government views capital formation as the major driving force of India's rapid economic growth (Table 5.1) (Ibid.).

Third, India's finance sector and capital market are mature and efficient. The former is a bridge linking capital owners and capital users. Economic growth is by and large determined by the efficiency of finance sector. India enjoys a normative and reliable financial system, as well as a relatively transparent and liberalised capital market. The return on assets of banks is above 50 %, while the nonperforming loan ratio of commercial banks is below 10 %. This indicates the high-level capability of India's banking system in dealing with risk. This should be attributed to the independent running of the banks and the strong financial regulation of the nation. Moreover, the vigorous capital market of India has played a vital role in financing its enterprises, including private sectors. Going back to over 100 years, India's capital market is highly liberalised and well regulated. Companies that issue securities are

required to release information in order to protect investors' rights and interests. There are 24 stock exchanges and bond markets, with nearly 10,000 companies issuing securities. The Indian stock market is also open to foreign investment institutions. The circulation market value accounts for 80 % of India's GDP. Therefore, India's rapid growth has benefitted to a large extent from the convenient and healthy capital-raising environment provided by its mature banking system and capital market (Hu 2008; Zhang 2007).

Fourth, a thriving technology sector and human resources have also contributed significantly. Since independence, India has attached great importance to science and technology, becoming one of the world's leading forces in nuclear research and application, space technology, information technology (IT), computer research and development, biological engineering, new material and marine exploration (Hu 2008, p. 46). The IT boom in India is the most noteworthy. The IT industry's contribution to the GDP rose from 1.2 % in 1998–1999 to 5.2 % in 2007–2008. Computer software and services are a significant component of India's export, standing at US$40 billion in 2007–2008. As information technology is widely applied in the financial sector, transport and communication, as well as public management and service, the productivity of many other sectors has been sharply upgraded (Yin 2010, p. 41). India's pharmaceutical industry is also very competitive in the world market. In spite of a poor literacy rate (65.2 %), India's hi-tech talents are capable and abundant. India has four million scientists and engineers, only next to the United States and Russia. It also has the third largest body of college students in the world. While hi-tech talents have ensured the development of the IT industry in India, the fast-growing economy led by the latter enables the Indian government to invest more in education and enables more scientists and engineers to join this sector (Zhang 2007, p. 58).

5.3 Comparison of India's Growth Model to China's

According to many Chinese economists, domestic demand, a vigorous private sector, a mature service sector and a benign external environment are the obvious features and advantages of India's growth in comparison with China's.

Heng Quan and Fu-de Wen argue that India's growth is primarily dependent on domestic demand and domestic investment rather than on foreign direct investment (FDI) and the export market, which have featured in China's growth since its economic reform. Since its independence, India had, for decades, sustained low savings and investment rates, which led to a high consumption rate. High salaries for people working in the public service, military, state-controlled enterprises and education and science sectors ensured a strong middle class and created a steadily growing domestic market. In spite of the increase of India's savings and investment rates to over 30 % in the last decade, domestic consumption still accounts for a significant share in its social expenditure. In 2003, India's consumption rate was 77.7 %, while China's was only 54.5 %. In 2008–2009, India's investment ratio to

GDP was 35.7 %, while its private consumption ratio was 54.7 %, with the government consumption ratio at 11.6 %. Moreover, India's economy is far less reliant on external demand and investment than China's. India's dependence on foreign trade is also very low. Since 1991, the export volume to its GDP has been just above 10 %. In 2009, only 20 % of India's domestic production was being exported as compared to China exporting 50 % of its manufacturing production in the same period. In terms of FDI, India has been cautious and exerted strict regulations. It annually attracts US$20 billion, while China receives US$ 40 billion on average (Wen 2010; Quan 2007).

Although India still has many state-controlled enterprises, private ones have become a vital pillar of its economic growth. During the socialist era between 1947 and 1991, the private sector was allowed to exist under enormous restrictions. Thanks to liberalisation, private enterprises have thrived. Their productivity has doubled compared to state-controlled enterprises. The private sector's production value accounts for 75 % of India's GDP. It has resulted in many world-level enterprises (like Tata, Reliance, Infosys, Wipro and Ranbaxy) and a fleet of entrepreneurs who are experienced in international business, capable of dealing with competition and adaptable to changing global circumstances. They have helped upgrade India's international competitiveness in general. Furthermore, the strong growth of India's private sector has also accelerated the expansion of its middle class. In 1985, in metropolitan cities like New Delhi and Mumbai, middle-income families with annual earnings of over Rs 90,000 accounted for only 9.5 % of the population. This reached 28 % in 2001 and 40 % in 2007. The rapid expansion of the middle class has led to a significant increase of consumption, especially the growing demand for durable consumables like automobiles, household electrical appliances and consumer electronics. This has contributed to the stable growth of the consumer goods market and the upgrading of its structure, which has provided a driving force for the whole economy (Quan 2007, p. 87; Hu 2008, p. 45).

In terms of industrial structure, India has taken a 'neo-industrialisation' model of development based on a strong service sector led by high technology, while China has taken a traditional one dependent on the manufacturing industry (Han 2007). In the last decade, the proportion of India's service sector has been over 50 % of the GDP, and the modern service sector accounts for about 40–50 % of the service industry. The IT sector, especially the software service industry, represents the modern service sector. In the 1990s, India's software service industry maintained a growth rate of more than 50 %. Since 2000, this has declined to 20 % annually, but India has remained one of the top five software exporters in the world. The IT industry and service sector have earned India the title of 'the world's back office' in comparison to China being 'the world's factory' (Shen and Sheng 2009).

Some of the reasons behind India's industrial policy are the bottleneck of its poor infrastructure; the legacy of the British Raj, which resulted in India enjoying a much better service sector than other developing countries; the ample English-speaking human capital; and the political decision to have the service sector led by

IT and high technology as a priority of national development. Bole Zhao believes that India's advanced IT and hi-tech industries can contribute significantly to its sustainable growth. On the one hand, it will reduce the pressure on the environment, upgrade the efficiency of investment and improve enterprises' global competitiveness. On the other hand, it will invest vigour in the traditional manufacturing industry. In other words, given its experience in the service sector and the support of the hi-tech sector, it will be easy for India's manufacturing industry to catch up (Zhao 2007).

Many Chinese scholars also believe that India enjoys a better external environment. First of all, the Western world, led by the United States, welcomes and supports India's rise rather than China's. Since the end of the Cold War and the collapse of the Soviet Union, the West has put in a lot of effort to promote democratic transformation around the world. They are not comfortable with the rapid rise of socialist China. They appreciate India's democratic system and would like its growth model to prevail over China eventually. Given India's border dispute with China, they also believe that it is possible for India to join them to counterbalance China. It was against this backdrop that, in 2005, US President George W. Bush proposed that the United States would like to help India become a global power. As India grows into an emerging economy, its huge market has also attracted many countries and regional organisations to cooperate with it. Its foreign policy, aimed at creating an external environment favourable for domestic development, has also yielded fruit. Since the end of the Cold War, India has built a strong strategic partnership with Russia and remarkably improved its relations with China. It has tried to implement the Gujral Doctrine, emphasising its unilateral generosity, to win over its smaller neighbours. This has resulted in improved relations with Bangladesh and Sri Lanka and has also started a peace process with a major enemy, Pakistan. India's traditional influence in terms of soft powers (like cultural links and the diaspora) has also helped extend its economic links with Southeast Asia, the Persian Gulf and Africa (Wen 2007).

However, Chinese economists have also found some disadvantages in India's growth model. First of all, the disconnection between the three industries[1] has led to a polarisation of society. The Indian model has skipped the full development of the second industry and directly entered the advanced phase of the economy, which heavily depends on the tertiary industry. Although the service industry accounts for more than 50 % of its GDP, India is still an agricultural country.

[1] In China, national economy is classified into three industries: primary, second and tertiary industries. Generally speaking, it respectively refers to the agricultural, industrial and service sectors. According to the National Bureau Statistics of China, the primary industry refers to agriculture, forestry, stock raising and fishery; the second industry refers to mining industry, manufacturing, electricity, gas and water production and supply industry and building industry; and the tertiary industry refers to all industries besides the primary and second industries. See National Bureau of Statistics of China, 'Sanci Chanye Huafen Guiding' (Regulations on the Classification of the Three Industries), May 28, 2003, at http://www.stats.gov.cn/tjbz/t20030528_402369827.htm, accessed on 19 October 2013.

Around 70 % of the Indian population lives in villages and accounts for 74.4 % of the national labour force. Jia Ren argues that India's economy in fact is a bipolar one. At the one end, it is a traditional agricultural economy; at the other, it is a modern one characterised by the hi-tech industry. The underdeveloped manufacturing industry and the incoherence of the economic structure have helped little in improving employment, with the service industry's contribution to alleviating unemployment being tenuous. The knowledge-intensive service sector is open only to educated people. Thus, the less educated or uneducated rural labour force, the majority of India's labour force, has not benefitted from India's rapid growth. The surplus rural labour force comes to the cities in large numbers, but is unable to find appropriate jobs and ends up in slums. Those who remain in villages can do little in improving the rural productivity. To put it another way, India's rapid growth led by the IT and service sectors has contributed little to poverty alleviation. On the contrary, it has increased the gap between the rich and the poor and between the urban and the rural. When the Vajpayee-led Bharatiya Janata Party (BJP) government lost the 2004 general elections, it reflected the structural problem of India's growth model. Moreover, poverty means poor education as well as poor health. If India cannot substantially get rid of poverty, in the long run, the quality of its labour force may become a great challenge to its economic competitiveness in the world (Ren 2006).

Second, poor infrastructure is a bottleneck in the sustainability of India's growth. In the last two to three decades, China's infrastructure has rapidly improved, while India's has made limited progress. The average electricity consumption in India is low compared to China, which is a measure of the former's limited capacity of power generation rather than the efficiency of its electricity usage. In 2008, the quality of electrical supply in India was 3.2 compared to 5.0 in China.[2] In the same period, there were 27.5 main telephone lines per 100 population in China and only 3.2 in India. China had 47.4 mobile telephone subscribers per 100 population, while India had only 29.2. In 2009, the scheduled available seat kilometres (airlines' carrying capacity) per week originating in China was 8.1 billion, while that in India was 2.6 billion. This difference in infrastructure lies behind China's strength in manufacturing and India's weakness in the same despite its advantages in the service industry. According to research by Japanese scholars, poor infrastructure is the major challenge facing Japanese enterprises and companies doing business in India. Poor infrastructure has also significantly contributed to the rapid development of India's service sector, which requires far less for infrastructure than manufacturing. However, if it keeps lagging behind, it will be difficult for India to attract a large scale of foreign investments as well as to solve the deteriorating unemployment problem (Li and Dong 2009).

Some noneconomic elements have also hindered India's growth. There is plenty of debate among Chinese scholars on the role of India's democratic political system.

[2] Measured on a scale of 1–7, with 1 being 'worse than in most other countries' and 7 being 'meeting the highest standards in the world'.

Some view it as very positive, while the others, who seem to be in the mainstream, look at it from a dichotomous perspective. The most popular view is that the Indian style of democracy has significantly reduced the efficiency of economic development. Gang Li and Dong Minjie argue that, for developing countries whose economic regulations and institutions are not perfect, centralised decision making or authoritarianism is beneficial to promoting bold reforms and dealing effectively with emergencies and crises. India's society is highly diversified and its democracy has to respond to this diversity. With many castes, religions and tribes having many varying interests, it is always difficult to reach a national consensus on economic reforms. Neither is it easy to make and implement a nationwide development plan. The slow development of infrastructure in India can be partly attributed to social diversity and the democratic process. (The relationship of India's democracy and its growth will be further discussed later in this paper.) Regional and lingual diversity has restricted the free flow of the labour force among states, while caste diversity has constrained the same among professions. As a result, human and social resources have not been able to realise their potential, and efficiency has been surrendered. Religious diversity, especially religious intolerance, like the tension between Hindus and Muslims, and repeated terror attacks, represents a potential element that may lead to social instability and constitute a major challenge to future growth. For example, it may affect foreign investors' confidence if there is another terror attack like the 2008 Mumbai incident or another communal conflict like the one in 2002 in Gujarat (Li and Dong 2009, pp. 144–147; Hu 2008, p. 48).

5.4 Democracy and India's Growth

Even as the West touts India's democratic system as the reason behind its growth, Chinese scholars have responded with close and careful studies on the relationship between democracy and economic growth. Many agree that, generally speaking, democracy significantly supports growth, since mechanisms for transparency, supervision and competition can be translated into drivers for economic growth and social parity (Quan 2007, p. 92). However, India's democracy is immature and has its own characteristics. Unlike Western democracies, India's was not a result of industrialisation but a legacy of the British colonial governance. Based on an underdeveloped and agricultural economy, India's democracy is undeveloped in many aspects. For example, since independence, India has seen a combination of political democracy and economic authoritarianism (Ibid., pp. 94–95). The economic liberalisation of the 1990s changed the scenario, but retained the government's marked intervention in the economy. Also, democracy has not successfully destroyed the traditional social hierarchy. With the people still divided by caste, the democratic process operates along an unequal participatory queue (Wang 2007). Moreover, democracy in India is a present of the political elite to the common people rather than an outcome of a mass movement. Poor education and limited understanding of democracy have restricted the political capability of the mass participants, and it has further blocked

the civilisation of political competition, transparency of access to political power, making consensus through compromise and tolerance and so on (Ibid.).

Many Chinese scholars believe that, apart from earning praise and support from the West, India's democracy has not contributed much to its economic growth. On the one hand, the economic reform since 1991 has nothing to do with democracy. It was the external payments crisis that compelled India to liberalise its economy—a knee-jerk response rather than a result of long deliberation under a democratic framework (Ibid., p. 35). On the other hand, India's democracy has more or less restricted the progress of its economic reform. Political parties have always focused on elections. Although economic growth can help boost the vote bank, it is not necessary for an electoral victory. Some temporary arrangements (like redistribution of wealth) work better than long-term benefits to voters in elections. Electoral politics make politicians short sighted, and economic vision usually gives way to temporary expedients in order to meet the requirements of some specific constituencies (Ibid., p. 36).

Second, coalition politics have complicated the decision-making process and reduced the efficiency of the government. Since the 1990s, neither the Congress Party nor the Bharatiya Janata Party had a majority in the Parliament. In order to stay in power, each of them has had to depend on critical support from smaller parties, even though some of their political ideas are contradictory. For example, the first-term United Progressive Alliance (UPA) government (2004–2009) led by the Congress compromised on the disinvestment issue due to the opposition of its ally from the left.[3] In December 2011, the UPA government in its second term had to postpone its plan to open India's retail sector to FDI due to protests from its two major allies, the Trinamool Congress and the Dravida Munnetra Kazhagam (DMK).

Third, federal politics have led to an endless bargaining between the central and local governments. Under the Indian federalism, local governments are endowed with great autonomy in terms of economic development and social management. If the economic initiatives made by the central government contradict local objectives, local governments usually refuse to implement them. As these governments are usually dominated by local parties, it is ordinarily the case that the central and local governments have different economic pursuits, and, therefore, it is always not easy for them to reach a consensus (Quan 2007, p. 95).

Fourth, democracy has strengthened India's tradition of argument and made the Indian government lack decisiveness and executive power (Ibid., pp. 93–94). Debates can ensure that the interests of different groups are represented and protected. However, if no compromise is made, debates will lead nowhere. In India, opportunities are missed time and again, and reforms are easily rolled back in endless debates. Last but not the least, democracy does not help in preventing or

[3] Disinvestment is a component of India's economic liberalisation, which involves the sale of equity and bond capital invested by the government in public sector units (PSUs). It also implies the sale of the government's loan capital in PSUs through securitisation. However, it is the government and not the PSUs who receive money from disinvestment.

tackling India's severe corruption problem. In 2004, the *Global Integrity Report* listed India as a 'weak democracy' due to prevailing corruption and lack of accountability in its public institutions.[4] In Transparency International's recent Corruption Perception Index, India ranked 87th out of the 178 surveyed countries.[5] Bureaucracy and corruption are one of the major challenges facing India's growth (Quan 2007, pp. 95–96).

5.5 Is India's Economic Rise Sustainable?

Rapid economic growth in the last decade or so has seen India's resurgence as a global power in an increasingly multipolar world order. India's aspiration for such a position is not new—the dream had existed since independence. However, during different periods, the strategies to achieve that dream have been different. During Jawaharlal Nehru's era, he had great faith in political power, especially moral power.[6] Indira Gandhi was a fervent believer in military power. When the Cold War ended, the collapse of the Soviet Union signalled to India that comprehensive national strength, including a vibrant economy, was the guarantee to becoming a global power.

Although the economic reform of 1991 was inevitable, the resultant benefits and China's economic miracle convinced India that an emerging economy can indeed make a difference. Although many Indian strategists have apprehensions about China when it comes to the unresolved border dispute, they have vigorously pushed the Indian government to emulate its economic development. Since the mid-1990s, successive Indian governments, including coalitions led by the BJP and the Congress, have all promised rapid economic growth. This indicates that India's strategic elite has reached a consensus on making economic development a priority (Wen 2007, p. 40).

Compared to China, India's rapid growth is just in its adolescence. There is huge potential, which has yet to be fully explored. India is rich in both natural and human resources. It is the world's seventh largest country in terms of size; it has the second largest arable land in the world, equivalent to some 170 million ha, and also the world's largest irrigated land area. Except oil, India possesses large amounts of strategic resources, like iron, aluminium, coal and thorium. Bound by the Indian

[4] Rediff.com, 'India is a Weak Democracy: Study' (23 May 2004), at http://www.rediff.com/news/2004/may/23demo.htm, accessed on 7 October 2013.

[5] Transparency International, 'Corruption Perception Index 2010', at http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results, accessed on 7 October 2013.

[6] Jawaharlal Nehru saw India 'as a torch-bearer of freedom, of conscience, mediation and as a peace-maker in the world'. He believed that India could transform the world by promoting 'the universal causes of disarmament, racial equality, international cooperation for economic development, and peaceful solution of disputes'. See Surjit Mansingh (1984, p. 15).

Ocean in the south, the Arabian Sea in the southwest and the Bay of Bengal in the southeast, it has a long coastline and an exclusive economic zone (EEZ) of 2 million km^2. Its marine resources will complement the rapid consumption of natural resources on land. Even as many advanced economies, including China, are faced with an ageing population, India is still a young nation, with 40 % of its population under 20 years old. If India invests in youth education and training in the near future, its position in world labour market will receive a tremendous boost and also give its manufacturing competitiveness a significant leg up. In terms of economic reform, though, there is still a long way to go. Up until now, India's economy has been partly under government control. If the disinvestment plan and other reforms can be gradually implemented, it is likely to inject more vigour into India's economic growth (Ibid., p. 41; Zhao 2007, p. 36).

Rapid economic growth has led to a growing middle class and continuous urbanisation in India. It is estimated that there are 200 million middle-class individuals in India right now. As discussed earlier, changing middle-class lifestyles have increased demand for consumer goods, thus stimulating the manufacturing sector and spurring economic growth. If this continues in the coming decades, the middle class will keep growing, resulting in more demand, more economic growth and more urbanisation. This, in turn, will create a demand for better infrastructure (Wen 2007, pp. 40–41). India has announced a US$1 trillion investment in infrastructure in its Twelfth Five-Year Plan period (2012–2017). Prime Minister Manmohan Singh has said that good infrastructure is a guarantee to India realising its goal of 9 % growth rate annually.[7] If this comes to fruition, India's economic development landscape will look quite rosy.

Furthermore, the external environment will continue to be friendly to India's growth. With the rapid rise of China and the relative decline of the United States set to continue in the foreseeable future, the ideological confrontation between the world's two largest economies is likely to be revived. Although recent US administrations have seemed favourable to China's emergence, it has been marked with deep suspicion given their ideological prejudice against communism. Therefore, as mentioned earlier, the United States is likely to continue to support India's rise to maintain the power balance in the region. On the part of emerging economies, China, Russia, Brazil and South Africa will work closely with India within frameworks such as BRICS and G-20 in order to safeguard their own interests and have a bigger say in global economic and financial fora. Within the neighbourhood, many countries would like to take advantage of India's rise and benefit from its growing market. Thus, if India's aspiration for regional integration does take off, a large part of its development potential will be released.

[7] Central Chronicle, 'India to Invest One Trillion Dollars Infrastructure' (12 September 2011), at http://www.centralchronicle.com/india-to-invest-one-trillion-dollars-in-infrastructure.html, accessed on 7 October 2013.

5.6 Impact of India's Rise on China

According to many Chinese economists, India's growth provides China an option to the restructure its own economy. In the past, China had focused on the United States, the European nations and other neo-industrial countries, paying little attention to India's growth model. However, China has far more similarities with India than with advanced economies. Both China and India are developing countries with large populations, and they have respectively achieved economic miracles by choosing different growth models. With China's economic development entering a new phase—and problems like the environmental crisis, the growing cost of labour and the growing gap between the rich and the poor challenging the sustainability of this growth and the stability of society—more and more Chinese scholars have become interested in India's growth model. Minqing Han argues that 'moderate' industrialisation and neo-industrialisation led by hi-tech industry should become the objective of China's industrial restructuring. India's experience has indicated that modernisation can be realised through moderate industrialisation. Of course, the Indian model has its own problems, and some of China's experiences may be beneficial to India as well. Therefore, both countries can learn from each other and work together to find a model that suits them as well as other developing countries (Han 2007, pp. 37–38; Quan 2007, p. 91).

Growth models apart, China and India can cooperate in other areas as well. Alongside their simultaneous growth, they have increased their bilateral trade 240-fold in two decades, going from US$264 million in 1991 to US$60 billion in 2010. Continuing on its path to economic reform, India is trying to substantially improve its infrastructure. In fact, Manmohan Singh has invited Chinese enterprises to invest in India's infrastructure projects. China, on its part, has begun industrial restructuring and is trying to upgrade its service industry. There is great potential for China and India to cooperate in the fields of tourism, education, IT, finance and so on. In the recent past, leading Indian IT companies, like Tata Consultancy Services, have started business in China. The two countries have agreed to cooperate on clean energy in order to deal with climate change and reduce their dependence on imported oil. As emerging economies, China and India are on the same page in transforming the global economic architecture, working together with other developing nations like Russia, Brazil and South Africa (Wen 2008).

India's rapid growth also poses some challenges to China. If both countries maintain their respective paces of growth, competition is inevitable in areas such as strategic natural resources, foreign capital and the international market for mid-range and low-tech products. At present, China and India are the second and the fifth largest consumers of oil in the world, respectively. India has been dependent on imports for more than 70 % of its oil consumption for years, while in 2010, 52 % of China's oil was imported. Both have invested heavily around the world, such as in

Africa, Central Asia and Latin America, to explore for minerals and petroleum. In the beginning, Chinese and Indian companies fought each other to win bids, but in 2005, the two governments signed agreements on energy cooperation and encouraged companies to bid jointly. However, this competition cannot be easily put aside. In terms of foreign capital, as India's reform progresses, it will further lower its threshold for FDI. At the same time, due to the growing cost of the Chinese labour and the increasing awareness of rights among the Chinese labour force, the profit margin for FDI is shrinking in China. Therefore, in the near future, India may replace China as the more favourable destination for foreign investment. In terms of competition for international markets, if India succeeds in developing its manufacturing industry, it will not only attract a certain amount of FDI away from China but also impact the competitiveness of Chinese manufacturing products in world markets (Liu 2005).

Politically speaking, India's economic growth and its unique position as a balancer for the emerging new world order will stimulate nationalism in dealing with the border dispute with China. Therefore, the political relationship between China and India cannot be expected to be smooth in the near future (Huang 2007). However, the strategic elite on both sides have reached a consensus that cooperation is in the interests of each side and that there is enough room for both to develop simultaneously (Yang 2011).

5.7 Conclusion

Chinese economists and scholars have been studying India's growth model in order to find solutions to the economic bottlenecks faced by China. Although international comparative studies on China and India tip the balance in favour of the latter's growth model, Chinese scholars, rather than defending China's model, have tried to provide a more objective stance, pointing out what China can learn from India. As some Indian scholars assume that China will not accept a rising India and will try to confine India to South Asia (Kapila 2010), Chinese economists have acknowledged that India's rise and rapid growth provide more opportunities than challenges for China. They believe that a growing India will provide a bigger market for Chinese products and investments, and it will be a reliable ally in transforming the international economic order. A rising India with a different growth model will also provide an option for China's industrial restructuring. In similar phases of development and with their industrial structures likely to be much alike in the future, competition in pursuing strategic natural resources, attracting foreign capital and exploring international markets for mid-range and low-end products is inevitable. However, if the competition is kept under control, China and India can continue to rise simultaneously.

References

Cavalier D (2006) India: a growth model in transition. Conjoncture, May 2006, pp 14–34. http://s3.amazonaws.com/zanran_storage/economic-research.bnpparibas.com/ContentPages/45170610.pdf. Accessed 4 Oct 2013

Han, Min-qing (2007) Yindu de fazhan guiji yu jingyan jiexi (An empirical analysis on India's development trajectory). *Dangdai Yatai* (Contemporary Asia-Pacific Studies) No. 6:33–38

Hu, Zhi-yong (2008) Yindu jingji fazhan lunxi (An analysis on India's economic development). *Nanya Yanjiu* (South Asian Studies) No. 2:44–48

Huang, He (2007) Yindu jueqi de guoji zhengzhi jingjixue fenxi (Using the IPE method to analyse the emergence of India. *Nanjing Shida Xuebao* (Journal of Nanjing Normal University) No. 5:46–51

Kapila S (2010) Indian Army new war doctrine analysed. South Asia Analysis Group, Paper No. 3606 (15 January 2010). http://www.southasiaanalysis.org/%5Cpapers37%5Cpaper3606.html. Accessed 1 Mar 2012

Li, Gang, Dong, Min-jie (2009) Zhongguo yu yindu guoji jingzhengli de bijiao yu jieshi (A comparison and interpretation of the international competitiveness of China and India. *Dangdai Yatai* (Contemporary Asia Pacific Studies) No. 5:123–148

Liu, Pei-lin (2005) Zhengzhi wending tiaojian xia de jianjin shi gaige: zhonggo he yindu jingji zhuangui de gongtong tezheng (Incremental reform under the conditions of political stability: shared features in the economic transformation of China and India. *Shijie Jinji yu Zhengzhi* (World Economics and Politics) No. 1:70–75

Mansingh S (1984) India's search for power: Indira Gandhi's foreign policy 1966–1982. Sage Publications, New Delhi

Quan, Heng (2007) Yindu shi jingji zengzhang: Jiyu "yindu shi minzhu" shijiao de fenxi (India's economic growth: a perspective of India's democracy). *Shehui Kexue* (Journal of Social Sciences) No. 7:86–97

Ren, Jia (2006) Yindu fazhan moshi ji dui zhongguo de qishi (India's growth model and its meaning for China). *Caimao Jingji* (Finance and Trade Economics) No. 6:91–94

Shen, Kaiyan, Sheng, Wei (2009) Zhongguo yu yindu: Guanyu jingji gaige yu fazhan de fenxi he sikao (China and India: an analysis on economic reform and development). *Guangdong Shehui Kexue* (Social Sciences in Guangdong) No. 1:19–25. http://www.sass.stc.sh.cn/eWebEditor/UploadFile/00n/ull/20090923151647677.pdf. Accessed 7 Oct 2013

Wang, Hua (2007) Zhengzhi minzhu yu jingji jixiao: yindu fazhan moshi kaocha (Political democracy and economic performance: a survey of the Indian development model). *Huadong Shifan Daxue Xuebao* (Journal of East China Normal University) No. 2:33–38

Wen, Fu-de (2007) Lun yindu jingji chixu kuaisu zengzhang de keneng xing (On the possibilities of India's sustaining and rapid economic growth). *Yatai Jingji* (Asia-Pacific Economic Review) No. 3:40–43

Wen, Fu-de (2008) Yindu jueqi dui zhongguo jingji fazhan de yingxiang (Impacts of India's rise on China's economic development. *Nanya Yanjiu Jikan* (South Asian Studies Quarterly) No. 4:22–28

Wen, Fu-de (2010) Jinrong weiji hou de yindu jingji fazhan qianjing (Prospects of Indian economy after the financial crisis. *Nanya Yanjiu Jikan* (South Asian Studies Quarterly) No. 1:39–45+113

Yang, Bao-jun (2011) Yindu de jueqi yu yatai diqu xin geju (The rise of India and the new Asia-Pacific architecture). *Xin Shiye* (New Vision) No. 2:84–86

Yin, Yong-lin (2010) Yindu jingji chixu kuaisu zengzhang de dongli yinsu fenxi (An analysis on the driving forces for the continuous and rapid growth of India's economy). *Dongnanya Nanya Yanjiu* (Southeast and South Asian Studies) 5(1):39–43

Zhang, Huan (2007) Yindu jingji zengzhang yinsu shizheng fenxi (An empirical study on India's economic growth factors). *Yatai Jingji* (Asia Pacific Economic Review) No. 2:57–60

Zhao, Bo-le (2007) Yindu jingji ke chixu fazhan yinsu fenxi (An analysis on factors for the sustainable Indian economic growth. *Sichuan Daxue Xuebao* (Journal of Sichuan University) No. 5:35–42

Chapter 6
The Past, Prospects and Problems of Forming the 'Chindia' Alliance

Tien-sze Fang

It is believed that the rise of China and India will be a critical factor in reshaping the world. Although it is not clear how (and how far) the two countries will change the global order, Sino-Indian ties have already gone beyond the bilateral scope and evolved into a relationship of global significance. One of the various discussions regarding the development of China–India relations is known as the 'Chindia' school. The term Chindia was first coined by the then Indian Minister of State for Commerce Jairam Ramesh in 2004 and has since been used by some analysts.

The Chindia discourse presents a more positive outlook compared to the geopolitical perspective, which foresees an inevitable conflict between the two countries. It reflects optimistic expectations that the two countries could stand together as a powerful combination although they still have many existing disputes. Moreover, it is not limited to economics only, but also being applied to broader political issues. For example, the term was translated by Tan Chung as *Zhong Yin da tong* (Sino-Indian commonwealth) in Chinese. He argued that the Chindia is a prelude to the world commonwealth.[1] Some observers greeted the year 2006, which was declared as the 'Year of China–India Friendship', as the realisation of the Chindia idea and the resurrection of the 'Hindi-Chini bhai-bhai' (*Indians and Chinese are brothers*) idea.[2]

Together, China and India represent over a third of humanity. They are hailed as 'a tandem locomotive pulling the global economy', while much of the rest of the world is facing an economic recession or slowdown (Abdoolcarim 2011). That is, people can barely speak of a global economy nowadays without taking account of China and India. In addition, the political influence and military power of the

[1] For more discussion, see Tan Chung (2007).

[2] See Yin Xinan (2007).

T.-s. Fang (✉)
Center for General Education, National Tsing Hua University, Hsinchu, Taiwan
e-mail: tiensyh@gmail.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_6

two countries are also on the rise. Given that both China and India have acquired an important place in the international arena, the Chindia idea deserves more discussions.

6.1 An Experiment in the 1950s: The *Panchsheel*

Although China–India relations have been marked by distrust, they had, in fact, forged a good relationship in the late 1940s and the 1950s. Such historical goodwill may contribute to Chindia enthusiasts feeling more confident about their idea. In April 1954, China and India jointly declared the Five Principles of Peaceful Coexistence, which came to known as *Panchsheel*, as their desired norm guiding international relations. Embodied in the preamble to the Sino-Indian Agreement on Trade and Intercourse between India and Tibet in 1954, the principles include mutual respect for each other's sovereignty and territorial integrity, non-aggression, non-inference in the internal affairs of others, equality and mutual benefit and peaceful coexistence.

The Chinese claim that the doctrine was first raised by Chinese Premier Zhou Enlai, when he met the Indian delegation that had come to Beijing for negotiating the Tibet issue on 31 December 1953. Zhou said, 'The principles for managing the relations between China and India has been set up, that is, the principles of mutual respect for each other's sovereignty of territorial, non-aggression, non-inference in the internal affairs of each other, equality and reciprocity, and peaceful coexistence' (Zhou Enlai 1990a, p. 63). However, it was the Indian side's idea to write them into the treaty. Senior Chinese officials admitted that they had, in fact, not sensed the significance of these principles at that time.[3]

The friendship between China and India was strengthened by high-level visits after the joint declaration. In June 1954, Zhou Enlai undertook his official visit to India and was welcomed by the slogan *Hindi-Chini bhai-bhai*. He repeated the five principles during his stay in India (Wang Hongwei 1998, p. 97). Subsequently, both sides began to promote these principles to the international community, as a joint declaration between Zhou and the Indian prime minister, Jawaharlal Nehru, read: 'These principles also should be applied to deal the relations with other states in Asia and the world as well'. Since then, the *Panchsheel* was given an international dimension and not only restricted to guiding bilateral China-India relations.

Nehru reciprocated Zhou's visit in October 1954 and was struck by the enthusiasm he received. To highlight the importance of the visit, Beijing organised 500,000 people to welcome the Indian leader. Nehru later recalled: 'I sensed such a tremendous emotional response from the Chinese people that I was amused' (Gopal 1979, p. 227). It had reinforced his belief to keep good relations with China. During the meeting with Nehru, Mao Zedong told the Indian leader: 'In history, we oriental

[3] See Zhang Zhirong (2008).

people had been bullied by western imperialists…. Although we have differences over ideas and social systems, we have a big common point, [that is,] we all want to struggle against imperialism' (Mao Zedong 1994, pp. 163–164). He also reminded Nehru that even friends quarrel sometimes. However, Mao argued, the nature of this sort of disagreement was far different from the one that China had with the American secretary of state, John Foster Dulles (Ibid., p. 175). Apparently, China saw India as being outside the American bloc and expected that New Delhi would not join hands with the 'American imperialists' to harm China.

In the international context, the peaceful coexistence policy between China and India reached its climax in the Afro-Asian Conference held in Bandung, Indonesia, in 1955. The conference was jointly proposed by Burma (Myanmar), Ceylon (Sri Lanka), India, Indonesia and Pakistan and was attended by 29 Asian and African countries. At that time, China was still isolated in international society and many developing countries were apprehensive of its communist ideology. With India's endorsement and assistance, China emerged from diplomatic isolation and made a successful debut in the international arena. Zhou Enlai's speech at the Bandung meeting reaffirmed China's pledge to the Five Principles of Peaceful Coexistence and underlined his endeavour to 'seek common ground and not to create divergence' (Zhou Enlai 1990b, p. 121). The conference was criticised for producing no organisation and nothing of practical value (Edwardes 1971, p. 275). However, its broad purpose, in line with the Asian Relations Conference in New Delhi in 1947, was to reassert the importance of Asia and Africa in the world. Nehru saw it primarily as 'a gesture, a thumbing of the nose, almost, to the western world' (Gopal 1979, p. 238).

As we have seen, till the mid-1950s, China and India shared common ground on anti-imperialism and Asian solidarity. Nor did they treat each other as rivals or competitors in the international scene. Nehru, for instance, even regarded Zhou Enlai's success at Bandung conference as his own triumph (Ibid., p. 241).

Unfortunately, bilateral relations took a sharp dip after the Dalai Lama's exile to India and the outbreak of conflicts along the disputed border. However, some supporters still asserted that the *Panchsheel* remains relevant to the present intentional context, perhaps even more than before.[4] It is worthy of noting that the *Panchsheel* was the first attempt to bring China and India together on the international stages. It might have been fully realised, but implied that a Chindia alliance was possible despite their numerous differences.

