

Role of China in South Asia Region

Lakhbir Singh

Abstract

China's security concerns in South Asia historically have centred on its desire to enable Pakistan to thwart India's rise as a challenger to China's dominance in broader Asia. This remains the most important determinant of Chinese security support to Pakistan, the rise of terrorism as a major perceived threat to China's security may be prompting a shift in this calculus as Beijing grows more concerned about Pakistan's complicated relationship with terrorist groups. The study tries to analyse the China's emerging role in South Asian region.

Key Words: South Asia, Region, Concern, Influence

Introduction

South Asia is the region that stretches from Iran and Afghanistan in the south-west to Myanmar in the south-east and the Indian Ocean. China, as the only great power that borders South Asia, has been witness to the conflicts and confrontations that have characterized the region for most of its post-colonial history. The first meaningful interaction between China and South Asia took place from the 5th century AD when Buddhism arrived in China from South Asia. China became an integral part of South Asia's geopolitical and strategic environment, following its takeover of Tibet in the early 1950s. It shares borders with Afghanistan, Pakistan, India, Bhutan, Nepal and Myanmar. Traditionally, China's external relationships in the region have been built on defence and intelligence ties, military transfers and political support. South Asia holds vital security, diplomatic and economic interests for China. The stability and security of China's two troubled provinces, Tibet and Xianjiang, is inextricably linked to South Asian states. After Russia, China shares its longest border with India — a 4,000 kilometres stretch — which is still unsettled between the two countries. Though China lays constant emphasis on the five principles of peaceful coexistence the emphasis has shifted towards more pragmatism in view of the sea changes in both its internal dynamics and external imperatives.

Since the late 1990s, a number of important developments have taken place in South Asia which has reshaped its geopolitical landscape. These include detonation of nuclear devices by India and Pakistan in 1998, the Kargil conflict in 1999, the occupation of Afghanistan by the US in the wake of the events of 9/11 and the military stand-off between India and Pakistan in 2002-2003. More recently, the Indo-US civilian nuclear deal, leading to further strengthening of the US-India strategic partnership, improvement in Sino-Indian relations at the political and trade levels and tensions between India and Pakistan in the wake of the Mumbai terror attacks in November 2008 have further changed the contours of regional politics in South Asia.

Contemporary Chinese foreign policy is based on lowering tensions with adversaries and

Research Scholar, Department of Political Science, P. U. Patiala

trying to create a stable political and strategic environment in the neighbourhood. The most important objective of Chinese diplomacy, in the context of South Asia, is to create a zone of peace within which it can continue its economic development. In South Asia too, as in other regions of Asia, China seeks to use multilateral regional forums to develop common ground on issues of common concern. Chinese neighbourhood diplomacy is increasingly characterized by the multilateral mode as has been witnessed in its deepening engagement with the Association of Southeast Asian Nations (ASEAN), the Shanghai Cooperation Organisation (SCO) and, more recently, South Asian Association for Regional Cooperation (SAARC). China is expected to use the same pattern with SAARC as it has used with ASEAN. However, given the complexities in South Asia and ineffectiveness of SAARC as a regional organization, Chinese efforts have met with frustration.

China's engagement in South Asia:

The Chinese see the core of South Asian security laying in stable India-Pakistan relations. Any development undermining peace and stability of South Asia would directly impact Chinese policy objectives in the region. Broadly speaking, China's main objective in South Asia is to expand cooperation (in all spheres) with all the countries of the region. In all spheres signifies military ties as well as economic and political relations. Beijing views South Asian countries as neighbours with whom it is especially important to have friendly, cooperative ties both to increase China's own economic and political influence and to lessen the ability of potentially hostile powers to injure China's interests.

The alignment of forces, both internal and external in the South Asian region is such that the region is poised to move towards 'greater stability, lasting peace and economic growth. The region is witnessing increasing convergence of the interests of extra-regional forces, notably the US and China. China has emerged as a regional power and it nurtures ambitions to become a global economic power. Responding to altered South Asian dynamics and keeping in view its own economic development and internal stability imperatives, China has demonstrated a more pragmatic and balanced approach towards South Asia.

China and India have forged a strategic partnership and moved ahead with bilateral trade and economic linkages and have sought mechanisms to manage and ultimately resolve their outstanding issues. Two-way trade between China and India has exceeded 50 billion dollars and India has emerged as China's biggest trade partner in South Asia. Given China's focus on domestic economic development and regional economic integration, its focus is on keeping its neighbourhood stable and integrated. While Pakistan and China have forged strategic linkages in all spheres of cooperation, terrorism in Pakistan and its connection with the instability in China's Xianjiang province has figured prominently in China-Pakistan bilateral engagements. On the one hand, it signifies a shift in China's policy towards Pakistan and on the other it has generated prospects for a region-wide cooperation against the common threat of terrorism. China views Kashmir to be a bilateral issue between Pakistan and India and has consistently called upon Pakistan and India to settle all outstanding issues, including Kashmir, through meaningful dialogue.

