INTRODUCTION

It is a truism that Sino-Indian relations, in the last four decades, or so, have been quite dramatically transformed from the position of strategic enmity in 1962 to that of ‘strategic partnership’ in 2005. One of the key challenges facing India-ASEAN relations is how to address the rising concerns over China’s increased international presence and assertions, especially in Afro-Asia. Confronted with China’s rapid economic development and growing international influence, some observers have begun to revive concerns generally associated with the historical disorders and wars associated with the rise of great powers. Others have conjured up a worrying image of a communist power, fueled by virtually unlimited economic potential, challenging the western way of life. Still others, working on more technical issues, have started prognosticating the adverse impact that a modernizing China would have on world’s supplies of food, energy, mineral and other resources, as well as on the global ecological health. Such geographical imaginations about China’s motives and role in Asian affairs, if subscribed to by the policy makers, do carry certain implications for India-ASEAN relations. On the other hand, if China’s rise is peaceful and driven more by geoconomics (dictated and driven by the so-called ‘policy of assurance) than geopolitical and geo-strategic considerations, then a different kind of response is probably called for and might follow in due course of time.

This chapter makes an attempt to investigate in detail the significance of China factor, and its various facets, in the interplay of interests and perceptions between India and ASEAN. Against the backdrop of a brief overview of China-ASEAN relations, the chapter examines how various schools of thought in India perceive China and its role in international and Asian affairs. This is followed by a discussion of the Chinese perception of the geopolitical and geoeconomic importance of the Indian Ocean, which borders some of the major ASEAN countries and the Indian as well as ASEAN responses to ASEAN have responded to the growing Chinese influence in Southeast Asia, the Indian Ocean and the South China Sea. It is also explored whether there are
areas where the perceptions of India and ASEAN are likely to diverge in the future on the issue of China’s intentions and involvements in the region.

As D. S. Rajan (2007:155) puts it, “Sino-Indian relations, in the last four decades or so, have taken 180 degree turn —from the position of strategic enmity in 1962 to that of strategic partnership in 2005.” The interplay between India, China and Southeast Asia goes long back in history. Before the coming of the European colonial powers, most of the Southeast Asian kingdoms had been China’s tributaries. Once upon a time, Vietnam and Myanmar had constituted the Chinese empire. India too had extended, if not political control over the Southeast Asian region, then at least substantial influence on Southeast Asia in all walks of life. Nothing could be more symbolic of such confluence than the expression ‘Indochina’, referring to the place where ships from India and China used to exchange goods and services since ancient times. This region acted as a buffer zone between the two Asian giants, India and China (Singh, 2003).

During the era of European colonial dominance, China and India provided cheap and abundant labor for the colonial powers. These laborers were sent to the Southeast Asian region by the colonial masters. By seventeenth century, Chinese, who went as merchants, had settled in Melaka, Java, Sumatra, the Philippines, Thailand and North Borneo. Laborers from India and China went to all these places to work on plantations and mines. Thus, the interaction between Chinese and Indian populations had started in Southeast Asian region quite long time back (Verghese, 2001).

**CHINA’S POLICY OF REORIENTATION**

Since late 1980s, China started reorienting its foreign policy. During Deng Xiaoping, China was skeptical of any kind of multilateralism. In mid-1980s, China became a member of the Asian Development Bank (ADB), and joined Asia Pacific Economic Cooperation (APEC) in 1989. This was followed by membership of the ARF. The trend towards multilateralism has continued with China’s active role in the ASEAN +3 (ASEAN plus China, Japan and the Republic of Korea) since 1997, and ASEAN +1 (ASEAN plus China). In November 2002, Beijing proposed to develop the ASEAN–China Free Trade Area by 2015 enshrined in the Framework Agreement on Comprehensive Economic Cooperation, and in the following year China went on to sign up to the ASEAN Treaty of Amity and Cooperation (Hughes, 2005).
Shambaugh (2006: Internet Source) argues that in 1997-98, China was quite apprehensive about the US policy of containing China in Asia and saw various multilateral initiatives in that light. But by 1999, China started getting involved in various ASEAN-related meetings and realized that America did not have a major presence here. This made China feel more comfortable with Southeast Asian countries.

Events of September 11 and their aftermath has undoubtedly been a major turning point in shaping the regional policies of China. China has taken up a set of new policies for the United States and the Southeast Asian neighbors. However, 9/11 did not change ASEAN countries’ perceptions of China as an avenue for growth. What concerns ASEAN countries is the role played by the extra-regional powers in their region. Historically, this region has been exploited by the major powers. Post-September 11, major powers, under the pretext of war on terrorism, have been involved in active military engagements in the Taiwan Strait, Korean Peninsula and the South China Sea (Banlaoi, 2003: Internet Source).

In light of the trend of the times and the characteristics of the Asia-Pacific region, China put forward in 1996 the initiative that countries in the region jointly cultivate a new concept of security, which focuses on enhancing trust through dialogue and promoting security through cooperation. Since the Chinese leaders have called for the establishment of a new security concept on many occasions both at bilateral meetings and multi-lateral fora in recent years, the new security concept is said to have become an important component of China's foreign policies. In China's view, the core of such new security concept should include mutual trust, mutual benefit, equality and coordination (government of China, Ministry of Foreign Affairs, 2002: Internet Source).

China has aimed at using the ‘New Security Concept’ for strengthening its relations with Southeast Asia and ensuring at the same time that this region remains secure vis-à-vis the hegemonic designs of major powers, particularly the United States and its allies. It is, of course, no coincidence that this emphasis on state sovereignty in the New Security Concept is fully in harmony with ASEAN’s principles, as enshrined in the Treaty of Amity and Cooperation. Both China and ASEAN states share the view that there need not be any direct clash between multilateralism, principles of national sovereignty and dealing with transnational threats such as terrorism. This is just as true of Beijing’s other regional initiatives as it is of its policy towards Southeast
Asia. The participating states of the Shanghai Cooperation Organization (with China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan as members), for example, have signed numerous agreements on reducing the military presence in the border areas and combating terrorism. These have allowed the SCO to defend the national interests of its members by joining the regional and global struggle against terrorism, and to promote regional economic cooperation, while attempting to ensure at the same time that their organization is not being perceived as an alliance opposed to any third-party state, especially the United States of America (Shambaugh, 2005).

EVOLUTION OF CHINA-ASEAN RELATIONS: A BRIEF OVERVIEW

As mentioned in chapter one, perceptions play a crucial role in shaping inter-state relations. China-Southeast Asia relations too were a hostage to and victim of distorted perceptions all through the Cold War. During the first 20-25 years of the Cold War, both China and Southeast Asia had insufficient knowledge about each other. One of the key reasons as to why China and Southeast Asia could not develop cordial relations during the Cold War was the differences over Indonesia, despite friendly relations with Thailand, the Philippines and Malaysia. Indonesia always perceived China as a threat in terms of security and this proved to be a major hindrance in building up a sound relationship till 1980s. Nevertheless, by mid-80s, Indonesia and China got underway trade relations. Moreover, Indonesian President, Suharto, and Foreign Minister, Qian Qichen, also made efforts to normalize relations with China. After a number of technical meetings, official ties were finally restored on 8 August 1990 (Tao, 2001).