Nehru's friendly policy towards China proved a failure with the outbreak of China–India border war in 1962. The bilateral relationship was downgraded to the level of Chargé d'affaires. Since then, the Sino-Indian relations have been often characterised by mutual rivalry and distrust, instead of *Hindi-Chini bhai-bhai*. There were border skirmishes in 1965 and 1967. India's annexation of Sikkim during 1973–1975 raised another diplomatic confrontation between the two countries.

It was not until 1976 that India and China re-exchanged their ambassadors. In 1979, Indian Minister of External Minister Atal Bihari Vajpayee undertook a visit to Beijing

[4] For this kind of argument, see, for example, Mahavir Singh (2005).

to thaw the relationship. The Five Principles formula was mentioned by both sides as this basis to improve the bilateral relations. Later, Vajpayee's trip was reciprocated by Chinese Foreign Minister Huang Hua's visit to India in June 1980. Both sides then agreed to hold talks to solve the border disputes. Between December 1981 and November 1987, eight rounds of talks were held to settle the boundary question.

Indian Prime Minister Rajiv Gandhi's landmark visit to China in 1988 started a new era in relations between the two countries. Both sides agreed to restore bilateral relations on the basis of the Five Principles of Peaceful Coexistence. After Rajiv's visit to China, betterment of bilateral relations was palpable. High-level visits at and above ministerial level between the two countries increased significantly, and a Joint Working Group (JWG) was established to solve the border problem.

With the end of the Cold War, China and India claimed that the Five Principles of Peaceful Coexistence were still full of vitality. During Chinese Premier Li Peng's visit to India in December 1991, China and India issued *Sino-Indian Joint Press Communiqué* and argued that the Five Principles have proved full of vitality through the test of history, constitute the basic guiding principles for good relations between states. Therefore, as the document read, both sides agreed that their common desire was to develop Sino-Indian good neighbourly and friendly relations on the basis of these principles.[5]

Between the end of the Cold War and 1998, Sino-Indian relations generally developed smoothly, evidenced by the signing of two CBM agreements in 1993 and 1996. China and India also expanded trade and cultural exchanges. The interactions generated some degree of confidence that China and India would gradually improve relations and end their long estrangement. However, Sino-Indian relations suffered a serious setback again in 1998 when India used 'China threat' as the reason to conduct nuclear tests. But China and India soon sensed the need to amend their relations. During Indian External Affairs Minister Singh's visit to China in June 1999, he endorsed China's argument that the precondition for developing China–India relations is that neither side sees each other as a threat.[6]

After a period of discord during the first years of the twenty-first century, Beijing and New Delhi have renewed their interest in promoting bilateral ties and cooperation. As we have seen in previous sections, some supporters are of the view that the *Panchsheel* remains relevant to the present intentional context.[7] Despite both sides' commitment, however, the decade-long *Panchsheel* did not really work as a useful formula to address mutual concerns and improve relations. Against this backdrop, the Chindia discourse was emerging as an alternative argument for the optimists to promote China–India relations.

---

[5] For the text, see 'Sino-Indian Joint Press Communiqué', (23 December 1988), at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2711_663426/2712_663428/t15913.shtml, accessed on 1/3/2014.

[6] 'Zhong Yin liang guo waichang juxing huitan' (Chinese and Indian Foreign Ministers held talks) *Renmin Ribao* (Beijing) (15 June 1999, p. 4.).

[7] For this kind of argument, see, for example, Mahavir Singh (2005).

6.2 Favourable Conditions for the Formation of Chindia

Both China and India are large developing countries and rising powers. That is, China and India have similar international identities and share similar preferences towards global affairs. During Chinese Premier Li Keqiang's visit to India from 19 to 22 May 2013, the two countries issued a joint statement, which read: As the two largest developing countries in the world, the relationship between India and China transcends bilateral scope and has acquired regional, global and strategic significance.[8] That is, considering that they have mutual interests in this regard, presumably India and China should be able to come and work together for the advancement and establishment of a multipolar world with an international order where both India and China can play a prominent role.

Both India and China are aware of their convergence on international affairs, and the quest for a new international order remains as an important clause to boost the ties. The then Chinese premier, Zhu Rongji, on the occasion of the 50th anniversary of the establishment of diplomatic relations between China and India, highlighted the idea in a message which says that these two countries should share the responsibility in order to build and shape the very fresh, updated and rational international economic and political order.[9] The former Chinese ambassador to India, Zhang Yan, also argued that the two nations are bound to wield an important and positive influence on the transformation of the international order, which is becoming increasingly multipolar (Zhang Yan 2008).

China and India are striving to find common ground to speak with one voice at the negotiating table on issues of mutual interest. Mechanisms for security dialogue, strategic dialogue, foreign policy consultation, anti-terrorism dialogue and strategic economic dialogue have been established to exchange and coordinate viewpoints. The potential for Sino-Indian collaboration is visible in areas such as human right issues, World Trade Organization (WTO) negotiations, climate change, energy and food security, reform of the international financial institutions and global governance.

When it comes to the WTO forum, India and China share much common ground and support each other and other developing countries.[10] They agreed to cooperate and jointly advance Doha round of trade negotiations. As a result, they have frequently been blamed by the US.[11] On the matter of energy security, a decision was

[8] See 'Joint Statement on the State Visit of Chinese Premier Li Keqiang to India', May 20, 2013, at http://www.mea.gov.in/bilateral-documents.htm?dtl/21723/Joint+Statement+on+the+State+Visit+of+Chinese++Li+Keqiang+to+India, accessed on 28 February 2014.

[9] 'India, China exchange greetings', *The Hindu* (1 April 1 2000), at http://www.hindu.com/2000/04/01/stories/0101000d.htm, accessed on 13 December 2013.

[10] 'India, China to act in concert on WTO issues', *The Hindu* (6 June 2003), at http://www.hindu.com/2003/06/26/stories/2003062604860100.htm, accessed on 13 December 2013.

[11] 'US blames India, China for Doha deadlock', *Press Trust of India* (13 September 2011), at http://www.hindustantimes.com/business-news/us-blames-india-china-for-doha-deadlock/article1-745040.aspx, accessed on 18 March 2014, accessed on 8 March 2014.

made in the year 2006 to establish a framework under which the state-owned oil and gas companies were able to submit joint bids for the acquisition of assets in the third world.[12] The two countries have reacted similarly on the issue of climate change and objected to the arrangements that could possibly slow down their economic progress and growth. Another instance of cooperation between India and China was noticed when both nations mutually went against Western resolutions on human rights in international forums.

Thus, not everybody is pessimistic about the future of China–India relations. And those who see it in a positive light tend to argue that the two countries have similar viewpoints on international affairs. Chinese Premier Li Keqiang said that practical cooperation between China and India is expanding and there are more common interests than differences.[13] This sentiment is also found on the Indian side. For instance, India's National Security Advisor Shankar Menon was quoted as saying that India and China share common views on many major issues and their consensus is far greater than differences.[14]

6.2.1 India's Place in a Multipolar World

The exploration for the multipolarisation of the world along with the formation of a new, just and reasonable international order has remained to be on the long-term agenda of the foreign policies of China and India. Given that both China and India are big developing nations with growing military and economic strength, it seems natural for China and India to unite with each other to present a joint front for a multipolar world.

During Prime Minister Manmohan Singh's visit to China in January 2008, China and India issued *A Shared Vision for the 21st Century of the People's Republic of China and the Republic of India.* The document stated that China and India are the two largest developing nations representing more than one-third of humanity so the two countries bear a significant historical responsibility to ensure comprehensive, balanced and sustainable economic and social development of the two countries and to promote peace and development in Asia and the world as a whole. Also, as the document said, the two sides believe that the continuous democratisation of international relations and multilateralism is an important objective in the new century. Thus, China and India support comprehensive reform of the United Nations, including

[12] 'India, China primed for energy cooperation', *The Hindu* (13 January 2006), at http://www.thehindu.com/todays-paper/tp-international/india-china-primed-for-energy-cooperation/article3239433.ece, accessed on 13 December 2013.

[13] 'More common interests than differences in ties with India: Li', *Press Trust of India*, (20 May 2013), at http://articles.economictimes.indiatimes.com/2013-05-20/news/39392829_1_china-and-india-china-india-premier-li-keqiang, accessed on 23 March 2014.

[14] 'Dai Bingguo Holds Talks with India's National Security Advisor Menon', *Website of Ministry of Foreign Affairs of the People's Republic China* (3 December 2012), at http://www.fmprc.gov.cn/eng/zxxx/t995732.shtml, accessed on 23 March 2014.

giving priority to increasing the representation of developing countries in the Security Council.[15] It seems that hey are committed to work together for a more fair system of international relations.

Despite the diplomatic languages, however, China and India's pictures regarding the multipolar world are not the same. They do not have a consensus on what it will be and what level of status and position they will hold in the new international order. India is identified as the biggest power of South Asia and has managed to pursue a bigger role in international affairs since independence. Jawaharlal Nehru asserted, 'India, constituted as she is, cannot play a secondary part in the world. She will either count for a great deal or not count at all. No middle position attracted me. Nor did I think any intermediate position feasible' (Nehru 1956, pp. 43–44).

Beijing has acknowledged but not really welcomed India's efforts to seek a status as a world power. In fact, such a sentiment was criticised by the Chinese. For example, some Chinese have argued that India has been 'too poor to build the country but rich enough to buy arms' (Shao Zhiyong 2001). They have also questioned Indian leaders' argument that the twenty-first century would be India's century (Qian Feng 2002). Some Chinese analysts are of the view that even though India has the potential to become a world power, there are numerous hurdles along the way (Sun Shihai 1999; Ma Jiali 2006).

Obviously, Beijing does not agree that India should occupy the same position as China. Cheng Ruisheng, a former Chinese ambassador in New Delhi, argued that in terms of historical background, geographical location, constitution of nations and overall national strength, China is in a higher position than India (Cheng Ruisheng 1998). China may be willing to make concerted efforts with India for the establishment of a new international order, but it has not viewed New Delhi as a peer. Thus, it is very doubtful that New Delhi and Beijing will be able to work together if India is recognised as a power inferior to China.

6.2.2 UN Security Council Membership

India's bid for a permanent UN Security Council seat since the early 1990s has highlighted the disagreement between China and India about India's position in a multipolar world. New Delhi has been trying to garner support for this purpose, although it was dealt a blow in 1996 when it lost its campaign to become a non-permanent member. From the Indian standpoint, it deserves a permanent seat because of its population, size, geographical features and leading role in the third world. With its growing economy, India is more confident and is seeking a greater role on the world stage, especially with seat in the Security Council (Zhang Yan 2008).

[15] 'A Shared Vision for the 21st Century of the People's Republic of China and the Republic of India' (15 January 2008), at http://www.fmprc.gov.cn/eng/wjdt/2649/t399545.htm, accessed on 18 March 2014.

If India can make a way to the UN Security Council, then this will prove to a valuable factor for the advancement of the interests of the developing country bloc. Given China's position in the UN, the China's support and blessings would be indispensable for India's bid. During Chinese Premier Wen Jiabao's visit to India in 2005, China and India issued a joint statement in which 'the Indian side reiterated its aspirations for permanent membership of the UN Security Council', but the Chinese side mentioned only that 'it understands and supports India's aspirations to play an active role in the UN and international affairs'. Obviously, China is not willing to make any promise regarding New Delhi's presence in an expanded Security Council.

A small compromise was seen in the 2008 communiqué, signed when Indian Prime Minister Manmohan Singh visited Beijing in January of the year. The Chinese side said it understood and supported India's aspirations to play a greater role in the United Nations, including in the Security Council.[16] Thus, China only vaguely backs India's request, but avoids making any promise of support.

Beijing's concern is not about maximising the legitimate rights of developing countries, but to preserve its own interest as the representative of developing countries and of Asian states in the UN Security Council. Although China is not a full world power yet, its membership of the UN Security Council has become a useful diplomatic leverage. Thus, Beijing does not wish to see an emerging India having a permanent presence in the UN Security Council to dilute China's influence. Despite the common rhetoric about a new international order and a multipolar world, the disagreements over the issue reveal an undercurrent of uneasiness that exists between the two countries. As the two nations emerge and compete as global powers, India and China are competitors regarding their influence in the world or among developing countries.

6.2.3 The Parallel Rise of China and India

While optimists on both sides, such as Tan Chung or Jairam Ramesh, look forward with positive anticipation to the role their respective countries are destined to play in the world in the future, there is no denying that there is also increasing competition between them for influence. Although China is willing to make concerted efforts with India for the establishment of a new international political and economic order, this does not mean that Beijing has come to view New Delhi as an equal. Despite recognising India as a populous nation with an ancient civilisation, China merely treats it as a junior and is not willing to see it emerge as a great power.

[16] 'A Shared Vision for the 21st Century of the People's Republic of China and the Republic of India' (14 January 2008), at http://www.fmprc.gov.cn/eng/wjdt/2649/t399545.htm, accessed on 26 October 2013.

India was aware of China's reluctance to recognise India as a rising power. They tried to convince Beijing that there is no need to view rising India as a hurdle in China's path of becoming a world power. Therefore, India has introduced the 'parallel rise' discourse to assure China that both countries could simultaneously rise as global powers. In 2006, A.P.J. Abdul Kalam told visiting Chinese President Hu Jintao, 'The rise of India and China is a stabilising factor in today's international economic order since both countries seek a peaceful environment to focus on the paramount task of national development'.[17] Indian Prime Minister Manmohan Singh later developed on the idea by stating, 'There is enough space for both India and China to grow and prosper while strengthening our cooperative engagement'.[18] S.M. Krishna, the Indian external affairs minister, echoed the view by arguing that 'India and China may be competitive in economic and trade areas, but they are not rivals. There is enough space for both India and China to grow'.[19] A similar statement was made by a former UN undersecretary general, Shashi Tharoor, when he said that the world is big enough for China and India together and separately for realising their developmental aspirations.[20]

China gradually accepted the discourse that there is enough space for India and China to flourish together. For example, the former China's ambassador to India, Zhang Yan, has been quoted as saying that China takes a positive view of India's rise, believing that the 'dragon' and the 'elephant' can 'dance together' towards cooperation and prosperity (Zhang Yan 2008). The then China's consulate general in Kolkata, Mao Siwei, referred that 'the process of rising will be a joint one with joint efforts by our two peoples rather than two separate developments'.[21] The *Joint Statement*, issued during Chinese Premier Li Keqiang's visit to India in May 2013, reiterated that there is enough space in the world for the development of India and China, and the world needs the common development of both countries.[22]

Although Beijing agrees that the world is large enough to accommodate the growth ambitions of both India and China, the Chinese scholar Zhao Gancheng emphasised that the parallel rise does not mean that the two countries will eventually reach the

[17] 'Kalam, Hu Jintao speak of parallel rise of China, India', *The Hindu* (23 November 2006), at http://www.thehindu.com/todays-paper/tp-national/tp-newdelhi/kalam-hu-jintao-speak-of-parallel-rise-of-china-india/article3051578.ece, accessed on 30 November 2013.

[18] Manmohan Singh, 'India and China in the 21st Century', speech at the Chinese Academy of Social Sciences, Beijing (15 January 2008).

[19] *Indo-Asian News Service* (22 July 2009).

[20] 'India and China can achieve a lot by joining hands: Tharoor', *The Hindu* (14 May 14 2011), at http://www.thehindu.com/news/cities/chennai/india-and-china-can-achieve-a-lot-by-joining-hands-tharoor/article1697258.ece, accessed on 15 November 2013.

[21] 'India-China trade target likely to be achieved ahead of schedule', *The Hindu* (7 June 7 2008), at http://www.hindu.com/2008/06/07/stories/2008060760961500.htm, accessed on 30 November 2013.

[22] See 'Joint Statement on the State Visit of Chinese Premier Li Keqiang to India', (20 May 2013), at http://www.mea.gov.in/bilateral-documents.htm?dtl/21723/Joint+Statement+on+the+State+Visit+of+Chinese++Li+Keqiang+to+India, accessed on 18 March 2014.

same level of development. He also warned that the country in an inferior position may consider the other as an obstacle on its way to becoming a world power (Zhao Gancheng 2006). It is likely that China and India would see each other as competitors instead of partners. If it remains difficult for both countries to go beyond their distrust to take concerted steps, the depth and strength of the Chindia relationship may be exaggerated as an optimistic prediction of China–India relations.

6.3 The Chindia-Plus Group

Although the Chindia alliance is far from reality, China and India have tried to wield their combined influence on the world stage via groups such as the Russia–India–China (RIC) strategic triangle, the BRICS (Brazil, Russia, India, China and South Africa) association and the BASIC (Brazil, South Africa, India and China) bloc.

Russia has been actively pushing for the trilateral cooperation among the three countries. The idea of establishing such a strategic triangle was first mooted by Yevgeny Primakov, the Russian prime minister, as he said that such a partnership would be a good thing during his visit to India in December 1998.[23] At first, China and India were relatively lukewarm towards such a strategic triangle, but the US's unilateralist tendencies are encouraging the three countries to move closer. Some changes were seen in China and India's attitudes towards the trilateral cooperation after the military action in Kosovo in 1999. The Chinese argued that although the three countries did not hold a formal meeting on the Kosovo issues, the event reminded them that the three countries shared common interests.[24]

But the dilemma for China, Russia and India is that they need a relationship with strategic significance to counterbalance the US's dominance and unilateralism, but they do not want to provoke the US directly. That is why the three countries repeatedly mentioned in their joint declarations that the Russia–India–China trilateral cooperation was not directed against 'any other country'. It seems, though, that they have found a way to deal with this, as seen in their changed phraseology: they use the term such as 'trilateral coordination' or 'trilateral cooperation' to describe the joint efforts, instead of the somewhat contentious 'strategic triangle'.

Under such a motto, the trilateral interactions have vigorously developed in recent years. In 2002, the three foreign ministers held the first trilateral meeting on the sidelines of the United Nations General Assembly in New York. The ministries met up again on the sidelines of the United Nations General Assembly sessions in 2003 and 2004. A stand-alone meeting was held in Vladivostok in Russia in June 2005. A clear-cut profile of the RIC cooperation was gradually emerging. The three countries' foreign ministers then hold the trilateral meetings regularly for the trilateral coordination in international affairs. In July 2006, a Russia–India–China summit was held in St Petersburg in Russia. The 11th round of the Russia–India–China Foreign Minister's meeting was held in November 2013 in New Delhi.

[23] 'Primakov for "strategic triangle" for peace', *The Hindu* (22 December 1998, p. 1.).

[24] For this point, see Yin Xinan (2003).

The RIC's main agenda has been to oppose unilateralism and to promote a pluralistic democratic international order (Kundu 2012). The growing closeness among RIC is clearly noticeable in key international issues. During the recent foreign ministers' meeting in New Delhi, for example, the three countries have taken similar positions on the main international events. The ministers expressed concerns about the situation in Syria and Egypt, support to the resumed Palestinian–Israeli negotiations and called on the international community to assist both Israel and Palestine to work towards a two-state solution. They also recognised Iran's right to peaceful uses of nuclear energy, including for uranium enrichment under strict IAEA safeguards and consistent with its international obligations.[25]

The troika tried to formulate the common agenda or deal with issues of mutual concerns. Some initiatives were proposed to expand the framework of trilateral cooperation. For example, Chinese Foreign Minister Wang Yi suggested that the three countries should focus their cooperation on three aspects: firstly, increasing strategic trust among them and regarding each other as true strategic partner rather than rival; secondly, coordinating in major international affairs to safeguard their own interests and promoting democratisation of international relations as well as the construction of a multipolar world; and thirdly, deepening and strengthening pragmatic cooperation and playing a major role in building the Silk Route Economic Corridor and Asia–European Continental Bridge. Wang also expressed his hope that their cooperation goes deep and solid in the fields of think tanks, industry, commerce, agriculture, disaster prevention and relief, medical and sanitation, high technology, environmental protection, energy, communication and transport and cyberspace security.[26] Though there are no many details about the initiative, the RIC forum has tried to highlight the strategic role of China, India and Russia in world affairs.

BRIC is another group which China and India play a major role. The term was coined by Jim O'Neill in 2001 in a paper written for the American investment banking firm Goldman Sachs, referring to Brazil, Russia, India and China, in which he anticipated that these economies would become much larger forces over the next 50 years (Wilson and Purushothaman 2003). Once again, it was Russia who made the initiative to bring the countries concerned together. In 2006, BRIC held its first foreign ministers' meeting on the sidelines of the UN assembly. In May 2008, the foreign ministers met formally for the first time and issued a joint communiqué. This was followed by many ministerial and senior officials' meetings. In November 2008, the first meeting of BRIC finance ministers was held at São Paulo. In March 2010, the ministers of agriculture met for the first time in Moscow. In September 2011, the first BRIC senior officials' meeting on scientific and technological cooperation was held on the sideline of the Summer Davos forum. In February 2010, the first meeting of the BRICS' national statistical officer tool place in New York.

---

[25] 'Joint Communiqué of the 12th Meeting of Foreign Ministers of Russia-India-China held in New Delhi', (10 November 2013), at http://www.mea.gov.in/bilateral-documents.htm?dtl/22469/Joint+Communiqu+of+the+12th+Meeting+of+Foreign+Ministers+of+RussiaIndiaChina+held+in+New+Delhi, accessed on 18 February 2014.

[26] 'China calls for strategic, comprehensive China-Russia-India cooperation', *Xinhua* (11 November 2013), at http://english.peopledaily.com.cn/90883/8452390.html, accessed on 31 October 2013.

The leaders of the BRIC countries gathered together for the first time in Tokyo in July 2008, while the first formal BRIC summit took place in June 2009 in Yekaterinburg in Russia. The leaders discussed the world situation and agreed to organise closer and more regular cooperation between different agencies and ministries. Two joint statements—of the BRIC countries' leaders and on global food security—resulted from the meeting.

In December 2010, South Africa was invited to the group and BRIC was renamed BRICS. In April 2011, the leaders of the five countries held a summit meeting in Sanya, China, and issued a joint statement expressing that they endorsed the role of G-20 on the financial crisis and outlined principles for a reformed financial and economic architecture. Although BRICS has not been institutionalised and has no permanent secretariat, it is seen as a 'loose but binding' mechanism.[27] Its member countries are of the view that there is a great scope for closer cooperation among themselves; thus, they focus on the consolidation of this cooperation and the further development of its own agenda. Also, BRICS is determined to translate political vision into concrete action by working out an action plan that will serve as the foundation for future cooperation. To this end, the group announced the creation of a new, $100 billion development bank in August 2014.

BASIC is another model of a Chindia-plus group. It was formed by an agreement in November 2009 when environment ministers from Brazil, South Africa, India and China met in Beijing. The four then committed to act jointly at international climate talks. The second ministerial meeting of BASIC was held in New Delhi in January 2010 (Palkhiwala 2010). The ministers emphasised that it was not just a forum for negotiation coordination but also for cooperative actions on mitigation and adaptation, including exchange of information and collaboration in matters relating to climate science and climate-related technologies. They decided to meet at the ministerial level every quarter.[28] At the time of writing, the latest meeting on climate change took place in Inhotim, Brazil, in August 2011, where the four countries tried to coordinate positions and formulate concrete proposals to be presented at the Seventeenth Conference of the Parties (COP-17) to the United Nations Framework Convention on Climate Change (UNFCCC) in Durban.

Unlike RIC or BRICS, BASIC focuses on the issues of climate only. But it provides another model in which Chindia could hold a leading role. For China and India, such cooperation will be beneficial and strengthen their position in world affairs.

China and India also acknowledged the importance attached to the Chindia format as a platform to foster closer dialogue and practical cooperation in identified areas. In their latest joint statement, *A Vision for Future Development of China-India Strategic and Cooperative Partnership*, issued in October 2013, they agreed to further strengthen coordination and cooperation in multilateral forums including China–Russia–India and BRICS to jointly tackle global issues and to establish a fair

[27] See the BRICS website of the China's foreign ministry at http://big5.fmprc.gov.cn/gate/big5/ and www.fmprc.gov.cn/chn/pds/gjhdq/gjhdqzz/jzgj/, accessed on 31 December 2013.

[28] 'Second Meeting of Ministers of BASIC Group Met Today', *Press Information Bureau*, Government of India (24 January 2010), at http://pib.nic.in/release/release.asp?relid=57248, 31 October 2013.

and equitable international political and economic system. That is, they expressed their resolve to strengthen the trilateral dialogue for consultation and coordination on regional and global issues of mutual interests. Also, the positive interactions within the multilateral forum help create a better atmosphere for China and India to strengthen mutual understanding and trust which is essential for improving their bilateral relationship.

6.4 Conclusion

Although there is no denying that the rise of China and India will affect the international system, the kind of impact it could have is not clear yet. More importantly, how these two rising powers will get along with each other is a question of great significance. The main argument set forth in this paper is that Chindia is far from reality because fundamental differences over India's position in the new international order turn out to be too strong to let the sides reach a broad consensus.

On the other hand, there is a possibility that the two can enhance cooperation in the establishment of a new international order. Countries like India and China need a multipolar world in order to further promote their national interest. They share similar viewpoints on many regional and global issues. And the Chindia concept is seen as instrument to promote a new global order and a multipolar world, which are suitable to their developments and in the interests of both China and India. As a result, they need to work together to further strengthen consultation, coordination and cooperation on global and regional political and economic issues of mutual interests.

But before such a stage can be reached, China and India are willing to have structured interactions within Chindia-plus groups, such as RIC, BRICS and BASIC. These groups have made much headway in the past few years and emerge as an alternative to Chindia at the moment. With the involvement and collaboration of third parties, China and India are in the process of forming international groups (small in number, but not in size) to voice their common concerns and protect their common interests. Although the two nations are far from being friends, they do stand together on certain issues and have been playing a significant role in reshaping a new international order. It is expected that the two sides will continue the process despite the tensions that remain between Beijing and New Delhi.

References

Cheng Ruisheng (1998) Zhong Yin guoji diwei de bijiao (A comparative study of the international status of China and India). *Nanya yanjiu* (South Asian Studies) No. 2:3–7

Edwardes M (1971) Nehru: a political biography. Allen Lane, London

Gopal S (1979) Jawaharlal Nehru: a biography, vol 2, 1947–1956. Jonathan Cape, London

Kundu ND (2012) RIC: trilateral set to scale new heights. Russia and India Business Report, 24 April 2012. http://in.rbth.com/articles/2012/04/24/ric_trilateral_set_to_scale_new_heights_15568.html. Accessed 18 Mar 2014

Ma Jiali (2006) Yindu de jueqi taishi (The posture of India's rise). *Xiandai guoji guanxi* (Contemporary International Relations) No. 6:51–55

Mao Zedong (1994) Heping gongchu wu xiang yuanze ying tuiguang dao suoyou guojia guanxi zhong qu (The Five Principles of Peaceful Coexistence should be introduced to relations among all states). In: *Mao Zedong waijiao wenxuan* (Selected diplomatic works of Mao Zedong). Zhongyang wenxian chubanshe, Beijing

Nehru J (1956) The discovery of India. Meridian Books Limited, London

Palkhiwala K (2010) Mitigating climate change. Press Information Bureau. Government of India, 28 January 2010. http://pib.nic.in/release/rel_print_page1.asp?relid=57390. Accessed 31 Oct 2013

Qian Feng (2002) 21 shiji shuyu Yindu? (The twenty-first century belongs to India?). *Huanqiu shibao* (Global Times), 10 October 2002, p 3

Shao Zhiyong (2001) India's big power dream. Beijing Review, 12 April 2001, pp 9–10

Singh M (2005) Panchsheel: retrospect and prospect. Shipra Publications, Delhi

Sun Shihai (1999) Yindu de jueqi: qianli yu zhiyu yinsu (India's rise: potential and constraint factors). *Dangdai yatai* (Contemporary Asia Pacific Studies) No. 8:3–14

Tan Chung (ed) (2007) *Zhong Yin Datong- Li Xiang yu shixian* (Chindia-idealism and realization). Ningxia renmin chubanshe, Yinchuan

Wang Hongwei (1998) *Ximalayashan qingjie: Zhong-Yin guanxi yanjiu* (The Himalayas sentiment: a study of Sino-Indian relations). Zhongguo zangxue chubanshe, Beijing

Wilson D, Purushothaman R (2003) Dealing with BRICs: the path to 2050, Goldman Sachs Global Economics Paper No. 99, 1 October 2003

Yin Xinan (2003) Lengzhanhou Zhong Yin E sanbian hezuo chutan (A trial discussion of the trilateral relationship among China, India and Russia after the Cold War). *Nanya yanjiu jikan* (South Asian Studies Quarterly) No. 1:50–56

Yin Xinan (2007) Chindia/sin shiji "Zhong Yin Datong" yundong jianxi (Chindia: The Great Sino-Indian harmony movement in the new century). *Nanya yanjiu* (South Asian Studies) No. 4:80–85

Zhang Yan (2008) A perspective on India & China–India ties. Hindu, 1 July 2008. http://www.thehindu.com/todays-paper/tp-opinion/a-perspective-on-india-chinaindia-ties/article1287418.ece. Accessed 26 Oct 2013

Zhang Zhirong (2008) Zhong Yin guanxi de huigu yu fansi: Yang Gongsu dashi fantan lu (The retrospection and reconsideration of the Sino-Indian relations: an interview with Ambassador Yang Gongsu'). *Dandai Ya Tai* (Contemporary Asia-Pacific Studies) No. 8:17–25

Zhao Gancheng (2006) Guoji tixi junheng yu zhongyin gongtong jueqi (Equilibrium in international system and the co-emergence of India and China). *Xiandai guoji guanxi* (Contemporary International Relations). No. 7:3–9

Zhou Enlai (1990a) Heping gongchu wu xiang yuanze (Five Principles of Peaceful Coexistence). In: *Zhou Enlai waijiao wenxuan* (Selected diplomatic works of Zhou Enlai). Zhongyan wenxian chubanshe, Beijing

Zhou Enlai (1990b) Zai Ya Fei huiyi quanti huiyi shang de fayan (Remarks at the General Assembly of Afro-Asian conference). In: *Zhou Enlai waijiao wenxuan.* Zhongyan wenxian chubanshe, Beijing

Zoher Abdoolcarim (2011) The Chindian century. Time, 10 November 2011. http://www.time.com/time/specials/packages/article/0,28804,2099180_2099179_2099178,00.html. Accessed 25 Oct 2013

Chapter 7
Fence Sitting, Prolonged Talks: The India–China Boundary Dispute

Srikanth Kondapalli

7.1 Introduction

The postponement of the fifteenth special representatives' meeting between India and China at New Delhi on 28–29 November 2011 due to China's objection to the participation of the Dalai Lama at a Buddhist convention reflected the fragility of the boundary dispute between these two countries. The meeting later took place in January 2012 at New Delhi, but without resulting in a definite timeline for a resolution. Both China and India are emphatic about sovereignty and territorial integrity, and non-interference in their internal matters, suggesting that every country should abide by the United Nations Charter. Yet, their respective national jurisdictions have yet to be concretised, with several land and maritime territorial disputes remaining unresolved. China has resolved its land boundary disputes with 12 of its 14 land neighbours, while India has been making efforts in this regard, including with Bangladesh in October 2011.[1] However, maritime disputes involving both nations are yet to be resolved, although in the case of India, these have not reached a critical stage yet. According to some, the unresolved nature of the dispute 'remains an obstacle to complete normalisation' of relations between India and China.[2]

[1] For details, see 'China', at http://www.boundaries.com/ibm_idx.htm#china, accessed on 22 March 2003. For a comparative study of various dispute resolutions involving China and its neighbours, M. Taylor Fravel (2008).

[2] Mohan Guruswamy and Zorawar Daulet Singh (2009, p.vii). They suggest that some Chinese have 'activat[ed]… a non-existent dispute in the eastern sector' (p. 3). See also 'India–China Territorial Dispute: Way Ahead', Centre for Land and Warfare Studies (CLAWS) Article 1933 (25 August 2011), at http://www.claws.in/index.php?action=master&task=934&u_id=36, accessed on 9 September 2013.

S. Kondapalli (✉)
Professor in Chinese Studies, Centre for East Asian Studies, Jawaharlal Nehru University, 141 School of International Studies, 110 067 New Delhi, India
e-mail: srikondapalli@gmail.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_7

India–China border areas await a formal definition, clarification and agreement between the two governments. Currently, a notional Line of Actual Control (LAC) exists in the western sector, the result of a brief skirmish in 1962.[3] Formal talks between the two governments in 1960, and from 1981 to 2010 were the result of the current definition of the LAC.[4] Following this, provided both come to a conclusion on its location, a formal border delineation, delimitation and demarcation with markers would have to be made on the ground (Ganguly 1989). Both sides have differing perceptions about the total length and claimed areas on the LAC, even though such differences have been reduced from about 14 areas to 9 as a result of the talks. The total length of the LAC has also been reduced from the original 4,054 km to about 3,000 km after talks, as well as after China recognised Sikkim as part of the Indian territory in 2004. Two significant agreements were signed in 1993 and 1996 to maintain peace and tranquillity on the LAC, and initiate and implement confidence-building measures in these areas.[5] On 13 April 2011, India and China decided at the Sanya meeting to initiate a joint mechanism for border stability and, in March 2012, officials of both countries met at Beijing in this regard. As Indian forces are concentrated in the Pakistani sector and Chinese forces towards the Taiwan front, both countries find the current state of affairs on the LAC convenient, though border consolidation efforts, and the frequent and increasing transgressions of the LAC may lead perhaps to the activation of these areas in future.

The border areas are divided into three regions for convenience: western, middle and eastern sectors. According to India, the true traditional boundary between the countries is the one made by it in September 1959. Subsequently, the Chinese government formally put forward claims to over 128,000 km^2 of Indian territory. India contended that China has occupied about 50,000 km^2 of its land in Aksai Chin–Ladakh area of the western sector, encroaching land in the Arunachal Pradesh area of the eastern sector and nibbling away territory in the middle sector of the borders between the two countries. In addition, an area of about 5,200 km^2 of Pakistan-Occupied Kashmir (POK) has been ceded to China in March 1963. While the 1963 Sino-Pak treaty mentioned the reopening of this case with the future

[3] Contrary to the general opinion that the LAC was established following the 1962 clashes along the entire stretch of the India–China border, Pravin Sawhney argues that it came into being only in the western sector in the immediate aftermath of the 1962 clashes, covering about 320 km from Daulat Beg Oldi to Demchok in Ladakh. Subsequently, by the 1993 Agreement on the Maintenance of Peace and Tranquillity, the LAC was extended to the entire border. According to Sawhney, by the 1993 agreement the LAC could be changed by military presence/force. See Pravin Sawhney (2002, pp. 21–22).

[4] In 1960, the first two meetings were held in Beijing, in June and July; the next two in New Delhi, in August and September; and the last in Rangoon, in December.

[5] See 'Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Maintenance of Peace and Tranquility along the Line of Actual Control in the India–China Border Areas', *China Report* (Vol. 30, No. 1, 1994, pp. 101–119); and 'Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Confidence Building Measures along the Line of Actual Control in the India–China Border Areas', *China Report* (Vol. 33, No. 2, 1997, pp. 241–247).

Kashmiri government, recent reports from China indicate a hardening of the Chinese stance in retaining these areas.