While China has voiced concerns over increasing US-India defence ties, especially the Indo-US nuclear deal, it has not allowed its bilateral ties, with both India and the US, to fall prey to the realist interpretations that the US would develop India to contain a rising China. Such a scenario is unlikely, at least in the short to medium term, given the fact that the US-China relationship is far more important than the interests of each vis-à-vis India. Also, India is unlikely, from a realist point of view, to join any effort to contain China, given its own great power ambitions and long-term interests in a

multipolar world.

China's Objectives in South Asia

The key interests, concerns, and objectives of China's South Asia strategy fall into four broad categories: (1) checking India's rise by exploiting the India-Pakistan rivalry, (2) expanding economic activity and influence in the region, (3) enhancing access to the Indian Ocean, and (4) countering terrorism and religious extremism. These objectives enable China to compete with potential rivals, increase China's overall influence in the region, and diminish the influence of the United States.

Check India's Rise by Exploiting the India-Pakistan Rivalry

The overall balance of power between China and India currently is in China's favor and Beijing intends to keep it that way. Although India lags behind China in most categories, from economic growth to military might, it is still the most powerful South Asian country, and its influence in greater Asia is expanding. China exploits the longstanding rivalry between India and Pakistan to ensure its own ambitions in South Asia are achieved. This strategy aims to keep India so preoccupied with its western neighbor that it will not have the ability to mount a serious challenge to China's power and influence in Asia. During the Commission's trip to India, several Indian interlocutors emphasized their perception that China seeks to encircle or contain India. China's bilateral relationships with India and Pakistan are informed by the India-Pakistan rivalry. Moreover, China's approach to the broader South Asian region is colored in large part by China's relationships with these two countries. China's relationship with Pakistan has been defined by mutual animosity toward India since the early 1960s (just after Sino-Indian relations began to deteriorate over Tibet and the border dispute, discussed later in this section). This relationship was further forged during the 1962 Sino-Indian border war and the 1965 Indo-Pakistani war (China threatened to enter the latter on Pakistan's behalf). Since then, China's increasingly sophisticated military assistance to Pakistan—particularly on missiles and nuclear weapons—has been instrumental to Pakistan's ability to credibly threaten India's security. Andrew Small, senior transatlantic fellow at the German Marshall Fund of the United States, summarizes this dynamic in his book, *The China-Pakistan Axis: Asia's New Geopolitics*: The balancing role that Pakistan plays in Beijing's India policy goes well beyond forcing India to keep a large number of troops and military assets focused on its western frontier, though that undoubtedly helps. It also ensures that India is kept off balance, distracted, absorbing diplomatic, political, and strategic energies that could otherwise be directed towards China. It puts a constant question mark over India's aspirations to transcend its own neighborhood. Every time a U.S. secretary of State declares support for New Delhi's policy to “Look East,” towards the Pacific, China sees another reason to keep India on edge in its own backyard. For additional discussion of China's military assistance to Pakistan, see “Bolstering Pakistan's Defense vis-à-vis India,” later in this section.

Expand Economic Activity and Influence in the Region

Until recently, China lagged far behind India in terms of economic engagement with South Asia, forging a relationship with Pakistan but otherwise remaining a minor player. Over the past decade China's economic engagement (including trade, loans, and investment) with countries in the region has expanded dramatically, challenging India's position. China has been a particularly prolific exporter of manufactured goods—often aided by domestic policies that subsidize production and promote exports—an area where India cannot keep up due to its lagging manufacturing capacity. Chinese foreign direct investment (FDI) in the region has also been growing with India and Pakistan taking the lion's share. Chinese FDI in Pakistan shows a particularly rapid expansion, jumping 621

percent from 2006 to 2007 before settling into more measured growth (this development appears to correlate with the signing of the China-Pakistan free trade agreement, which went into force in July 2007). China's efforts to expand regional connectivity, embodied by the "One Belt, One Road" (OBOR) initiative (with its land-based "Silk Road Economic Belt" and maritime "21st Century Maritime Silk Road" components, are gaining some traction. China's economic activities in South Asia through OBOR present both opportunities and challenges. On the one hand, South Asia is one of the least economically integrated regions in the world. In 2015, the World Bank noted that intraregional trade accounted for only 5 percent of South Asia's total trade, while intraregional investment accounted for less than 1 percent of total investment. In addition to "limited transport connectivity, onerous logistics and regulatory impediments," the World Bank pointed to "historical political tensions and mistrust, with cross-border conflicts and security concerns" as causes of this limited regional integration. Chinese-driven transportation and other connectivity infrastructure projects may help alleviate these regional divisions. On the other hand, China's activities in the region may exacerbate tensions and revive long-simmering conflicts, including those between India and Pakistan. Some of these challenges and opportunities are highlighted here:

Sri Lanka

Sri Lanka is a model case study of China's rising influence in South Asia. While India and Sri Lanka share longstanding historical and cultural ties and India remains Sri Lanka's top trading partner, China's exports to Sri Lanka are rising fast. Outside of Pakistan, Sri Lanka has been the leading beneficiary of Chinese infrastructure investment in South Asia, with nearly \$15 billion worth of projects between 2009 and 2014. In recent years, though, the relationship has been marred by tensions. After a new government came to power in Sri Lanka in January 2015, it demanded a review of several Chinese projects, including the \$1.4 billion Colombo Port City real estate development (the project ultimately went ahead after some terms were renegotiated). The government raised concerns about environmental impacts of Chinese projects, as well as cozy ties between Chinese contractors and the previous Sri Lankan government. Hambantota, another major port in Sri Lanka, has also been constructed primarily by Chinese companies. India's worries about China's growing presence in Sri Lanka, which is located on a key trade route in the Indian Ocean, prompted India's Prime Minister Narendra Modi to visit Colombo, signing agreements for new economic assistance, an expanded free trade area, and a civil nuclear deal.

Bangladesh

China overtook India as Bangladesh's top source of imports in 2004-15 displacing many Indian goods, including cotton, which is central to Bangladesh's garment industry. Bangladesh has allocated two special economic zones for Chinese investors in Chittagong, a major port, and Dhaka, the capital. India has also been watching with unease China's investment in Bangladesh's port infrastructure along the Bay of Bengal: China helped upgrade Chittagong and had been pursuing a port project at Sonadia Island. In February 2016, however, Bangladesh quietly closed the Sonadia project, opting instead to develop another deep sea port, which India wants to help build. Bangladesh also permitted Indian cargo ships to access Chittagong Port—a move Deepa M. Ollapally, professor at George Washington University, characterized in her testimony before the Commission as "a historic break from the past." Pakistan: In 2015, China and Pakistan launched the China-Pakistan Economic Corridor (CPEC)—which falls under the OBOR umbrella—with the signing of 49 agreements to finance a variety of projects with a total expected value of \$46 billion, including upgrades to Pakistan's Gwadar Port, oil and gas pipelines, road and railway infrastructure, and a series of energy

projects. CPEC aims to connect Kashgar in China's Xinjiang Province with Gwadar, located at the edge of the Strait of Hormuz in the Arabian Sea, via 2,000 miles of rail, road, and pipelines. China's economic commitment to Pakistan, if fulfilled, will dwarf U.S. civilian assistance to Pakistan, which total around \$5 billion between 2010 and 2014. Although much of CPEC remains in the planning stages, financing arrangements have been finalized or are nearing finalization on projects worth \$30 billion, according to Ahsan Iqbal, Pakistan's Minister for Planning, Development and Reform.

Nepal

Nepal showcases another facet of China's ongoing bilateral rivalry with India. Unlike Sri Lanka and Bangladesh, which can give China access to strategically located ports, Nepal is a small, landlocked country entirely dependent on Indian ports and transit infrastructure. Its location, however-squeezed between Tibet and India-makes it an important buffer zone for China. Concerned that Tibetan exiles living in Nepal may stir dissent in Tibet, China has been expanding its ties with Nepal. Although trade with India still accounts for more than half of Nepal's total trade, China has been gaining ground fast; for example, China became the largest source of FDI in Nepal in 2014. Recent developments in Nepal's politics gave China a chance to outplay India. Displeased with the new constitution adopted by Nepal in September 2015, India held an informal blockade on trucks heading to Nepal across India's border, cutting off Nepal's access to vital energy supplies. China, which earned much goodwill in Nepal with its swift assistance following the devastating earthquake in April 2015, responded once again, sending fuel and opening trade routes that had been closed since the earthquake. In response, Nepal signed several agreements with China, including a permanent arrangement for energy supplies and a transit treaty granting Nepal access to Chinese ports. India's blockade ended in February 2016. In an effort to normalize the relationship with India, then prime minister of Nepal K.P. Sharma Oli traveled to India in March 2016—his first foreign trip after assuming the position in 2015—and the two sides signed nine agreements, including for infrastructure, rail, and road transit. As the examples of Sri Lanka, Bangladesh, and Nepal demonstrate, far from passively accepting China's growing influence as a substitute for India's historic dominance in the region, small South Asian countries try to balance the two powers against each other. James Moriarty, then senior advisor at Bower Group Asia, noted in his testimony to the Commission, “When the government of one of these other countries runs into a difficult patch in its relations with India, that government tries to garner support and assistance from China.”