A number of factors have contributed to Southeast Asia’s growing importance for China after the end of the Cold War. Immediately after the end of the Cold War, the influence of China was limited to the Asia-Pacific region. It was generally felt that China, through a friendly engagement with Southeast Asian countries could substantially contribute to peace and stability in the entire Asia-Pacific region. China was on its way to modernization process and South China in particular sought engagement with Southeast Asia. In the immediate post Cold War period, Southeast Asian economies too had shown economic advancement. China was quick to perceive ASEAN as a significant player in Asia Pacific region. In addition to all these factors, China and Southeast Asia shared some similar perceptions of international affairs at that time. Both commonly opposed the western parameters of human rights being indiscriminately applied to the...
entire world. Both believed strongly in strengthening the role of the United Nations and upheld that the ‘New World Order’ should not be dominated by a small number of great powers. Both attached a great deal of importance to APEC. Both spoke in favour of the relaxation of trade restriction on the developing countries by the western developed countries (Zhongqing, 1995).

Broadly speaking, Sino-ASEAN relations have evolved through four broad phases since 1967. First phase began with the initiation of ASEAN in 1967 and lasted till 1978. All through 1970s, China tried to develop cordial relations with Southeast Asia. But China’s continued support to the Communist parties in Southeast Asia was a major obstacle in bringing them closer. With the Sino- American rapprochement, ASEAN started reorienting its policy towards China. China, Japan and the erstwhile Soviet Union started playing their roles in the region. By this time ASEAN had developed a policy towards all these powers, which was against giving excessive importance to any one of them. Second phase lasted from 1978-89. Vietnam invaded Cambodia in 1978 and both the United States and China vehemently opposed the invasion. The third phase, which lasted from 1989 to 1997, also saw lukewarm kind of relations between the two. Vietnam withdrew from Cambodia in 1989. Indonesia expressed its desire to normalize relations with China, followed by Singapore and Brunei expressing similar desire. By 1991, relations were being normalized between China and all members of ASEAN countries (Ba, 2003).

The establishment of the politico-security arrangements like ARF by mid-1990s was symbolic of a major shift from the US-centered unilateral alliance system of the Cold War. This decreasing level of US involvement in Southeast Asia was reason enough for ASEAN to engage China in a substantial manner. The fourth phase began in 1997 when the ASEAN countries went through the financial crisis. It was the time when China decided to devalue its currency and help the crisis-ridden countries. This phase has been a phase of cooperation and sound mutual relations between China and ASEAN countries. Though there were certain territorial disputes between the two in the South China Sea, (to be discussed in detail later in the chapter) yet the tilt was more towards cooperation (Ibid.).

According to The People’s Daily, a Chinese daily, China and ASEAN relations are on a high. China claims that its peaceful development is not a threat for Southeast
Asian countries rather it is an opportunity. Southeast Asia also sees China in a positive light and wants to work in cooperation with China. In short, in the post-Cold War period, China and ASEAN relations have been improving. In 2003, China signed the ‘Amiable Cooperative Treaty of Southeast Asia’ and jointly observed the ‘Declaration on the Conducts of Various Parties on the South China Sea’.

**China’s ‘Charm Offensive’ in Southeast Asia**

According to some analysts (Goh, 2005: Internet source), China has two strategic aims in Southeast Asia. First of all China wants to maintain a conflict-free region so that there are no territorial tensions with the neighboring states. Secondly, to ensure that these neighbors do not fall into anti-China camp. There is a shift in Southeast Asian perceptions of China. They no more see China as a potentially destabilizing force. China’s charm offensive and regional diplomacy have been successful by and large. Moreover, these countries have reconciled to the reality of a rising China in their neighborhood. Southeast Asian perceptions have undergone dramatic change over the last few years, especially in view of the emergence of new threats like terrorism which require new kinds of strategies and cooperation (Ibid.).

China has taken to ‘charm offensive’ towards its Southeast Asian neighbors. China’s ‘charm offensive’ or soft power has pushed the territorial disputes between China and ASEAN to the background and more pragmatic issues like trade are being given importance. This ‘charm offensive’ practically began when the Chinese Premeir, Jiang Zemin, visited Cambodia in November 2000, after the times marked by anti-China feelings among the Cambodians during the Khmer Rouge. China has come to realize that it is the soft power with its strong trade and investment dimension that can win her friends in the present day world scenario. As explained earlier, it was during the financial crisis in the Southeast Asian countries that China began to employ its soft power towards these countries. In the past decade, China has upgraded its public diplomacy, which has focused on selling the idea that China should not be perceived as a threat to other nations. China’s public diplomacy efforts reinforce the concept of ‘peaceful development’ rather than China’s rise. This phenomenon of soft power also covers areas like encouraging Chinese language and studies in these countries, making services like transportation easier, and providing aid to the less developed countries among the ASEAN members (Kurlantzick, 2006).
That China is skillfully deploying economic diplomacy as the guiding principle of its foreign policy is graphically revealed in China’s White Paper on Peaceful Development Road Published in 2005 (see China’s White Paper, 2005: Internet Source). It says,

China has exerted itself to push forward multilateral economic and trade relations and regional economic cooperation, actively participated in the formulation and execution of international economic and trade rules, and joined various other countries in settling disputes and problems emerging in their cooperation, so as to promote the balanced and orderly development of the world economy... Growing China is active in international economic and technological cooperation, and provides good opportunities and a huge market for the rest of the world. All countries, the developed countries in particular, have reaped lucrative benefits from investment in and service trade with China.

The Vice President of the Central Party School of the Communist party of China, Li Junru, in an interview to The Beijing Review, said that China’s ‘rise’ is peaceful in nature and it will not damage the interests of the Asian countries. He emphasized that as China’s overall development will create economic opportunities for other countries. So it is a win-win situation where China as well as others would benefit (China's Peaceful Rise, 2004: Internet Source).

China’s Track II diplomacy has been quite successful in engaging the Southeast Asian neighbors. China’s soft power and charm offensive have been successful in maintaining friendly relations with Southeast Asian countries as compared to the United States. The regional elite and the public opinion in Southeast Asia are more pro-China on account of controversial US foreign policy and the lack of attention to Southeast Asian countries in the regional multilateral fora (Sutter, 2005: Internet Source).

As a result of wide ranging agreements, declarations and Memoranda of Understanding signed between China and ASEAN countries, the previously uneven relations are leveled to some extent. The ASEAN countries have not forgotten the difficult patches of relations with China. During the Cold War days, China, as noted by us earlier had tried exporting its leftist ideology to the ASEAN countries which filled them with rage and gave them reasons to doubt China. But of late, China’s policy towards Asia, particularly ASEAN, has changed. China’s new diplomacy in Asia is based on engagement. China has developed an affiliation towards various multilateral
fora. This engagement includes—participation in regional organizations; establishment of strategic partnerships and deepening of bilateral ties; expansion of regional economic ties; reduction of distrust and anxiety in the security sphere. As far as regional organizations are concerned, China has been deeply involved with ASEAN and the Shanghai Cooperation Organization (SCO). However, the ASEAN countries have come to the realization that China cannot be overcome (Shambaugh, 2005: Internet Source).