7.2 The Western Sector

China had long been silent on the western sector of the border, although in the initial period Premier Zhou Enlai and others had referred to it as the 'most important' region for China.[6] It had also expressed concern when Atal Behari Vajpayee, the Indian prime minister, raised the issue of Sakshgam Valley (Kashmir territory transferred by Pakistan to China in 1963) being part of the western sector. According to the Chinese, this sector commences from Karakoram Pass in the north to the Ari district of Tibet, Ladakh and Himachal Pradesh in the south. The Aksai Chin and other contiguous areas cover about 38,000 km^2. The Chinese contend that the very term 'Aksai Chin' means 'China's desert of white stones' in the Uighur language, and that with the exception of Parigas, controlled by India since 1956, all other areas were under the Chinese jurisdiction and control.[7] However, the 1893 maps of Xinjiang suggest that the Aksai Chin areas were left out of the Chinese control. The western sector boundary is about 1,680 km, with China occupying about 38,000 km^2, not including the area ceded by Pakistan to China.[8] Treaties were conducted by the

[6] Wu Yongnian, for instance, argued in the *Liberation Daily* that this sector should not be considered a part of the dispute at all. See Ananth Krishnan (2012).

[7] On the Chinese perspective see, Wang Hongwei (1998); Zhao Weiwen (2000); *Selected Documents on Sino-Indian Relations (December 1961–May 1962)* (Beijing: Foreign Languages Press, 1962, pp. 17–21); and *Premier Chou En-lai [Zhou Enlai]'s Letter to the Leaders of Asian and African Countries on the Sino-Indian Boundary Question (15 November 1962)* (Beijing: Foreign Languages Press, 1974), p. 10.

[8] While Pakistan, in its 1962 official Survey of Pakistan map, claimed jurisdiction up to areas near Qizil Ribat, Konlik and other areas that were far north of the traditional international boundaries of Jammu and Kashmir, and inclusive of vast tracts of Xinjiang, it settled in 1963 for far less—a difference of more than 31,000 km^2 of claimed area, which went to China. It also appeared that Pakistan completely ignored, in the 1963 settlement, the fact that the Mirs of Hunza possessed customary rights over the grazing lands in the region. Likewise, the Chinese official map of 1960 was pitched far beyond the traditional international frontier that starts south of the Karakoram pass, and included areas east till Sia Pass, Shimshal Pass up to Kilik Dawan. However, the traditional international frontiers ran eastwards from Karakorum Pass through Marpo Pass, Aghil Pass, Kunjerab Pass (between Karakorum and Kunjerab passes, well north of the Sakshgam river), Parpik Pass, Karchanai Pass, Mintaka Pass and so on. In fact, as Dobell cited, the Postal Maps of China published in 1917, reprinted in 1919 and 1933, confirm to most of this traditional frontier. Finally, by the agreement signed on 2 March 1963, Pakistan claimed to have received about 1,900 km^2 of land from China (mainly for making salt at Shamshal and other grazing grounds), access or in some cases part control, of some passes in the region. See W.M. Dobell (1964) and A.G. Noorani (2011). Noorani argued that British and independent Indian considerations on the border underwent innumerable discussions, with two schools emerging on the idea that Indian borders with China in the western sector in Jammu and Kashmir should be fixed with the Kunlun or Karakoram mountains, while McMahon Line in the eastern sector predominated. He suggests that despite several reminders from the British Indian side in 1846, 1847, 1899 and

kingdoms of Ladakh and Tibet in 1684, and with Kashmir in 1842. These are not recognised by China any more, after occupying Tibet in 1950. In 1953, Nehru's government rejected the 1899 British boundary line along the northern edge of the Karakoram range and preferred the line along the northern edge of the Aksai Chin. But in the period 1954–1957, China built the western highway in this region despite Indian protests.[9] India responded by its forward policy and established 24 border outposts to counter Chinese patrolling in the eastern sector, in addition to the 43 posts in the Ladakh area. All of these events led to the 1962 clashes.

In the immediate aftermath of the border clashes, the Colombo proposal of 10–12 December 1962 called for the Chinese military to withdraw by 20 km from their existing positions and for India to keep their existing positions. Further, the demilitarised zone vacated by the Chinese troops would be converted into a peace area. This was not acceptable to China.

The main dispute is on the following areas:

- Trig Heights
- Karakoram Pass
- Pangong Tso
- Demchok
- Chushul
- Kongka Pass

Most of the transgressions between the patrols of these two countries happen here, and are a result of both sides wanting to impose their respective sovereign positions.

7.3 The Middle Sector

Spanning about 545 km, with a disputed area of about 2,000 km^2, the middle sector is the least disputed one, though the Chinese say that India has been occupying portions of this area gradually since 1954. During the 1954 agreement with India, a Chinese draft stated that the government had agreed to open six mountain passes for trading purposes. However, the Indian side objected to its wording and maintained that these passes were common on the main watershed. In June 2001, the Experts' Group meeting reportedly exchanged maps on this sector. If implemented, by this

1905, the Chinese leaders were unable to show clearly where their claim area lay. Even today, after, three decades of discussions, it is said that the Chinese have never shown their boundary maps. On the other hand, interestingly, Noorani cites evidence to the effect that the Xinjiang maps of 1893 exclude Aksai Chin from Chinese control (ibid., p. 140).

[9] On the Indian perspective, see Government of India, Ministry of External Affairs, Notes, Memoranda and Letters Exchanged and Agreements signed between the Government of India and China 1954–1959; Government of India, Ministry of External Affairs, 'Sino-Pakistan "Agreement" March 2, 1963, Some Facts', 16 March 1963; K. Natwar Singh (2009), V.C. Bhutani (1985), D.K. Banerjee (1985), Karunakar Gupta (1981), Hriday Nath Kaul (2003), and Parshotam Mehra (1992).

agreement (to be finalised after the maps of the other two sectors are exchanged), the Indo-Tibetan Border Police will have to vacate four outposts, including those at Rimki La and Tingri Tangri La, for the Chinese.

7.4 The Eastern Sector

The eastern sector is 1,126 km in length, with the Tawang tract at the junction of Bhutan, India and China having become the bone of contention for the Chinese in recent times.[10] It comprises three parts—Monyul, Loyul and Lower Tsayul—'north of the traditional customary boundary and south of the… McMahon line', covering a total of 90,000 km^2.[11] The Longju incident of 25 August 1959, though small in scale, is generally cited as the first firing between the Chinese and Indian forces south of the Mingyitun village. The main dispute is in the following areas:

- Longju
- Chedong
- Namka Chu
- Chenju
- Tulang La
- Asphila

In the nineteenth century, while Younghusband was making inroads northwards through Sikkim, the Chinese warlord Zhao Erfeng from Sichuan province was in the process of expanding his political influence in the Himalayas, as with other Qing dynasty officials incorporating the Northern Areas in the western regions. Subsequently, the ire of the nationalist Chinese delegation (led by Ivan Chen) at the Shimla conference of 1914 was not directed at the McMahon Line as such, but at the British division of the limits of Inner and Outer Tibet. The McMahon Line in the eastern sector of the border became a controversy only after the People's Republic of China was established in 1949. Nevertheless, Zhou Enlai, in a 'special report' to the National People's Congress, was at pains to accept and adjust to the British-drawn boundaries in Burma in August 1960 (Yu Haiyang 2001). Also, as Nehru indicated in his correspondence with Zhou, the latter was not indifferent to the idea of recognising the McMahon Line as the border between the two countries if India were to likewise agree to Aksai Chin as part of China. This is because the Chinese leadership at that time considered the highway they built in western sector in 1954–1957 as strategic and vital for the entry of Chinese troops into Tibet. This

[10] The territorial dispute in this region has led to China exerting pressure on India in the international arena. For instance, in January 2009, China opposed a US$2.9 billion aid project from the Asian Development Bank for developmental projects in Arunachal Pradesh in India.

[11] On the Chinese contentions, see Liu Gengsheng (2005) and Zhu Zhaohua (2010).

'swap' was not acceptable to Nehru. By the 1980s, China appeared to have revised its position on the eastern sector.

While in the 1950s China considered the western sector as strategically significant, since the 1980s several statements indicated that the eastern sector became important for China. In April 1986, the Chinese writer Jing Hui published a backgrounder to the bilateral talks on the border issue between India and China since 1981 in the Chinese foreign ministry's think-tank in-house journal, *Guoji Wenti Yanjiu* (Studies on International Issues) (Jing Hui 1986). Stating that the eastern sector was 'the most controversial' of all the three, he argued, 'Only through friendly negotiations, mutual understanding and mutual accommodation can the Sino-Indian border dispute be openly, reasonably and completely settled.' He urged both sides to be 'far-sighted' in their discussions on the issue.[12] Subsequently, the Chinese focus shifted to the eastern sector, arguing that the Tawang tract should be handed over to them. However, during the discussions in the 1980s, when the Indian delegation asked the Chinese to spell out precisely the alignment of the so-called LAC in the eastern sector as they saw it, the latter declined. The leader of the Chinese delegation to border talks, Deputy Foreign Minister Liu Shuqing, in an interview with Indian correspondents, raised the issue of the eastern sector being 'the biggest dispute and key to an overall solution' to the border question for the first time and termed Zhou Enlai's 1960 swap offer as 'a general idea' rather than 'any specific proposal'.

While Arunachal Pradesh shares a land border of about 1,126 km with Tibet, its entire area of 90,000 km^2 is not disputed. Indeed, despite public rhetoric about imperialist backdrop, 'issues left over from history', etc., Indian and Chinese officials have, from 1981 to 1987, from 1988 to 2005 and from 2003 to 2007, sought to narrow down the actual areas of dispute. Thus, currently, as mentioned earlier, six

[12]A couple of months after the publication of Jing Hui's article and a month before the seventh round of discussions, in June 1986, about 40 Chinese, including some in uniform, intruded 6–7 km into the Kameng division of Arunachal Pradesh, in the Thangdong grazing area in the vicinity of Samdurong Chu. Though accusations of intrusions from both sides were not new, this time the Chinese stayed back. Gradually, their number increased to about 200. The choice of Samdurong Chu was obvious: it was close to the 4,115 m Zing La Pass in Tawang district. A Jeep-able road from the Tibetan plateau comes right up to it on the McMahon Line on the Chinese side. Within 80 km from this point there were three major Chinese military establishments, with helipads and modern communication aids. The Chinese moved in at least three new brigades of troops closer to this area, next to Yong Gyalpa. In addition, the Yun-8 transports ferried large Sikorsky helicopters into Tibet. China also deployed a squadron of J-7 (MiG-21) aircraft at Gonggar airfield, 95 km from Lhasa and situated at 3,560 m. With the introduction of these fighter aircraft and S-70 Black Hawk helicopters, China enhanced its fighting and logistics capabilities in the region. This incident resulted in the Indian armed forces launching Operation Checkerboard. The Indian army started on a modernisation programme, including plans for 11 mountain divisions and deployed Bofors guns to these areas. Chinese military writings of the time indicated that the kill ratio in the simulated war games was very high, that is, for every one Indian casualty, there were ten Chinese ones, thus reversing the 1962 figures. The war games appeared to have rattled the Chinese, who in the eighth meeting of border talks during 11–15 November 1987 at New Delhi suggested setting up of a demilitarised zone in eastern sector, while India suggested for such measures all across the LAC.

areas are being discussed: Longju, Asaphila, Namka Chu, Samdurong Chu, Chantze and the Dibang Valley (generally known as the Fish Tail). The patrols on both sides make it a point to indicate, through obvious marks, their respective claim areas. However, in the process, despite the initiation of confidence-building measures between the two militaries, intrusions, specifically intentional ones, have been reported, including one in June 2003, when an Indian team was allegedly beaten-up by the Chinese side even when the Indian prime minister at that time, Atal Behari Vajpayee, was signing a 'forward-looking' arrangement with his counterpart in Beijing. However, according to Brajesh Mishra, the first special representative on the border talks with China, the Chinese side has been reluctant to discuss the western sector, while insisting on a solution to the eastern sector. According to him, 'They have got stuck on Tawang and want settlement of [the] eastern sector. They were told to let us also discuss western sector. But they said no.'[13]

7.5 Border Talks

Eight rounds of talks were conducted between the Indian and Chinese officials between 1981 and 1987, with the Soviet occupation of Afghanistan as the background. Apart from the three in 1960, these eight talks reflected the initial efforts to arrive at a solution to the dispute. See Table 7.1 for details.

Subsequently, 15 joint working group (JWG) meetings took place from 1989 to 2005, and an equal number of expert group meetings by 2005 when these talks were elevated to the foreign secretary level. Three meetings took place in 2003–2004 after the previous talks were further elevated to special representatives of the respective governments. Details of the JWG meetings are presented in Table 7.2.

Later, these talks were elevated to special representative level after Prime Minister Vajpayee's visit to Beijing in June 2003. The sixteenth special representatives' meeting was held on 28–29 June 2013 at Beijing. During this, no major announcement was made in resolving the territorial dispute. This institution of special representatives was established soon after both countries' premiers signed a joint declaration in June 2003. After the United Progressive Alliance came to power in India, Brajesh Mishra conducted the first two rounds of discussion with his Chinese counterpart Dai Bingguo; the subsequent discussions were conducted by J.N. Dixit till his death. Following this, the talks were conducted by the new national security adviser M.K. Narayanan and then by Shiv Shankar Menon. In other words, the Chinese special representative Dai Bingguo remained constant

[13] Mishra cited by Iftikhar Gilani, 'India is Stuck in a Hostile Neighbourhood: Mishra', at http://archive.tehelka.com/story_main50.asp?filename=Ws151011National_Security.asp, 15 October 2011, accessed on 17 October 2011.

Table 7.1 Bilateral talks on the border issue

Date	Place	Remarks
10–14 December 1981	Beijing	First meeting between officials on the border dispute. Meetings agreed to during Huang Hua's visit to India in June.
17–20 May 1982	New Delhi	Second meeting.
29 January to 2 February 1983	Beijing	Third meeting. Indian officials insisted on 'sector-by-sector' approach to solve the border problem. Chinese officials argued for a 'comprehensive settlement'.
24–30 October 1983	New Delhi	Fourth meeting. Tried to evolve a compromise. Status quo was decided to be maintained pending a settlement of the border dispute.
9–15 September 1984	Beijing	Fifth meeting. Agreed to 'maintain peace and tranquillity' across the LAC till a final solution to the problem can be arrived at.
4–11 November 1985	New Delhi	Sixth meeting. Subgroups formed to discuss various aspects of bilateral relations.
19–23 July 1986	Beijing	Seventh meeting, against the backdrop of the Samdurong Chu events.
11–15 November 1987	New Delhi	Eighth meeting. Call for a joint working group on the border issue. Chinese proposal for a demilitarised zone in the eastern sector.

Source: compiled by the author

throughout the talks, whereas the Indian side was represented by four different individuals. Table 7.3 summarises the talks between the special representatives from both sides.

Two phases of the special representatives' meetings were identified. The five earlier discussions from 2003 to 2005 were about knowing each other's positions on the border dispute, while the sixth to ninth meetings were more intensive in nature. After five meetings, a joint statement of the two premiers in April 2005 said that it had been decided to solve the border dispute based on 'political parameters and guiding principles'. The second phase, beginning in September 2005, explored possibilities for initiating an 'agreed framework' on the boundary dispute settlement. At the fifteenth special representatives' meeting in New Delhi in January 2012, this framework was exchanged. Earlier, during the thirteenth meeting in August 2009 between M.K. Narayanan and Dai Bingguo, the Hong Kong based newspaper *Ming Pao* reported that China was prepared to settle for 28 % of the disputed territory between the two countries. This was later denied by the Chinese foreign ministry spokesperson.

Table 7.2 Joint working group meetings on the border issue

Date	Place	Remarks
1–4 July 1989	Beijing	First meeting. In the wake of Rajiv Gandhi's visit to Beijing in December 1988, following China's isolation in the aftermath of the Tiananmen incident.
August–September 1990	New Delhi	Second meeting. 'Practical and realistic approach' to the border issue sought. Need for the local military heads to 'maintain peace and tranquillity' across the LAC.
13 May 1991	Beijing	Third meeting. Both parties reiterated their positions.
20–21 February 1992	New Delhi	Fourth meeting. Defence personnel at this meeting discussed the LAC and setting up of 'hotlines'. Local military personnel to meet at Bumla in the eastern sector and Spanggur in the western sector in June and October every year.
27–29 October 1992	Beijing	Fifth meeting. No major progress on the bilateral issues.
25–30 June 1993	New Delhi	Sixth meeting. Border trade points in Himachal Pradesh (Namgya) and Tibet (Zhuba) to be opened.
July 1994	Beijing	Seventh meeting. Peace and Tranquillity agreement of September 1993 ratified. Reduction of troops across the LAC. Periodical meetings at local levels between military heads.
August 1995	New Delhi	Eighth meeting. Withdrawal of troops from four forward military posts in the Wangdong area.
October 1996	Beijing	Ninth meeting. Two more annual military meeting points at Lipulekh in the central sector and Dichu in the eastern sector at the major general level.
45 August 1997	New Delhi	Tenth meeting. Jiang Zemin's agreements in November 1996 ratified.
26–27 April 1999	Beijing	Eleventh meeting. Indian foreign secretary K. Raghunath and Chinese vice-foreign minister Yang Wenchang chaired the meeting. Discussed the development of 'friendly, good neighbourly relations' and expanding understanding on issues of mutual concern. Important role to play in 'shaping the emerging new world order'.
28–29 April 2000	New Delhi	Twelfth meeting. Indian foreign secretary Lalit Mansingh and Chinese vice-foreign minister Yang Wenchang chaired the meeting to discuss boundary issue and the Indian president K.R. Narayanan's forthcoming visit to Beijing.
31 July–1 August 2001	Beijing	Thirteenth meeting. 'Extensive and in-depth review of bilateral relations' took place at this meeting.
21–22 November 2002	New Delhi	Fourteenth meeting. 'Frank' discussions between both sides in three sessions, held in a 'positive and forward looking manner'. China described the meeting as 'very good'. Agreed to hold the fourteenth expert group meeting in January 2003 at Beijing.
30–31 March 2005	Beijing	Fifteenth meeting. Indian foreign secretary Shyam Saran and Chinese official Wu Dawei met. The Chinese foreign ministry restated that 'mutual understanding and mutual accommodation' principles have to be upheld in solving this dispute. At this meeting, the JWG finalised a 'Protocol on Modalities for the Implementation of CBMs [confidence-building measures] in the Military Field along the Line of Actual Control in the India–China Border Areas'.

Source: compiled by the author

Table 7.3 Special representatives' meetings, 2003–2012

Date	Place	Remarks
23–24 October 2003	New Delhi	First round. National security adviser and special representative on the Indian side Brajesh Mishra met with his Chinese counterpart Dai Bingguo. The talks were 'cordial, constructive and cooperative atmosphere'.
12–13 January 2004	Beijing	Second round. Brajesh Mishra and Dai Bingguo met in talks that took place in a 'friendly and constructive atmosphere'.
26–27 July 2004	New Delhi	Third round. J.N. Dixit and Dai Bingguo met in talks that were held 'in a friendly, constructive and cooperative atmosphere'.
18–19 November 2004	Beijing	Fourth round. J.N. Dixit met Dai Bingguo.
9–12 April 2005	New Delhi	Fifth round. M.K. Narayanan met Dai Bingguo. Following these talks, the After these talks, 'political parameters and guiding principles' for resolving the border dispute were signed in April 2005.
25–28 September 2005	Beijing	Sixth round. M.K. Narayanan met Dai Bingguo. This marked the 'beginning of the second phase of negotiations'.
11–13 March 2006	New Delhi and Kumarakom	Seventh round. M.K. Narayanan met Dai Bingguo in talks that were termed as 'constructive and [conducted in] friendly atmosphere'. The Chinese foreign ministry spokesman Kong Quan said the two sides 'will proceed from the overall situation of developing friendly relations'.
25–26 June 2006	Beijing and Xian	Eighth round. Talks were held in 'friendly, cooperative and constructive atmosphere' between M.K. Narayanan and Dai Bingguo.
25–27 June 2006	New Delhi	Ninth round. M.K. Narayanan met Dai Bingguo in talks that were held in 'open, friendly, cooperative and constructive atmosphere'. China argued for preferential border trade, while India reportedly insisted on a step-by-step approach.
17–18 January 2006	Beijing	Tenth round. M.K. Narayanan met Dai Bingguo. The 'talks were held in an open, friendly, cooperative and constructive atmosphere'. Narayanan stated that the talks were 'good', while Dai Bingguo said they were part of 'achieving the goal of common development for the benefit of people of both the countries'. The spokesperson from the Chinese foreign ministry, Liu Jianchao, said, 'They had in-depth exchange of views and the two sides are committed to make joint efforts to promote the process [of settling the border issue].'

25–26 September 2007	New Delhi	Eleventh round. M.K. Narayanan met Dai Bingguo and had 'useful and positive discussions on the framework for the settlement of the India–China boundary question'.
18–19 September 2008	Beijing	Twelfth round. M.K. Narayanan met Dai Bingguo and decided to pursue their goal for a 'fair and reasonable' solution to the border issue.
7–8 August 2009	New Delhi	Thirteenth round. M.K. Narayanan met Dai Bingguo and the talks were held in 'a cordial and friendly atmosphere'. They discussed the 'entire gamut of bilateral relations and regional and international issues of mutual interest'. Both sides said they would 'press ahead with the framework negotiations' in accordance with the political parameters and guiding principles.
29–30 November 2010	Beijing	Fourteenth round. Shiv Shankar Menon and Dai Bingguo jointly called to 'seek a fair and reasonable solution acceptable to both sides'. 'Dai and Menon had an in-depth exchange of views on how to properly solve the China–India boundary issue to safeguard peace and tranquillity along the border.'
15–17 January 2012	New Delhi	Fifteenth round. Shiv Shankar Menon and Dai Bingguo met for 'wide-ranging, productive, forward-looking [discussions]… marked by a commonality of views on many issues'. The 'Working Mechanism for Consultation and Coordination on India–China Border Affairs' established.

Source: compiled by the author

7.6 Solutions to the Border Problem

There are some recognised international legal solutions to border disputes—such as pertaining to mountain passes, the course of a river, watershed principles, natural limits or recourse to the International Court of Justice—and India and China have shown their interest several positions in this regard (Chen Tiqiang 1982). China has, over a period of time, formulated and suggested to the Indian side a policy of 'mutual understanding and mutual accommodation' for solving the border problem. In 1960, Zhou Enlai proposed a 'reciprocal' package deal of recognising Aksai Chin as part of China in lieu of recognising the North-East Frontier Agency (NEFA) as part of India. In 1980, the Chinese leader Deng Xiaoping reiterated the same proposal to the Indian side. However, China has criticised the McMahon Line drawn at the Shimla conference of 1914 between the British Indian government and delegates from Tibet, which the Chinese delegation boycotted, more to protest the Inner and Outer Tibet distinction if not the McMahon Line as such. Nevertheless, in the August 1960 agreement with Burma, China recognised a few kilometres south of this line as the boundary between the two. Indeed, despite the general political line of the new Chinese leadership that 'unequal treaties' imposed on it by the West in the aftermath of the Opium Wars should not be accepted, Zhou Enlai stated in July 1957 that China should 'adopt a serious attitude towards historical data… and distinguish between legal and reasonable basis.… In dealing with boundary question, we must pay attention to [the] historical changes, and treaties signed in the past must be treated in accordance with general international practice.… [W]e must especially take into account the interests of those [local] nationalities. Make the future boundary one of peace and friendship' (Zhou Enlai 1989, pp. 245–252, cited from p. 251). Subsequent Sino-Burmese relations proved to be long-lasting and amicable for several decades.

In 1963, the Indian Parliament passed a resolution to recover every inch of land under Chinese occupation, while in 1988, the ruling All India Congress Committee agreed to solve the problem using a give-and-take approach. In more recent years, India's solution to the border problem is through the policy of 'seek[ing] a fair, reasonable and mutually acceptable solution through consultations on an equal footing'. In the June 2003, a joint declaration between the Indian and Chinese premiers to this effect was cited as being the key. As against the political 'package deal' proposal of China, India's suggestion of a 'sector-by-sector' approach was accepted, though any final solution will have to be within the framework of the 'package deal'.

On the ground, due to the implementation of confidence-building measures (CBMs), bilateral tension had eased. In 1978, the first flag meeting between border personnel took place at Chushul in the western sector. In 1991, border security personnel met in the eastern and western sectors for a second time. In 1994, it was decided to hold border meetings at Nathu La in Sikkim and at another location in the middle sector. At the end of the JWG meeting in August 1995, it was decided

that both sides would disengage troops at two posts each in Wangdong area of Arunachal Pradesh. Four additional CBMs were decided at this meeting:

1. The establishment of medium- and high-level contacts between the border authorities of the two countries on a step-by-step basis, which would be something more than the flag meetings of border personnel;
2. Reciprocal visits to military establishments;
3. Joint expeditions; and
4. The regulation and prevention of dangerous military activities such as firing or hunting close to the LAC.

Major agreements between India and China on the boundary dispute include the Agreement on the Maintenance of Peace and Tranquillity along the Line of Actual Control in the India-China Border Areas of 7 September 1993 at Beijing; Agreement on Confidence-building Measures in the Military Field agreement of 29 November 1996 at New Delhi; Declaration on Principles for Relations and Comprehensive Cooperation of 23 June 2003 at Beijing; joint statement on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question agreement signed by the prime ministers of both countries in New Delhi on 11 April 2005; and the joint declaration of 21 November 2006 between the presidents at New Delhi. These agreements have served as institutional mechanisms to guide the boundary dispute resolution and an incremental approach to this complicated process.

A closer look at the provisions of the articles in these agreements indicates that a certain road map is being arrived at by both the parties. The 2005 and 2006 agreements reflect on the possibilities of a resolution. The April 2005 'political parameters and guiding principles', for instance, is elaborate in nature. Article 3 of this agreement mentions the need to making 'meaningful and mutually acceptable adjustments to their respective positions on the boundary question', while Article 4 requires both sides giving 'due consideration to each other's strategic and reasonable interests, and the principle of mutual and equal security'. The latter is indicative of Chinese sensitivities for secure peripheries. Indeed, in most of China's 12 (out of 14 neighbours) boundary dispute settlements, it has insisted on a demilitarisation of border areas, such as with Russia and the Central Asian republics. In the case of Vietnam, the JWG mechanism looked into the possibility of not dividing the ethnic families in the border areas. Zhou Enlai made this point about Burma as well in the late 1950s. In keeping with this precedent, China has been proposing a demilitarised zone across the border once the current LAC is delineated, demarcated and the border dispute finally resolved. It is likely it may ask for a 20 km demilitarised zone all across the current LAC as part of the final boundary dispute resolution, although the Tibetan railway and other infrastructure developments have enhanced the Chinese military logistics recently.

Other provisions of the 2005 agreement, likewise, mention 'historical evidence, national sentiments, practical difficulties and reasonable concerns and sensitivities of both sides, and the actual state of border areas'; 'well-defined and easily identifi-

able natural geographical features'; and 'safeguard[ing] due interests of their settled populations in the border areas'. These more or less indicate the current ground realities and a reiteration of the Chinese 'swap' principles, albeit with 'minor' adjustments. With the Chinese interest in the Tawang tract and the Indian leaders' announcement of existing 'populated areas' not being open for discussion, the aforementioned provisions make it clear that India is unwilling to trade areas in the eastern sector. However, this leaves the scope for 'non-populated' areas to be traded in resolving the boundary dispute.

The 2006 joint declaration was also instructive in the process.[14] Bilateral relations had shown significant progress since the 2003 agreement. Not only have their national power indicators shown a immense improvements, the two countries have been active in multilateral forums. For instance, India and China were respectively admitted as observers in the Shanghai Cooperation Organisation and the South Asian Association for Regional Cooperation. In December 2005, India also joined the East Asian Summit. With their profile thus upgraded, both declared in November 2006 that they were 'not rivals or competitors but are partners for mutual benefit'. On the border itself, certain measures at confidence building and trade were taken up by both sides. While in 1990s, two border posts were opened at Lipulekh and Shipkila in the middle sector, and Nathula in Sikkim was opened in 2006. In addition, it was suggested that more border posts could be set up, such as at Demchok in the western sector and about three—Zemithang-Khinzemane in Tawang district, Gelling in Upper Siang district and Kibithoo—were identified in Arunachal Pradesh.

Subsequently, in late May 2007, Yang Jiechi, the new Chinese foreign minister, reportedly conveyed to his Indian counterpart Pranab Mukherjee in Hamburg on the sidelines of the Asia–Europe meet that 'mere presence' of populated areas would

[14] On the negative side, in November 2006, on the eve of President Hu Jintao's visit to India, Ambassador Sun Yuxi made a statement reiterating Beijing's claim to a major portion of Arunachal Pradesh. This appeared to have marred the outcome of the second such visit by the Chinese president. This was followed by the local people's representative, Member of Parliament Kiren Rijiju's, accusation, based on local reports, that China has moved 20 km inside Arunachal Pradesh. The reports indicated a gameplan similar to the Chinese occupation of paramilitary outposts nearer to those vacated by the Indian side, such as opposite Khurnag Fort in Ladakh. While there were reports of China's physical entry into Tawang district since 2004, recent official claims appeared to be backed by physical occupation of large tracts of land in Samdurong Chu valley, the Asaphila and Lungar camps, grazing lands and strategic heights. To recall, while withdrawing 20 km after the 1962 march of 40 km, Chinese troops have specifically occupied strategic areas like the Diphu Pass and others that could be crucial for further military operations into the valleys. Naturally, these troops enjoy geographical advantages of higher altitudes in the region. Such a prospect poses an uphill task for the Indian ground forces in any future skirmish. Although, the Chinese troops were not mobilised generally against India, such a prospect of opening a 'two-theatre war' has appeared possible, specifically in relation to Pakistan. Indeed, during the Kargil war of 1999, the Chinese army reportedly moved into disputed territories in the Tuting-Machula sector, losing yaks in the Kameng sector (all in Arunachal Pradesh). In the same year, a Chinese border post at Pongthong in Tibet reportedly laid mule tracks and mule bridges at Galaitakrui (about 4,267 m). On 15 October 2000, the chief minister of Arunachal Pradesh, Mukul Mithi, accused the Chinese army of making repeated incursions into the region and built a mule trail in the Kaila Pass in Dibang valley district.

not affect Chinese claims on the boundary. But Article 7 of the 2005 bilateral agreement on 'political parameters' stated that: 'In reaching a boundary settlement, the two sides shall safeguard due interests of their settled populations in the border areas.' This was included following the Indian prime minister's statement that populated areas would not be disturbed in arriving at a solution to the border dispute. In other words, no major changes to the Tawang town in Arunachal Pradesh were implied.

7.7 Transgressions

One of the destabilising factors on the unresolved boundary dispute is the number of transgressions on the LAC, which have increased over time. Nearly 150 transgressions were reported in 2007, while in 2008 as many as 270 transgressions and 2,300 instances of patrolling of Chinese frontier guards came to light. The Ladakh region, with Trig Heights, Pan Gong Tso (Lukung) Lake, Samar Lungpa and Depsang Bulge, attracted Chinese patrols. Transgressions in new areas were reported at Chumar, Charding *nallah* (ravine) near Demchok and in Sikkim. Since around the mid-2000s, Chumar reported increasing Chinese inroads, indicating to China's 'extended claim'. On Pan Gong Tso Lake, even as an Indian and Chinese patrol stand-off was reported in August 2008, the latter increased its armed patrols to 20 boats, while India had two. It resulted in the Indian naval chief Sureesh Mehta's visit to the lake in September 2008. Then came the 21 June 2009 'violation' of Indian airspace by a Chinese helicopter near the Chumar area, which dropped canned food. This incident was said to be the first among others that followed. On 31 July 2009, Chinese patrols reportedly infringed for nearly a kilometre in Ladakh at Mount Gya and painted rocks.

Sikkim surprisingly, despite the opening up of border trade, reported transgressions as well. In the first half of 2008, nearly 65 Chinese incidents took place, culminating in the Finger Point issue. Before this, Sikkim had never reported any transgressions as the 1890 treaty clearly resolved the border in the area. In August 2009, the reported firing on the border between Sikkim and Tibet was, however, denied by the Indian defence ministry. In 1967, skirmishes between the Chinese and Indian forces at Nathu La and Cho La resulted in Jelep La being occupied by the Chinese forces. Also, farther east, in 1986–1987, the Samdurong Chu incident was reported, with China mobilising troops. To counter this, the Indian army mobilised T-72 tanks and armoured personnel carriers, in addition to strengthening long-distance surveillance systems and re-inducting the 27 Mountain Division (that was deployed to Jammu and Kashmir for counter-insurgency operations in 2001).

For the Chinese, transgressions became easier due to better road connectivity to the outposts on their side, while only three such outposts in Arunachal Pradesh are accessible by road. In the western and middle sectors of the border as well, the Indian outposts are located in inaccessible terrain. Thus, better infrastructure and physical connectivity was needed on the Indian side. About 27 roads are planned—

with 11 in Arunachal Pradesh—costing nearly Rs. 90 billion, but progress is slow due to obstacles in financial allocations, corruption, local laws, and environmental and forest ministry clearances. In the interim, India intends to utilise its time-tested option—strengthening its air force's assets—to plug the loopholes. For instance, Daulat Beg Oldi and Fukche airfields were operationalised in Ladakh on 31 May and 4 November 2008 respectively, while Nyoma was opened in 2009.

Subsequently, nearly 228 border transgressions were reported in 2010, 213 in 2011 and nearly 230 in 2012. The most significant of these was the one that happened between 15 April and 5 May 2013 at Depsang Valley in eastern Ladakh, with India accusing Chinese patrols marching 19 km in Indian-claimed areas. This was resolved after a series of flag meetings and diplomatic interactions.

Flag meetings of border personnel look into incidents of transgressions at regular intervals. These can be called for within 2 days of any transgression, which must be investigated and reports communicated within a month. Despite this measure, however, transgressions continue. The Chinese side suggested that these were are mainly shepherds crossing grazing lands, but a similar argument of Chinese fishermen in the disputed South China Sea were rejected by Vietnam and the Philippines.

Both India and China have made preparations to build up logistics in these far-flung areas and proposals for opening up trade points are being discussed. The completion of the Tibetan railway line in 2006 and other infrastructure projects in Tibet has spurred India to develop infrastructure projects on the Indian side as well, as mentioned earlier. The Arunachal Pradesh government has also expressed interested in opening up trading posts with China. In 1995, it proposed three possible places for trade, namely, Zemithang-Khinzemane in Tawang district, Gelling in Upper Siang district and Kibithoo in Lohit district. These were positively received and a decision to explore new routes for trade and travel was taken up at the summit meeting between Manmohan Singh and Hu Jintao. A new trading point is expected to be set up in Bumla in Arunachal Pradesh.

7.8 Conclusions

Even though India and China's boundary dispute has not resulted in a second open conflict after 1962, there has been no major progress in its resolution either. Indeed, as both countries have been rising on the global scene, there is a danger that the unresolved boundary issue could trigger uncertainties and destabilising trends in the region. Although both sides have taken a rational approach and indicated that war is not a solution to ending their dispute, the uncertainty on the border prevails, with both allocating more resources in the recent period. China, for instance, increased its defence budget steadily since the early 1990s. According to official figures, in 2012 more than US$112 billion were allocated to defence, while in 2013 it had gone up US$119 billion. India also boosted its defence budget by nearly 17 % in 2012. Both spend a huge proportion of this against each other, as reflected in the military modernisation in Tibet, deployment of newer military platforms (such as

Su-27s, J-10s), additional deployments in Arunachal Pradesh, and Su-30 bases or revamping advanced landing grounds. Both are also preparing for long-range ballistic missiles and ballistic missile defence systems. This points to the spirals of tension in the region, compounded as it were with reports about periodic transgressions. Moreover, over three decades of discussions between the officials of the two sides have not led to any major progress, even though certain CBMs are in place to maintain border stability. Unlike the Vietnam land border case, no deadlines have been imposed on Indian and Chinese officials to resolve the boundary dispute. Solutions offered by one are routinely rejected by the other, even as nationalist rhetoric—a new factor—has kept increasing. This hints to the possibility that talks are bound to be protracted in future as well, with the likelihood of no solution emerging in the short to medium term. Meanwhile, however, both nations have attempted to usher in border stability with new ideas on cooperation.