Expand Influence and Capabilities in the Indian Ocean

The Indian Ocean is growing in importance to China, which relies on sea lines of communication running through the Persian Gulf, Arabian Sea, Indian Ocean, Malacca Strait, and South China Sea for its growing energy needs. Beijing is highly sensitive to the fact that these resources, which are essential to China's economic productivity (and by extension to China's domestic stability and the Chinese Communist Party's political legitimacy), could be interdicted by hostile state or non-state actors. Other strategic interests China perceives it needs to protect include a growing number of Chinese nationals working and living along the Indian Ocean littoral and the aforementioned economic investments of Chinese companies in the region. The fruits of China's naval modernization have been manifesting in the Indian Ocean since December 2008, when the People's Liberation Army (PLA) Navy sent its first antipiracy task force to the Gulf of Aden. Since then, 24 consecutive task groups have maintained a near-continuous presence in the Indian Ocean; the PLA Navy has conducted at least four submarine patrols in the Indian Ocean since 2013; the PLA Navy conducted its first combat readiness patrol in the Indian Ocean in 2014 and in 2015 China

announced it will establish its first ever overseas military logistics facility in Djibouti. According to David Brewster, senior research fellow at Australian National University's National Security College, "China's overall military modernization program has the long term potential to significantly enhance its ability to project military power into the Indian Ocean region."

Counter Terrorism and Religious Extremism

As the threat of extremism and terrorism facing China grows, counterterrorism has become an increasingly important facet of Beijing's engagement with South Asia. Chinese leaders have for decades been concerned about Islamic extremism and terrorism in Xinjiang, China's westernmost region and home to the majority of China's Uyghurs, a mostly Muslim ethnic group. The extent and nature of this threat is difficult to assess given the Chinese government's tendency to conflate and crack down on religious expression, political dissent, extremism, separatism, and terrorism. Nevertheless, open source reporting clearly demonstrates a rise in terrorist attacks in China in recent years. Many reported terrorist activities in China have been linked to groups based in Pakistan and, to a lesser extent, Afghanistan and Central Asia. In the past, the Chinese government downplayed the role specific foreign countries play in its domestic extremism and terrorism problems. In recent years, however, as terrorist activities have become more frequent and high profile, Beijing has been more willing to apply pressure—privately and publicly—on Pakistan in particular to take steps to eliminate any Pakistan-based extremist, separatist, or terrorist activities that could potentially be directed at China or Chinese citizens abroad. Further, cognizant of the influence official and unofficial Pakistani entities have in Afghanistan, Beijing is increasingly insistent that Islamabad commit to promoting the peace and reconciliation process there. China itself has been enhancing its bilateral security engagement with Afghanistan, perceiving a need to take greater responsibility for regional security as U.S. and coalition forces withdraw. China has engaged with South Asian countries on counterterrorism in multilateral contexts as well. In August 2016, China, Pakistan, Afghanistan, and Tajikistan created the Quadrilateral Cooperation and Coordination Mechanism, an institution that aims to counter terrorism and extremism by "providing mutual support" in areas such as intelligence sharing and military training and exercises. In addition, India and Pakistan are both set to join the Shanghai Cooperation Organization, a Beijing-dominated institution focused on counterterrorism that also includes Russia and Central Asian countries. It is worth noting that even as the Chinese government begins to take the threat of terrorism seriously, it is selective in its treatment of terrorist organizations and actors in South Asia. According to two experts who testified to the Commission, China's growing concerns about terrorism in South Asia do not extend to anti-India terrorist groups. In 2015, for example, China defended Pakistan's decision to release Zaki-ur-Rehman Lakhvi—a commander of a Pakistani anti-India terrorist group Lashkar-e-Taiba—who had been imprisoned for his suspected role in planning the 2008 Mumbai terrorist attack that killed more than 160 people. At the same time, China's history of committing domestic human rights abuses in the name of counterterrorism and the Shanghai Cooperation Organization's failure to meet UN standards for human rights protection raise questions about China's efforts to address terrorism in South Asia. According to Human Rights Watch: It's understandable that China, Pakistan and Tajikistan all fear the spillover security effects of the continuing war in Afghanistan. But [China's] rhetoric about how they should collaborate to "fight terrorism" is effectively code for imposing repressive security measures and clamping down on domestic dissent—in other words, the same strategy China has pursued in Xinjiang. . . China, Pakistan and Tajikistan do not provide the model Afghanistan needs to address the growing Taliban threat while upholding fundamental rights.