Amitav Acharya (2003), an expert on Asia-Pacific security issues, feels that China wants engagement with ASEAN countries mainly in economic terms. China also fears that if she adopts a policy of confrontation with the ASEAN countries, it might give them a chance to look for other allies such as the United States and Japan. Such an international scenario gives both China and ASEAN countries to take advantage of the situation. Acharya is of the view that ASEAN’s view of China is independent of the United States and it is not the United States that drives ASEAN to shake hands with China.

The overseas Chinese community occupies a dominant position in trade and business in almost all Southeast Asian countries. Indian communities too, in Singapore, Malaysia, Indonesia and Thailand have been making good progress in these countries and also making investments in India. Much enhanced cordiality in India-China relations could also affect their relations with Southeast Asia. After 2003, India-China relations have been moving in a positive direction. When the Chinese Premier, Wen Jiabao, visited India in April 2005, an India-China Strategic and Cooperative Partnership for Peace and Prosperity was agreed upon and the relationship between the two witnessed improvement in all dimensions—political, economic, technical and cultural. India and China seem to be comfortable enough in coming to an understanding for a non-confrontational attitude in Southeast Asia (Devare, 2006). Both can find their niches in Southeast Asia despite a certain level of economic rivalry. Southeast Asia could also adopt an approach to manage both India and China simultaneously and in a synergetic manner. Southeast Asia, doubtlessly, is a pivot between India and China and has a lot to gain from improving bilateral relations between the two (Ibid.).

**ASEAN’S VARYING PERCEPTIONS ON CHINA**

As mentioned earlier in the chapter, different Southeast Asian countries have different opinions regarding China. These countries propose different sets of strategies to deal
with China. According to some scholars (Acharya, 2004; Roy, 2002; Baviera: Internet Source) economically speaking, China is seen as both a threat and opportunity by China. Whereas strategically, most Southeast Asian countries feel that China should be engaged rather than contained and if such a strategy fails, then, some kind of balancing should be attempted. S.D. Muni (2002) has argued that ‘China’s close relation with the new ASEAN members enables it to project itself as a stabilizing force and a mature power in the Asia-Pacific regionalism’ but it has all the characteristics of a centre-periphery relationship. According to Sutter (2005: Internet Source), an American expert on China, “China’s relations with all powers around its periphery, with the possible exception of Japan, have made advances in recent years. Beijing’s influence in Southeast Asia and Korea has grown markedly in recent years.”

Indonesia and Malaysia have been somewhat doubtful of China’s policies and tend to perceive China as a threat. On the other hand, Thailand has always been supportive of Chinese policies by and large. Singapore and the Philippines have also not been suspicious of Chinese interests in the region. The Philippines and China have had a conflict over the possession of the Mischief Reef in the Spratly Islands in 1995 (Baviera: Internet Source).

Over the past decade, the overall ASEAN policy vis-à-vis China has been that of ‘constructive engagement’ despite the fact that the member states of ASEAN are not in total agreement among themselves regarding China’s role in the region (Acharya, 2003; Roy, 2002: Internet Source; Tao, 2001). ASEAN, therefore, opted for a step-by-step approach in engaging China. As the Cold War ended and the troops of the United States withdrew from the Philippines, a need was felt to find new ways of dealing with the security issues. China’s first track involvement with ASEAN began in 1991, when the Chinese Premier attended the ASEAN Ministerial Meeting (AMM) as a guest member. China expressed her willingness to be a dialogue partner of ASEAN with an all-round engagement with the association. ASEAN responded positively to the request made by China and the ASEAN Regional Forum (ARF) was created in 1994 with China as a member state. China joined as a consultative partner. Further the Senior Officials’ Meetings (SoMs) related to the security issues since 1995 have provided a platform for ASEAN and China to have open discussions about such issues. Later, other platforms like ASEAN-China Joint Co-operation Committee (ACJCC) were also formed to
enhance all round development between the two. China’s engagement with ASEAN is
just not limited to the grouping rather it stretches to substantial bilateral relations with
the individual ASEAN countries (Tao, 2001).

Acharya (2003) feels that ASEAN-China relations will be marked by both
competition and collaboration. The short-term strategy of the ASEAN countries is to
engage China in all spheres. There are certain factors that determine the long-term
relationship between China and ASEAN. These are China-United States rivalry, regional
economic interdependence and emerging security patterns in the region. Till the time
China does not start expanding her territories, ASEAN countries are contended with the
policy of involving China at bilateral and multilateral levels. However, at the same time
ASEAN countries are not very comfortable aligning themselves strategically with China
(Ibid.).

China, according to some scholars (Roy, 2002) has adopted this policy of
constructive engagement because of two reasons. Firstly, over a period of time, the
attitude of China towards Southeast Asia has been that of peacefulness. Secondly,
aggravated American presence in the region has led to such an attitude. Certain
geopolitical moves on behalf of China in recent past have proved a sense of good
neighborliness towards Southeast Asia. These include economic aid and refraining from
devaluing the Chinese currency after the 1997 financial crisis; constructive diplomacy;
participation in multilateral fora. The graph of China’s engagement in Southeast Asia at
both political and economic levels is on the rise.

The Ministry of Commerce of the People’s Republic of China says that China
and ASEAN are determined to establish a Free Trade Area (FTA) by 2010. The proposed
FTA consists of trade in goods liberalization by 2010 for China and six traditional
ASEAN members including Singapore, the Phillipines, Brunei, Malaysia, Indonesia and
Thailand, and by 2015 for Cambodia, Laos, Myanmar and Vietnam (China, ASEAN

According to the study of the Government of People’s Republic of China, Ministry
of Commerce (2007: Internet Source), China’s imports and exports with ASEAN as on
17 November 2007 was $ 1464.88 million. There has been an increase of 31.6 % in
China’s trade with ASEAN. The increase in imports has been 21.5%. With India, the
value of imports and exports is $271.67 million. There has been an increase of 67.4% in China’s exports to India. The increase in imports has been 31.7%.

Of late, ASEAN has adopted what is called ‘hedging’ strategy in American official discourse. According to Yahuda (2006: Internet Source), a professor at the London School of Economics, argues that Southeast Asia’s policy towards China and India is not that of balancing one against the other. It is rather the policy of ‘hedging’, which means that Southeast Asia is trying to diversify its allies and is trying not to be dependent on China only. Less developed ASEAN countries like Myanmar and Cambodia are also involved in looking for multiple allies rather than just being dependent on China (Ibid.; Goh, 2006: Internet Source). Goh (2006: Internet Source) argues that hedging is a kind of ‘insurance against the uncertain present and future tensions of target states’. Southeast Asian countries feel that since great powers will influence the geopolitics of the region, it is better to engage with more than one, thus diversifying the options. Thus, Southeast Asia is engaging powers like the United States, Japan and India besides China. Out of the Southeast Asia countries, Singapore, Thailand and Malaysia in particular are seen as hedging with China and the United States (Goh, 2006: Internet Source).