References

Banerjee DK (1985) Sino-Indian border dispute. Intellectual Publishing House, New Delhi

Bhutani VC (1985) What boundary question? Sino-Indian or Indo-Tibetan? China Rep 21(5):427–430

Chen Tiqiang (1982) ZhongYin bianjie wenti de falu fangmian (Legal aspects of the China–India territorial issue). *Guoji Wenti Yanjiu* (International Studies) No. 1:11–42

Dobell WM (1964) Ramifications of the China–Pakistan Border Treaty. Pac Aff 37(3):283–295

Ganguly S (1989) The Sino-Indian border talks, 1981–1989: a view from New Delhi. Asian Surv 29(12):1123–1135

Gupta K (1981) A note on source material on the Sino-Indian border dispute—Western Sector. China Rep 17(3):51–55

Guruswamy M, Singh ZD (2009) India China relations: the border issue and beyond. Viva Books Private Limited, New Delhi

Jing Hui (1986) Youguan Zhong-Yin bianjie zhengduan di yixie qingkuang he beijing (Some facts about the background of the Sino-Indian boundary dispute). Guoji Wenti Yanjiu No. 2:1–8, 62

Kaul HN (2003) India China boundary in Kashmir. Gyan Publishing House, New Delhi

Krishnan A (2012) Month after border talks, Chinese paper says Aksai Chin is a closed chapter. Hindu, 16 February 2012. http://www.thehindu.com/news/international/month-after-border-talks-chinese-paper-says-aksai-chin-is-a-closed-chapter/article2897629.ece. Accessed 9 Sept 2013

Liu Gengsheng (2005) "Maikemahongxian" yu dang'an banben yinmou (The plot of the McMahon Line). Beijing Dang'an (Beijing Archives), May 2005, pp 36–38

Mehra P (1992) An 'agreed' frontier: Ladakh and India's northernmost borders 1846–1947. Oxford University Press, New Delhi

Natwar Singh K (2009) My China Diary 1956–88. Rupa, New Delhi

Noorani AG (2011) India–China boundary problem, 1846–1947: history and diplomacy. Oxford University Press, New Delhi

Sawhney P (2002) The defence makeover: 10 myths that shape India's image. Sage Publications, New Delhi

Taylor Fravel M (2008) Strong borders secure nation: cooperation and conflict in China's territorial disputes. Princeton University Press, Princeton

Wang Hongwei (1998) Qimalayashan qingjie: Zhongyin guanxi Yanjiu (The Himalayas sentiment: a study of Sino-Indian relations). Zhongguo Zangxue Chubanshe, Beijing

Yu Haiyang (2001) Zhongmian bianjie tiaoyue–qianding shimo (The whole story of China–Myanmar border agreement). *Waijiao Fengyun* (Diplomatic Winds), January 2001 pp 29–32

Zhao Weiwen (2000) Yinzhong guanxi fengyun lu 1949–1999 (Record of stormy India–China relations, 1949–1999). Shishi Chubanshe, Beijing
Zhou Enlai (1989) Report on the question of the boundary line between China and Burma, July 9, 1957. In: Selected works of Zhou Enlai, vol 2. Foreign Languages Press, Beijing
Zhu Zhaohua (2010) "Makemahongxian" wenti de zhenglun ji qi jiejue (The dispute and resolution of the McMahon Line). Suzhou Sci Technol J 27(6):61–65

Chapter 8
India and China: Sifting the 'Generic' from the 'Specific'

Raviprasad Narayanan

8.1 Introduction

Asia's largest countries, China and India, have developed a bilateral relationship that for the larger part has remained prickly and plagued with self-doubt. This state of affairs has led to a situation where both countries have conditioned themselves to a reflexive obduracy at the expense of rationality and pragmatism. To test a rather deterministic approach, this paper bases itself on two arguments:

1. The boundary dispute between China and India is displaying characteristics of an internal political deadlock and institutional intransigence in both countries.
2. The lack of institutional mechanisms and weakness of existing ones encourage powerful domestic constituencies to monopolise discourse and opinion building, thereby making for poor foreign policy decision-making on both sides.

To explain these arguments, the paper is divided into three parts: political variables, strategic variables, followed by a critical analysis of Sino-Indian relations. I argue that contemporary relations between China and India display a growing comprehensiveness with the coming of age of newer variables like growing trade relations, complementarities on global issues such as climate change and nascent cooperation on nontraditional security issues. Owing to the discursive nature of relations between the two countries and limitations of space, this chapter will focus, in the first two sections, on two salient components that are also the most prominent in bilateral relations. The two factors making up the political variables are the boundary dispute and Tibet and the Dalai Lama. The strategic variables explained in the paper are by far of more recent origin and comprise the Indo–US civil nuclear

R. Narayanan (✉)
Assistant Research Fellow, Institute of International Relations and Assistant Professor, International Doctoral Program in Asia-Pacific Studies, College of Social Sciences, National Chengchi University, Taipei, Taiwan
e-mail: raviprasad.narayanan@gmail.com

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_8

energy deal and the growing salience of the Indian Ocean to China and India's strategic calculations. The final section will critically appraise bilateral relations between the two countries, raising issues with policy implications.

8.2 Political Variables in Sino-Indian Relations

8.2.1 The Boundary Dispute

I wish to argue that the boundary dispute between China and India is foremost a political issue with important strategic components subsumed within it—and not the other way around. To be resolved, it requires domestic political consensus in legislative forums and institutional acquiescence in both countries from respective stakeholders and domestic actors. Any intervening agreement or understanding on matters pertaining to the boundary dispute must, therefore, be seen as being tentative and one that reiterates the status quo ante.

The Line of Actual Control (LAC) that passes for the 'border' between China and India remains undefined, un-delineated and un-demarcated. It is a moot point as to when the two countries will display the much-needed sagacity to advance beyond current 'claims' largely based upon historical angst, creative fiction and bureaucratic stonewalling. To China, the irresolution of the boundary dispute has two clear legacies—historical and contemporary. It is to be interpreted that the historical relates to the unfairness of the treaties drawn up by colonial powers, while the contemporary relates to India's position on the boundary dispute being 'Nehruvian'.

The paucity of institutional structures and bilateral mechanisms addressing the Sino-Indian boundary dispute is obvious. Perhaps the only politico-institutional arrangement existing between India and China to address the boundary dispute is that of special representatives. During India's former premier Atal Behari Vajpayee's visit to China in June 2003, the two countries issued a joint declaration calling for the setting up of special representatives with the express brief of finding a political framework to settle the boundary dispute.[1] As a political mechanism directly reporting to the prime minister in India and the premier in China, an audit of the annual (sometimes biannual) meetings of the special representatives would reveal that it has not fared better than the bureaucratic–institutional mechanism it succeeded—the joint working group (JWG) (Fang Tien-tze 2002; Sidhu and Jing Dong Yuan 2001). The JWG was set up in 1988 during Indian premier Rajiv Gandhi's visit to China. In 2001, after 14 meetings between the two sides in as many years, it was yet to achieve any institutional breakthrough in settling the boundary dispute, and the forum had deteriorated into a ritualised exercise in stating well-established positions by either side. To quote Satu Limaye:

[1] See Government of India (2003). The declaration stated: 'The two sides agreed to each appoint a Special Representative to explore from the political perspective of the overall bilateral relationship the framework of a boundary settlement.'

> On Nov. 21, 2002, India and China conducted the 14th joint working group meeting on their border dispute. From all indications, and notwithstanding the stated commitment to accelerate clarification of the disputed border and to exchange maps on the middle sector, progress on settling the border dispute is likely to inch along rather than accelerate ahead (Limaye 2003).

In the absence of any new initiatives to resolve the boundary dispute, the two countries, it appears, are interested in maintaining 'peace and tranquillity along the LAC' according to the agreement signed in 1993 and do not want to advance any further.[2] Even the Border Defence Cooperation Agreement (BDCA) signed during Manmohan Singh's visit to China in October 2013 is to be interpreted as another layer of institutionalised restraint that stays clear of identifying an eventual solution to the lingering dispute.[3] With India headed to the polls in 2014, it is highly unlikely for any significant breakthrough in Sino-Indian relations to settle the boundary dispute in the next couple of years.

The disputed boundary is undoubtedly the principal obstacle casting its influence on Sino-Indian relations. To quote Zhao Gancheng, a leading expert on South Asian security at the Shanghai Institute of International Studies:

> China has accomplished the demarcation work with most land neighbors except India and Bhutan. After, decades long efforts, China has achieved progress with far-reaching significance in its periphery which will impact the security situation in the region, and also the stability in China's border areas (Zhao Gancheng 2009).

For China, settling the boundary dispute is motivated by several caveats. First, as part of its 'periphery' policy, it has concluded boundary agreements with most of its neighbours except Bhutan and India.[4] Unless a border demarcation agreement is signed with the latter and institutional arrangements put in place to verify implementation of a boundary accord, China's 'periphery' policy cannot be termed a success. Second, for both countries—especially India—the 1962 conflict is a template of national vulnerability that resonates in policy-making circles and has the effect of uniting disparate institutional voices to adopt a conservative posture on relations with China. Third, to the leadership in Beijing, as long as the boundary dispute persists, it has to pander to the influential voice of its military on relations with India, since it was the People's Liberation Army (PLA) that enforced a favourable outcome

[2] An agreement consisting of nine articles to maintain peace and tranquillity along the LAC was signed on 7 September 1993. Despite regular infractions, this agreement has held.

[3] The Border Defence Cooperation Agreement (BDCA) was signed by both countries on 23 October 2013, during the Indian prime minister's visit to China. The BDCA, containing ten articles, is to be seen as part of the welter of agreements related to the boundary dispute the two sides have signed in the past two decades. See the text at http://www.indianembassy.org.cn/newsDetails.aspx?NewsId=437&BId=1, accessed on 25 October 2013. Also see Frederic Grare (2013).

[4] After the twenty-first round of boundary talks between Bhutan and China held in August 2013, the two countries agreed to conduct a joint technical field survey in the Pasamlung area in Bumthang in the first week of September. See 'Bhutan–China Border Talks Agree on Joint Technical Field Survey in Pasamlung', at: http://bhutanobserver.bt/7754-bo-news-about-bhutanchina_border_talks_agree_on_joint_technical_field_survey_in_pasamlung.aspx#sthash.84Hdm70S.dpuf, accessed on 12 October 2013.

for Beijing in 1962. Fourth, China's geographical insecurities regarding Tibet will remain as long as the Sino-Indian border is not demarcated. Independent of the ebb and flow of Sino-Indian relations, there remains in Beijing a notion that India is not above board on the Tibet issue and could be up to shenanigans from time to time.

8.2.2 Tibet and the Dalai Lama

From the outset, the Tibet issue has been closely related to China's relations with India (Chen Jian 2006). Tibet is not only a politico-strategic problem for China but also one with contesting political narratives since the conflict over Tibet's status is a conflict over history (Sperling 2004, p. 3). By seeking to constantly build an 'internal political fence' around the issue, China would want the rest of the world to ignore the impact Tibet's occupation has had on the collective conscience of the world since 1959.

For the political leadership and intellectual elite, the mere questioning of the legitimacy of Tibet's incorporation with China is akin to challenging the very acceptability of the idea that is the People's Republic of China (PRC) as constructed by the Chinese Communist Party (CCP) (Ibid., p. 5). The version China wants the rest of the world to accept as regards Tibet is a 'political product' that celebrates Han sovereignty over Tibetan—negating cultural and ethnic determinants to place 'political' triumphalism at the forefront (Carole McGranahan 2006, cited from p. 100). To the CCP, Tibet's long theocratic tradition coupled with the charismatic appeal of the current Dalai Lama is at one level an ideological conundrum where religious sanction ('spiritual') coexists with political legitimacy ('temporal'). It has been pointed out that the appeal of Tibetan Buddhism as a religious anchor to a society that has battled ideological campaigns in the past and rapid modernity in the contemporary period is an aspect the party cannot countenance (Yueh-Ting Lee and Hong Li 2011, cited from p. 252).

From an overall perspective, the recurrent influence of Tibet, especially since the March 2008 riots in Lhasa and other parts of Tibet, coupled with widely reported acts of self-immolations by Tibetans, could, in the near to middle term, be a factor exercising strains in bilateral relations. In the near future, the choosing of a spiritual successor to the Dalai Lama could also test the Sino-Indian relationship as both countries are stakeholders in this dispute, irrespective of Beijing's antipathy towards such a line of reasoning. The complexity of the Tibet issue has intensified with the Dalai Lama declaring that the 'Tibetans need a leader, elected freely by the Tibetan people, to whom I can devolve power'.[5] In his annual address to the Tibetan Parliament in exile on 14 March 2011, he further stated his desire to 'devolve formal authority to… an elected leadership' and seeking to be 'completely relieved of

[5] 'Legal Issues Implicated by the Dalai Lama's Devolution of Power', memorandum prepared by the Tibet Justice Center (May 2011, p. 4), at http://www.tibetjustice.org/dalailamadevolution/DevolutionMemo.pdf, accessed on 22 August 2011.

formal authority'.[6] This announcement by the Dalai Lama cleared the way for Lobsang Sangay, an alumnus of Harvard Law School, to become the popularly elected prime minister of the Tibetan government in exile based in Dharamsala, India.[7] As head of government, he will marshal the popular will of the Tibetan community in exile, while the Dalai Lama will remain the spiritual leader of the Tibetan people and faith.[8]

Politically, this subtle transition is not going to influence China's attitude towards the Tibet issue, but it does create an institutional platform for negotiations to be conducted in the future. The Dalai Lama's astute decision to hand over political power to an elected leadership is a challenge to China as the 'exile parliament' will function independently of Beijing and, in the future, could hypothetically have a say in choosing the next Dalai Lama, thereby reducing Beijing's influence on the process (Barnett 2011). It is for Beijing to acknowledge that the Tibet issue does have a political solution if handled with sensitivity—and that solution lies within the capabilities of Beijing's polity. Dialogue is the best way to ensure an accommodation and not the indiscriminate repression of a people politically and culturally.[9] Beijing (represented by the United Front Work Department of the CCP) and Tibetan representatives do have channels of communication and have been meeting each other since 2002. Even after the 2008 riots in Tibet, the two sides had met in November of that year where the Tibetans had put forward a 'memorandum on Genuine Autonomy for the Tibetan People'—a proposal that remained within the parameters of the PRC's constitution (Gupwell and Ionescu 2011, p. 7).

While most countries will acknowledge Beijing's demands to not entertain the Dalai Lama—owing to purely commercial considerations in a globalised world—the reality remains that powerful stakeholders in the international system recognise Tibet as being one of China's weak points and will keep the issue alive in human rights forums, minority rights forums, refugee rights forums as well as political and religious freedom campaigns.

While the boundary dispute and the issue of Tibet have been a long-running 'constant' in Sino-Indian relations, newer categories have emerged in the bilateral,

---

[6] Ibid.

[7] Lobsang Sangay was the first Tibetan to earn the doctor of juridical science (SJD) degree from Harvard Law School. His dissertation was titled 'Democracy in Distress: Is Exile Polity a Remedy? A Case Study of Tibet's Government in Exile'. The success of the Tibetan government in exile stems primarily from the 'cohesion, resiliency, and determination of the Tibetans as an ethnic group' to preserve their cultural heritage and the freedom to practice their religion and transmit the Tibetan ethos to successive generations. See Yossi Shain (1991, p. 200).

[8] In an interview to a popular Indian weekly, Lobsang Sangay made an interesting observation: 'Before 1959, there was a border between India and Tibet, and there was no requirement for such kind of huge defence budget [for India].' See Ashish Kumar Sen's interview with Lobsang Sangay, *Kalon Tripa* (Prime Minister of the Tibetan Government in Exile), *Outlook* (16 May 2011).

[9] The sensitivity shown by Beijing towards Tibet also extends to the Internet. A landmark initiative by Wang Lixiong, a prominent Chinese intellectual on Tibet, to conduct an online dialogue between the Dalai Lama and Chinese citizens on 21 May 2010 generated 282 questions, till the authorities stepped in and the Google Moderator webpage was shut down by Chinese Internet censors. See Perry Link (2010).

throwing open a diversified basket of concerns and apprehensions forcing New Delhi and Beijing to alternately appraise one another. If the events leading to the conflict of 1962 were to be considered a regrettable phase in bilateral relations, processes evolving since the late 1990s present contrasting pictures of hope and ennui in Sino-Indian relations. The element of hope springs from the historic opportunity the two countries face in creating development paradigms that seek to emancipate in economic terms a vast majority of their respective populations. The ennui derives from a sobering realisation for India that it can no longer compare itself with China on most indices relating to economic and social indicators. Some of the newer categories that have introduced themselves to the bilateral include: domestic economic growth models and trade (aspects dealt with at length by Li Li (Chap. 5) and Amita Batra (Chap. 3) in this volume); cooperation on climate change; complexities involving trans-boundary rivers; nontraditional security issues like energy security, terrorism and piracy; and vital strategic developments since 1998 when India tested nuclear devices.

8.3 Strategic Variables in Sino-Indian Relations

The 1990s witnessed an epochal reordering of global geopolitics following the collapse of the Soviet Union, the repercussions of which were felt in most regions and bilateral engagements. The Sino-Indian relationship was no exception and went through a phase of alternating features that witnessed the tentative emergence of a structured bilateral on the basis of reciprocal agreements revolving around the boundary dispute and a display by India to not remain confined by a self-imposed straitjacket on strategic matters. This sections deals with two such variables—the Indo–US civilian nuclear energy deal and the Indian Ocean—that have a benign influence on China–India bilateral relations and broadly flow from strategic developments since the late 1990s.

8.3.1 The Indo–US Civilian Nuclear Energy Deal

The nuclear tests of May 1998 accrued for India ‘relative gains’, and the post-Pokharan phase unfolded with India seeking strategic parity with China. The culmination of the Indo–US nuclear deal only reinforced this notion.[10] The agreement on cooperation in civilian nuclear energy came as a shock to security analysts in China.[11] As expected, China’s response focused on three aspects—the United States

[10] See Lei Guang (2004).

[11] See the text of the suo-motu statement made by Prime Minister Manmohan Singh on civilian nuclear energy cooperation with the United States to Parliament at http://www.hindu.com/thehindu/nic/suomotuu.htm, accessed on 10 October 2011.

using India to contain China; the setback to global non-proliferation initiatives; and portraying India as undeserving of becoming a nuclear power since it was not part of the hierarchical structure of global power cabals. To quote Zhao Gangcheng:

> The issue is that India is not only a country that wants to develop civilian nuclear power, but also a nation that has developed nuclear weapons. Thus others are concerned not about whether India could develop civilian nuclear reactors to generate electricity, but *whether it is or should be seen as a legitimate nuclear weapons state* (NWS) (Zhao Gangcheng 2009). (emphasis mine)

While the 'legitimacy' of being considered a nuclear weapon state was one aspect, India has always been flustered by China's lack of appreciation regarding its nuclear status and exemplary record in non-proliferation. There is an inescapable sanctimonious approach to China's evaluation of India's position and role in world affairs. To quote Weixing Hu:

> India lacks systemic power in today's world affairs. A country's systemic power comes from its comprehensive national capability, its diplomacy, its resources of alliance, and its role in international organizations. Unlike China, India is not a member of the UN Security Council (Weixing Hu 2000, cited from p. 33).

It could also be inferred that when China sees India's nuclear deal with the United States as a threat, it does so more owing to the United States' role in it. The latter's role in building up a higher profile for India clearly discomfits Beijing. A growing and multilayered India–US relationship with deeper defence cooperation could only be seen as a strategic manoeuvre to counterbalance China's growing power in the region.[12] The speech made by President Bush while on a visit to India lauding common values between the two democracies raised eyebrows in Beijing. To quote:

> India in the 21st century is a natural partner of the United States because we are brothers in the cause of human liberty…. As a global power… India has a historic duty to support democracy around the world.[13]
>
> For Beijing, India's nuclear programme poses a 'potential security threat', but not one that challenges 'its own nation-state identity' (Lei Guang 2004, cited from p. 400). India's opposition to signing the Non-Proliferation Treaty (NPT) and the Comprehensive Nuclear-Test-Ban Treaty (CTBT) is due to a deeply ingrained domestic consensus that the global nuclear order is unfair and one that neglects universal nuclear disarmament. The nuclear deal with the US and its subsequent clearance at the Nuclear Suppliers Group (NSG) was to many Indians a strategic achievement that still has many more hurdles to clear. The progress of India–US relations is being closely watched in Beijing and any improvement (or the lack of it) will have a bearing on Sino-Indian relations. It cannot be ignored that following the civilian nuclear deal of 2005 that witnessed a 'new high' in India–US relations, China has intensified its bilateral political and economic relations with other countries of South Asia, especially Bangladesh, Sri Lanka, Nepal and Maldives.

[12] See Jing-dong Yuan (2005, pp. 150–174).

[13] 'President Discusses Strong US–India Partnership in New Delhi', White House, Office of the Press Secretary (3 March 2006), at http://georgewbush-whitehouse.archives.gov/news/releases/2006/03/20060303-5.html, accessed on 12 January 2012. Also see, Cheng Ruisheng (2008, cited from p. 21).

For strategic analysts in Beijing, it would appear that the vacillation and contentious debates over the India–US nuclear deal represent at the least two images of India. First, the spectacle of an immature democracy represented by fractious wrangling over a sensitive issue pertaining to national security and, second, the absence of strategic vision to exploit an opportunity that will prove beneficial in the long run. I put forward a third image, which might not find acceptance or acknowledgement in China: the contested debate in India over the provisions of the India–US nuclear energy cooperation represented a triumph for parliamentary intervention in foreign policy that in the years to come will exercise more influence and tax every coalition government holding power in New Delhi. If the controversial debate of 22 July 2008 on the Indo–US nuclear deal brought out the various arguments and contestations on the merits and demerits of signing a bilateral agreement with the United States, one can well imagine what a debate on an eventual boundary agreement with China would look like! Any eventual settlement of the boundary dispute must recognise the need to generate consensus in Parliament and avoid controversy before a political decision is arrived at. It is for China to appreciate that whatever the flaws of Indian democracy, it is a project that is here to stay and one that is evolving with every passing day. Those days are long gone when foreign policy issues could be the exclusive domain of the executive (and charismatic personalities) and the legislature bypassed. With coalition governments becoming *de rigueur* in New Delhi, every proposal to settle the boundary dispute in its entirety will be discussed threadbare, and Chinese statements and actions in forcing India to the negotiating table would rather have an opposite effect.

8.3.2 Indian Ocean

In the last decade, the Indian Ocean Region (IOR) has emerged a zone of 'interest' to Chinese security planners. China also realises that India occupies a central position in the IOR, with the capability and wherewithal to influence sea lines of communications (SLOCS) to its advantage. This advantage has translated into India 'weaving a network of checks and balances and expanding its ability to control the Indian Ocean' (Li 2008, cited from p. 233). The strategic nature of the Indian Ocean to China is immense. China's vital energy supplies from the Middle East have to transit the Indian Ocean before reaching the South China Sea. For Beijing, the chokepoints are the Straits of Hormuz and Malacca. The construction of a deep-water port in Gwadar in Pakistan and upgrading and creating new port infrastructure in Chittagong in Bangladesh and Hambantota in Sri Lanka are to India indicative of China's seriousness to initially create mercantile infrastructure in ports dotting the Indian Ocean that could also double up as future bases (Kaplan 2010). Adding to this list are Chinese efforts to secure Marao in the Maldives and alleged listening posts on the Coco Islands of Myanmar. India is worried that these activities by China are to provide berthing and docking facilities to the rapidly expanding PLA Navy (PLAN) that seeks to convert itself into a blue-water navy.

China takes pains to assure the world and countries sharing a coastline with the Indian Ocean that its motives are peaceful, invoking the glory of the Ming Dynasty's Admiral Zheng He's several voyages, which were benign and reflected the Sino-centric world (Toshi Yoshihara 2010). From an Indian perspective, using Zheng He is a feint to accommodate the Association of South-East Asian Nations (ASEAN) into China's long-term plans for the Indian Ocean. Traditionally, the Indian Ocean has not been China's 'zone of influence', and the attempts by Beijing to ensure its presence in the region are motivated by a mix of strategic and commercial reasons. If Beijing were to adopt the concept of the high seas being a zone of innocent passage for commercial and naval vessels of other countries, then it should (ideally) not be a problem if PLAN were to be in the Indian Ocean and the Indian Navy in the South China Sea. But that is not the case. China very zealously marks its domain (though the much-disputed nine-dotted line), claiming the entire South China Sea as its 'historic title'.[14] For India, this is undoubtedly an instance of deliberate ambiguity on Beijing's part coupled with an intransigent approach adopted while advancing its 'maritime claims'. To quote India's former chief of naval staff, Admiral Arun Prakash, 'The stubborn opaqueness that China maintains vis-à-vis its accretion of military capabilities invites the worst possible interpretation of its intention' (Prakash 2011, p. 20).

Strategically, the Indian Ocean straddles the eastern coast of Africa, from South Africa to the Indonesian archipelago, and the Indian Navy has the wherewithal to interdict shipping lanes in the event of any conflict. For India, stability in the Indian Ocean is paramount since it is closely linked to its domestic economic interests and the fact that close to 95 % of its external trade is seaborne (Holslag 2009, cited from p. 825). India's maritime domain stretches from the Straits of Hormuz to the Malacca Straits, and this is discomfiting to planners in Beijing. India's maritime security periphery commences westward from the Malacca Straits, and the Indian Navy's cooperative security with the littoral states of the region is designed to co-opt friendly nations and keep China out of the Bay of Bengal and the IOR. The strategic location of the Andaman and Nicobar Islands in the Andaman Sea and the location of India's Far Eastern Naval Command in Port Blair give the Indian Navy a unique position to overlook the SLOCS of the region, something that Beijing lacks (Scott 2008, cited from p. 9). To offset Chinese ambitions, India has entered into strategic alliances with the navies of the United States, Japan, Singapore and Australia and conducts annual exercises that drew the ire of Beijing in 2007 when they were held in the Bay of Bengal. Known as Malabar (the name of the western coast of Kerala facing the Arabian Sea), these exercises are generating a momentum of their own, but have shown a tendency to be influenced by changing political dynamics in two countries—Japan and Australia. As a zone of contestation, the IOR will not be a Chinese 'lake', and any initiatives to limit India's influence to that of a peripheral power in the IOR by Beijing would be a miscalculation.

With its blue-water navy, India still maintains an edge over China as regards the Indian Ocean, and Chinese 'intentions' have provoked its maritime strategy to visualise a scenario where it will have the capabilities to transform itself into an

[14] See Li Jinming and Li Dexia (2003).

integrated force within the next 15 years.[15] These two instances of new variables casting their growing influence on Sino-Indian relations come at a time when China is adopting a flexible posture to counter the 'pivot' strategy for the Asia-Pacific being implemented by the United States, and India positions itself as a 'swing state' not being constricted by any alliance—formal or informal.

Next, the paper analyses Sino-Indian relations by deriving inferences from earlier sections and teasing out the fundamental contours of the bilateral, the influences and inferences motivating decision-makers in the framing of policy as well as the interstices that exist.

8.4 Analysis: Factors Influencing Decision-Making of Sino-Indian Relations

The last two decades have witnessed a complete recasting of India's external relations with the world, especially its important stakeholders. From a value-based foreign policy (nonalignment), India has subscribed to an interest-based one. The only concession it has made while making this transition is to maintain the refrain of its need for strategic autonomy—itself an advancement from the strategic ambiguity of yesteryears.

Unmistakably, China looms largest in the context of India's foreign policy. The events of 1962 have more or less become a national template and lens with which India's policy-making elite views China. No amount of collective lament and opinion making on China goes without reference to the war of 1962. The political class and strategic community in India reiterate one another in characterising the debacle of 1962 as India's worst moment since independence. The military setback of 1962 has stiffened India's world view about its immediate northern neighbour and informs its security calculus accordingly. At another level, it is suffocating for the Indian policy-making elite (as opposed to the political elite) to advocate closer relations with China that could lead to a situation where it sees no parity or benefit. This is not to be taken as an endorsement that relations with China need not be advanced. Rather, Sino-Indian relations are, despite their differences—manageable and unmanageable—at their healthiest and deepest today. This development has not escaped the attention of international relations (IR) scholars who expect the 'progressively deeper and more complex interactions taking place… act as a springboard for the creation of more specific forms of mutual collaboration' (Gillian Goh Hui Lynn 2006, cited from p. 265). If it comes as any comfort to India, it is a welcome departure from the generally subscribed view that China has always preferred a weak neighbourhood. As William S. Turley says: 'China historically has sought to keep regional powers weak, divided or deferential and to exclude competitors in order to minimize threats (from its neighbouring countries)'.[16]

[15] Indian Navy, *India's Maritime Military Strategy*, at http://indiannavy.nic.in/maritime_strat.pdf

[16] William S. Turley (1986, pp. 178–179), as cited in Sanqiang Jian (1992, p. 50).

In the early decades since independence (for India) in 1947 and 'liberation' (for China) in 1949, the two countries had adopted foreign policies that reflected the ideational perspectives of their leaders. This personality-dependent ideational *weltanschauung* proved alternately hectoring and moralistic, which in many ways contributed to fundamental disagreements existing between the two nations. For China, the *weltanschauung* of Nehru was illusory and not based on India's cultural or historical experiences. Six decades on, while disagreements exist and newer concerns have emerged, the two countries have a range of policy choices at their disposal to handle and correctly manage their bilateral relationship.

While the Indian media at times adopts a shrill tone and invokes a nightmarish strategic scenario for India, with China and Pakistan trying to hem it from two sides, the reality is different. India's apprehensions of an 'encirclement' have given way to a more rational assessment that spring from its own confidence that the world has moved on from Cold War scenarios to security issues that will not visualise the coming together of two states to fight a conventional war with a single state.

A blind spot that needs urgent rectifying is the absence of a wider dialogue and understanding between the two countries, especially in the public sphere. Existing institutional relations are jealously restricted to the bureaucratic sphere and one cannot but notice the need for different interests involved in the shaping of policy.[17] Stereotypes and animosity prevail where rational assessments ought to. For instance, the Indian political system does not find many enthusiasts in China. Most Chinese experts on India are perplexed by the dynamic processes, dynastic tendencies and personality-centric politics governing India's coalition governments. Discussions on India's political culture and constantly evolving society are negligible in China, and the few that come out are based on outdated methodologies and are rather simplistic.[18] It suits the authorities in China to encourage a line of thinking that 'development' and 'democracy' are antagonistic elements, pointing to India as the example, while China represents a better system, where the Party understands and creates conditions for the material fulfilment of its people (Jinxin Huang 2005, cited from p. 632). Indian commentators repay the favour by hyping and 'inventing' scenarios that pit India and China in a future confrontation (Singh 2009). India's rapid

[17] Two significant bureaucratic stakeholders deciding India's relations with China include the Ministry of External Affairs (MEA) and the Ministry of Defence (MoD). A reading of their annual reports presents contrasting views. The perspective of the MEA on China is: 'The focus is on enhancing mutually beneficial cooperation while simultaneously addressing differences' (see 'MEA Foreign Relations: China', at http://www.mea.gov.in/mystart.php?id=50042452, accessed on 12 October 2011).

The MoD in its annual report states: 'India is conscious and watchful of the implications of China's evolving military profile in the immediate and extended neighbourhood' (see *Ministry of Defence Annual Report 2010–11*, at http://mod.nic.in/reports/welcome.html, accessed on 12 October 2011).

[18] Pan Wei (2007). Professor Pan Wei of the School of International Studies, Peking University, says in his paper: 'India has periodically elected leaders, but the Indian government is virtually abusing its people; while Chinese communist government is not truly elected, but it well [*sic*] takes care of people's welfare like parents.'

enhancement of defensive capabilities along its eastern flank—new airfields and raising mountain divisions—is a development that has been noticed and commented upon by observers in Beijing.[19] This expansion of physical infrastructure along the disputed border is clearly a response to Chinese infrastructure build-up along the un-demarcated border. For India, China's infrastructure facilities along the border are a bargaining chip to influence the eventual settlement of the boundary dispute since the infrastructure exists on what is otherwise 'contested' land (Taylor Fravel 2008, p. 5).

A recurring question for India on the boundary dispute has been that of how much influence the PLA has in the decision-making structures in Beijing and what leverage they have in obstructing any deal on the border with India. This question arises as there are several layers to the dialectical relationship between the CCP and the PLA.[20] If Beijing has truly whittled down the influence of the PLA on contentious issues and there is political will to strike a deal, it will indeed be a positive signal. However, if the PLA were to be holding the veto card on any outstanding settlement of the boundary dispute with India, it is not a welcome sign (Woodward 2003, cited from pp. 237–238). For India, the influence of the PLA on Beijing's policy-making (imagined or otherwise) is a salient aspect of its overall matrix in evaluating China. India should perhaps condition itself to accept the 'hawkish line' projected by the PLA and its affiliated think-tanks as the existence of a 'powerful voice'—but not the 'final voice' on Sino-Indian relations. Sadly, there is a perceptible intellectual vacuum between the two countries in understanding each other through prisms other than those which restrict themselves to the merely strategic and security oriented.[21] To New Delhi and its insular policy-making class, the memories of the conflict in 1962 refuse to recede, and the unpreparedness of its armed forces and shoddy foreign policy decision-making of that time—dominated by personalities and not institutions—have been a constant reminder of its shortcomings and one that influences policy and contingency planning to date. Complicating matters has been New Delhi's blunt refusal to countenance any revisiting of the lapses that led to the 1962 war with China and subsequent loss of national pride. For a democracy like India, perhaps it is time to shed the forced anxieties it has over the

[19] About India's new air fields, see: 'India Re-activating Air Strip in Arunachal', at http://www.ndtv.com/article/india/india-re-activating-air-strip-in-arunachal-150768&cp, accessed on 26 November 2011. With the decision to reactivate the strategic Vijayanagar advanced landing ground in Arunachal Pradesh, India has a third air base in the state after Tuting and Mechuka. The new base is located at the strategic tri-junction of India, China and Myanmar in the Changlang district of Arunachal Pradesh. Also see, He Zude and Fang Wei (2011a, b).

[20] See Peter Kien-hong Yu (2000).

[21] There are exceptions though, with a few Chinese scholars taking interest in understanding how India has emerged as a software power despite having a low technological base and how states like Kerala regularly elect communist governments and have successfully introduced land reforms, achieved high levels of social development, empowered women and democratised and empowered village councils to run their own affairs—a model the CCP finds interesting to study. See Jinxin Huang (2005, cited from p. 632).

still secret Henderson Brooks-Bhagat Committee Report submitted to the government in 1963.[22]

Beijing has its worries, too. The episodic nature of violence in Xinjiang and its perpetrators receiving training in Pakistan must be discomfiting to China (Han Hua 2011). Complicating its 'all-weather' relationship with Pakistan is the possibility that China may have to assume a larger role in Afghanistan once the North Atlantic Treaty Organization (NATO) pulls out the bulk of its troops by 2014. If current developments are any indication, Afghanistan is set for a new round of internecine conflict, and it will require a regional initiative to avoid bloodshed. A potential role for the Shanghai Cooperation Organisation (SCO) stepping into the void left behind by the departure of the International Security Assistance Force (ISAF) is worth examining (Dikshit 2011).