Conclusion

By virtue of its size, location, and historical and cultural influence, India has been the traditional regional power in South Asia. China, on the other hand, has forged a strong relationship with Pakistan since the 1960s, but otherwise has been a minor player in the region. Over the past decade, however, China's economic engagement (including trade, loans, and investment) with South Asia has expanded dramatically, challenging India's position. China has also been investing in infrastructure in the region, particularly ports in the Indian Ocean littoral states. South Asian countries take advantage of the Sino-Indian competition for influence in the region by playing the two countries against one another.

Although China and India have begun to cooperate on issues of mutual interest, including Afghanistan and global economic integration, mutual suspicions undermine deeper engagement. Tensions in the relationship are driven by China's close relations with Pakistan, China's growing regional presence, the border dispute, and Tibet. To a lesser extent, tensions are aggravated by competition in the Indian Ocean and economic imbalances. Many of these trends have led Indians to perceive China is pursuing a strategy to encircle or contain India.

In response to China's expanding activities in South Asia, India appears to have moved away from its traditional strategy of nonalignment toward more proactive engagement with its neighbours and countries in broader Asia, as well as the United States. Indian Prime Minister Narendra Modi's "Act East" and "Neighborhood First" policy initiatives, which include diplomatic, security, and economic components, are part of this effort.

Although China's relationship with Pakistan continues to be primarily based on shared security concerns, it has recently expanded to encompass economic and diplomatic components. China's economic commitment to Pakistan got a boost with the launch of the China-Pakistan Economic Corridor (CPEC) a \$46 billion infrastructure investment plan under the One Belt, One Road umbrella. For China, the goals of CPEC are threefold: (1) to create an alternative trade route through Pakistan and gain access to ports on the Arabian Sea (2) to contain Islamic terrorism and insurgency in Xinjiang, and in Pakistan and Afghanistan through economic development; and (3) to stabilize Pakistan's economic and security environment. For Pakistan, CPEC presents an opportunity to address major infrastructure shortfalls, particularly energy shortages.

Recent U.S.-China tensions in the Asia Pacific and Sino-Indian rivalry in South Asia have nurtured a much closer relationship between the United States and India. In 2015, the United States and India issued a "Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region," emphasizing cooperation in economics and security. The relationship was further enhanced during Prime Minister Modi's visit to Washington, DC, in 2016, which culminated in extensive agreements to enhance defense technology sharing, begin a Maritime Security Dialogue, deepen cooperation on cyber security and outer space, and strengthen economic and trade ties. This, in turn, has led China to perceive that the United States and India are seeking to counter China's influence in the region. Despite these agreements, U.S.-India cooperation in the economic, diplomatic and security realms is expected to develop slowly due to India's adherence to the principle of "strategic autonomy," or the idea that India should not rely on other countries.

References:

- Ali, Muntazir, "China as a Factor of Stability in South Asia: Problems and Prospects", *Pakistan Horizon*, Vol. 63, No. 3, pp. 63-75, July 2010.

- Bindra, S. S., “Chinese Strategy in South Asia,” *The Indian Journal of Political Science*, Vol. 70, No. 4, pp. 1163-1178, OCT-DEC 2009.
- Choudhury, G. W. , “China's policy towards South Asia ,”*Asian Perspective*, Vol. 14, No. 2, pp. 127-156,1990.
- Garver, John W., “China and South Asia”, *The Annals of the American Academy of Political and Social Science*, Vol. 519, pp. 67-85, Jan 1992.
- Gautam, Upendra (2013), 'South Asia and china towards inter-regional cooperation', Nepal: China Study Center.
- Malik, J. Mohan, “South Asia in China's Foreign Relations”, *Pacifica Review: Peace, Security & Global Change*, 73-90, 2001.
- Shahnawaz, Muhammad Shahrukh, “China and South Asia: Threats, Strategies, Cooperation and Expectations”, *Pakistan Horizon*, Vol. 64, No. 2, pp. 65-80, April 2001.
- Small, Andrew, “Regional Dynamics and Strategic Concerns in South Asia: China's Role”, *Center for Strategic and International Studies*, January 2014.