VIEWS ON CHINA AND SINO-INDIA RELATIONS FROM INDIA

After India gained independence, Jawahar Lal Nehru, constantly tried working on an Asian identity. India always urged upon Southeast countries to maintain their newly won independence and not give in to any of the bigger powers like the United States, Japan, the USSR or China. For that matter, India whole heartedly supported all initiatives taken by Southeast Asian countries for regional cooperation, for instance, Association of Asia (1961); Malaysian Federation (1963); Malaysia, the Philippines, Indonesia (MAPHILINDO) (1963); and ASEAN (1967). Besides, India had always supported independence movements in Indochina countries. Despite positive developments, a number of incidents happened in Southeast Asia that caused unpleasantness in India-China relations (Singh, 2001c; Naidu, 1998 a).

To begin with, it was at the Bandung Conference, held in April 1955 at Bandung, that problems between the two began. India was actually at the helm of the conference. However, to Nehru’s surprise, the conference proved to be the handiwork of China with
Zou En-lai as its architect. To add to the fury of Pandit Nehru, his close friend, the President of Indonesia, Sukarno, sided with the Chinese. Developments such as these convinced Nehru that it was prudent to keep Southeast Asia out of his frame of Indian foreign policy (Singh, 2001c).

As explained in chapter one, mental maps and perceptions play a significant role in the foreign policy orientation of a state. For a long period of time after the Indian independence, India-China went through a rough phase in their bilateral relations. After the Indo-Chinese war of 1962, India’s perceptions of China as a friendly neighbor changed drastically. However, both followed a path of rapprochement after the end of the Cold War due to changed geopolitical conditions. During the Cold War, the visit of the Indian Prime Minister, Rajiv Gandhi, to China in 1988 (the first by any Indian Prime Minister since Nehru’s visit to Beijing in 1954) had set the stage for the unfolding of cordial relationship between the two (Rajan, 2007). A joint Press Communiqué that resulted from the visit emphasized the need to restore friendly ties on the basis of the Five Principles of Peaceful Coexistence. Both sides agreed to broaden bilateral ties in various spheres, working to achieve a fair and reasonable settlement of the boundary dispute on the basis of ‘mutual understanding, mutual accommodation and mutual adjustment’ (the word ‘mutual adjustment’ was a new addition). The Communiqué also expressed China’s concern about the Tibet separatists in India launching agitations and reiterated PRC’s position that Tibet was an integral part of China and anti-China activities by the Tibetan exiles would not be tolerated. The Indian side was forthright in acknowledging that Tibet was an Autonomous Region of China and that New Delhi disallows Tibetans to carry out anti-China activities from India (Ibid.). Several bilateral agreements including those on science and technology cooperation, establishment of direct air links and cultural exchanges were also signed during the visit.

Although some efforts had been made during 1970s, and all through the 80s, between India and China to find a solution to the border disputes in the eastern and the western sectors, but in vain. After Rajiv Gandhi’s visit, efforts were made that brought the two giants closer. With the disintegration of the Soviet Union, a major hindrance in the way of normalization of relations between India and China, was removed. Both India and China have been in favor of reforming the United Nations. Several diplomatic visits were exchanged between India and China between 1988 and 1996). However, when
India conducted its nuclear tests in May 1998, China severely condemned this move of India. The state-owned Chinese media commented after the nuclear blasts (O Al-Rfouh, 2003: 25),

> In disregard of the strong opposition of the international community, the Indian government conducted two more nuclear tests on 13 May following the 11 May tests. The Chinese government is deeply shocked by this and thereby expresses its strong condemnation. This act of India is nothing but outrageous contempt for the common will of the international community for comprehensive ban on nuclear tests and a hard blow on the international effort to prevent nuclear proliferation. It will entail serious consequences to the peace and stability in South Asia and the world at large.

The post-Pokhran period was crucial from many angles for Sino-India geopolitical equations. The remarks made by the new Defense Minister of India in May 1998 (after the National Democratic Alliance Government came into power in New Delhi in March 1998), that China was India’s main threat caused a major setback to Sino-India relations. The Chinese saw the tests ‘causing serious damage to bilateral relations. The PRC strongly reacted and objected to Prime Minister Vajpayee’s letter to the US President Clinton, justifying India’s decision to test nuclear weapons by pointing to the threat from China and sought an Indian explanation for having thought so. China was also quick to extend its support to the UN Security Council Resolution no. 1172 which condemned the nuclear tests by India and Pakistan.

Soon after much hue and cry about the Pokhran blasts, relations between the two started improving. The Foreign Minister of India, Jaswant Singh, visited China in 1999. This visit was returned by the Chinese Foreign Minister coming to New Delhi in July 2000. By now China had seemed to review and reassess her India policy. There had been down gradation in Sino-India relations; India’s increasing clout and contributions in the Information and Communication Technology sector, and her constantly increasing geopolitical status compelled Beijing see to India in more positively. These visits were serious pointers towards willingness at both ends to bring détente in the relationship between the two (O Al-Rfouh, 2003).

During Indian Prime Minister Manmohan Sigh’s visit to China in January 2008, the MoUs have been signed by the two countries regarding cooperation between (a) the
Planning Commission of India and National Development and Reform Commission of the PRC, and (b) Ministry of Railways India and Ministry of Railways, PRC; (c) Ministry of Housing and Urban Poverty Alleviation of India and Ministry of Construction, PRC; and (d) Ministry of Rural Development, India and Ministry of Land Resources PRC (for cooperation in land resource management, land administration and Resettlement and Rehabilitation. Other areas covered under the MoUs include traditional medicine, palaeo-climatic and palaeo-environmental change in the Asian continent, India-China joint medical missions, culture, film and fine arts, and sustainable development of agriculture and rural areas. Both the countries jointly issued “A Shared Vision for the 21st Century of the Republic of India and the People’s Republic of China” which underlines that the two sides take a positive view of each other’s participation in sub-regional multilateral cooperation (such as Bay of Bengal Community and SCO) and hold that this does not affect either country’s existing friendly relations or cooperation with other countries. It also points out that, “In the new century, Panchsheel, the five Principles of Peaceful Co-existence should continue to constitute the basis guiding principles for good relations between all countries and for realizing conditions for peace and progress of humankind” (A Shared Vision for the 21st Century of the Republic of India and the People’s Republic of China, 2008: Internet Source).

Against the backdrop of improving Sino-India relations on the one hand and the growing Indian and Chinese influences in Asia, on the other, a whole lot of debate is taking place among and within various institutions in India regarding the rise of China. There are various sites involved in the knowledge production about India-China relations. Major among them are the Prime Minister’s Office, the military and intelligence community, the Ministry of External Affairs, the Ministry of Defence, political parties, and business lobbies.