To conclude, Sino-Indian relations have evolved in a manner where they acknowledge the existence of differences on certain salient issues and the potential for congruence on some recent concerns. If categories were to be put in place, then it is obvious that crucial issues over which differences exist are of a bilateral nature, while the potential for congruence exists on concerns that have a multilateral and global impact. China and India share the same ideas and calibrate positions on issues such as climate change and methodologies required to alleviate the global financial crisis. However, when it comes to bilateral issues, the two countries appear to be found wanting in putting forward breakthrough solutions. There is dire need for both of them to undertake an institutional project of forging multilayered ties that are independent of security issues. The Strategic Economic Dialogue between the two countries needs to be constructed as a foundational pillar of bilateral relations and not as an anodyne bureaucratic interface that over time becomes a ritualised interaction. A comprehensive picture of bilateral relations will only emerge if the two countries undertake a calibrated exercise in developing vertical and horizontal linkages that lead to the relationship becoming self-sustaining owing to its diversity and not self-limiting owing to exclusive focus on one or two very crucial issues.

References

Barnett R (2011) The Dalai Lama's "deception": why a seventeenth-century decree matters to Beijing. New York Review of Books, 6 April 2011

Chen Jian (2006) The Tibetan rebellion of 1959 and China's changing relations with India and the Soviet Union. J Cold War Stud 8(3):54–101

Cheng Ruisheng (2008) Trend of India's diplomatic strategy. China Int Stud (10):20–41

Dikshit S (2011) Plans to upgrade Afghanistan in SCO of interest to India. Hindu, 14 June 2011. http://www.thehindu.com/news/national/article2101859.ece. Accessed 20 Aug 2011

[22] On 17 March 2014, the first part of the Lt. Gen. Henderson Brooks–Brig. P.S. Bhagat report was uploaded by Australian scholar Neville Maxwell, author of the critically acclaimed *India's China War*.

Fang Tien-tze (2002) The Sino-Indian border talks under the joint working group. Issues Stud 38(3):150–183
Gillian Goh Hui Lynn (2006) China and India: towards greater cooperation and exchange. China Int J 4(2):263–284
Government of India (2003) Declaration on principles for relations and comprehensive cooperation between the Republic of India People's Republic of China. Ministry of External Affairs, New Delhi
Grare F (2013) An agreement among unequals. Indian Express, 29 October 2013. http://www.indianexpress.com/news/an-agreement-among-unequals/1188419/. Accessed 29 Oct 2013
Gupwell D, Ionescu R-V (2011) Dalai Lama hands over temporal powers: impact on China–Tibet relations. European Institute of Asian Studies (EIAS) paper, Brussels, August 2011
Han Hua (2011) Fight terrorism with Pakistan. China Daily, 12 August 2011. http://www.chinadaily.com.cn/opinion/2011-08/12/content_13097707.htm. Accessed 18 Aug 2011
He Zude, Fang Wei (2011a) India's increasing troops may go nowhere. People's Daily Online, 15 November 2011. http://english.peopledaily.com.cn/90777/7644825.html. Accessed 15 Nov 2011
He Zude, Fang Wei (2011b) India's border troop surge aimed at rising China? People's Daily Online, 10 November 2011. http://english.peopledaily.com.cn/90780/7641109.html. Accessed 12 Nov 2011
Holslag J (2009) The persistent military security dilemma between China and India. J Strateg Stud 32(6):811–840
Jing-dong Yuan (2005) Foe or friend? The Chinese assessment of a rising India after Pokhran-II. In: Dittmer L (ed) South Asia's nuclear security dilemma: India, Pakistan, and China. M.E. Sharpe, New York
Jinxin Huang (2005) A new Chinese discourse of India. J Contemp China 14(45):631–641
Kaplan RD (2010) The geography of Chinese power: how far can Beijing reach on land and at sea? Foreign Aff J 89(3):22–41
Lei Guang (2004) From national identity to national security: China's changing responses toward India in 1962 and 1998. Pac Rev 17(3):399–422
Li Jinming, Li Dexia (2003) The dotted line on the Chinese map of the South China Sea: a note. Ocean Dev Int Law 34(3/4):287–295
Li Li (2008) India's security concept and its China policy in the post-Cold War era. Chin J Int Polit 2(2):229–261
Limaye SP (2003) The weakest link, but not goodbye. Comp Connect 4(4):6–7. http://csis.org/files/media/csis/pubs/0204qindia_easia.pdf. Accessed 25 Nov 2013
Link P (2010) Talking about Tibet: an open dialogue between Chinese citizens and the Dalai Lama. New York Review of Books Blog, 24 May 2010. http://www.nybooks.com/blogs/nyrblog/2010/may/24/talking-about-tibet. Accessed 14 Oct 2011
McGranahan C (2006) Tibet's cold war: the CIA and the Chushi Gangdrug resistance, 1956–1974. J Cold War Stud 8(3):102–130
Pan Wei (2007) The Chinese model of development. Paper presented to the Foreign Policy Centre, London, 11 October 2007. http://fpc.org.uk/fsblob/888.pdf. Accessed 7 Nov 2013
Peter Kien-hong Yu (2000) The dialectical relationship of the Chinese communist party and the PLA. Def Anal 16(2):203–218
Prakash A (2011) India's maritime growth: rationale and objectives. *Varuna Vāk*, Policy paper No. 1, July 2011. National Maritime Foundation, New Delhi
Sanqiang Jian (1992) Foreign policy restructuring as adaptive behavior: China's "independent foreign policy of peace" 1982–1989. PhD dissertation, Kent State University
Scott D (2008) The great power "great game" between India and China: "the logic of geography". Geopolitics 13(1):1–26
Sidhu WPS, Jing Dong Yuan (2001) Resolving the Sino-Indian border dispute: building confidence through cooperative monitoring. Asian Surv 41(2):351–376

Singh R (2009) Indian Army fears attack from China by 2017. Hindustan Times, 26 March 2009. http://www.hindustantimes.com/Indian-Army-fears-attack-from-China-by-2017/Article1-393140.aspx. Accessed 17 Sept 2011

Sperling E (2004) The Tibet–China conflict: history and polemics, Policy studies 7. East-west Center, Washington, DC

Taylor Fravel M (2008) Strong borders, secure nation: cooperation and conflict in China's territorial disputes. Princeton University Press, Princeton

Toshi Yoshihara (2010) China's "soft" naval power in the Indian Ocean. Pac Focus 25(1):59–88

Turley WS (1986) Vietnam/Indochina: Hanoi's challenge to Southeast Asian regional order. In: Young Whan Kihl, Grinter LE (eds) Asian Pacific security: emerging challenges and response. Lynne Rienner Publishers, Boulder

Weixing Hu (2000) New Delhi's nuclear bomb: a systemic analysis. World Aff 163(1):28–38

Woodward D (2003) The people's liberation army: a threat to India? Contemp South Asia 12(2):229–242

Yossi Shain (ed) (1991) Governments-in-exile in contemporary world politics. Routledge, London/New York

Yueh-Ting Lee, Hong Li (2011) Spiritual beliefs and ethnic relations in China: a cross cultural and social psychological perspective. In: Zhiqun Zhu (ed) The People's Republic of China today: internal and external challenges. World Scientific, Singapore, pp 239–258

Zhao Gancheng (2009) Features and changes of geopolitical situation in China's periphery. Foreign Aff J (91):87

Zhao Gangcheng (2009) India's nuclear plan needs to be transparent. Global Times, 16 September 2009. http://www.globaltimes.cn/opinion/commentary/2009-09/468107.html. Accessed 8 Oct 2011

Chapter 9
China and India: Comparisons of Naval Strategies and Future Competition

Tung-Chieh Tsai

9.1 Sea Power and China's New Strategy

China was once the world's largest sea power during the beginning of the fifteenth century in Ming dynasty. Zheng He led his huge fleet through seven voyages to the "West Ocean" (Indian Ocean) between 1405 and 1433, almost a century before Portugal's entry into the high seas.[1] Despite having a coastline over 18,000 km and more than 5,000 islands with individual area exceeding 500 m^2 (combined coastline of islands reaching about 14,000 km), China has essentially and traditionally remained a land power. With the notable exception of the early Ming period mentioned above, the Chinese governments have traditionally emphasized land power over sea power (Lord 2009, p. 426). Additionally, the first island chain in the West Pacific effectively locks China's nearby waters into a state of semi-closure.

Nonetheless, foreign experiences originating from modern history and successful economic reforms since the 1980s have increased China's power and shifted the country's strategic goal from the traditional need to guarantee its own survival to the current goal of securing stable economic development. The shift marks an important transition for China, changing from a closed country to a developing one that has irrevocably integrated with the rest of the world (Zhang Wenmu 2006, p. 17). With

[1] Zheng He (1371–1433), also known as Hajji Mahmud Shamsuddin, was an excellent mariner, explorer, diplomat, and fleet admiral who commanded voyages organized by Ming government to Southeast Asia, South Asia, the Middle East, and East Africa from 1405 to 1433. Traditional and popular accounts of Zheng He's voyages have described a great fleet of gigantic ships, far larger than any other wooden ships in history. Some modern scholars consider these descriptions to be exaggerated. Also see Louise Levathes (1994).

T. Tsai (✉)
Graduate Institute of International Politics, National Chung Hsing University, Taichung, Taiwan
e-mail: tctasi@dragon.uchu.edu.tw

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_9

sustained high economic growth rates, China has raised its status as a new player on the international stage while rising awareness of the ocean is pushing the country to build a new maritime strategy. In particular since President Jiang Zemin mentioned in the party report to the 14th National Congress of the Chinese Communist Party (CCP) in 1992 that China needs to maintain its territorial sovereignty and maritime interests, the Chinese government has been putting heavy emphasis on this dimension.

Although James Holmes has pointed out that China seems to lack a real maritime strategy (Holmes 2011), meaning China has yet to establish a complete and systematic maritime strategy, which does not necessarily imply that the country lacks clear strategic goals. In terms of maritime strategy, China's goals could be included as following.

9.1.1 Protect Territorial Sovereignty

From a short-term perspective, since China is surrounded by 14 neighbors on the continent and more than 6 neighbors at sea, such a complicated geopolitical environment naturally is a source of great sense of insecurity. Even though China has resolved much of its territorial disputes on the continent over the past decades (except India and Bhutan), most of its conflicts at sea have yet to be settled and they continue to be flash points (e.g., the Sino-Japanese dispute in the East China Sea/Sea of Japan and Chinese sovereign claims to the South China Sea). The protection of China's territorial sovereignty thus becomes an important strategic goal.

9.1.2 Sustained Economic Development

Currently, the maintenance of security along China's coastal provinces is an important strategic goal for Beijing. The coastal provinces comprise 15 % of China's total territory and 40 % of total population and generate more than 60 % GDP while attracting more than 90 % of the country's foreign direct investment (FDI) (Zhang Wei 2008) and thus becoming China's economic pulse and key for the CCP to maintain leadership (Shambaugh 2004/05). Not only does China's trade with the world depend on maritime shipments, the country must also import resources and strategic materials in order to maintain continued economic growth. Whether Beijing aims at achieving the "string of pearls" in order to resolve the so-called Malacca Dilemma and maintain open flow of maritime shipping lanes (Pehrson 2006, p. 6; Bedford 2009, p. 37) or expanding outward in order to fulfill China's enormous resource demand, development towards the sea is inevitable. China's recent attitude towards the South China Sea and Indian Ocean is a good example (Studeman 1998, p. 78).

9.1.3 Achieve Great Power Status

Regarding long-term considerations, as Robert Ross points out, the main motive that drove land powers in the past to strengthen their maritime influence stems from nationalism and the pursuit for international status. National security is not the foremost consideration and China would not be an exception (Ross 2009). Since Mao's call for "the Chinese to stand up," searching for the path to wealth and power to wash away the "hundred years of insult" (*bainian quru*) has become China's main policy goal and the CCP regime's source for legitimacy. Accordingly, the fact that sea powers have dominated the international stage over the past 200 years reminds China that transforming into a maritime power and retaining certain influence at sea are requirements for the country to become a world-class power.

Based on the previous description of China's maritime strategy, we can divide the country's potential policies into the following parts to make certain predictions.

9.1.4 Increase Naval Capability

In response to naval capabilities that reached a historic low point (after having been decimated) after the Sino-Japanese War (1894–1895), Beijing began to redevelop its maritime strategy under Admiral Liu Huaqing, prominent strategic thinker and chief commander of the People's Liberation Army-Navy (PLA-N) since 1982. China's maritime domain is conceptualized as consisting of near-shore (*jinan*) and near-water (*jinhai*) areas of interest. Beijing's goal is to establish sufficient naval capability to dominate waters within the first island chain. As Prabhakar points out, China not only seeks to affirm its control over nearby waters but also plans to develop a blue-water navy within the next 15 years (2010–2025) to penetrate the first island chain and close in on the second island chain (Lawrence and Prabhakar 2011, p. 1).

9.1.5 Extending Strategic Influence to Near Ocean

Although China is unable to push its naval influence to all the key waters in the world, it is generally believed that Beijing is undertaking a so-called "strings of pearls" strategy to at least safeguard the security of vital energy shipping lanes (Pehrson 2006; Sithara and Fernando 2010; Lawrence and Prabhakar 2009, pp. 39–60). Though the concept of "string of pearls" may simply be a Western (US) view, for the PLA-N and the China Overseas Shipping Corporation (COSCO), sustaining maritime expansion and strengthening naval presence and the

security of shipping lanes in the Indian Ocean remain a priority for Beijing's economic security.

9.1.6 Push for Military Diplomacy

One of the goals for promoting a maritime strategy is to establish benign relations with countries near or off the coast of China in return for supply and docking stations while reducing the risk of the Malacca Dilemma. In 2003, China agreed to provide military facilities and training to Cambodia in exchange for the right to connect the railway line between China's southern region and the Gulf of Thailand. China also signed and ratified the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) in order to combat nontraditional security threats, affirming the security of maritime shipping lanes. Under the guidance of the International Maritime Organization, China became one of six countries involved in the Cooperative Mechanism for the Malacca and Singapore Straits (Rahman 2010).

9.1.7 Protect Energy Supplies for Sustainable Economic Development

Keeping China's economic engine going not only requires the country's continued participation in the global market; stable access to energy and other natural resources is also an important part of the country's development. Exploration and mining of undersea oil and natural gas, improvements of port facilities, construction of international ports, and investment in the ship building industry are all important aspects in Beijing's plan to increase the share of the maritime industry in China's gross domestic product (GDP). In 2011, the State Council adopted a series of plans to develop the Shandong Peninsula Blue Economic Zone, the Zhejiang Maritime Economic Development Demonstration Area, and the Guangdong Maritime Economic Combined Testing Zone. The aim of this initiative is to link maritime economic development between Bohai, the Yellow Sea (Huanghai), the East China Sea, and the South China Sea. These development plans play a key part in Beijing's plan to maintain overall economic growth through maritime trade.

Just as James Holmes and Toshi Yoshihara point out, geopolitics and economics are the primary propellants for China's seaward drive (Holmes and Yoshihara 2008, p. 2). The PLA's ability to execute a sea-denial strategy is far from preordained, and the Chinese navy still suffers from serious deficiencies in its force structure, such that its Mahanian project remains a distant goal (Ibid., pp. 101–102). Nevertheless, Beijing's emerging and aggressive maritime strategy influences the balance of power and potentially spurs an arms race in East Asia.

9.2 Tradition and Transition in India's Maritime Strategy

India's coastline of 7,500 km is far shorter than China's coastline of 32,000 km. However, the geopolitical fact is that India's coastline protrudes into the middle of the Indian Ocean with a lack of strong powers surrounding the country. This contributes to New Delhi's long-term policy of maritime expansion particularly focused on domination of the Indian Ocean (Kolhi 1978; Zinger 1993; Berlin 2006, p. 60; Pant 2009). India's appetite for the sea is well established after the Indo-Pakistani War of 1971. New Delhi has begun to gradually extend the wide interest of its naval force from near-shore to deep into high seas by initiating new efforts towards large-scale naval modernization (Singh 2002, pp. 82–83). As India's former commander of the Western Fleet, Kailash Kohli points out, "history has taught India two bitter lessons: first, neglect of maritime power can culminate in a secession of sovereignty, and second, it takes decades to revert to being a considerable maritime power after a period of neglect and decline" (Kohli 1996). From a certain angle, India has similar maritime strategic goals as China's.

9.2.1 Protect Territorial Sovereignty

While India is a young nation and the largest country in South Asia in terms of size and population, the country is surrounded by eight immediate neighbors and holds potential or direct territorial conflicts with at least two of them—China and Pakistan (Das 2010). And these challenges come mainly from the land; however, increased control over the Indian Ocean reinforces India's defense and augments the country's level of national security. According to the Integrated Coastal Security Plan, India continues to exert strict monitoring over its long coastline through close coordination between its navy, coast guard, and maritime patrol. The *Freedom to Use the Seas: India's Maritime Military Strategy* (2007) published by the Indian Navy clearly states the country's military objectives are "to ensure national security and provide insulation from external interference so that the vital tasks of fostering economic growth and undertaking developmental activities can take place in a secure environment."[2]

9.2.2 Sustain Economic Development

India's economic growth and development is closely linked to that of its South Asian neighbors. Similar to the case of China, India's large population and fast developing economy dictate that energy security is a priority for New Delhi. Hence,

[2] Headquarters Ministry of Defense (Navy) (2007, p. iii).

New Delhi has been scouting for oil-rich zones throughout the world. Particularly state-owned ONGC Videsh has invested a lot of efforts in exploration for oil and gas. Then External Affairs Minister Pranab Mukherjee stated out that maritime diplomacy has become an essential component of India's overseas foreign policy (Sanchez 2007). Many observers of Indian security also point out energy security as possibly becoming the country's primary strategic concern within the next 25 years.

9.2.3 Achieve Real Power Status

India's maritime strategy is based on so-called Mahanian-style sea power, which is realized through control and access to key strategic points such as territorial possession or secure access, bringing advantages of power projection, denial of access to rivals, and control of choke points. India's strategy has led observers to constantly refer to Mahan's wisdom that "whoever controls the Indian Ocean dominated Asia… the ocean is the key to the seven seas… [and] in the twenty-first century, the destiny of the world will be decided on its waters" (Khurana 2004). Based on the British colonial rule in the nineteenth century, many of India's strategic elite regard the nation as heir to the British Raj, the power and influence of which often extended to the distant shores of the Indian Ocean or the *British Lake*.[3] In order to achieve great power status, New Delhi aims to control the Indian Ocean and transform the region figuratively into *India's Ocean* or the *Indian Lake* (Singh 1987).

Notwithstanding the similarities in strategic goals between China and India, real differences between the two countries should not be overlooked, especially India's strategic evolution over the years. Several new directions in India's maritime strategy can be observed.

9.2.4 Transformation from Regional to Global Actor

Whether India was caught amidst bipolar confrontation due to close relations with the Soviet Union or joined the US global counterterrorist front after 9/11, India is no longer a country that can simply be contained geographically in South Asia. New Delhi holds several regional security concerns, including accessibility of the Indian Ocean to the fleets of the world's most powerful states, large Islamic populations in the region, proliferation of conventional and nuclear weapons in the region, oil from the Persian Gulf, and the historical tendency of peoples and states of continental Asia to spill out from Inner Asia to the Indian Ocean. Despite the fact that China's

[3] Donald L. Berlin, "India in the Indian Ocean," *Resource Library*; http://findarticles.com/p/articles/mi_m0JIW/is_2_59/ai_n16689838/

strategy also demonstrates the evolutionary trend of moving from the land to the sea and from regional to global, the geographic advantage of being a peninsula and foreign policy developments since independence make India seem more active than its great neighbor (Shihai 2000, p. 284).

9.2.5 Move Out from the Indian Ocean to the West Pacific

During the Cold War, India's main policy was to acquire more power and influence to consolidating its leadership status in South Asia and transform the Indian Ocean into its inner sea (Singh 1990, p. 10; Azam 1992, p. 70; Mansingh et al. 1998; Saikal 1992, p. 126). At the time, India's maritime strategy could be equated with its Indian Ocean strategy. However, since the end of the Cold War, India has adjusted its maritime strategy to correspond with the new strategic environment which is characterized by the emergence of a multipolar system. At the beginning of the new century, Indian Defense Minister George Fernandes openly proclaimed that "India's sphere of interest will extend from the northern region of the Arab Sea to the South China Sea" (Zhang Wei 2009). In 2007, External Affairs Minister Mukherjee also expressed that Indian foreign policy was undergoing strategic transformation. India seeks to surpass its traditional role as a superpower on the South Asian subcontinent and turn its attention towards the east. The establishment of a powerful blue-water navy is considered to be an essential military pillar in India's attempt at shaping a great power image.[4] Since the 1990s, New Delhi has actively pushed forward its so-called Look East Policy with the hope of establishing closer relations with Southeast Asia while gradually projecting its naval influence into the South China Sea or the West Pacific (Tung-Chieh Tsai 2007; Chakraborti 2007, pp. 160–161). The building of strategic partnerships between India and Vietnam in 2007 has offered some implications and marked important progress in the transformation of India's regional strategy.

9.3 Development of Recent Sino-Indian Relations

Following the rise of China, "India Rise" has become the focus of global attention.[5] Regarding the development of ever-growing attention on both China and India, US National Intelligence Council (NIC) concludes that "……the likely emergence

[4] David Scott (2007–2008); see also "Naval Doctrine: An Analysis," New Delhi, 04 July 2004, http://www.indiadefence.com/navaldoct.htm

[5] On discussion about "India Rise," see Yasheng Huang and Tarun Khanna (2003), Yevgeny Bendersky (2004), Stephen P. Cohen (2001), Baldev Raj Nayar and T. V. Paul (2003), and C. Raja Mohan (2003).

of China and India as new global players, similar to a united Germany in the nineteenth century and a powerful United States in the early twentieth century, will transform the geopolitical landscape."[6]

9.3.1 Tepid Competition During the Cold War Era

Along with speculation on the future role of China and India on the global stage, the development of Sino-Indian relations too garners much attention. In spite of the fact that official diplomatic relations have been established between China and India since 1950 and both Beijing and New Delhi reached an initial agreement on the question of Tibet in 1954 (Zheng Ruixiang and Rongyin 2006, p. 337), the Dalai Lama's subsequent escape to India and the eruption of border conflict in 1962 have generated great tensions between the two. Even though official exchanges between China and India did not recommence until former Indian Foreign Minister Atal Bihari Vajpayee's visit to China in 1979, progress in bilateral relations was delayed until Prime Minister Rajiv Gandhi's visit to China in 1988. In other words, no less than 30 years of conflict and competition exists between Beijing and New Delhi.

The PLA was unable to project power across even the narrow Taiwan Strait in the early Cold War era Cole (2009). Limited capability until reforms in 1979 encouraged China to adopt a policy of passively maintaining the status quo in Asia to secure a beneficial environment for economic development. Meanwhile, India tried to push forward the so-called India Doctrine in South Asia, concentrating New Delhi's strategic energy in the region and demonstrating India's role as the sole protector of regional security.[7] The restraint these two countries exercised effectively provided a façade of thawing of tensions.

9.3.2 Southeast Asia as New Focus

Sino-Indian competition began to accelerate with the fast-changing security environment after the Cold War. On the one hand, India initiated the "Look East" policy in the 1990s and strengthened relations with ASEAN (Chakraborti 2007, pp. 160–162), moving quickly from a sectoral Dialogue Partner of ASEAN in 1991 to a full Dialogue Partner of the organization in 1995 and a member of the ASEAN Regional Forum (ARF) in 1995. In 2004, India and the ten countries of ASEAN agreed on the Partnership for Peace, Progress, and Shared Prosperity at the Tenth Summit of ASEAN and pledged to cooperate in the fight against international terrorism and the proliferation of weapons of mass destruction. The ASEAN-India Partnership also commits India to establishing free trade with

[6] National Intelligence Council (2004).

[7] Iftekharuzzaman (1989), quoted in A.K.M. Abdus Sabur (1995, p. 17).

Brunei, Indonesia, Malaysia, Thailand, and Singapore by 2011. Among the ASEAN countries, India particularly emphasizes the development of closer relations with Burma and Singapore, while the country has moved closer to Thailand and Vietnam in recent years. On the other hand, China pushed for relations with ASEAN as well, advancing from ASEAN's sectoral partner in 1991 to full dialogue partner in 1996 rapidly and signing free trade agreement with Southeast Asia in 2004 (Tung-Chieh Tsai 2011, pp. 98–100). It is clear that aside from border issues, Southeast Asia is another area where Beijing and New Delhi's interests overlap but not necessarily share a consensus.

In order to improve relations with Southeast Asia, China has extended a cordial gesture towards ASEAN by signing the Declaration on the Conduct of Parties in the South China Sea in 2002 and agreeing further on the Guidelines for Implementation in 2011 (Chen Hurgn-yu 2010). In response to China's growing influence in Southeast Asia, India has moved towards engaging with Singapore in an attempt to block Beijing's potential ambition of moving into the Indian Ocean (the principal mission of Indian bases on the Andaman and Nicobar Islands). Geopolitically, Singapore is ideally situated to support Indian facilities in the Andaman Sea while allowing New Delhi to project its influence into the South China Sea against Beijing. In 2003, India and Singapore signed a bilateral agreement on expanding military cooperation, conducting joint military training, developing military technology, and achieving maritime security. The agreement extended an existing program of joint naval exercise to encompass both air and ground maneuvers and initiated high-level security dialogue between the two countries. Succeeding the notable progress in India-Singapore relations, joint naval exercises by the two countries took place for the first time in the South China Sea in 2005, pushing bilateral relations to a historic high.

9.3.3 From South China Sea to Indian Ocean

Faced with the growing challenge of China's rising influence in Southeast Asia, US Secretary of State Hillary Clinton declared at the 2010 ARF meeting that the South China Sea issue should be opposed to "coercion" (Bower 2010). Perhaps spurred on by Washington's reassertion of its interest in Southeast Asia, Vice Admiral Nguyen Van Hien, head of the Vietnam Navy, visited India in 2011 to expand bilateral defense cooperation. India and Vietnam have since embarked on the task of strengthening bilateral naval ties, with India's warships becoming the only foreign naval force in the world granted permission by Vietnam to drop anchor at Nha Trang in the southern region near Hanoi.[8] Hanoi's support for New Delhi

[8] See "Vietnamese Naval Chief Visits India to Foster Defence Ties," *Defence Now*, June 28, 2011; http://www.defencenow.com/news/223/vietnamese_naval_chief_visits_india_to_foster_defence_ties.html

effectively advances the presence of the Indian Navy in the South China Sea and entails an increased strategic role for India in Southeast Asia.

In short, as explained by many defense analysts, India's effort at promoting naval cooperation with both Singapore and Vietnam may perhaps be understood as a counter-strategic attempt aimed at curbing China's increasing presence in the Indian Ocean.[9] One should not neglect the strategic importance of the Indian Ocean as one of the most critical maritime channels in the world, with some 50 % of the world's merchant shipping passing through the Strait of Malacca every year. As India geographically sits right atop the midpoint of the Indian Ocean, it comes as no surprise that New Delhi naturally regards nearby waters as its backyard and deems it both natural and desirable that India functions as the leader and predominant influencer of the region.

Despite India's proclaimed righteousness, China's increasing presence at least poses as a threat to India's strategic interests in Southeast Asia regardless of the existence of the string of pearls strategy. Additionally, China is the first country to be approved by the International Seabed Authority in 2011 to look for polymetallic sulfides in the Southwest Indian Ridge, which directly challenges India's sphere of interest.[10] The move has already raised concerns in India, with the Directorate of Naval Intelligence (DNI) informing the Indian government that the contract would provide an excuse for China to operate its warships while compiling data on the vast mineral resources in India's backyard.[11]

9.4 Between Conflict and Cooperation

Geography makes China and especially India (as a huge peninsula) both continental and maritime powers. The land and the sea have exerted significant influence on both countries from the past to the present. Regarding China, although it has demonstrated its national security to be largely concerned with survival and confined to border security in the past century, sea power is one of the decisive factors determining the country's fate for the future. As shown, China's slow but sure descent into a divided and partially colonized state at the hands of foreign powers since the late nineteenth century was due to its failure to develop into a naval power (Zhang Wenmu 2006, pp. 21–23).

In a similar scenario, the Indian Ocean lies at the center of the world geopolitical system and India serves as the primary power in the system. Over a period of several

[9] Some observers support that India needs to play an active role in building an inclusive architecture for security in the South China Sea and across the Asia-Pacific. G. Parthasarathy, "Asian Balance of Power," July 30, 2011, *The Pioneer*; http://www.dailypioneer.com/pioneer-news/columnist/1638-asian-balance-of-power.html

[10] According to The International Seabed Authority, a United Nations' body, China will be allowed to explore an area measuring 10,000 km^2 (3,800 mile^2) for 15 years and will be given priority mining rights.

[11] See "China announces plan to expand seabed mining in Indian Ocean," *Jagran Post*, http://post.jagran.com/china-announces-plan-to-expand-seabed-mining-in-indian-ocean-1316262357-1

centuries, especially after Britain extended its dominance over the Indian Ocean, India's failure to develop into a naval power led to the country's subservience to the British. This humiliating course of history compelled India's first Prime Minister Jawaharlal Nehru to profess that India cannot play a secondary role in the world (Nehru 1999, p. 56), and failure to establish security in the Indian Ocean would challenge the country's future. India's strategic hopes in the Indian Ocean rest heavily on the development of a strong maritime force. In Nehru's own words, "the navy is vital, not just for India's security, but also for her continued prosperity…… its role is to help maintain peace in the Indian Ocean and underpin India's status as a regional power" (Prakash 2006).

It is clear that China and India are no longer the weak countries of the past once dominated by European powers. As early as 2004, in *Mapping the Global Future*, based on the context of the so called Davos World, the US NIC described the possibility of Asian countries, especially China and India, taking over the helm of economic globalization.[12] In *Global Trend 2025: A Transformed World* (2008), NIC once again devoted considerable portions of the report to introduce the rising influence of China and India.[13] With China surpassing Japan to become the world's second largest economy in 2010, the international community ponders on the question of when China's GDP will surpass the United States' GDP. *The Economist* magazine also set the theme of its August 2010 issue to be China and India entering the contest of the twenty-first century, discussing both powers' influence on shaping the future international order—proof of China and India's changed international status.[14]

Negative historical memories form the psychological basis for elite consideration on foreign relations in both China and India. With the increase in comprehensive national power and strategic activeness as part of the "rising" process (Holmes and Yoshihara 2005), maritime strategy has also made both China and India to take active part in their respective global policies. With certain historical factors (such as the border conflict in 1962) and geographic proximity, potential competition between the two countries has gradually taken form in recent years, especially with India continuing to move closer to Southeast Asia while officially deploying its naval forces into the South China Sea. Meanwhile, China has also slowly extended its influence into the Indian Ocean.[15] Sino-Indian competition in sea power is beginning to surface.[16]

Regardless of developments towards competition, Sino-Indian relations are not completely devoid of positive interactions. For example, after seeking the possibility

[12] NIC, *Mapping the Global Future*, http://www.dni.gov/nic/NIC_globaltrend2020.html#contents

[13] NIC, *Global Trends 2025: A Transformed World*, http://www.dni.gov/nic/NIC_globaltrend2015.html#contents

[14] See "China and India: Contest of a Century," *The Economist*, August 14, 2010; http://www.economist.com/node/16846256

[15] China's naval task force en route to the Gulf of Aden and waters off Somalia for an escort mission against pirates has entered formally the Indian Ocean in 2008. See "Chinese escort fleet to enter Indian Ocean," December 30, 2008, *People's Daily Online*; http://english.people.com.cn/90001/90776/90883/6564329.html

[16] Karl Pilny (translated by Chen Li) (2008, pp. 190–191).

of normalization in 1976, China and India reinitiated border talks in 1981 and took negotiations further by setting up the joint working group (JWG) in 1988. In terms of an official stance, leaders of both China and India have actively proposed the establishment of friendly relations in recent years. With the signing of a joint statement in April 2005, China and India established a strategic cooperation partnership aimed at peace and prosperity. Beijing and New Delhi set 2006 as the "China-India friendship year" and actively pushed forward energy cooperation in 2005–2007 while also initiating joint military practices in 2003 (sea) and 2007 (land). During Indian Prime Minister Manmohan Singh's visit to China in 2008, Beijing and New Delhi once again reaffirmed that "Sino-Indian relation will have a major impact on the region and the world" (Scott 2008, p. 244). This is a testimony to both governments' efforts at demonstrating peace and friendship in bilateral interactions. However, cordial efforts have yet to quell public discussions over the "China Threat" in India, while problems relating to water resource allocation in the Tibetan Plateau have generated heated debates as well (Nair 2001; Chellaney 2011).

Moreover, Beijing's refusal to grant a visa in 2010 to Lieutenant General B.S. Jaswal, General Officer Commanding-in-Chief of the Northern Command,[17] on the ground that Jaswal is in charge of military operations in Jammu and Kashmir, led to the termination of bilateral military exchange for nearly 10 months. In short, as Sino-Indian relations fall between the diametric poles of conflict and cooperation, the situation is complicated and bears no easy interpretation. Regarding the future of Sino-Indian relations, keeping watch of the situation is necessary from two different levels.

9.4.1 Short-Term (2011–2020)

As entailed by moves that buffer Sino-Indian relations, including the agreement to establish a PM hotline (December 2010), announcements to increase bilateral trade to 100 billion dollars by 2015, decisions to restart high-level military exchange after the third BRICS summit (April 2011), and opening of the first Sino-Indian strategic economic dialogue (September 2011), both Beijing and New Delhi understand that great international attention on the two countries stems from their enormous economic potential. Whether Beijing and New Delhi can turn economic potential into actual power is a key point worth watching. Extending from such logic, one may expect Beijing and New Delhi to quickly reach consensus on the issue of energy to countervail the cost of the "Asian Premium."

[17] See "PM asks China to be sensitive to India's 'core issues'," *The Times of India*, Oct 29,2010; http://articles.timesofindia.indiatimes.com/2010-10-29/india/28267148_1_stapled-visa-issue-b-s-jaswal-defence-exchanges

9.4.2 Midterm (2021–2030)

As China is seeking to penetrate the Himalayan barrier and increasing its influence in South Asia, where India traditionally enjoys an undisputed position, Sino-Indian relations are likely to be rife with tensions and conflicts in the future. Unresolved border issues would continue to stoke the fire of India's security dilemma with China, demanding New Delhi to closely monitor and manage Beijing's growing influence in the region. Indian historian and diplomat Kavalam Panikkar argued even before the independence of India that an "Oceanic Policy" was absolutely critical for the security of the country. As Panikkar points out, "a steel ring can be created around India… within the ringed area, a navy can be created, strong enough to defend its home waters… then the waters vital to India's security and prosperity can be protected" (Panikkar 1945, p. 15). Under the guidance of such strategic belief, one may expect the possibility of increased conflict as India continues to rise and closes the power gap with China.