Broadly speaking, there are three major schools of thought participating in the ongoing debate on India-China relations. Malik (2003) refers to them as appeasers, realists, hyperrealists. MacDonald, Danyluk and Donahue (2005) also point out in the report entitled, Perspective on China: a View from India, prepared by the Net Assessment Office of the Secretary of Defence, United States of America, that there are three schools of thought with regard to China factor in India-ASEAN relations. They are: optimists, pragmatists and hardliner, more or less corresponding to the categories of appeasers, realists and hyperrealists as referred to by Malik.
China as Seen by the Optimists

The first school of thought is that of optimists or appeasers. They are of the view that China should rather be seen as a benign power. The changing strategic environments in West Asia, South Asia and East Asia signify that both India and China can contribute together to the political stability of Asia. They believe that China has taken lead in the regional economic leadership in Asia and India will follow suit. The optimists firmly believe in China’s ‘peaceful rise’ and believe that such a global rise can help improve Sino-India relationship and will help revive Nehru’s vision of Asian solidarity (see Malik, 2003; MacDonald, Danyluk and Donahue, 2005). They would be inclined towards the position that China’s interests and priorities have made the adoption of ‘policy of assurance’ not just a choice but necessity (Qingguo, 2006). As a developing country China is confronted by numerous problems and challenges on the domestic front, and would like to have a peaceful and stable regional and international environment so that it continues to muster badly resources and energy.

Optimists view that there are various areas of convergence between India and China. Forging new partnerships of both geopolitical and geoeconomic nature would be mutually beneficial for both the countries. They would also flag the historical and cultural linkages between the two great Asian civilizations. The Prime Minister’s Office can be said to be an important proponent of the optimist views in the China debate. The Indian Prime Minister, Manmohan Singh (2004d: Internet Source) had once remarked that an Asian economic community comprising India, China, Japan, ASEAN and Korea on the lines of NAFTA and EU would constitute an ‘arc of advantage’.

Optimists believe that another area of cooperation between the two is energy security. Both India and China have rising oil and gas needs. So the optimists believe that they will cooperate to keep a check on the cost of energy resources. They argue that China and India share common concern about energy security. Moreover, geographical proximity of the two is an added advantage to launch partnerships in pipeline projects from the Middle East to Central Asia. Lastly, collaborative efforts could cut down on the cost of energy in the market. For instance, the Indian minister of Oil and Natural Gas, Mani Shankar Ayyer is in favor of joint efforts of India and China, so that the prices are checked. Also for energy security, SLOC protection is another area of convergence for both India and China. China has not been successful in developing reliable oil and gas
pipelines from Russia and Central Asia. Thus, securing SLOCs for energy and raw materials which is the backbone of China’s economy, is the prime motivation behind ‘String of Pearls’ strategy adopted by China (MacDonald, Danyluk and Donahue, 2005).

Another institution backing this view is the business community of India. Some sectors of Indian businessmen are in favor of a strong Sino-Indian corporate partnership as they feel that there exist synergies in their market structures.

**China as Seen by the Pragmatists**

The second school of thought is that of the pragmatists or realists. They firmly believe in engaging as well as balancing China. This school of thought comprises the communists, the left-leaning academics, journalists, pacifists, anti-nuclear, anti-U.S. thinkers and idealists. They maintain that it is in India’s best interests to align with China in order to confront and contain the hegemony of the only superpower, the United States of America, all over the globe. The pragmatists assume that enhanced economic interaction between India and China may also lead to improved strategic relations between the two neighbours. They firmly believe that despite being competitors, the geopolitical interests of India and China meet at some plane. They have common interests of maintaining regional security, exploiting economic opportunities, access to energy resources and markets, environmental and cultural issues (see Figure 18).

The pragmatist school of thought also believes that India must develop closer ties with other powers also. “India must emulate China to be secure against its neighbour in the decades to come, and more importantly, to manage its relations with other great powers as Beijing does.” A major supporter of this school of thought is the business lobby of India (Ibid.).

The pragmatists would also argue that geoconomics is gaining primacy in India-China relations. India-China economic ties are on a rise. In 2004, India was China’s 13<sup>th</sup> largest trade partner and China was India’s 3<sup>rd</sup> largest trade partner. In 2000-01, India’s total trade with China was US$ 2,334 million and from 2004-05, it reached up to US$ 11,333 million. However, China’s share in India’s global imports was 5%, and India’s share in China’s global trade was only 1% (Poddar, 2005: Internet Source).
Exports from India to China have gone up in recent years. India-China bilateral trade is predicted to reach US$ 30 billion by 2009. Nevertheless, both India and China have a great scope for furthering their bilateral trade. A research made by FICCI shows that the size of the Chinese market and its geographical proximity to India gives an opportunity for both India and China to diversify their trade relations. Presently, only 53% Indian companies are exporting to China. However, 75% of the companies not exporting to China presently plan to start exporting soon and the companies already exporting to China are wanting to export even more (Poddar, 2005: Internet Source).
Some of the leading members of this school of thought are the academicians and think tanks. Some of these think tanks are South Asian Analysis Group (SAAG), Observer research Foundation (ORF) and Institute of peace and Conflict studies (IPCS). According to Subhash Kapila, a SAAG member, China, with its increasing profile, should be seen with fear, mistrust and vigilance by all major powers and the countries to its periphery. China’s periphery incorporates two major military powers--Russia and India, two economic giants--Japan and South Korea and emerging markets for which all major powers like India and ASEAN would compete (Kapila, 2005; Internet Source). Despite all the rhetoric on India-China friendship and cooperative relations, China is India-wary and perceives India as a major threat to her rise. India presents a challenge to China’s domineering size and activities in Asia, particularly the increasing economic profile of India. Thus, China’s South Asia policy is to contain Indian influence and to keep India in ‘strategic disequilibrium’ by defence cooperation with countries like Pakistan, Bangladesh and Nepal in India’s peripheries (Kapila, 2006: Internet Source).

The Indian Ministry of Defence and the military can also be said to be more inclined towards the pragmatists’ views of China. Whereas the intelligence community is said to be of the view that the Indian establishment should maintain a stern stand towards China rather than a mild stance. They are hardcore believers in the policy of playing the Pakistan card or the Taiwan card (Malik, 2003).

However, after the Congress party came into power, there has been a change in the rhetoric of the Ministry of Defence. To some extent, the Ministry of Defence has adopted the optimist view regarding China’s debate. To quote the former Indian Defence Minister, Pranab Mukherjee (2005b: Internet Source),

> With China today, we share more common interests and areas of agreement, than differences, including a shared commitment to a multipolar world. Our security ties have undergone a change, with resumption of military ties signified by joint exercises, bilateral visits and sharing of information on military matters of joint interest. By institutionalising the Sino-Indian dialogue at a political level, with regular exchanges between designated interlocutors, the territorial and boundary differences between our two countries are being addressed purposefully (Ibid.).
China is India’s largest neighbour and therefore developing friendly cooperation with China is one of the priorities of our foreign policy. With frequent high-level exchanges including, my just concluded visit to China, the process of building trust and understanding has gained momentum and our relations have diversified across a wide range of areas. Our ties with China have reached a certain degree of maturity where we are determined to build upon our existing commonalities and identify newer areas of mutually beneficial cooperation. At the same time we are striving to address our differences in a proactive and purposive manner, without allowing them to affect the comprehensive development of our relationship (Address by Mr Pranab Mukherjee, Defence Minister of India at the Fifth IISS Asia Security Summit, 2006; Internet Source).

Thus, it can be seen clearly from the above quoted speeches of the former Indian Defence Minister of India (currently the External Affairs Minister of India) Pranab Mukherjee, that there has been a shift from a completely firm stand on China to a rather flexible one.

It appears that military officers and policy-makers in New Delhi are less concerned about the China threat and more worried about Pakistan. To quote MacDonald, Danyluk and Donahue (2005:29),

While New Delhi sees China as a low-to-medium-term threat, Eastern Command believes that within a single season, Chinese attitudes towards India could change, and China could become a medium-to-high-level threat. In particular, Eastern Command is concerned about China’s investment in oil pipelines and infrastructure around the border area, which provide China with a rapid build-up capability. China already has 39 routes to the Indian border, and 10 to 15 have been upgraded in the recent past. Communications systems have also been upgraded to allow for a rapid buildup of forces, including heavy weapons, artillery, and other equipment... Delhi, by contrast, believes that India’s lack of infrastructure constrains the Chinese from making deep penetrations. Since Delhi controls the purse strings, infrastructure development along the border in the northeastern states has not taken place.

Whereas, the military commands outside New Delhi, particularly those closer to the Sino-Indian border, tend to have a more hardline view about threat from China, the Eastern Command which monitors the Chinese activities on the border closely is much concerned about China’s activities and infrastructure development along the border.
Some scholars are of the view that what China is interested in is in creating a unipolar Asia with itself as a pole. A large number of Indian strategists are of the view that China is trying to encircle India by diplomatically wooing the neighbors of India. Many would argue that Southeast Asia is the geopolitical space where the national interests of India and China might clash. With the growing trade between China and the ASEAN countries, the Southeast Asian countries are being sucked into the Chinese sphere of influence. That is why some ASEAN members would like to see India as an economic counterweight to China. Some observers would argue that China uses regional organizations to make its hold strong and to contain India’s influence in these organizations. According to some Indian experts (MacDonald, Danyluk and Donahue, 2005: 104),

Until at least 2012, China will be in “receiving mode”. It wants to keep the neighborhood calm while it grows stronger... China is interested in being firmly embedded in regional organizations, such as BIMSTEC and SAARC... China says it wants India to play a more important role in the international community, but in reality it wants India to remain a junior power...China is concerned that an increased Indian role in the UN or an ASEAN+4 arrangement may enable India to eat into China’s sphere of influence.

Thus, China and India relations are also marked by both cooperation and competition. There are a lot of issues that divide them, despite the rapprochement between the two Asian powers.

**China as Seen by the Hardliners**

The third school of thought is that of the hardliners or hyperrealists. The bottom-line thinking of this school of thought is the perceived geopolitical necessity to ‘contain and encircle China’. They consider China to be a ‘clear and present danger’ for India and would argue that the only way to contain China is to form a strategic alliance with the countries located in China’s peripheries against China. China wants to compete with the United States at the global level. India must take the lead in establishing an anti-China alliance system with Tajikistan, Kyrgyzstan, Mongolia, Japan, Taiwan, Vietnam, the Philippines, Australia, Indonesia, Thailand and Burma. Initially, it could be an alliance in concert with the United States but gradually India should emerge as the pole of the alliance. In short, the hardliners firmly believe that India could never see eye to eye with an ‘aggressive’ and ‘expansionist’ China. Key proponents of this geopolitical discourse
are the Ministry of Defence, retired military officers and think tanks like Institute of
Defence and Strategic Analysis (IDSA) and the United Service Institution of India (USI)
(see Malik, 2003: Internet Source; MacDonald, Danyluk and Donahue, 2005).

CHINA’S POLICY TOWARDS THE INDIAN OCEAN

It is worth noting that one thing that is common to all the above mentioned geopolitical
discourses on the ‘China’ factor is that Optimists, Pragmatists and Hardliners all are of
the view that China’s growing influence has spread far beyond its neighborhood. It
extends to the Indian Ocean, Central Asia, Middle East, Africa and even Latin America.
China’s self-defined neighbors include Japan, the Korean Peninsula, Taiwan, Southeast
Asia, Iran, the Arab Gulf states, and Central Asia. And that the Chinese strategic space
overlaps with India’s strategic space (MacDonald, Danyluk and Donahue, 2005).

China has also changed her maritime strategy over the past one decade or so. A
number of factors have led China to upgrade its navy, including steadily expanding trade,
maritime security considerations, and territorial disputes. China has world’s fourth
longest coastline. After the end of the Cold War, the Soviet Union withdrew its naval
presence from the Indian Ocean. Already the manufacturing super power in the
contemporary international geopolitical economy, China has to ensure uninterrupted
supply of her energy requirements. This was one of the major reasons for China to revise
her maritime strategy. By 1996, China became the second largest importer of food grains
in the world thus, making China dependent on sea for food. Moreover, emergence of
Asia-Pacific as a highly dynamic region compelled China to rethink and reassess her
naval-maritime capabilities. Equally compelling was the fact that in the wake of the Cold
War, the neighboring countries of China had also started expanded their maritime
activities and capabilities. China’s maritime strategy therefore aims at not only
safeguarding her naval-strategic interests but also the development of the marine
economy, a boost to the maritime science and technology and the protection of maritime
environment (Singh, 1999).

In the mental maps of policy makers in Beijing, India is the dominant power in
Indian Ocean region and in view of her steadily improving naval capability could
become a challenge, bordering threat, for China. Some leading strategic scholars in
China believe that India’s ‘Look East’ policy is driven not only by geoeconomic
considerati, but also strategic calculations. Some of them would argue that the greater aim behind India-ASEAN maritime cooperation and counterterrorism efforts is to control the Indian Ocean, particularly the Malacca Straits (Holmes, 2007: Internet Source).

China has passed the Law on Territorial Seas and Contiguous Water Zones, which explains China’s stand on maritime issues very lucidly. China also formed Maritime Cruise Unit for taking care of its maritime borders and a force called ocean-going task force. Besides all these efforts, China has also laid emphasis on the pursuit of naval diplomacy and maritime cooperation in a big way. Joint naval exercises have become a major confidence building measure for China. China is actively participating in various multilateral initiatives and institutions with ASEAN countries, including the Council for Security and Cooperation in the Asia-Pacific (CSCAP) (Ibid.).