In summary, in contrast to traditional foreign policy considerations based on land power, sea power is equally important for determining great power status and international security, especially for India and China. However, while China slowly gathered attention on its maritime expansion in the 1990s, the Indian government all along has emphasized naval development since the early period of its independence. Although the International Institute of Strategic Studies (IISS) points out in 2010 that China currently owns more warships than the United States and India ranks sixth in the world in terms of ships possessed,[18] India became the first country in Asia to possess an aircraft carrier in 1961, almost half a century earlier than China. Furthermore, compared to China, India continues to hold advantages in terms of the development of aircraft carriers, while its control of transportation routes in the Indian Ocean (critical for energy transport to China) exerts considerable pressure on China's economic security. To conclude, there still appears to be an ongoing debate concerning the limits of China's turn to sea, and India is surely an important competitor that cannot be ignored in China's future plan to develop a blue-water navy.

References

Abdus Sabur AKM (1995) South Asian security in the post Cold War era. In: Iftekharuzzaman (ed) South Asian security: primacy of internal dimension. Vikas Publishing House, New Delhi

Azam KJ (ed) (1992) India's defence policy for the 1990s. Sterling Publishers, New Delhi

Bedford C (2009) The view from the west: string of pearls: China's maritime strategy in India's backyard. Can Nav Rev 4(4):37–38

Berlin DL (2006) India in the Indian Ocean. Nav War Coll Rev 59(2):58–89

[18] See "China now has more warships than America, according to the IISS," *The Economist*, August 30, 2010; http://www.economist.com/blogs/newsbook/2010/08/daily_chart

Bower E (2010) Hillary Clinton: a secretary of State fluent in ASEAN. Southeast Asia from the Corner of 18th & K Street, 20 July 2010. http://csis.org/files/publication/072010_seasia_newsletter.pdf
Chakraborti T (2007) India's Southeast Asia Policy in the 21st century. In: Y Yagama Reddy (ed) Emerging India in Asia-Pacific. New Century Publications, New Delhi
Chellaney B (2011) Water: Asia's new battleground. Georgetown University Press, Washington, DC
Chen Hurgn-yu (2010) Nanhai Zhengduan de Zhengzhi yu Falumian Fengxi (Political and legal analysis on conflicts in South China Sea). *Quanqiu Zhengzhi Pinglun* (Review of Global Politics) 32:3
Chris Rahman (2010) China's maritime strategic agenda. Policy Analysis, 28 April 2010, p 2
Cohen SP (2001) India: emerging power. Brookings Institution Press, Washington, DC
Cole BD (2009) More red than expert: Chinese sea power during the Cold War. In: Erickson AS, Goldstein LJ, Lord C (eds) *China goes to sea: maritime transformation in comparative historical perspectives*. Naval Institute Press, Annapolis, p 320
Das P (ed) (2010) India's border management: select documents. Institute for Defence Studies and Analysis, New Delhi
Erickson AS, Goldstein LJ, Lord C (eds) (2009) China goes to sea: maritime transformation in comparative historical perspectives. Naval Institute Press, Annapolis
Headquarters Ministry of Defense (Navy) (2007) Freedom to use the seas: India's maritime military strategy. Headquarters Ministry of Defense, New Delhi
Holmes J (2011) China's maritime strategy is more than naval strategy. China Brief 11(6):10–13
Holmes J, Yoshihara T (2005) The influence of Mahan upon China's Maritime strategy. Comp Strategy 24(1):23–51
Holmes J, Yoshihara T (2008) Chinese naval strategy in the 21st century: the turn to Mahan. Routledge, New York
Iftekharuzzaman (1989) India Doctrine: Relevance for Bangladesh. In: Kabir MG, Hassan S (eds) Issues and challenges facing Bangladesh foreign policy. Bangladesh Society of International Studies, Dhaka
Nehru J (1999) The discovery of India. Teen Murti House, New Delhi
Karl Pilny (translated by Chen Li) (2008) Yindu Zhongguo Ruhe Gaibian Shijie (How do India and China transform the world). China International Cultural Press, Beijing
Khurana G (2004) Maritime security in the Indian Ocean. Strategy Anal 28(3):411–426
Kohli K (1996) Maritime power in peace and war: an Indian view. Afr Secur Rev 5(2). http://www.iss.co.za/Pubs/ASR/5No2/5No2/MaritimePower.html
Kolhi SN (1978) Sea power and the Indian Ocean. Tata McGrew-Hill, New Delhi
Lawrence W, Prabhakar S (2009) China's 'string of pearls' in Southern Asia-Indian Ocean: implications for India and Taiwan. In: Vinod MJ, Yeong-kuang Ger, Surendra Kumar SY (eds) Security challenges in the Asia-Pacific region: The Taiwan factor. Viva Books International, New Delhi
Lawrence W, Prabhakar S (2011) China's 'out of the area' naval deployments: issues and implications for India. Indian Institute of Technology Madras China Studies Centre Article No. 1, 28 July, 2011)
Levathes L (1994) When China ruled the seas: the treasure fleet of the Dragon Throne 1405–1433. Oxford University Press, Oxford
Lord C (2009) China and maritime transformations. In: Erickson AS, Goldstein LJ, Lord C (eds) China goes to sea: maritime transformation in comparative historical perspectives. Naval Institute Press, Annapolis
Mansingh L et al (1998) India foreign policy: agenda for the 21st century. Foreign Service Institute, New Delhi
Nair VK (2001) The Chinese threat: an Indian perspective. China Brief 1(9). http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=28480&tx_ttnews[backPid]=191&no_cache=1

National Intelligence Council (2004) Mapping the global future, Report of the National Intelligence Council's 2020 Project, December 2004, p 3
Nayar BR, Paul TV (2003) India in the world order: searching for major-power status. Cambridge University Press, Cambridge
NIC, Mapping the global future. http://www.dni.gov/nic/NIC_globaltrend2020.html#contents
NIC, Global trends 2025: a transformed world. http://www.dni.gov/nic/NIC_globaltrend2015.html#contents
Panikkar K (1945) India and the Indian Ocean: an essay on the influence of sea power on Indian history. George Allen & Unwin, London
Pant HV (2009) India in the Indian Ocean: growing mismatch between ambitions and capabilities. Pac Aff 82(2):279–297
Pehrson C (2006) String of pearls: meeting the challenge of China's rising power across the Asian littoral. Strategic Studies Institute, The U.S. Army War College, Carlisle Barracks
Prakash A (2006) At a seminar on warship building. Indian Navy, 22 March 2006. http://indian-navy.nic.in/cns_add6.htm
Pushpinder Singh (1987) The Indian navy: modernization and strategy in the 1980s. Asian Defense Journal, July 1987, pp 4–19
Raja Mohan C (2003) Crossing the Rubicon: the shaping of India's new foreign policy. Viking, New Delhi
Ross R (2009) China's naval nationalism: sources, prospects, and the U.S. response. Int Secur 34(2):46–66
Saikal A (1992) The future of India and Southwest Asia. In: Babbage R, Gordon S (eds) India's strategic future: regional state or global power? St. Martin's Press, New York
Sanchez A (2007) India and China struggle over Latin oil, 21 September 2007. http://www.energypublisher.com/article.asp?id=11126
Scott D (2007–2008) India's drive for a Blue Water navy. J Mil Strategy Stud 10(2):38–40
Scott D (2008) Sino-Indian security predicaments for the twenty-first century. Asian Secur 4(3):244–270
Shambaugh D (2004/05) China engages Asia: reshaping regional order. Int Secur 29(3):64–99
Singh NB (ed) (1990) Foreign and defence policy for India in the 1990s. United Service Institution of India, New Delhi
Singh KR (2002) Navies of South Asia. Institute for Defence Studies and Analysis, New Delhi
Sithara YJ, Fernando N (2010) China's maritime relations with South Asia: from confrontation to co-operation (Part one). Strategic Analysis Paper, 24 November 2010, p 3
Studeman M (1998) Calculating China's advances in the South China Sea: identifying the triggers of 'expansionism'. Nav War Coll Rev 51(2):78–85
Sun Shihai (2000) Yindu de Fazhan ji qi Duiwai Zhanlue (India's development and its foreign strategy). Chinese Social Science Publishing, Beijing
Tung-Chieh Tsai (2007) The role of southeast Asia in India's 'look East' policy. Taiwan J Southeast Asian Stud 4(2):3–26
Tung-Chieh Tsai (2011) Dangdai Zhongguo Waijiao Zhengce (China's new diplomacy: interpreting its connotation and tendency). Wunan Books, Taipei
Yasheng Huang, Tarun Khanna (2003) Can India overtake China? Foreign Policy (July–August 2003), pp 74–80
Yevgeny Bendersky (2004) India as a rising power. Asia Times, 20 August 2004
Zhang Wei (2009) Yindu Haiyang Zhanlue Xilun (Analysis of India's maritime strategy). *Dangdai Sheke Shiye* (Contemporary Social Science Perspective) 11, p 41
Zhang Wei (ed) (2008) Guojia Haishang Anquan (National maritime security). Haichao Publishing, Beijing
Zhang Wenmu (2006) Sea power and China's strategic choices. China Secur, Summer 2006, 17–31
Zheng Ruixiang, Rongyin (eds) (2006) Yindu de Jueqi yu Zhongyinguanxi (India's rise and Sino-Indian relations). Contemporary World Press, Beijing
Zinger MB (1993) The development of Indian naval strategy since 1971. Contemp South Asia 2:3, p 339

Chapter 10
Pure Commercial or More Than Strategic? An Observation of China's Establishment of Overseas Naval Bases

Ming-Shih Shen

10.1 Foreword

With the Chinese aircraft carrier, Liaoning, coming into service and the successful trial of landing J-15 fighter on a carrier-based flight deck, how does China use the carrier to strengthen its blue-water navy? How will the PLAN operate future oceangoing combats? These two questions have become main issues of all the defense sectors in Asia. A subsequent question is whether the Chinese navy will establish overseas military bases in the Pacific Ocean as well as the Indian Ocean, given its growing confidence in oceangoing combat readiness of the home-made aircraft carrier. When Major General Jiang Chunliang (姜春良) of the Academy of Military Science of China was interviewed by the *Shanghai Morning Post* (新聞晨報), he indicated that escort operations in the Aden Gulf have greatly upgraded the Chinese navy's international presence and status. This is impressive. However, it is generally understood that the navy cannot operate without resupplies, and naval vessels cannot run on the sea for long durations away from naval bases. The issues of the PLAN's effort to set up the advance fleet anchorage for armed ships cannot be seen as a premature investigation.

For the Chinese navy, the first concern for its blue-water navy is the shortage of overseas military bases, which forces the present actions on the sea dependent on mercantile convoys. As Major General Jiang stated, the issues of whether or not to have overseas anchorages and how to build ones are political and strategic issues. However, from the military perspective, the PLAN cannot avoid the issues related to overseas bases. In other words, to attain Beijing's objective that China can parade its blue-water navy sometime in the future, the PLAN absolutely needs to set up overseas bases. On the other hand, China is also worried by the possibility of war

M.-S. Shen (✉)
Graduate Institute of Strategic Studies, War College, National Defense University, Taiwan, Republic of China
e-mail: msshen@ndu.edu.tw

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_10

when its trade routes are choked by other regional powers. This will pose the greatest threat to China. To prevent this from happening, China needs not only a blue-water navy but also the overseas naval bases.

When an overseas base is established, a question of interest is how to deal with the mirror effect of the "China threat" onto the peripheral countries in the region. For instance, Pakistan transferred the management rights of Gwadar Port from Singapore to China in early 2013 (Joshua 2013). Meanwhile, construction of overseas strategic support points is also under discussion in China. All such developments strongly suggest that China may in the near future establish military bases overseas.

In the future, China's naval fleets' equipage, military exercises, and operation research will be guided by the objective to have an aircraft carrier battle group on the ocean. Meanwhile, the world has witnessed new destroyers, attack submarines, amphibious ships, and high sea depot ships having been successively launched or commissioned successively. This Chinese unreserved effort has quickened the pace of a carrier battle group coming into existence and developing full capacity for combat.

China currently is extending its influence in the Indian Ocean by building overseas naval bases, a plan materialized under the so-called "String of Pearls" strategy. String of Pearls strategy originally refers to the strategy adopted by China to protect ocean travel via the lease and construction of important ports along the east coast of Africa, in the seas of the Middle East, the Indian Ocean, the Strait of Malacca, and the South China Sea. The strategy connotes building important diplomatic relations so that that they can subsequently strengthen the PLAN's deep-sea battle capacity and ensure China's energy trade routes.

This concept of "String of Pearls" strategy is one branch of overall naval strategy of the PLAN under the rubric of Beijing's national strategic plan that seeks to focus Chinese naval military power on the Indian Ocean, while the PLAN sustains force deployments and has preparedness of anti-access and denial strategies in the western Pacific Ocean, and their deployments in the South China Sea are primarily for protecting sovereignty. The PLAN's deployment in the Indian Ocean is for the purpose of protecting the security of ocean routes. They in the last 4 years have focused their effort on piracy, as well as the continued expansion of diplomacy and military collaboration with the countries along the routes (Walgreen 2006).

During the 18th CPC Congress, China also outlined the overall strategic goal for the PLA, such as building an army which supports the country's status as a major power and an important cornerstone safeguarding the national security. China has already become a significant power to maintain world peace and will step up overseas military activities including peacekeeping activities, humanitarian relief, and counter-piracy in the next 10 years (Ren Ze Yu 2013).

This paper explored the relations of overseas naval bases building and "String of Pearls" strategy firstly. This article will also analyze why China needs to build

overseas naval bases, its sign and implication, and then how Taiwan responds toward this situation.

10.2 China's Overseas Naval Bases and "String of Pearls" Strategy

The "String of Pearls" strategy was originally used to describe the strategy adopted by the PRC to protect safe ocean travel via the lease and construction of important ports along the east coast of Africa, in the seas of the Middle East, Indian Ocean, the Strait of Malacca, and the South China Sea in order to develop important diplomatic relations that benefit blue-water navy development.[1] Even though there is no such concept or description of the term in Chinese naval strategy,[2] with the Chinese emphasis on developing naval power, building powerful submarine fleets, developing aircraft carriers, and fighting piracy in the Gulf of Aden, it demonstrates that it has become a norm for China blue-water naval power to be projected into the Indian Ocean. The expansion of naval power and armaments of the PLA has been seen as a concrete action in the "String of Pearls" strategy, causing some scholars and retired officials in India to feel a deep sense of urgency at being geographically surrounded by the Chinese military (Jae-Hyung Lee 2007).

Some Indian scholars believe that the Indian Ocean is not governed or controlled by India. They are of the view that in accordance with the international laws, India has no legitimate right to intervene in the activities of the Chinese PLAN in the Indian Ocean. All countries have the right to send maritime forces into the Indian Ocean. India should not overact to this development or react beyond the scope stipulated by the international laws.[3] Jacob for instance has the view that the tension in the Indian Ocean between China and India might not be the main concern in that the Chinese PLAN is confronted with American military deployments in East Asia, particularly in the neighborhood of Taiwan. The main purpose of the PLAN's deployment, according to Jacob, focuses on the Western Pacific, rather than the Indian Ocean. On the other hand, Beijing is primarily concerned about economic issues including energy security (Jacob 2009, pp. 1–2). From the above two points

[1] The term "string of pearls" first appeared in a 2005 report by the US Department of Defense called "Energy Futures in Asia," describing PRC ocean strategy. See Christopher J. Pehrson (2006, p. 1).

[2] Similar to the construction process of China's anti-access and area denial strategy, A2AD, the US military proposed Western-style concepts to describe the traditional geostrategic ideas of PLA. The PRC's own literature does not clearly mention this concept, but when mentioning energy security strategies, there are similar considerations. See H. Sun (2009, pp. 86–87).

[3] See P. K. Gautam, an expert on the Institute for Defense Studies and Analyses (IDSA), interviewed on August 15, 2010.

of view, it can be seen that scholars and even the Indian scholars have no consensus on the potential influence of China's "String of Pearls" strategy on India. A lack of consensus in policymaking will complicate the debates over a future possibility that India may engage in a series of maritime deployments and preparations in response to China's "String of Pearls" strategy (Khurana 2008, pp. 34–40).

Although the "String of Pearls" strategy initially came from the US, it has become a discourse referring to the rise of China and particularly expansion of Chinese naval and air force power. In recent years, China has expanded its armaments and held major oceanic military parades. Moreover, there have been skirmishes and clashes between the US navy and PLAN on the South China Sea and the Western Pacific, resulting in growing attention of the neighboring countries to the PLAN's development and strategic intentions in Asia Pacific. China's continued expansion of naval power has caused many countries, such as Australia, Singapore, Malaysia, and even India, to be blatantly cautious, which leads to escalating effects of arms buildings as a result of strengthening their own naval forces.[4] Furthermore, owing to the PLAN's significant development of the combat competence, and because its military power has the ability to be projected into the Indian Ocean, it is not illogical for the strategic thinkers to entertain the notion that "String of Pearls" strategy is highly likely to be one option for Beijing to develop into reality.[5] China's foreign policies of maintaining harmony with nearby countries and highlighting global peace in the past decade have been affected by the diplomatic position taken by the "String of Pearls" strategy. This ill trend of China's foreign policy has caused nearby countries to be on alert and take varied preventive diplomacy in response.

The emerging concept of "String of Pearls" strategy has also helped promote blue-water naval presence of the PLAN that has different focal points in various regions. In the western Pacific, the PLAN sees to it to have force deployments available to sustain the strategy of anti-access and area denial, to maintain territorial integrity of the South China Sea (Ming Yen Tseng (曾明炎) 2010) and to ensure that the oceanic routes via Indian Ocean deployments seek to protect the safety of ocean routes, while the last 2 years have focused on piracy and the continued expansion of diplomacy and military collaboration with the countries along the routes, including the expansion of power in the Indian Ocean.

Many Indian strategists at this moment seem to take the view that China's increasing naval presence is a natural result of its growing military development and that the expanding scale of operations are to safeguard peripheral but far-flung economic interests. However, realities may not meet the eye. An Indian Defence

[4] Additionally, Australia and Vietnam have greatly increased national defense expenditures, investing in submarines and other military technologies to obstruct the PRC's "adventurism" in the future. Asian countries are currently urging the other power in the region, India, to play a role in "checking" the PRC. See IISS (2010).

[5] In order to decrease excessive reliance on the Strait of Malacca and resolve the "Malacca Dilemma," PRC energy institutions, experts, and scholar proposed a few alternatives, such as utilizing geopolitical relations to actively make deployments in the oil routes from the Middle East to the South China Sea and to create strategic relations with the Indian Ocean and Southeast Asian nations including Pakistan, Bangladesh, Thailand, and Myanmar like a string of pearls, in order to maintain the oceanic transport safety of oil imports and strategic interests.

Ministry report, published last on April 2013, warned of the "grave threat" posed by an emboldened Chinese PLA navy in India's maritime backyard (Tharoor 2013). This kind of reports and subsequent concern caused additions to an existing paranoia in the Indian media of China's "String of Pearls," i.e., an array of ports, listening posts, and potential naval bases under construction. It is not going too far to argue that Beijing is highly likely to create windows of opportunity around the Indian Ocean that, intentionally or unintentionally, form encirclement onto India.

10.3 China's "String of Pearls" Strategy and Potential Developments

The "String of Pearls" strategy as a concept was initiated from one of the net assessment reports by the US. This concept today has evolved into a broad analytical framework for understanding the strategy of Chinese PLA naval power projected into the Indian Ocean to protect the security of energy routes. In actuality, the Chinese version of "String of Pearls" strategy connotes various layers of strategic meanings and different levels of operational orientations. For instance, China's anti-access and area denial strategies are clearly parts of operational strategy that can be applied to strategic plans on the ocean or for the navy.[6] However, if thus viewed, that may be insufficient. One may overlook the significance of the "String of Pearls" strategy in terms of national security.[7]

In fact, strategic planning and implementation cannot be solely based on the agent characteristics of a strategic sector. It will be more comprehensive in presenting the picture if it is based on the level of objectives and if it is observed in the context of implementing the strategy. In other words, if strategic objectives are on a national level, then the participants would be understood on a national strategic level. For instance, although special operations units with smaller military force may be at a company or platoon level, if they are used to fulfill national strategic objectives, they can be said to be a national strategic-level operational unit (Ming Shih Shen 2002, p. 102). However, if an army company of a similar size only conducts guerilla missions, it would be regarded as merely a tactical-level fighting unit.

The concept of the "String of Pearls" strategy applies as above. Even though the acting agents operate with only several naval ships at sea,[8] the strategic objectives are oriented toward energy, diplomacy, geostrategy, and oceangoing activities on a national security level, and they will be seen as medium for achieving national security strategy.

---

[6] Ming Shih Shen, "Origins and Practices of PRC Anti-Access and Area Denial Strategy," *Republic of China Military Academy 84*th *Anniversary Basic Academic Conference Papers*, pp. PO183–192.

[7] Regarding the different strategic levels, see Ming-Shih Shen (2009, pp. 20–30).

[8] If the PRC's new aircraft carriers are researched and developed for deployment and use, the arrangement and usage of aircraft carrier teams must quickly respond and deploy to protect national interests, issues which have a strategic level.

10.3.1 Energy Strategy

Uninterrupted supply and safe transportation of energy is a focus of all countries, especially those economies that are import oriented (Chen 2005, p. 260). Since ocean freights have advantages of large volume and low cost, they are an important basis for national economic development. Today, as a result of globalization, there has been a massive increase of the merchant flow on the sea. Roughly about 95 % of the total trade volumes and more than half of the oil transportation in the world are conducted via ocean transport (Jay Li (李杰) 2004). Long-distance energy transportation that is in shortage of infrastructure such as oil pipes in land must rely on tankers for transoceanic transport. Security issues related to oceanic routes continually and also increasingly command attention by the international society. Among the issues, the security of the Strait of Malacca that links the Middle East, Africa, South Asia, and East Asia can never be lightly dismissed. It has been estimated that there will be 20 million barrels/day passing the Strait of Malacca by 2020, and by 2030, the statistics go up to 24 million barrels per day (Ebel 2005, p. 56).

The issue of security on the sea routes is especially relevant for the PRC, as 80 % of energy imported from overseas must pass through the Strait of Malacca, and there is an increasing reliance on the geopolitical security in this area. Since the sea route in the neighborhood of Malacca is narrow and is often interrupted by illegal activities, it has long been the "Malacca Dilemma" to Beijing, as previously been put into metaphor by Hu Jintao (胡錦濤).[9] Ren Haiping (任海平) believes that, "It is fine if nothing goes wrong in the Strait of Malacca, but if something really goes wrong it will be very problematic" to the overall development of China,[10] as the rapid economic growth of the PRC has been highly vulnerable to energy supplies such as oil reserves and electrical power.[11]

In order to maintain the security of the indispensable energy routes mentioned above, the PRC currently uses the ASEAN as a framework so that Beijing can ensure its influence on countries neighboring the geopolitical chocking points and

[9] At the beginning of 2003, after Hu Jintao became the PRC president, in the Central Economic Working Conference of that year, he stated: "It is necessary to establish an energy development strategy from a new strategic level, and adopt active measures to ensure national energy security." Hu Jintao's words were interpreted by the international community as the PRC will devote itself to breaking through the "Malacca Dilemma." In November 2009, when Hu Jintao visited Kuala Lumpur, he gazed at the Strait of Malacca through a telescope for 14 min, which was interpreted as a show of his intention to see the strategic importance of the Strait of Malacca for himself. Jong Chang Lu (呂炯昌), "PRC Engages Fight over the North Pole, Intending to Broaden Strategic Interests," *Strategic Winds*, http://webcache.googleusercontent.com/search?q=cache:3A353IONC4oJ:blog.sina.com.tw/wang8889999/article.php%3Fpbgid%3D22448%26entryid%3D602666%26comopen%3D1+%E8%83%A1%E9%8C%A6%E6%BF%A4%E9%BA%BB%E5%85%AD%E7%94%B2%E5%9B%B0%E5%A2%83&cd=4&hl=zh-TW&ct=clnk&gl=tw (2013/12/29).

[10] "Accelerated Pan-Asia Railroad and Southeast Asian Way Will Become China's Energy Way", *East Asia Storms*, Sept 15, 2006, http://www.mychinaview.net/eastorm/viewtopic.php?t=3581 (2013/12/19).

[11] For conditions of supply and demand for Chinese oil, see Lay Wu (吳磊) (2003, pp. 114–118).

stabilize Beijing's reliance on the Strait of Malacca. Beijing one the other hand also seeks to break open new oil transport paths, trying to lessen its excessive reliance on the conventional routes via the Strait of Malacca.[12] However, given the currently heavy reliance on the Malacca seems not to change as well as the uncertainties left by political vicissitudes, Beijing has never forsaken its realist concern. Beijing understands that it is necessary to rely on strong naval power able to command the sea and maintain the communication security of the sea lanes (SLOC). In other words, the "String of Pearls" strategy has been laid out based on overall considerations of geopolitical needs of the national interests (Spinetta 2006, p. 98).

10.3.2 Geostrategy

Geostrategy refers to analysis of competing powers by geographical factors in an attempt to establish national strategy to support national interests. The geostrategic study examines relationships between two or more states with factors that include changes of international strategic positions and evolution of strategic environments (Wei Lai Shen (沈偉烈) 2005, p. 5). Simply put, geostrategy addresses geographic relations and operational dynamic between countries to ensure and even promote national interests (Guan Chong Chen (陳光中) 1999, p. 13). Since the Chinese naval strategy has traditionally been limited to coastal and offshore defense, the Indian Ocean may not be an adequate battle space that the PLAN is familiar with.[13] However, as mentioned above, PRC energy routes primarily pass through the Indian Ocean, and the demands of energy security and pursuit of geostrategic interest in the Indian Ocean have inevitably increased Beijing's concern and attention to address the issues in the Indian Ocean. As Alfred Thayer Mahan said, "Whoever controls the Indian Ocean controls Asia."[14] That at least partially explained why whenever PRC scholars discuss security and power, they emphasize the increasing importance of the Indian Ocean to China. For them, energy and ocean trade routes are not only the utmost important sources but also maritime lifelines for China (Li Hua Wang (王麗華) 2005).

[12] In order to break through the "Strait of Malacca Dilemma," it is necessary to search for oil from land routes. The PRC has three possible solutions: (1) build a "sea and land joint transport land bridge"; (2) construct a pan-Asian great land bridge—China-Burma oil pipe; and (3) open a canal at the Kra Isthmus, meaning open a "Panama Canal" for Asia in the Kra Isthmus. These three choices all avoid the Strait of Malacca transport line. See Nan Pin Ma (2006).

[13] Currently, the Indian navy is the largest naval power in countries surrounding the Indian Ocean. Nin Pu (蒲寧) (2009, p. 317).

[14] This statement has been cited by many, but they do not cite the original. Cited from Shi Sheng Hu (胡仕勝) (2005, pp. 327–328).

10.3.3 Diplomatic Strategy

In addition to maintaining energy security, in order to strategically balance the US in Asia and balance India in South Asia, Beijing sees to it that there are diplomatic functions dictated by the "String of Pearls." In order to implement the "String of Pearls" strategy, it is necessary for China to establish maritime collaboration, port anchorage, and energy diplomacy with countries along the sea lines of communication (SLOC) all the way from the Middle East to Mainland China. Thus, "String of Pearls" strategy can be seen as a part of overall nation-level energy diplomacy with the contents characterized by military exchange and defense cooperation in the name of military diplomacy.

Beijing has in recent years implemented a "going out" energy diplomatic strategy. To do it, China seeks to locate oil sources overseas and increases the import of crude oil from the Middle East and Africa with a view to diversifying its dependence on sources of crude oil (Yi Yang (楊毅) 2006, p. 239). Other than diversifying oil sources, the PLAN also strengthens its deep-sea sailing capabilities for the national purpose of protecting SLOC by ensuring its contact with ports of anchorage for the relay of repairs and supplies. All these require diplomatic activities. Since naval platforms are limited by international law, they are not permitted to enter the territorial waters or ports of other countries at will. Military diplomacy at this respect becomes an important symbol of close relations between two sovereign states. Beijing has been keen in this respect in that joint operation and defense exchange means a smooth space for negotiating over more port anchorages. The PLAN that is transforming itself to be a blue-water navy can therefore be taken as an important diplomatic tool. Media have it that through visits to neighboring countries and sailing to far seas, the PLAN has effectively strengthened overall foreign relations for the government authorities in Beijing.[15]

10.3.4 Ocean Strategy

Mahan believes that ocean strategy refers to the means a country uses its sea power. The main assumption of this sea power discourse is based on the argument that if there is no command of the sea in the hand of a state, there would be no effective ocean strategy. Ocean strategy has to be taken as part of national strategy (Mahan 1890, pp. 29–81). In terms of ontological character of ocean strategy, ocean

[15] For instance, the Chinese PLA Navy's fifth-time mission on Aden Gulf, the missile destroyer "Guangzhou," and the escort ship "Chaohu," which used an opportunity of fighting pirates to cross the Suez Canal to visit Egypt, Italy, and Greece in July 2010. On August 29, they arrived in Burma's Thilawa port and celebrated the 60-year anniversary of the establishment of diplomatic relations between the two countries. "Chinese Destroyers Visit Burma for the First Time, China and Burma Cooperate against American and Vietnamese Military Exercises," *Asia Weekly* (Hong Kong), 24(36) http://www.yzzk.com/cfm/Content_Archive.cfm?Channel=bc&Path=2259926922/36bca.cfm (2013/12/29).

strategy is holistic. It is limited to neither military usage nor military means but is more involved with discussions of ocean access and port anchorage as decisive factors (Ren Wan (萬仞) 1985). In terms of epistemological character of ocean strategy, it should be discussed on the level of national strategies and above, with the ocean as a key factor (Chi Chong Liu (劉赤忠) 1983, p. 400).

Generally speaking, ocean strategy and subsequent policymaking are parts of a national strategy, which are meant to dictate command and development of ocean territories of a state and international waters recognized by the state.[16] National strategies develop and utilize the platform of national power to support national objective during peace and war (Ding Chi Deng (鄧定秩) 2007, pp. 23–24). The PRC's official stance on its ocean strategy is not an exception to this understanding. For Beijing, ocean strategy is seen as part of the national ocean strategy, two of which are to combine and become a comprehensive strategy used by the nation in planning and guiding ocean affairs. Ocean strategy is also involved with ocean economics, ocean diplomacy, ocean military, ocean rights, ocean technology, and related affairs, to the extent that ocean strategy is the overall guidance to national ocean affairs (Ming Cheng (鄭明) 2007). A note has to be taken, however. When it comes to study of the Chinese version of ocean strategy, the Chinese naval strategy cannot be disregarded. It is instead the focus of observation. This is because Chinese naval developments have broadened with the evolution of its sea power. Beijing, according to the geographic environment of the ocean, has divided ocean strategy into coastal, near sea, and deep sea (Lindberg and Todd 2002). This indicates that the PLAN has moved beyond the initial phase of the emphasis on "military as central to serve national defense." More importantly, the naval strategy is a concrete indicator of its ocean strategy (Wen Chong Liao (廖文中) 2000). Strategic studies of the Chinese national strategy will therefore be more comprehensive if we put the Chinese naval strategy into the focal perspective.

In terms of ocean strategies, China was originally a major land power, but after institutional reform and development of the deep-sea navy, China is currently seeking a balance between land and sea power by establishing a long-term ocean strategy that is characterized by using sea power to ensure inland energy security (Hsia Sun (孫霞) 2009, pp. 86–87). The most significant case in this perspective is apparently the "String of Pearls" strategy. It serves as an indicator for the success or failure of the PRC practices of the sea power theory and ocean strategy. According

[16] Taiwan's military terms dictionary defines "ocean strategy" as strategy "with the ocean as a concrete objective, establish sea power and bases, use ocean resources to ensure ocean transport safety in support of national policies and pursuit of national interest." This definition is more limited to military meanings, and a broader and more comprehensive interpretation refers to directives on national governance over the command and development of the ocean territory of a state and international waters recognized by the state. Many coastal and island states have their own ocean strategies. The content primarily includes a view of the ocean, ocean development, usage, planning, control over ocean rights, and demands of ocean enterprises in ocean strategy. These definitions show that "ocean strategy" is the primary part of the national strategy related to the ocean, which emphasizes the development and utilization of ocean economics, while relying on naval protection for security in territorial waters. Thus, "ocean strategy" is necessarily combined with "naval strategy." The relationship is such that "ocean strategy" guides "naval strategy," while "naval strategy" supports "ocean strategy."

to the delineation of American scholars on the "String of Pearls" strategy (Pehrson 2006, p. 1), the "String of Pearls" strategy is primarily and metaphorically comprised of two parts; the pearl string refers to sea routes from the Middle East and Africa to the coastal areas of southeast China, while the pearls refer to the ports along the routes.

10.4 Between Oral Commitment and Strategic Requirements on Naval Bases

10.4.1 Requirements of China for Establishing a Blue-Water Navy

Mahan dropped the hint that there are six conditions for a state to develop its sea power successfully. These include geographical condition, natural structure (harbor), territory area, population, national habits, and governmental characteristics (Mahan 1890, pp. 29–81). In terms of the traditional land power of China, its sea power development is congenitally restricted by historical and geographic conditions. Many scholars in fact have judged the potential development of a Chinese blue-water navy in accordance with the benchmarks given by Mahan. Alongside with this view, Beijing in order to overcome geographic conditions and natural structure cannot be satisfied without its own overseas bases especially if its naval vessels grow to certain amounts and its training of blue-water navy becomes mature. Warships are relatively vulnerable if they are without sufficient logistic support from the land. This is particularly true for battleships to be engaged in continuous operations. The PLAN's resupply bases overseas will definitely complicate the long-term buildups of the seagoing force.

Overseas bases are important to the PLAN. Besides maintenance and replenishment, a base can reduce the operating costs of running naval vessels and other navy units. If a base is in the neighborhood of the battle space on the sea, it can assist naval vessels to sustain their maneuverability. This is especially relevant to small military boats for their limited operating distance and offshore self-maintenance capability. On the other hand, however, if there is no overseas base, or the overseas base is too far away from the homeland headquarters, the fleet must conduct distance support operation and run the risk of deteriorating combat power without adequate replenishment. The PLAN's experience of combating pirates in the Aden Gulf exemplifies the case in point.

To detail, through the mission of combating pirates, the PLAN apparently seeks to implement the "String of Pearls" strategy in the name of nontraditional security tasks. On one hand, the PLAN could sustain the energy security along the SLOC; on the other hand, the PLAN could cumulate experiences of long-distance ocean navigation and improve their combat competence. Evidence shows that except for

the first and the second escort missions, the Chinese PLA Navy began to anchor in harbors in the Aden Gulf and Arabian Sea, despite limited logistic supplies. In addition, they conducted military exchanges with naval vessels of other countries by port calls to neighboring countries. The diplomatic nature of anchoring is similar to the US Navy's anchoring in Hong Kong and Qingdao (China) and is for the purposes of exchange, recuperation, and replenishment. Differentiation has to be made here. Such kind of port calls is unlikely to provide military logistic supplies or maintenance.

From a US Navy officer's perspective, it is possible that China will eventually build a naval base in Pakistan, but it is still premature at this moment (Garvin 2013). The likelihood is there. If China's overseas company's acquisition share expands beyond the commercial port in Gwadar, and if the PLAN makes it clear its intention to have an access to port facilities in Gwadar, Gwadar will undoubtedly be one of several important locations along China's sea lines. This will have the PLAN capable of its logistics running from the Chinese mainland to Port Sudan, alongside of which are those facilities in Myanmar, Bangladesh, and Sri Lanka.