China wants to maintain a stable political and security environment in its peripheries, secure its commercial interests in the region, and maintain influence in the region so as to checkmate any kind of efforts aimed at her encirclement or containment. According to a recent Chinese commentary, “The greater periphery’ (defined as Northeast Asia, Southeast Asia, South Asia and Central Asia) is the …main pivotal point for China’s development into a singular pole in the world. (However)...the United States has intensified its strategic defense... against the rise of China...and the geopolitical space of Russia. The United Sates has vigorously readjusted its alliance system along the regions of China’s “greater periphery”, where it hopes to use the alliances between the United States and Japan, United States and Australia, and the United States and India to guard against the rise of China” (Xiangyang, 2006: Internet Source). According to Berlin (2008: 39), “The foregoing challenge is acute for Beijing because this ‘greater periphery’ is so important.”

China’s Indian Ocean policy has been driven by need-based and ambition-based perceptions and considerations. First among them is to keep the energy demands fulfilled, as pointed out above. The pre-requisite for this is the protection of Sea Lanes of Communication and to develop its shipping industry. Nearly 85% of China’s trade takes place through sea. It becomes imperative for China under such conditions to pay attention to the strategically located Malacca Straits. Over half of China’s imports pass through these straits. Furthermore, China consumes about 2.1% of world’s oil and this consumption is likely to increase in future, thus making China dependent on Southeast
Asia for its energy security and a strong reason to make the straits secure (Vaughn, and Morrison, 2006; Internet Source). Secondly, China is concerned about its claimed maritime territorial integrity. China claims the whole of South China Sea and thus trying to be an Indian Ocean littoral. Thirdly, as mentioned in chapter two, after the end of the Cold War, the Soviet Union distegrated completely and created chances for China’s emergence as a global power. Thus, this ‘power vacuum’ could be filled by a rising China. Finally, after the end of the Cold War, countries like Japan, ASEAN members, Australia, India and South Africa have been expanding their ocean-based interactions. This also pushed China to develop a maritime strategy in the Indian Ocean (Singh, 2003).

In addition to the above mentioned factors, certain external factors have acted as catalyst behind China’s Indian Ocean policy. China’s perceptions and equations with Russia and the United States have been the most important external factors in forming China’s Indian Ocean policy. In addition to this, India has also been a significant factor. According to some Chinese experts, the British infused among Indians a desire to look beyond the Indian subcontinent and to establish an imminent position in the Indian Ocean. To quote Berlin (2008: 39),

Another key interest for China is to block India so that it can not achieve the analogous objective in India’s own region: regional hegemony in South Asia and the Indian Ocean. This is not pursued out of spite because China’s strategic situation would be placed in jeopardy were India to attain these ends. As has been the case with virtually all great powers, an India that has consolidated power in its own region would be tempted to exercise power farther afield, including East Asia. Under these circumstances, Beijing has every interest in stopping India from enlarging the Indian security perimeter and achieving a position of influence in the Indian Ocean region overall.

In India too there are a few strategic thinkers who see China’s policy of ‘encirclement’ in the Indian Ocean Region with a great deal of caution and even suspicion. In response to various Chinese moves in the Indian Ocean region, they would urge India to aggressively pursue its naval diplomacy, particularly with the countries of Southeast Asia, as mentioned in the previous chapter (Kumar, 2006: Internet Source). Kumar (Ibid.) would argue for example that India has to balance China in the Indian Ocean Region by engaging more and more with ASEAN.
Before the visit of the then Indian Defence Minister, Pranab Mukherjee, to China in 2006, an official Chinese daily expressed India’s policy towards Asia and the Indian Ocean as precarious. It made a specific mention of India’s attempts to establish air bases in Central Asia and the growing military contacts between India and Mongolia. However, India has emphatically denied any such intentions on her part. India has been underlining the need for the two Asian powers to minimize mutual misperceptions, maximize areas of bilateral defence cooperation and avoid treading on each other’s strategic interests (Raja Mohan, 2006 a).

Malik (2004) is of the view that maritime competition is likely to increase as both China and India try to flag off their presence in the South China Sea and the Indian Ocean. Even for the ASEAN side, it is the growing security needs that drive Southeast Asia to develop closer ties with India. This brings Southeast Asia close to both (Ibid.). According to him (Malik, 2003: Internet Source), “The traditional India-China rivalry is augmented by China’s groundwork for a naval presence along maritime chokepoints in the South China Sea, the Malacca Straits, the Indian Ocean and the Strait of Hormuz in the Persian Gulf to protect its long-term economic security interests. India has countered by improving military relations with Iran, Oman, and Israel in the west while upgrading military ties with Burma, Singapore, Vietnam, Taiwan, Japan and the United States in the east. Both India and China remain suspicious of each other’s intentions and are attempting to fill any perceived power vacuum or block the other from doing so.”

**China’s Claims to the South China Sea**

There are four main groups of islands, namely, Paracels, Spratlys, Pratas and Macclesfield Bank in the South China Sea over which various members of ASEAN and China have fought. It is the Paracels and Spratlys over which Vietnam, the Philippines and Malaysia and China have laid conflicting claims from time to time. What makes the disputes in the South China Sea so significant is the enormous presence of resources like oil and gas and its geostrategic location (Singh, 1999).

For China, its sovereignty over the South China Sea is ‘indisputable’. China acquired the Paracels from South Vietnam in 1974. By 1988, China had established her physical presence in the Spratlys. 1990s saw the eruption of disputes related to the Mischief Reef. The dispute over the Spratly Islands is a bone of contention between
China, Vietnam, Taiwan, Malaysia, the Philippines and Brunei. By 1995, it was clear that China had the Mischief Reef in its possession. On the other hand, some ASEAN members felt that China was not a major threat in territorial terms and perceived Chinese interest as only limited to a few islands rather than being expansionist. On the other hand, Indonesia and the Philippines believed that China was trying to fill in the vacuum created by the withdrawal of the United States’ forces (see Tao, 2001 and Ba, 2003; Internet Source).

China and ASEAN came to an agreement regarding the South China Sea in August 2002, during the ASEAN summit in Cambodia. A joint working group was being set up and some confidence-building activities were suggested. This created the necessary political climate for cooperation in various sectors for mutual benefit such as marine environmental protection, marine scientific research, safety of navigation and communication at sea, search and rescue operation, and combating transnational crime. The meeting assured that such confidence-building measures will surely help in settling the long-standing territorial claims in the South China Sea. A Declaration on the Conduct of Parties in South China Sea (DoC) was also made. The first Senior Officials Meeting (SOM) on the DoC was held in December 2004 in Kuala Lumpur (Press Release, 2004: Internet Source). According to Acharya (2004), the disputes in the South China Sea are no more a major reason of concern now between China and ASEAN.