In comparison, the Chinese navy used to have no legitimate military bases overseas. The long-distance navigation relied on the escort fleet with logistic supplies. Evidence shows that, when the vegetables and fruit deteriorated as time went by, seamen were under heavy pressure on long-term maritime duty. The situations have improved with the accesses to some overseas ports. Take the port of Djibouti, Aden port of Yemen, and Salalah port of Oman for instances. They were opened for replenishment, respite, and recuperation with the assistance of Chinese enterprises—a part of diplomatic exchange. Port Djibouti is in an important strategic location for ocean voyages and combating Somalia pirates. It is now an international port for replenishing the warships of different countries. It is reported that more than half of the supplies to the Chinese escort's fleet depend on this port.

10.4.2 Commitment of Liang Guanglie on State Visit to India

Beijing is quite cautious to the Indian perception regarding the "String of Pearls" strategy. Early in September 2012, China's former Defense Minister, Liang Guanglie (梁光烈), led a delegation of 23 members to Delhi for an official visit. In response to the Indian inquiry into the potential circling the Indian continent, Liang specifically mentioned that China had never stationed any troops in Kashmir under the control of Pakistan and guaranteed that China would not establish a military base in the countries along the Indian Ocean (Isaac 2012). Liang formally handed the duty of Defense Minister to Chang Wanquan (常萬全) afterwards. India remains alert to see whether Liang's oral commitment holds. It is the position of this paper that oral commitment is one thing, but the potential of Gwadar port turning into an overseas military base for Chinese naval vessels to anchor and replenish is another.

10.5 China Is Looking for Overseas Military Bases

10.5.1 Transfer of Management Rights of Gwadar Port

The former Singaporean operator of Gwadar port, as built by Pakistan with the Chinese assistance, has reportedly resigned, and Pakistan approved the transfer of management rights of Gwadar port to China on December 30, 2012.[17] Gwadar port is an important port in the strategy of the String of Pearls, as it allows China to move in and out of the Indian Ocean and protect the oil routes. Gwadar on the other hand is bordering on Iran. China is suspected of seeking to turn Gwadar into a naval facility as an important part of its "String of Pearls" in the region. It is important in the sense that Gwadar boosts the PLAN with enormous command and control capability (Cole 2013). In short, obtaining management rights of Gwadar port is expected to be helpful to the effective application of China's energy strategy as well as the "String of Pearls" strategy. With Gwadar fallen in hand, China will have a highly potential naval base to command the Arabian Sea. Furthermore, Port Gwadar is close to the Hormuz Strait. With main exports of world energy resources coming from this geopolitical sensitive area, the important strategic value of Port Gwadar will become Beijing's bargaining chips to check India's energy routes.

Although Gwadar port is currently a commercial port, this paper hastens to point out that its deepwater quay allows 100,000-ton class vessels that may not be limited to commercial activities only. This will accommodate the 65,000-ton aircraft carrier Liaoning of China. Gwadar port is very suitable as a home port or overseas relay base for China's aircraft carrier. India's Defense Minister A. K. Antony mentioned to the media that China's taking over of Gwadar port should be a concern and expressed India's worries regarding marine safety (Srikanth 2013).

10.5.2 Between Overseas Bases and Strategic Supporting Points

Apparently, China has foreseen the keen inquiries put up by the international society with respect to Beijing's intention on overseas bases. This explained why the phrase "an overseas strategic supporting point" has been coined. An article entitled "Navy Sets up The First Overseas Strategic Supporting Points?" has been published in the *International Herald Leader* in Beijing this year.[18] This article stressed that the Chinese navy does not rule out the possibility of building overseas strategic

[17] "India 'Concerned' Over China Running Gwadar Port," *Tribune*, February 6, 2013, http://tribune.com.pk/story/503373/india-concerned-over-china-running-gwadar-port/ (2013/12/15).

[18] "Navy Sets up the First Overseas Strategic Supporting Points," *International Herald Leader* (Beijing), January 4, 2013, http://big5.china.com/gate/big5/military.china.com/important/11132797/20130106/17616479.html (2014/02/15).

supporting points, and more specifically it may establish the first overseas strategic supporting point in the Indian Ocean. In view of this article, if in the future when China's future aircraft carrier battle group becomes mature in oceangoing activities, there will be new developments of the Chinese naval establishment system, vessel equipment, military training, and operations. The current access denial strategy will be even more impressive before the eye of the world. In addition, when the carrier battle group is organized, it may not limit its presence around the coastal areas of Mainland China. It makes sense to see it cruise the oceans in order to parade the military muscle as a blue-water navy when any emergency is called for.

For efficient ocean voyage and effective military presence on the sea, it is not wide off the mark for us to infer that Chinese overseas military bases must be established. Without this policy orientation, it will be senseless to talk about long-duration voyage vessels that are supposed to be equipped with facilities for replenishment, maintenance, and recuperation. Beijing is certainly cautious not to kick up the wind so that it instead brought up the concept of strategic supporting points. Spreading the linguistic jargon of "strategic supporting points" may avoid breaking the commitment of China's former Defense Minister Liang and reduce the suspicion regarding the construction of overseas base. However, linguistic jargons may be misleading. Whether it is overseas bases or strategic supporting points, the PLAN's presence without the logistic concern will deliver significant impact on regional security and balance of power.

10.6 Types of China's Overseas Naval Bases

Considering the commitment made by high-ranking commander Liang and to reduce international attention, the Chinese navy may not establish overseas military bases with the size similar to the US bases. Beijing is likely to establish several overseas strategic support points so that the Chinese navy can establish relatively constant replenishment, maintenance, respite, and recuperation in other countries. It is anticipated that the Chinese navy may establish the first strategic support points in the Indian Ocean, which are classified into three types. The first type is ordinary vessel oil and material's supply point, such as the Port of Djibouti, Aden Port, and Salalah Port, which implement logistic supplies of oil and water according to international norms.

The second type of supply points is more diversified, and berth time is longer. It is mainly for fixed watercraft replenishment and docking, takeoff and landing of fixed-wing scout planes, and crew respite and recuperation, such as Seychelles and Mauritius. The operating mode depends on short-term or medium-term agreements signed between Beijing and its counterparts.

The third type is similar to a military base. However, they not only provide complete replenishment, respite, and recuperation but also allow maintenance of large vessels and weapon systems installed. In other words, sufficient warehouses are required for storing military parts and ammunition, and there should be exclusive

berthing wharfs if necessary. This type of facilities refers to those offered by Gwadar of Pakistan, Hambantota of Sri Lanka, Sittwe of Myanmar, and Chittagong of Bangladesh. Again, the operation mode depends mainly on medium- and long-term agreements signed between Beijing and its counterparts.

What could be even more comprehensive in planning is connecting the three types of ports and transform it into three major maritime replenishing lines for China in the Indian Ocean. The north line in the Indian Ocean passes Pakistan, Sri Lanka, Myanmar, Bangladesh, and the Maldives. The replenishing line in the western Indian Ocean crosses Djibouti, Yemen, Aden, Kenya, Tanzania, and Mozambique. This second line is currently used to combat Somalia pirates.

The third replenishing line is in the east of the African continent, with the central and southern Indian Ocean replenishing lines connecting Seychelles, Madagascar, and Mauritius. By connecting this replenishing line to South Africa, bypassing the African continent, the Chinese navy can enter the Atlantic, thus fulfilling China's expectations for moving in and out of three major oceans. According to the estimation of the Chinese media, China will have 18 overseas bases in Asia, the Pacific Ocean, the Indian Ocean, and Africa within 10 years.[19] It is reported that these overseas bases will be in charge of replenishing, reconditioning, and maintaining the Chinese ocean fleets. However, the crux here is that the defense sector in China has not been as transparent as we expect.

10.7 Taiwan's Responses Toward the Strategic Development

10.7.1 Dynamic Response to Emerging Offensive Naval Strategy of China

China established overseas military bases for escort missions. Its present effort to ensure sea lines of communication seems to concentrate on the Indian Ocean. However, this does not necessarily mean that China intends to contend for hegemony with India in the Indian Ocean or to obtain strategic ocean advantages in the Indian Ocean. Action chosen by Beijing, as it was, often shows its preference for complying with realist considerations. To be sure, China successively assisted Pakistan and Sri Lanka in building deepwater ports for more than just commercial or civil purposes. If there are adequate and perfect deepwater quays and debarkation facilities, it is too difficult for the PLAN to change them into military bases in the future when situations call for it. When China gradually completes the deployment of three to six aircraft carrier battle groups, there will be a well-founded anticipation that an offensive PLAN will emerge. The defense sector in Taiwan, besides the

[19] "China Should Be Rational and Temperate in Battle to Show Power Without Anger," *China Review News* (Hong Kong), http://www.chinareviewnews.com/crn-webapp/search/allDetail.jsp?id=102402801&sw=%E6%B5%B7%E5%A4%96%E5%9F%BA%E5%9C%B0 (2013/03/13).

development of asymmetric war power at this moment, needs to take preventive measures to hold the Taiwan Strait security situation in check against potential switches of strategic positioning.

10.7.2 Impacts from China's "String of Pearls" and Geostrategy

Further substantiation of China's "String of Pearls" strategy will be limited to combat capability of the PLAN. China takes diversified means, including diplomatic, political, and economic means, to address its weakness, hoping to protect the energy routes and geostrategic interests. Looking into the future, if the property and goals of energy security gradually change into geostrategy, sea power, or oceanographic strategy, Beijing will see to it to have sea supremacy as the strategic priority to pursue. There will be a dramatic transformation of the PLAN in capability development and force deployment, despite the doubts and concerns of the neighboring countries. Culturally speaking, with Beijing's naval strategy or military power coming into the international scene more frequently, once a conflict occurs, it is highly likely to see China replace political or economic means by parading militant muscle in order to maintain national interests. This paper anticipates that China's ocean fleet development and escort operation for protecting the energy routes will gradually become normal and mature. This is because civil or commercial ports not only have relay and replenishing functions but also have the strategic functions to command the denial and entry of the international waters. All these developments will subsequently dictate a geostrategic change in the Taiwanese waterfronts.

10.8 Conclusions

From the perspective of national development, as a country gradually becomes strong, whether it is China or India, their scope of national interest will broaden, making it necessary to devote more resources to maintain and ensure national interests. Likewise, every country has the right to protect its own ships within the territorial waters in accordance with the international law of the sea.

The scale and types of fleets are completely dependent upon naval strategy that seeks to address the external threats. Provided there is no threat to other countries, they should not be able to interfere. The case of the rise of China however adds more uncertainties to the above logic. In fact, when the PRC began to construct and implement strategies relating to energy security or geographical benefits, it is instinctive for the US to place doubts. The US reference to "String of Pearls" strategy came from realist concern. It also made sense to catch India's attention.

The above analysis shows that in order to maintain the long-term interests and ensure security of energy routes, the PRC "String of Pearls" strategy will continue to be in practice. It is a constant phenomenon and will last for decades. Given the possible conditions, such as increased friction between India and the PRC or major changes in the American anti-terrorism position in the Middle East, it is the position of this paper that the current effort to pursue "String of Pearls" strategy will continue.

Also, the PRC continues to reinforce naval and air force armaments, despite the suspicion cast by the US that in 2015 the Chinese navy may overtake the US navy. Under these circumstances, the PRC implementation of the "String of Pearls" strategy will clearly change in means and methods, and Beijing will have a more intransigent position in declaring sovereignty faced by frictions (Chia Shen Chen (陳嘉生) 2010). It is highly likely that the PRC becomes a revisionist state that prefers to demonstrate its deep-sea military power in the Indian Ocean. Changes of sea power in the Indian Ocean will subsequently emerge. Superficially, it seems that based upon the prospect for economic issues and anti-terrorism, the US, India, and China still have room for collaboration regarding the Indian Ocean; however, real-politik and geostrategic interest force the strategists to have a second thought about it, given the nontransparency of the Chinese defense.

References

Chen YF (ed) (2005) National economic security. Shishi Publishing, Beijing

Chi Chong Liu (劉赤忠) (1983) Ocean and national defense. Central Culture Supply, Taipei

Chia Shen Chen (陳嘉生) (2010) Strategic meaning of PRC declaration of sovereignty in South China sea. Strategy and Security Research (Taipei), No. 63, July 2010, pp 18–22

Cole M (2013) Red star over the Indian Ocean. The Diplomat, 9 April 2013, p 28

Ding Chi Deng (鄧定秩) (2007) Theory and practice in national strategy. Liming Cultures, Taipei

Ebel RE (2005) China's energy future: the Middle Kingdom seeks its place in the sun. CSIS, Washington, DC

Garvin PA (2013) Will China extend its influence in the Indian Ocean by building a naval base in Gwadar, Pakistan? Council of Foreign Relations. http://www.cfr.org/china/china-extend-its-influence-indian-ocean-building-naval-base-gwadar-pakistan/p30603. 15 Dec 2013

Guan Chong Chen (陳光中) (1999) On geo-strategy. National Defense University Press, Beijing

IISS (2010) Strategic survey 2010: the annual review of world affairs August 2010. Routledge, New York

Isaac J-P (2012) China has no plan for Indian Ocean military bases. The Hindu, 4 September 2012. http://www.thehindu.com/opinion/interview/article3855313.ece. 15 Feb 2014

Jacob J (2009) Not India's Ocean: perceptions of Chinese presence in the Indian Ocean. In: The paper of Asia Centre conference series, Paris, 22 October 2009, pp 1–2

Jae-Hyung Lee (2007) China's expanding maritime ambitious in the Western Pacific and the Indian Ocean. Contemp Southeast Asia 24(3):553–554

Jay Li (李杰) (2004) Oil, Chinese demand, and ocean route security. Knowledge about Vessels (Beijing), No. 300, August 2004, p 12

Joshua A (2013) China takes control of Gwadar Port. The Hindu, 18 February 2013. http://www.thehindu.com/news/international/south-asia/china-takes-control-of-gwadar-port/article4428759.ece. 12 Feb 2014

Khurana GS (2008) Maritime forces in pursuit of national security. IDSA, New Delhi
Lay Wu (吳磊) (2003) Chinese oil safety. China Social Sciences Press, Beijing
Li Hua Wang (王麗華) (2005) Fighting for sea power in the Indian Ocean: triangular games between the United States, China, and India from a geopolitical perspective. Yunnan Adm Coll J (Kunming) 2005(6):104–106
Lindberg M, Todd D (2002) Brown-, green- and blue-water fleets: the influence of geography on naval warfare, 1861 to the present. Greenwood Publishing Group, London
Mahan AT (1890) The influence of sea power upon history, 1660–1783. Little Brown and Company, Boston
Ming Cheng (鄭明) (2007) Establish ocean strategy, construct nation with strong sea power. PRC National Ocean Bureau, 20 March 2007. http://www.soa.gov.cn/hyjww/hyzl/2007/03/20/1174354271821981.htm. 26 Dec 2013
Ming Shih Shen (2002) Special operations warfare in the US-Afghanistan war. In: New century war on terror. Military Fan Culture, Taipei
Ming Yen Tseng (曾明炎) (2010) China breaks through first island chain, Taiwan becomes a borderland of China. Jade Mountain Weekly (Taipei), 49, 20 May 2010, p 26
Ming-Shih Shen (2009) Strategic trilogy of Taiwan defensive strategies. Chu Liu, Kaohsiung
Nan Pin Ma (2006) Considering the deployment and obstacles of fight over energy between China and Japan from the pain of Malacca Ocean channel. Navy Academic Bi-Monthly (Taipei), 40(4), August 2006, pp 30–35
Nin Pu (蒲寧) (2009) Geostrategic and construction of secure Chinese environment. Shishi Publishing, Beijing
Pehrson CJ (2006) String of pearls: meeting the challenge of China's rising power across the Asian littoral. Strategic Studies Institute, US Army War College, Carlisle. http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB721.pdf. 25 Dec 2013
Ren Wan (萬仞) (1985) Oceans, sea power, and ocean strategy. National Defense Magazine (Taipei), 1(5), November 1985, p 27
Ren Ze Yu (2013) Chinese navy expected to build strategic bases in Indian Ocean. Sina News. http://english.sina.com/china/2013/0106/545538.html. 15 Dec 2013.
Shi Sheng Hu (胡仕勝) (2005) Indian Ocean and Chinese Ocean security. In: Min Jay Yang (楊明傑) (ed) Ocean route security and international collaboration. Shishi Publishing, Beijing
Spinetta L (2006) The Malacca dilemma: countering China's 'string of pearls' with land-based airpower. US School of Advanced Air and Space Studies, Maxwell
Srikanth BK (2013) Antony: China Gwadar work is a worry. The Asian Age, 7 February 2013. http://archive.asianage.com/india/antony-china-gwadar-work-worry-822. 15 Dec 2013
Sun H (2009) Chinese oil and gas transport security and pipeline diplomacy: China-Burma oil and gas pipelines as example. In: Energy problem and international security. Shishi Publishing, Beijing
Tharoor I (2013) After fighting over mountains, India and China lock horns in the Indian Ocean. World Times, 16 May 2013. http://world.time.com/2013/05/16/after-fighting-over-mountains-india-and-china-lock-horns-in-the-indian-ocean/. 14 Dec 2013
Walgreen D (2006) China in the Indian Ocean region: lessons in PRC grand strategy. Comp Strategy 25(2):55–73
Wei Lai Shen (沈偉烈) (2005) Introduction to geo-politics. National Defense University Press, Beijing
Wen Chong Liao (廖文中) (2000) The effect of PRC 21st century naval strategy on Asia-Pacific regional security. Pinnacle Technology (Taipei), No. 188
Yi Yang (楊毅) (ed) (2006) National strategic condition analysis 2005–2006. Shishi Publishing, Beijing

Chapter 11
Japanese Perspective on the Rise of India and China and Their Impact on East Asia

Go Ito

11.1 Introduction

By any stretch of imagination, it is apparent that Japan is undergoing an unprecedented transformation in its domestic social and political outlook and in its economic policies even as the economy tries to wriggle out of nearly two decades of painfully slow growth. Perhaps even more remarkable and profound things are happening on its foreign and security policies. No question that the single most important factor that seems to be behind these shifts is China, not simply because it is rising inexorably but importantly for what most consider its increasingly assertive attitude. That Beijing is amassing huge amounts of economic and military power is manifest, but what most are concerned is how it will use its newfound might. Despite the fact that China is becoming heavily interdependent economically, some of its actions and pronouncements by the top leadership suggest that it is challenging the status quo and that it wants a new regional East Asian order that reflects its dominant position. If this has put Japan in a difficult position, it is equally tricky for the US on the issue of its response since it is the most dominant power at present. Not to be left out, India is also making itself an important player in East Asian affairs through a robust Look East policy. Thus, all great powers are fundamentally reorienting their strategies and policies in the light of the emergence of new power centres and rapidly changing great power relations. Corresponding to frosty relations with China, Japan has found a new strategic partner in India, whose potential to countervail China can by means be underestimated. From a Japan's perspective, the stronger the alliance partnership with the US, the better it is. However, the US has its own calculations when it comes to dealing with Japan–China relations given the strong security bonds with the former and muscular economic relations with China.

G. Ito (✉)
Meiji University, Tokyo, Japan
e-mail: goito@meiji.ac.jp

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8_11

Thus, one can see fundamental shifts in the US–China–Japan triangular relationship even as each looks for more flexibility and more options. That is where burgeoning Japan–India strategic partnership comes into sharp focus. There is also a host of maritime issues that are likely to pose serious challenges. They are not limited to disputed territories but to the emergence of substantial new maritime powers such as China and India, besides Japan. China certainly appears to be at the root of most of recent maritime disputes not just with Japan but also with South Korea and several countries in the South China Sea. These are becoming highly emotive and are whipping of nationalist tendencies, which can be detrimental to regional stability. There is also ASEAN-led multilateralism that seems to be taking roots, but whether it can make substantial difference to regional security, one has to wait and see. Consequently, the entire East Asian region is undergoing profound changes even as its complexity increases manifold. It is against this backdrop that the paper tries to examine various dimensions of great power relations in East Asia from a Japanese perspective.

11.2 The Emergence of New Multilateral Frameworks After the Global Financial Crisis

After the 2007 global financial crisis, the future of the world economy depends on Asia's emerging countries. Regardless of the value of the Japanese yen vis-à-vis other currencies, it is not Japan but rather Asia's emerging nations such as China, India and other countries that have led the world economy. It is apparent now that their emergence is altering the entire framework of international policymaking, as seen in the example of the G20 replacing the earlier G7 or G8.

Two points are significant for students of international relations. First, with more and more countries attending multilateral negotiations, there is a dilemma between their 'legitimacy' and 'effectiveness' in implementing the outcomes of the negotiations. Though the importance of G20 is now well recognised by President Barack Obama, it is questionable if the newly participating countries can create more efficient international frameworks. The discussion of who should take responsibilities for supplying international public goods existed in the Cold War period; however, recently, we see more diverse parties concerned with the same question. Unfortunately, few countries transfer their expanding gross domestic product (GDP) into the provision of international public goods. Despite maintaining a tentative trust towards the US, the more countries demand multilateral cooperation, the less sufficient the supply of public goods is seen to be. This imbalance has been a typical characteristic of global relations in the present day (Wright 2009).

Consequently, another salient tendency in today's international society is that some participants merely enjoy the benefits of multilateralism by 'free-riding', without taking appropriate responsibilities. While emerging countries demand to speak against international society, they behave like developing countries once they

are asked about their obligations to the society. Generally, multilateral frameworks are likely to collapse in two cases: (*a*) a majority of member countries being on a free ride and (*b*) maintaining the framework, which incurs huge costs. For example, China's loose policies on environmental protection, intellectual property rights and pollution emanating from China affect its neighbours. It can be said that a typical free ride widely provides 'public bads' instead of 'public goods'. As a result, it is clear that developed countries and emerging ones do not usually share similar values and ideas. Therefore, international cooperation between them is more difficult than among advanced democratic nations.

11.3 Drastic Changes in the Japan–US–China Triangle

Since a Chinese fishing trawler rammed the Japanese coastguard vessel in the vicinity of Senkaku/Diaoyu area, China's earlier rhetoric about itself as a status quo power has turned this picture upside down, and Taiwan emerged as a revisionist actor seeking to alter the status quo. While the term 'status quo' worked as neat solutions for the US, China and Taiwan in the short term, the Democratic Progressive Party's (DPP) pursuit of Taiwan's independence altered its own image from a 'democratic good guy' to a 'revisionist bad guy'. In the end, the DPP's voice for Taiwan's democracy lost its appeal to the international community. Then, in the 2008 presidential elections, the Nationalist Party under Ma Ying-jeou came to power.

One the other hand, as China sped ahead economically, the China–US relationship began to strengthen simultaneously. Given the perception that China is faced with an uncertain future both politically and economically, it makes sense that successive US administrations have pursued the twin policies of seeking to 'engage China' and also to 'hedge against China'. Though the former should be more desirable for the US, the latter cannot be precluded for the time being, and the US government needs to advocate the strengthening of its alliance with Japan and seek a greater role for Japan in the region (Yoichi Funabashi 1999).

Therefore, the US–Japan New Security Guidelines of the late 1990s, the New Defense Program Outline in 2004 and then dispatches of the Maritime Self-Defence Force (MSDF) to Afghanistan and Iraq allowed the Japanese government to more easily project power overseas. That is, the US is likely to argue that as Japan had been a free rider on the US for its security in the Cold War international order for quite a while, it will now need to provide 'human contributions' for international peace and stability in the changed circumstances. Premier Junichiro Koizumi's 'globalisation of the US–Japan alliance' implied that the SDF should become increasingly involved in international peacekeeping/reconstruction efforts not only within the areas surrounding Japan but also more widely throughout the world. His vision was presented in the 2004 Defense Program Outline.[1]

[1] Japan Defense Agency, *Defense of Japan 2005*, at http://www.md.go.jp/e/publ/w_paper/pdf/2005/2.pdf (accessed on 10 September 2010).

That being the case, China has started to wonder if the US–Japan alliance will be anything more than a tool to prevent Japan's re-emergence as a great power. But as the US now stands in the background, China cannot simply declare that the 'cork strategy' has failed without inadvertently implicating and potentially offending the US. Thus, China has begun to strengthen relations with countries in Asia other than Japan and is hereby attempting to increase its influence by building a counter-group in its multilateral diplomacy (Shambaugh 2004–2005). It is here that India's emergence as a key strategic partner for Japan is a pivotal development.

China's attempts to rival the US in military terms are not likely to have a positive outcome. Also it might be imprudent to offend a country on which one's economic growth depends. The US–China Strategic Dialogues were originally formed in 2005 precisely for this reason. From the US perspective, these kinds of dialogues with China will work as an engagement strategy. If China were to implode, the US and Japan together would tackle it. From China's point of view, the closer it draws to the US, the more its regional weight and presence will increase. Therefore, steps such as the redefining of the US–Japan alliance, the holding of the China–US strategic talks and the strengthening of an East Asian community, all reflect the simultaneous advance of Japanese, Chinese, and American interests in the region.

However, the strategy that the US government seeks, that is, economic engagement with China on the one hand and strengthening the security partnership with Japan against an uncertain China on the other, will gradually become less effective because the economic power balance between the US and China has gradually tilted towards China, even though the US is still a larger economy. In the backdrop of the 2008 financial crisis, China's holding of the largest amount of foreign currency reserves and US public bonds is indicative of its international presence and its ability to exert its economic capability other than by the traditional use of military power. Thus, the security framework that the US has provided for its East Asian allies, including Japan, will become outdated, since it has been based on the former's projection of military power. In other words, the US will need to create a new strategy of 'liberal deterrence' stemming from economic and other nonmilitary methods, as opposed to the military-based 'realist deterrence' of the past years (Ueki Chikako Kawakatsu 2009).

11.4 Japan's Approach to India: Cooperation or Seduction?

Japan and India have recently been conducting annual consultations at the foreign secretary, at the foreign minister and at the defence minister level, besides the annual summit meetings of the prime ministers. A security dialogue between the two countries was set up in 2001, six rounds of which have been conducted since. During the Indian prime minister's visit to Japan in 2008, a joint statement on security cooperation between Japan and India was issued. Furthermore, an action plan to advance security cooperation based on the joint declaration was issued during the Japanese PM's visit to India in 2009. The Japan–India 2 + 2 Dialogue, which is the framework established based on the agreement by the PMs of both countries at the annual summit in December 2009, was held in New Delhi in July 2010.

High-level exchanges continue between the defence authorities. From Japan, those corresponding to generals/admirals within the Chief of Staff as well as individual military corps have visited India and vice versa from India. Both sides made various joint statements to promote defence exchanges and cooperation. In April 2009, the Maritime SDF joined in the 'Malabar 09', which was co-hosted by the US and India. Furthermore, four Indian navy vessels visited the port of Sasebo, and the Maritime SDF's training squadrons visited the port of Goa in May 2009.

Combined exercises on antipiracy, search and rescue, etc. have been conducted between the coastguards since 2000. The two coastguards conducted their eighth joint exercise when the Indian *Sagar* visited Nagoya in May 2007. Heads of coastguards of both countries visit each other almost every year. The two exchanged a memorandum on cooperation at the occasion of Commandant Hiroki Ishikawa's visit to India in November 2006. As per an agreement in 2013, the joint exercises would involve the respective navies. During PM Shinzo Abe's visit to India in late January 2014 as the chief guest of India's Republic Day celebrations, it was also agreed that the trilateral exercises between India, Japan and the US, which had been suspended in 2007 due to China's strong protests, would be resumed. Thus, India and Japan have created a number of institutional mechanisms to promote security and defence cooperation.

In terms of economic relations, both countries have been expanding bilateral trade in recent years. However, the speed and scope of expansion has been limited. A joint study group (JSG), composed of government officials and representatives of business and academia from both sides, has held four meetings since July 2005. The JSG submitted its report to the PMs when they met in July 2006, which includes a recommendation for launching negotiations for an Economic Partnership Agreement (EPA). The two PMs agreed in December 2006 to launch negotiations for the conclusion of a bilateral accord called the Comprehensive Economic Partnership Agreement (CEPA).

The Japan–India Strategic Dialogue on Economic Issues, which reviews the current status of bilateral economic issues discussed at summit meetings and undertakes coordination as necessary, was held thrice in New Delhi and Tokyo as of July 2010 (the dialogue itself was launched in July 2007). In August 2007, the Business Leaders Forum was held in New Delhi on the occasion of PM Abe's visit to India and the second meeting was held in Tokyo in October 2008. Finally, in February 2011, India and Japan signed the CEPA, which became operational in August of the same year. It is already paying rich dividends, with bilateral trade reaching over US$ 18 billion in 2013 from about 13 billion in 2011. As Japanese investments increase steadily, bilateral economic relations are expected to see a dramatic rise in the coming years.

When the Liberal Democratic Party (LDP) in Japan came back to power in December 2012, Prime Minister Abe stated:

> The ongoing disputes in the East China Sea and the South China Sea mean that Japan's top foreign-policy priority must be to expand the country's strategic horizons. Japan is a mature maritime democracy, and its choice of close partners should reflect that fact. I envisage a strategy whereby Australia, India, Japan, and the US state of Hawaii form a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the western

> Pacific. I am prepared to invest, to the greatest possible extent, Japan's capabilities in this security diamond.[2]

Based on his personal relations with Indian PM Manmohan Singh, Abe has sought to cultivate ties with India, which is also enjoying a rapid economic growth and whose rising military capabilities can countervail that of the Chinese.

11.5 Maritime Issues for Japan, China and India

Now that the US–India–Japan trilateral dialogue has been taking place mostly to exchange views and possibly coordinate policies on emerging East Asian security and economic architecture, it is time to examine how the US can encourage the burgeoning Japan–India relationship. One of the more controversial aspects of the relationship continues to be nuclear nonproliferation. For years, Japan was opposed to India's nuclear ambitions, but Tokyo was fully on board with the 2008 Nuclear Suppliers Group (NSG) decision to provide a waiver allowing India to import civilian nuclear technology and fuel without signing the Nuclear Nonproliferation Treaty. Nuclear dialogues between the two nations have intensified over the past few years, although they were weakened by the Fukushima disaster.

China is a major security threat on which India and Japan agree. It is argued that the axis of Japan's maritime policy and the Japan–US security alliance have gradually shifted from the fight against terrorism towards China's maritime assertiveness in the past 2 years. The 2011 meetings between the two prime ministers, Yoshihiko Noda and Manmohan Singh, emphasised the need for the two nations to strengthen their security cooperation regarding China's maritime expansion. The US should consider the rise of China's sea power as a threat not only to its security interests but to overall stability in Asia.

Now is not the time for the US to make military cuts, which would severely weaken security and economic interests in Asia. As part of its Asia strategy, the US needs to strongly support the emerging relationship between Japan and India. Any retraction of its engagement in Asia would only embolden China and hurt the interests of the US, Japan and India.

As its economic growth has become more salient, China has been interested in expanding along the sea. Despite its territorial area, the size of China's exclusive economic zone (EEZ) is smaller than that of Japan. To sustain its economy, whose population is ten times of Japan's, China has become quite assertive since the 1990s in obtaining as well as maintaining fishery rights, natural resources on the seabed and possible oil well underneath. Because of its geographical outreach, China has caused a variety of problems to its neighbours (Glosny et al. 2010).

[2] Abe's statement on the 'security diamond' at: http://www.project-syndicate.org/commentary/a-strategic-alliance-for-japan-and-india-by-shinzo-abe (accessed on 12 December 2013).

The well-known 'history problems' in Asia cannot be applied only to China–Japan relations. Other than Japan, China has raised historical issues in international negotiations with South Korea, Russia, Vietnam, India, various Central Asian countries and others. These issues have also existed in Japan's relations with the US, but they have not shown up that often as problems under the banner of their bilateral partnership. In other words, it can be argued that historical problems have been a particular phenomena raised by the Chinese government.

Moreover, China has caused not just land border conflicts but also maritime territorial problems with its neighbours.[3] In its negotiations with Japan, the Senkaku Islands disputes have been a typical case. On 7 September 2010, China's fishing trawlers entered the disputed area near the islands, and one of them collided with Japan's coastguard patrol vessels. Japan's coastguards boarded the Chinese ship and arrested its captain, who was released on 24 September.

The Chinese government issued a strong protest against the Japanese government on the grounds that the Senkaku Islands are within China's territory. Strangely enough, however, until December 1971, when the Chinese government declared territorial rights over the Senkaku Islands, a variety of official Chinese governmental documents indicated that the islands were the territory of Japan.[4] Beijing has been upping the ante in this region in the recent past, which appears partly to appease certain sections at the domestic level that are very nationalist and also probably to test the resolve of the US regarding the extent to which it can go in defending the islands on Japan's behalf. The declaration of Air Defense Identification Zone (ADIZ) in November 2013 is a case in point, which obviously has heightened tensions with Japan (and to a lesser extent with South Korea since the ADIZ overlaps with it as well). Chinese actions have also sent ripples of concern across the rest of the East Asian region.

Even more important in China's approaches to maritime interests in the surrounding seas has been the recent disputes between Beijing and several other Asian governments over ownership of islands in the South China Sea. Many Southeast Asian observers have seen this dispute as a litmus test for a newly strong China's relations with its smaller neighbours: whether China would use its formidable military power to attempt to intimidate the other claimants or settle the matter peacefully through negotiations in good faith. Vietnam, which fears long-term Chinese intentions, sees in the Spratly and Paracel Islands disputes a harsh and sometimes violent counterpoint to China's Asia-Pacific 'smile diplomacy'.

Moreover, in negotiations with South Korea, China also has had territorial disputes over a small island (as per the South Korean government) in the northern East China Sea for many years. Judging from all of these disputes as well as the gradual expansion of its maritime interests, it can be argued that maritime security problems have been issues primarily created by China (Roy 2005).

[3] However, many of territorial issues have been resolved during the Hu Jingtao period.

[4] It should be emphasised that such maps of the Senkaku belonging to Japan were quite often published by the Chinese government at that time.

11.6 Crisis Management in the Past and China's Claims

On these maritime disputes, Japan, China and neighbouring countries have suggested several methods for crisis management. The first is an intentional delaying. With respect to the Senkaku Islands, when Deng Xiaoping visited Japan in August 1978 for the Japan–China Peace and Friendship Treaty, he mentioned at a press conference that the issue should not be addressed either by China or Japan for the time being. It was wise for both countries, under the banner of the bilateral friendship, to put the possible conflict on the back burner.[5]

The second is to show compromises. In the case of the East China Sea, Japan's EEZ overlaps with China's, and Japan has suggested a middle line between the borders of Japan's EEZ and that of China's. Against Japan's suggestion for this compromise, however, China has argued that the borders of the continental shelf close to Okinawa, which is more than 320 km from the Chinese continent, should have been under China's control. Strangely enough, though, China has claimed the continental shelf bordering Japan over the East China Sea while arguing against Vietnam that the median line of the EEZ should be the basis of the bilateral maritime interests with Vietnam (Banlaoi 2011). That is, it has employed contradictory approaches towards its maritime interests, depending on the usefulness of its tactics in international negotiations.

The third method is the gradual setting up of norms regarding the conduct of concerned countries over the disputed areas. As far as the South China Sea is concerned, China signed the Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002 and also declared its readiness to establish specific action norms for the security of the region in 2007. However, in the recent few years, a number of Chinese military vessels as well as submarines have appeared in the disputed area. There is a tendency of fishing trawlers to first come to the hotspot, then vessels to patrol the fishing trawlers show up, and finally military vessels appear. This sort of escalation makes neighbouring countries increasingly fearful about China's intentions.[6]

In other words, China has been making use of the carrot-and-stick diplomacy strategy. It sometimes conducts 'smile diplomacy' to make agreements with countries in dispute.[7] But the agreements do not last long, and then strong claims on the territorial dominations are indicated in bilateral negotiations. Here, China often emphasises the historical legacy of the territories in question, usually arguing that they had occupied such hotspots. They often cite classical Chinese writings justifying these territorial rights. As continental Asia used to be influenced culturally by

[5] However, it is not clear even now if the Japanese government had agreed with Deng's statement beforehand. When the Senkaku incident occurred in September 2010, China condemned Japan for violating the agreement of not stirring up Senkaku issues. Against this condemnation, the Japanese government claimed that there had been no agreement on this matter during the 1970s.

[6] *New York Times* (23 April 2010).

[7] More specifically, China tends to indicate softer diplomacy when the US government shows its readiness to intervene. Before that stage arrives, however, it prefers bilateral negotiations over the disputed areas.

the Chinese empire, it is not unusual that a variety of writings exist in China about the movement of the Chinese to these hotspots. It is questionable, however, if such writings can prove China's claim of territorial rights under the principles of the modern international law.[8]

11.7 The US–Japan Partnership for Maritime Security in the East and the South China Seas

First of all, it has been well-known that Article 5 of the US–Japan security treaty touches upon the possibility of the US government's intervention in the Senkaku issue. It says: 'Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes'. That is, as long as the US government recognises that Senkaku belongs to the Japanese, it will make sense that the latter should seek American support to maintain its territorial rights over the islands.

Second, since China seeks to broaden its maritime interests, it is necessary for Japan (and the US) to continue to argue the importance of freedom of navigation in the disputed area. This has been one of the significant rules of international law, and by making use of this logic, entangling with China's claims on territorial sovereignty may be avoided. Regarding the South China Sea, which the US–Japan treaty does not directly address—China prefers not to have the US intervening—the possible geographical extension beyond the US–Japan security treaty will become important. It does not imply the alliance's military outreach but rather seeks to disseminate universal aspects of the US–Japan alliance towards the countries concerned about maritime security in the region. Such functional outreach could seek to include China as a significant participant, but if China is disinclined to take part, the US–Japan tie-up, together with neighbouring countries, could present itself as a kind of stick against China's attitude.

More specifically, there will be three methods to realise the effective (and also functional) broadening of the US–Japan partnership to address maritime security. First, both governments should welcome Australia's entry into a variety of maritime security issues in the disputed areas. In July 2011, trilateral military exercises were conducted near the South China Sea, and the event significantly affected Chinese perceptions of its strategy towards the region.[9] Because of its geographical closeness, Australia has been interested in engaging with Asian affairs since the 1980s, and its interests towards Asia will fit with those of the US and Japan for the security of the archipelago areas in Southeast Asia. While seeing the rise of China as a possible chance to boost their economies, the Association of Southeast Asian

[8] See Rommel Banlaoi (2011).

[9] One significant element in the South China Sea has been that since 1992, when the US withdrew from the Philippines, there has been no US military base in South-East Asia.

Nations (ASEAN) countries have sought to avoid the gradual intimidation by China regarding their economic connections with it. That is, for the ASEAN members to hedge the various risks stemming from China's growth spurt, it is wise to maintain their relations with bigger powers like Australia, the United States and Japan. For Australia, which, during the years of Prime Minister John Howard, showed its readiness to enter the East Asian Summit, it will also be beneficial to join the making of Asia's regional frameworks. In this sense, its participation cannot be what seeks to contain China against other Asian countries.[10]

Second, it is important for both the US and Japan to think about broadening their cooperation beyond the US–Australia–Japan alliance and to seek to globalise the universal aspects of maritime security with other neighbouring countries. South Korea and Taiwan, and possibly Vietnam as well, in terms of sea lanes, might be interested in the importance of security in the East and South China Seas. That is, a more region-wide dissemination of the maritime security will enable the participating countries to emphasise the universal elements of the sea as commons.[11]

Finally, the ultimate globalisation of maritime security will be the application of the rule of maritime law, and the extent to which China might be engaged into the international framework will become a litmus test to judge its real intention regarding its carrot-and-stick diplomacy. China has often stressed upon the historical justification of its claims to the surrounding seas, which its neighbouring countries regard as irrelevant. Bringing China within the 'global standard' of maritime security will be key for the future stability and prosperity of the Asia-Pacific region as a whole.

11.8 The East Asian Community and the US

In the US's policy towards Asia, the structural factor of the Sino-Japan rivalry as well as its overwhelming national power has always served as sources of influence. In fact, post-War US policymakers regarded Japan as the main bulwark against communism, and the US fully purchased Japanese products in its market open. This situation brought about Japan's economic growth and technological ability, which founded the conditions for today's deep economic interdependence between the two nations. On the other hand, ever since World War II, the US has often expected more from China than is realistic. At the end of the War, the US had expected that China with its vast area will be its potential strategic partner. However, the plan was upended by the Chinese civil war and subsequent community victory. Even later, the US had been ambivalently attracted by China's huge market while remaining afraid of its nuclear capabilities. We often saw paradoxical Sino-US relations, such as the process from their rapprochement towards normalisation in the 1970s, their

[10] However, various articles written by Chinese scholars tend to emphasise aspects of containment against China in the US–Australia–Japan triumvirate. See Sheldon Simon (2011).

[11] I would like to thank Admiral Yoji Koda for providing me with this comment. In my understanding, he argues the nature of collectiveness in the US–Japan alliance and emphasises the importance of broadening the partnership towards other neighbouring countries.

strategic alliance as a card against the USSR in the 1980s and President Bill Clinton's delinking policy between human rights and the most-favoured nation (MFN) status in the 1990s (Mann 1998). Thus, the US has had two exclusive policies—one on Japan and other towards China. For the US, the concept of East Asia has not been so important; therefore, it is largely neglected. Yet, regardless of this, the structure of the Sino-Japan split has remained the best choice for the US.

In the first decade of the twenty-first century, the Sino-Japan conflicts can be traced back to discussions 60 years ago. One of China's recent strategies is that it attempts to decrease Japan's influence by increasing the number of countries sympathetic to China. For example, China blames Japan for World War II by making the US a main speaker while remaining behind the scenes itself. On the other hand, Japan tries to convince the US of its allied position by announcing 'globalisation' of the US–Japan alliance or by suggesting that China and North Korea are potential threats to Japan, and, therefore, the US.

Thus, both Japan and China need the US independently to compete with each other. In such a situation, the US strategically maintains its supremacy by dividing the region. In East Asia, different ideologies or historical perceptions are embedded as seeds for regional conflicts, but they are caused or perpetrated by the US for it to ensure commitment to the region (Friedberg 1993). Even today, after the end of the Cold War, the systems of communism remain, and past historical problems hinder Asian nations' cooperation (Kim 2004). It is true that intraregional trade is increasing, but this does not automatically lead to political coordination. In fact, a situation of 'politically cold, economically hot' prevails. On the other hand, the extent of trade dependence between the US and Asian countries is also remarkable. China, over the past decade, has heavily depended on the US. Indeed, for its trade performance, the US preserves economic interests in Asia. We may conclude that the US favours a politically divided Asia to keep its economic interests alive.

This explains why the US has raised questions about ideas such as integration, community building, etc. in East Asia. These may alter the regional status quo, something that they don't want to see happening. As the US deputy secretary of state Richard Armitage said, the East Asian Summit (EAS) was an attempt to exclude the US.[12] The scenario of Asia becoming one community would essentially mean a threat to US primacy in East Asia. Thus, the reason the US often refers to Asia's potential conflicts is very possibly related to its own motivation to keep its current influence in Asia going. That Japan and China are not in good relationship or that the Korean Peninsula remains crisis-ridden strengthens the meanings and importance of the US's presence in Asia.

Another remarkable fact about the US is that, along with Japan, it actively tries to widen the geographical limit of Asia. To challenge China's favourite framework of ASEAN+3, the US supports Japan's efforts to invite India, Australia and New Zealand to create a framework of ASEAN+6 (Su Xuefeng 2010; Glosny 2006). The US finds merit in more participation of like-minded nations in the regional 'community'. Meanwhile, it has, since 2006, begun reactivating the Asia-Pacific

[12] *Asahi Shimbun* (2 May 2005).

Economic Cooperation (APEC) forum, which had been receiving less and less attention after the era of the Clinton administration (Morrison and Pedrosa 2007). In other words, the US believes that its interests in Asia are best maintained as long as the 'community' is a nominal space where Asian member countries merely have regular conversations with no substantial products.

11.9 Possible New Strategies for the US

The situation that exists today means that the US government will in the future have to create multilateral security mechanisms to supplement its bilateral alliances. Given that both theories, hegemonic stability and balance of power, although claiming opposite views, have provided foundations for scholars and practitioners of international relations in implementing their policy options, the US's strategy has been to push American primacy by exploiting the 'hub-and-spoke' system of Asia-Pacific international relations. But as China rises and seeks to create a multilateral East Asian community, it will be harder for the US to assert its hegemonic privileges stemming from bilateral alliances (Pempel 2010). In confronting China, what other resources might the US bring to bear other than its military force?

This is why the US is searching for liberal deterrence strategies based on non-military sources of influence. It includes the creation of various rules and standards on environment, technology, intellectual property rights, personal information protection, sanitary standards and so forth. A variety of policy questions need to be considered in international relations with Asia in the present time, such as (*a*) how the US will commit to Asian security; (*b*) how China and the US will manage to settle the sphere of influences; and (*c*) how Japan and India will be used by the US government in this context.

In this environment, however, Japan's politics cannot afford to go forward to manage the critical agenda in East Asia. In the 5 years since Junichiro Koizumi stepped down as PM, no less than five PMs changed in 5 years. This, in conjunction with the divided majorities between the upper and lower houses in the Diet, Japanese politics have seen serious immobility in addressing its own inferior positions or its economic engine for international competitiveness. Discussion on the lack of a strong leadership is beyond the scope of this paper, specially regarding whether political fragility can be attributed to the premiers' personalities or structural weaknesses in the Japanese political infrastructure.

11.10 Conclusion

China has an intrinsic presence in the East Asian regional order. Geographically speaking, it is the only country in the region that has made a tremendous impact on its neighbours. There seems a hierarchy centred around China, and those who

know Chinese history tend to emphasise this point. China achieved stability along its borders and gained the upper hand vis-à-vis domestic contenders because it monopolised legitimacy while benefiting from trade/tributary relations.

The opposite notion is that China has acted like France, that is, it has always been mindful of power games related to emerging and threatening powers within and in adjoining areas. It had, thus, been first among equals. From this perspective, any stability based on a Chinese hierarchy would be fragile and temporary in the current context. China's potentially massive military forces are prone to intervening in domestic matters or used for political purposes, especially when a new leader finds it necessary to demonstrate superiority.

In response to the economic and political rise of China, there have been two different approaches in the realist school. One is to counterbalance the rise of China, and the other is to join forces and lend support to its (peaceful) rise. The former approach assumes that, given the overwhelming potential and actual threat China poses, it is natural that countries join forces to counter the prospect of a regional hegemon emerging. The latter predicts that given the defensive realist nature of the Chinese strategy for the foreseeable future, lending support to China is a safe bet.

For Japan, the choice depends on US influence. Its globally hegemonic character makes the bandwagoning idea sound less convincing as countries adjacent to China are often part of the American hegemonic umbrella. At least China perceives the US–Japan security cooperation as an action aimed at balancing Chinese power.

However, not to be dismissed is the bandwagoning influence of economic interdependence. As if lured by the ever-expanding market, a huge number of business firms, especially those from neighbouring countries, pour direct investment into China. It is important here to distinguish between the language of business and that of power. Business is uniformly referent to itself, whereas power involves uniquely characteristic expressions of meaning each time it is exercised. Sometimes business-speak is convergent with power-speak, but not always. Rather, the flow of foreign trade and direct investment into China might not be interpreted directly and singularly as lending credence to the growth of a regional hegemony.

As stated before, the US's hegemonic character makes the bandwagoning theory seems slightly unsound. Similarly, the nature of global hegemony makes the balancing school sound unlikely as the act of balancing vis-à-vis China is bound to be conducted along with the US. That is, China may say that US allies jumping on the US bandwagon is an action triggered by the emergence of the Chinese threat. On the other hand, the maritime orientation of US hegemony often leads Washington to adopt a policy of offshore balancing, rather than getting deeply involved with continental power politics. Thus, when the US adopts an isolationist stance, it temporarily ceases to be a power that counts in the Chinese sphere.

All things considered, the US is able to gain advantage through keeping distance from Japan and China and detaching its own commitment to East Asian security. That is, India will be a good partner for the US and Japan in the context of having another source of power. Along with the aforementioned policy options of balancing and bandwagoning, the US's provision of a security umbrella would be a source of leverage if it develops a penchant for isolationist tendencies.

References

Banlaoi R (2011) Maritime security environment in the East and South China Sea. Paper presented at the international conference on maritime security environment in East Asian waters, Ocean Policy Research Foundation (OPRF), Tokyo, 16–17 February 2011

Friedberg A (1993) Ripe for rivalry: prospects for peace in a multipolar Asia. Int Secur 18(3):5–33

Glosny MA (2006) Heading toward a win–win future? Recent developments in China's policy toward Southeast Asia. Asian Secur 2(1):24–57

Glosny M, Saunders P, Ross R (2010) Debating China's naval nationalism. Int Secur 35(2):161–175

Kim SS (ed) (2004) The international relations of Northeast Asia. Roman and Littlefield, Lanham

Mann J (1998) About face. Knopf, New York

Morrison CE, Pedrosa E (2007) An APEC trade agenda? ISEAS Publishing, Singapore

Pempel TJ (2010) More Pax, less Americana in Asia. Int Relat Asia-Pac 10(3):465–490

Roy D (2005) Southeast Asia and China: balancing or bandwagoning? Contemp Southeast Asia 27(2):305–322

Shambaugh D (2004–2005) China engages Asia. Int Secur 29(3):64–99

Sheldon Simon (2011) The United States, Japan, and Australia: security linkages to Southeast Asia. Paper presented at the conference 'new security environment—implications for American security in the Asia Pacific region, Institute for National Strategic Studies, National Defense University, Washington, DC, 4–5 April 2011

Su Xuefeng (2010) The efficiency of China's multilateral policies in East Asia (1997–2007). Int Relat Asia-Pac 10(3):515–541

Ueki Chikako Kawakatsu (2009) International structural change and the US–China–Japan relations: the importance of a "Liberal Deterrence" policy. *Kokusai Mondai* (International Affairs), vol 586, November 2009

Wright T (2009) Implications of the financial crisis for soft power in Asia. Chicago Council on Global Affairs, Chicago

Yoichi Funabashi (1999) Alliance adrift. Council on Foreign Relations, New York

Index

A
Abdul Kalam, A.P.J., 44, 83
Abe, Shinzō, 1, 21, 161
Abenomics, 11
Academy of Military Science, 139
Aden Gulf, 139, 149
Afghanistan, 119
Africa, 140, 144, 146, 152
Afro-Asian Conference, 77
Agreement on Confidence-building Measures in the Military Field, 101
Agreement on the Maintenance of Peace and Tranquillity, 101
Air Defense Identification Zone (ADIZ), 163
Air force-level exercises, 19
Aksai Chin, 91–93, 100
Aksai Chin-Ladakh, 90
Alliance theory, 44
All India Congress Committee, 100
American imperialists, 77
Andaman and Nicobar islands, 115
Andaman Sea, 115
Anti-access and area denial, 142
Anti-access and denial strategies, 140
Arab Sea, 129
Ari district, 91
Article 5 of the US–Japan security treaty, 165
Arunachal Pradesh, 51, 90, 94, 101–104
Asaphila, 95
ASEAN+3, 33, 35, 167
ASEAN+6, 167
ASEAN economies, 38
ASEAN plus three (APT), 12
ASEAN Regional Forum (ARF), 15, 131
Asia, 32
Asia–European Continental Bridge, 85
Asia–Europe meet, 102
Asian economies, 32
Asia-Pacific, 116, 142
Asia-Pacific Economic Cooperation (APEC), 12, 47, 167–168
Asia-Pacific region, 166
Asia's maritime commons, 22
Asō, Tarō, 1
Asphila, 93
Assertive attitude, 157
Association of Southeast Asian Nations (ASEAN), 2, 12, 27, 33, 34, 36, 44, 115, 144, 165–166
Australia, 12, 142, 165–166

B
Balancing, 44–46
Bandwagoning, 44–46
Bangladesh, 49, 89, 149, 152
Bangladesh-China-India-Myanmar Initiative, 18
Bay of Bengal, 21, 115
Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC), 18
Bharatiya Janata Party (BJP), 53, 68
Bhutan, 93, 109
Bilateral and multilateral exercises, 16, 19
Bilateral relationship, 107
Blue-water navy, 139, 151
Blue-water navy development, 141
Border Defence Cooperation Agreement (BDCA), 109

G.V.C. Naidu et al. (eds.), *India and China in the Emerging Dynamics of East Asia*,
DOI 10.1007/978-81-322-2138-8

Border demarcation agreement, 109
Border dispute, 59, 109
Border dispute with China, 71
Boundary disputes, 12, 89, 107–109, 118
Boundary question, 101
Brazil, Russia, India, China and South Africa (BRICS), 10, 38, 60, 84, 86
Brazil, South Africa, India and China (BASIC), 84
BRICS summit, 134
Broadening of the US–Japan partnership, 165
Bumla, 97, 104
Burma, 93, 100, 101
Bush, George W., 15

C
Capital market of India, 61–62
Change in tariff heading (CTH), 36
Chantze, 95
Characteristics, 107
Charding nallah, 103
Chedong, 93
Chenju, 93
Chiang Mai Initiative, 12
China, 27, 45, 123–124, 157
China and India, 2, 75–77, 79, 83–84, 129, 134
China and North Korea, 167
China and Pakistan, 127
China and Taiwan, 159
China–ASEAN Free Trade Agreement (CAFTA), 27, 33, 34
China–ASEAN trade, 32–33
China has become quite assertive, 162
China-India, 60
China-India friendship year, 134
China–India relations, 4, 60, 75, 76, 78, 80
China Overseas Shipping, Corporation (COSCO), 125
China's rise, 9
China's role in regional trade, 34
China threat, 78, 140
Chindia-plus group, 84–87
Chinese aircraft carrier, Liaoning, 139
Chinese blue-water navy, 148
Chinese Communist Party (CCP), 118, 124
Chinese economy, 37
Chinese hierarchy, 169
Chinese naval strategy, 147
Chinese version of ocean strategy, 147
Chittagong, 114, 152
Chumar, 103
Chushul, 92, 100
Climate change, 79, 80, 86, 107
Clinton, Bill, 167
Clinton, Hilary, 21, 22
Coco islands, 114
Cold War, 11, 78
Comparative advantage, 33
Complementarities, 107
Complex electronic and automotive goods, 30
Comprehensive economic cooperation agreement, 17
Comprehensive economic partnership agreement (CEPA), 161
Comprehensive Nuclear-Test-Ban Treaty (CTBT), 113
Confidence-building measures (CBMs), 90, 97, 100, 101, 105
Congress Party, 67
Cooperative Mechanism for the Malacca and Singapore Straits, 126
18th CPC Congress, 140
Crisis management, 164–165

D
Dai Bingguo, 95, 96, 98, 99
Dalai Lama, 11, 60, 77, 89, 107, 110, 111, 130
Daulat Beg Oldi, 104
Declaration on Principles for Relations and Comprehensive Cooperation, 101
Declaration on the Conduct of Parties in the South China Sea (DOC), 131, 164
Defence diplomacy, 16
Defence ministry, 17
Defence outreach programme, 16
Defence policy dialogue, 19
Defence relations with foreign countries, 16–17
2004 Defense Program Outline, 159
Delimitation, 90
Delineation, 90
Demarcation, 90
Demchok, 92, 102, 103
Democratic political system, 65
Democratic Progressive Party (DPP), 53
Deng Xiaoping, 100, 164
Depsang Bulge, 103
Depsang Valley, 104
Deterministic approach, 107
Dharamsala, 111
Dialectical relationship, 118
Dialogue partnership, 14

Dibang valley, 95
Dichu, 97
Directorate of foreign cooperation, 17
Discourse, 107
Disputed border, 109
Diversification of manufacturing sector, 32
Dixit, J.N., 95, 98
Djibouti, 149
Domestic constituencies, 107
Dragon, 83

E
Early harvest programme (EHP), 33
East Asia, 2, 3, 9, 144, 167
East Asia economic group, 14
East Asian, 37
East Asian affairs, 157
East Asian community, 160
East Asian investments, 12
East Asian region, 3
East Asian security, 2, 20
East Asia Summit (EAS), 12, 17, 40, 102, 167
East China Sea, 126, 163, 164
Economic Cooperation Framework Agreement (ECFA), 43–44
Economic growth, 61
Economic interdependence, 13
Economic power balance, 160
Economic reforms, 28
Edwardes, M., 77
Eight-point initiative, 15–16
Energy diplomacy, 146
Energy security, 112
Engage China, 159
European Union, 11, 44
Eurozone, 12
Exclusive economic zone (EEZ), 69, 164

F
Factory Asia, 33
Far Eastern Naval Command, 115
Finger Point, 103
First island chain, 123
Five Principles of Peaceful Coexistence, 76–78
Flag meetings, 101
Foreign direct investments (FDI), 29, 30, 71
Foreign policy decision making, 107
Freedom of navigation, 22, 165
Freedom to use the seas: India's maritime military strategy, 127
Free-riding, 158
Free trade agreements (FTAs), 12, 43, 56
FTA agreement with ASEAN, 35
FTAs in services and investment, 36
Fukche, 104

G
G-20, 60, 158
Gandhi, Rajiv, 97, 108
GDP for China, 30
Gelling, 102, 104
Global assembly centre, 30
Global financial crisis of 2008, 28, 59
Global imbalances, 37
Globalisation of the US–Japan alliance, 159
Global output, 28–29
Global supply chain, 37
Goldman Sachs, 85
Gulf of Aden, 141
Gwadar, 114, 149, 150
Gwadar port, 140, 149, 150

H
Hainan, 14
Hambantota, 114, 152
Hedge against China, 159
Henderson Brooks-Bhagat Committee Report, 118–119
Hierarchy centred around China, 168–169
Himachal Pradesh, 91, 97
Hindi-Chini bhai-bhai, 75–77
Hong Kong, 12, 30, 149
Huang Hua, 96
Hu Jintao, 104, 144

I
India, 34, 127, 157
India and China, 1, 3, 28, 39, 82
India and China in East Asia, 2
India and Myanmar, 18
India and Vietnam, 131
India-ASEAN FTA, 28
India-China, 9, 23, 49
India-China bilateral trade, 39
India-China Strategic Economic Dialogue, 40
India-Japan economic partnership agreement, 38
India-Korea CEPA, 38
Indian Defence Ministry, 103
Indian economic model, 60

Indian Navy, 13, 17, 127
Indian Navy in the South China Sea, 132
Indian Ocean, 3, 5, 10, 24, 50, 108, 112, 123, 126–129, 132, 133, 139–142, 145, 150–152
Indian Ocean region (IOR), 114
Indian style of democracy, 66
India-Pakistan, 3
India's emergence, 9
India's growing attraction, 38
India's growth model, 64, 70
India's maritime strategy, 128, 129
India's military power, 15
India's rise, 70–71, 129
India's trade with ASEAN, 35
India-Taipei Association (ITA), 51
India-Taiwan partnership, 46
India–US nuclear agreement, 15
India–US relations, 113
India–US relationship, 113
India–US strategic partnership, 20
Indonesia, 34
Indo-Pacific, 5, 10, 20
Indo-Pakistani War of 1971, 127
Indo-Tibetan Border Police, 93
Indo–US civilian nuclear energy deal, 107–108, 112
Information and communications technology (ICT) sector, 31, 38
Information technology (IT), 62
Infrastructural bottlenecks, 31
Inner and Outer Tibet, 93, 100
Institutional intransigence, 107
Institutional mechanisms, 107
Integrated Coastal Security Plan, India, 127
Interdependent economically, 157
Intermediate manufactured goods, 33
International Court of Justice, 100
International Monetary Fund, 59
International production networks, 31
Intra-Asian trade, 12
Intra-industry trade, 33
Islamabad, 10
Ivan Chen, 93

J
Jammu and Kashmir, 92, 103
Japan, 34, 157
Japan, 10
Japan and China, 167
Japanese aid, 11
Japan–India 2 + 2 Dialogue, 160
Japan–India Global Partnership, 16
Japan–India partnership in the new Asian Era, 16
Japan–India Strategic Dialogue on Economic Issues, 161
Japan's EEZ, 164
Japan–US–China Triangle, 159–160
Jawaharlal Nehru award for international understanding, 17–18
Jiang Zemin, 97
JIMEX, 19
Jing Hui, 94
Joint declaration, 108
Joint declaration on security cooperation, 19
Joint expeditions, 101
Joint mechanism, 90
Joint statement on security cooperation between Japan and India, 160
Joint working group (JWG), 78, 95, 97, 100, 108, 109, 134
JWG mechanism, 101

K
Kaladan multi-modal project, 18
Karakoram, 92
Karakoram Pass, 91, 92
Kashmir, 149
Kashmir issue, 60
Kibithoo, 102, 104
KMT government, 46, 56
Koizumi, Junichiro, 15, 19, 159, 168
Kongka Pass, 92
Kong Quan, 98
Korea, 34
Korean Peninsula, 167
Kumarakom, 98
Kuomintang (KMT), 46

L
Labour market inflexibilities, 31
Ladakh, 91, 92, 103, 104
Lee Teng-hui, President, 47
Lhasa, 110
Liaoning, 150
Liberal deterrence, 160
License Raj, 60
Line of Actual Control (LAC), 90, 94, 96, 97, 101, 103, 108, 109
Lipulekh, 97, 102
Liu Jianchao, 98
Liu Shuqing, 94
Lobsang Sangay, 111

Lohit, 104
Longju, 93, 95
Look East policy (LEP), 1, 5, 10, 13, 28, 34, 129, 130, 157
Lower Tsayul, 93
Low-technology labour-intensive, 32
Loyul, 93

M
Macao, 30
Mahan, Alfred Thayer, 145, 148
Major General Jiang Chunliang, 139
Malabar 09, 161
Malabar II, 21
Malacca, 114, 115
Malacca Dilemma, 124, 126, 144
Malacca Straits, 115
Malaysia, 142
Mansing, Lalit, 97
Manufacturing sector, 31
Marao, 114
Maritime disputes, 89
Maritime Self-Defence Force (MSDF), 159
Maritime strategy, 124, 126
Maritime territorial disputes, 89
Mauritius, 152
Ma Ying-Jeou, President, 46, 53
May 1998 nuclear tests, 15
McMahon Line, 93, 100
Meetings between the Vice-Minister of Defence of Japan and the Defence Secretary of India, 19
Mega-FTA, 12
Menon, Shiv Shankar, 95
Mehta, Sureesh, 103
Middle East, 140, 144, 146
Middle sector, 109
Milan naval exercises, 18
Military diplomacy, 126, 146
Military establishments, 101
Military-to-Military talks, 19
Ming dynasty, 123
Mingyitun, 93
Mishra, Brajesh, 95, 98
Monyul, 93
Mori, Yoshirō, 19
Most-favoured nation, 167
Mount Gya, 103
Mukherjee, Pranab, 102
Multipolarity, 13
Mutual accommodation, 97
Mutual understanding, 97
Myanmar, 12, 149, 152
Myanmar air force, 18
Myanmarese troops, 18

N
Namgya, 97
Namka Chu, 93, 95
Narayanan, K.R., 97
Narayanan, M.K., 95, 98, 99
Nathu La, 100, 104
National ocean strategy, 147
National People's Congress, 93
Natuna islands, 14
Naval strategy, 147
Navy, 15
Navy-to-Navy staff talks, 19
Nehru, J., 76, 77, 81, 92, 93
Nehru's era, 68
Nehruvian, 108
New Defense Program Outline in 2004, 159
New Delhi, 98
New power centres, 157
New Zealand, 12
Non-Proliferation Treaty (NPT), 113
Non-tariff barriers, 39
Non-traditional security, 148
Non-traditional security issues, 112
North American Free Trade Agreement (NAFTA), 33
North Atlantic Treaty Organization (NATO), 119
North-East Frontier Agency (NEFA), 100
Nuclear Nonproliferation Treaty, 162
Nuclear research, 62
Nuclear Suppliers Group (NSG), 19, 113, 162
Nyoma, 104

O
Obama, Barack, 158
Oman, 149
One-China, 11
ONGC Videsh, 128
Openness index, 30
Opinion building, 107
Opium Wars, 100
Overseas base, 140
Overseas military bases, 139
Overseas strategic supporting points, 150–151

P
Pacific Oceans, 22, 139, 140, 152
Package deal, 100
Pakistan, 119, 149, 150, 152
Pakistan-Occupied Kashmir (POK), 23, 90
Palestinian–Israeli negotiations, 85
Panchsheel, 76–78
PangongTso, 92
Pan Gong Tso (Lukung) Lake, 103
Parallel rise of China and India, 82–84
Parigas, 91
Peace and tranquillity, 90, 97, 109
People's Daily, 22
People's Liberation Army-Navy (PLA-N), 50, 109, 115, 118, 125, 139, 140, 142, 146, 149
People's Republic of China, 93
Periphery policy, 109
Persian Gulf, 128
Philippines, 14, 34
Phnom Penh, 14
Pivot, 116
Policy constraints, 31
Political deadlock, 107
Political parameters and guiding principles, 96
Political Parameters and Guiding Principles for the Settlement of the India-China, 101
Political variables, 107
Pol Pot, 14
Port Blair, 115
Port Sudan, 149
Power balance, 17
Pragmatic diplomacy (*wushi waijiao*), 47, 48, 57
Pragmatism, 107
Prickly, 107
Production networks, 37

Q
Qing, 93
Qingdao, 149
Quadrilateral, 16

R
Raghunath, K., 97
Rao, Nirupama, 43
Rationality, 107
Realist deterrence, 160
Reflexive obduracy, 107
Regional Comprehensive Economic Partnership (RCEP), 11, 39–41
Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), 126
Regional economic integration, 37
Regional multilateralism, 17
Regional production chain, 32
Rimki La, 93
Rise of China, 2
Rise of China and India, 59
Ruisheng, C., 81
Rule of maritime law, 166
Rules of origin (RoOs), 36
Russia–India–China (RIC), 84–85

S
Sakshgam Valley, 91
Salalah, 149
Salient components, 107
Samar Lungpa, 103
Samdurong Chu, 95, 96
Samdurong Chu incident, 103
Saran, Shyam, 97
Savings and investment, 61
Sea lines of communications (SLOCS), 114, 115, 146, 152
Security Council, 81
Security policies, 157
Self-doubt, 107
Senkaku, 165
Senkaku/Diaoyu, 159
Senkaku Islands, 163, 164
Service-to-Service exchanges, 19
Seventeenth Conference of the Parties (COP-17), 87
Seychelles, 152
Shanghai Cooperation Organisation (SCO), 102, 119
Shanghai Morning Post, 139
Shimla Conference, 93, 100
Shipkila, 102
Sichuan, 93
Sikkim, 90, 93, 100, 102, 103
Silk Route Economic Corridor, 85
Singapore, 12, 142
Singh, Manmohan, 104, 109
Sino-Burmese relations, 100
Sino-Indian border, 110

Sino-Indian collaboration, 79
Sino-Indian competition in sea power, 133
Sino-Indian relations, 60, 107, 109, 110, 112, 113, 116, 118, 130
Sino-Indian relationship, 110
Sino-India war of 1962, 49
Sino-Japan conflicts, 167
Sino-Japanese War, 125
Sino-US relations, 167
Sittwe, 152
Sittwe Port, 18
South Africa, 152
South Asia, 4, 16, 49, 81, 144
South Asian Association for Regional Cooperation, 102
South China Sea, 10, 14, 22, 115, 124, 126, 129, 132, 133, 140, 142, 161, 163, 166
Southeast Asia, 11, 131, 133, 135
Southeast Asian, 35
Southeast Asian economies, 35, 37
Southern Indian Ocean, 152
South Korea, 12, 166
South–South economic bonds, 27
Sovereignty, 89
Soviet Union, 112
Space technology, 62
Spanggur, 97
Special representatives, 89, 108
Spratly and Paracel Islands, 14, 163
Sri Lanka, 149, 152
Status quo, 159
Status quo power, 159
Strait of Malacca, 140, 144, 145
Straits of Hormuz, 114–115
Strategic components, 108
Strategic dialogues, 16
Strategic economic dialogue, 119
Strategic partner in India, 157
Strategic supporting points, 150–151
Strategic variables, 107
Strategy, 146
String of Pearls, 124–125, 140–143, 153
String of Pearls strategy, 132, 149
Summer Davos, 85
Suu Kyi, Aung San, 17

T
Taipei Economic and Cultural Centre (TECC), 51–52
Taiwan, 12, 30, 43, 46, 48, 90, 141, 153, 166
Taiwan External Trade Development Council (TAITRA), 51
Taiwan–India, 54
Taiwan–India–Japan trilateral strategic dialogue, 56
Taiwan–India security dialogue, 56
Taiwan–India trade, 54
Tawang, 93, 102–104
Tawang tract, 94, 102
Technology cooperation agreements, 16
Technology sector, 62
Territorial integrity, 89
Territorial sea law, 14
Terrorism and piracy, 112
Tibet, 11, 91, 92, 94, 97, 100, 103, 104, 107, 110, 130
Tibetan, 110
Tibetan Buddhism, 110
Tibetan community in exile, 111
Tibetan government in exile, 111
Tibetan Parliament, 110
Tibetan railway, 104
Tibet issue, 111
Tingri Tangri La, 93
Trade relations, 107
Training programmes, 16
Trans-boundary rivers, 112
Transgressions, 103, 105
Trans-Pacific Partnership (TPP), 40
Trig Heights, 92, 103
Trilateral, 16
Trilateral maritime exercises, 21
Tulang La, 93
Two-plus-two mechanism, 19

U
Uighur, 91
Underdeveloped manufacturing industry, 65
Unilateralism, 84, 85
Unipolarity, 13
United Front Work Department, 111
United Nations Charter, 89
United Nations Framework Convention on Climate Change (UNFCCC), 86
United Nations General Assembly, 84
United Progressive Alliance, 95
United States (US), 11

Universal aspects of the US–Japan alliance, 165
UN Security Council, 81–82
Upper Siang, 102, 104
US–Australia–Japan alliance, 166
US–China–Japan triangular relationship, 158
US–China Strategic Dialogues, 160
US–Japan New Security Guidelines, 159
US navy, 142

V
Vajpayee, A.B., 91, 95, 108
Value addition (VA), 36
Vietnam, 12, 101, 105, 163, 164, 166

W
Walt, Stephen M., 44
Wangdong, 97, 101
1962 War, 2, 3
Western Pacific, 123, 129, 141
Working Mechanism for Consultation and Coordination on India-China Border Affairs, 99
World Bank, 59
World Trade Organization (WTO), 29, 32–33, 47, 60, 79
Wu Dawei, 97

X
Xian, 98
Xinjiang, 91, 119

Y
Yang Jiechi, 102
Yang Wenchang, 97
Year of China–India Friendship, 75
Yemen, 149
Younghusband, 93

Z
Zemithang-Khinzemane, 102, 104
Zero-sum game, 10
Zhao Erfeng, 93
Zhao Gancheng, 109
Zheng He, 115, 123
Zhou Enlai, 91, 93, 94, 100, 101
Zhuba, 97