**China’s ‘String of Pearls’ Strategy**

China has adopted a “string of pearls” strategy, which is a term deployed to describe a collective series of diplomatic and military measures aimed at acquiring access and strategic bases along more than 10,000 kilometers of sea-lanes stretching from the Middle East to China via the Persian Gulf (Gertz, 2005: Internet Source). This topic, along with the Indian Navy’s movements, has been taken up in the monthly report of Ocean Policy Research Foundation several times (OPRF MARINT Monthly Report, 2006: Internet Source). For Beijing, “this process has entailed achieving the capability, and thereby the option, to deploy or station naval power in this region in the future. A key focus in this connection is Burma (Myanmar), where Chinese engineers and military personnel have long been engaged in airfield, road, railroad, pipeline, and port construction aimed at better connecting China with the Indian Ocean, both by sea and directly overland.”
Some of these pearls in the string include Hainan Islands, Woody Islands, Chittagong, Gwadar port and Sittwe port (see Figure 19). The balance of power all through the ‘String of Pearls’ has shifted as China’s influence is growing. This influence is multi-dimensional and pervades economic, political and soft power aspects. However, even if the Chinese influence keeps growing, United States will still have its hold in the region. The region is dominated completely by the United States militarily and is going to be so for quite a long time.

Figure 19: China’s ‘String of Pearls’ Strategy


The ‘Energy Futures of Asia’ Report, prepared by the American defence contractor, Booz Allen Hamilton, for the US Defence Secretary, Donald Rumsfeld mentions that China is adopting the strategy of ‘String of Pearls’ for acquiring strategic bases in the Indian Ocean. Many Pentagon analysts are of the view that China will use its power to project force and undermine the position of the United States. Regarding China’s intentions, the report says that, “China is building strategic relationships along the sea lanes from the Middle East to the South China Sea in ways that suggest defensive and
offensive positioning to protect China's energy interests, but also to serve broad security objectives (cited by Gertz, 2005: Internet Source).

China has been strategically active in various ASEAN countries. China, along with Malaysia and Indonesia, is considering investing in a 120 km canal across Thailand’s Kra Isthmus that would allow the ships to bypass the Straits of Malacca completely. The project is still not taken off but once launched, it will increase China’s strategic influence in the region immensely as the Chinese ships would be having a safer passage to the Indian Ocean. China is also giving aid to help build a rail route linking Yunnan province of southern China to the sea. China has also been giving interest-free loans to Cambodia and is providing help to build a railway line from southern China to the Gulf of Thailand. China also provides aid to construct North and South rails in the Philippines (MacDonald, Danyluk and Donahue, 2005).

After Pakistan and Myanmar, Beijing is skillfully employing economic and military means to draw Bhutan, Bangladesh, Nepal, the Maldives, and Sri Lanka into China's orbit. China is involved in military incursions and in road construction in Bhutan, thus, aiming at getting it into its sphere of influence. With regard to Nepal, China has been supplying arms for long now. Also China has been trying to revise her relations with Bangladesh to upgrade the Chittagong port to gain access to the Indian Ocean and to establish a road link with Bangladesh via Myanmar and to acquire Dhaka's immense natural gas reserves. China has also been supplying arms to Bangladesh. China’s shadow looms so large in the Indian subcontinent that apparently South Asia granted China an observer status of the SAARC (Malik, 2006).

The PEARL in the ‘Sring of Pearl’: Growing Focus on Myanmar

Myanmar is the Pearl in the string being created by China all along the Indian Ocean (Pherson, 2006: Internet Source; Gertz, 2005: Internet Source, Berlin 2008). China has been ardently active in making inroads in to Myanmar. It is not wrong to call Myanmar a bridge between ASEAN and India, though both took quite a long time to realize the same. Myanmar joined ASEAN in 1997 and the path to this development was not a smooth one. Some ASEAN members opposed the entry of Myanmar tooth and nail. This was because some extra-regional powers, close to ASEAN, were wary of the junta rule in Myanmar. India’s Myanmar policy had always been a complex one (Devare, 2006).
Myanmar is a littoral of the Indian Ocean and this makes it even more geostrategically important. The eastern coastline of Myanmar juts into the Malacca Straits. The mountainous and riverine terrain makes road construction from Indian side to Myanmar difficult. China has cashed upon the tough geographical terrain of Myanmar. On the other hand, it is easier constructing roads from China’s side to the south of Myanmar. China’s shortest route to India is through Myanmar. According to some observers, China is seen as an ‘elder brother’ by the Myanmarese junta (Hariharan, 2007: Internet Source).

The strategic location of Myanmar provides China with an entry point to the Indian Ocean. In 1992, Beijing and Myanmar agreed that the China would provide major assistance in the modernisation of the Myanmarese naval facilities including Hainggyi Island and Great Coco Islands. Since then, the Sino-Myanmar naval cooperation has grown, and the PLA presence has increased. PRC has vastly improved its naval facilities at Akyab, Kyaukpyu and Mergui, all in the Bay of Bengal. The facilities at Akyab and Mergui are capable of handling far larger forces than Myanmar presently has in its inventory. China has also been supplying Myanmar with aircrafts and missiles (see Kuppuswamy, 2003: Internet Source; Berlin, 2004).

Samuel P. Huntington (1997) argues that Myanmar is geostrategically located at the meeting point of three great civilizations, namely the Buddhists, the Hindu and the Confucian. Myanmar also forms the meeting ground for the geopolitical sub-regions of South, Southeast and East Asia. Such a buffer zone is seen by some as too volatile. (Vaughn and Morrison (2006: Internet Source) argue that China’s alignments with Myanmar are based upon geostrategic and geoeconomic factors. Some scholars are of the view that ASEAN admitted Myanmar into its fold so as to checkmate the growing Chinese influence there. Apart from the aid extended in services and military field to Myanmar by China, the latter has proposed a gas pipeline from Sittwe or Bhamo on the Irrawaddy River, across Myanmar to Kunming in Yunnan. A rail link is also under active consideration. What is significant about this pipeline is that the oil coming through it will not have to come through the Malacca Straits (Ibid.).

According to some Indian scholars, China has adopted the policy of encircling India (Selth, 2001: Internet Source). To quote an Indian analyst, “While China professes a policy of peace and friendliness towards India, its deeds are clearly aimed at the
strategic encirclement of India in order to marginalize India in Asia and tie it down to the Indian subcontinent...Pakistan, Bangladesh, Nepal, and Sri Lanka have been assiduously and cleverly cultivated towards this end. Myanmar has been recently added to this list (cited in Ibid.). It is further argued that such Chinese moves made India revise her policies towards Myanmar. India and Myanmar began to develop bilateral ties in political, economic and defence relations. There are two schools of thought regarding the future of Myanmar-China relations. One school of thought believes that the unstable, poverty-stricken Myanmar will gradually succumb to the growing power of China. Eventually it might become a colony of China. The other school of thought feels that China still has not been able to take Myanmar in confidence. They are of the view that once Myanmar develops a geopolitical distance from China, India, other regional powers and Western countries will come forward to engage Myanmar (Ibid.).

For past one decade or so, the Indian Establishment has tried engaging the military junta, extending at the same time moral support to the movement of democracy under the leadership of Aung San Suu Kyi. Mutual exchange of official visits between the two began in the new millennium; the two most important being the former Indian General, V.P. Malik’s visits to Myanmar in July and November 2000, and the visit of senior General and Chairman of SPDC, Than Shwe, to India from 25-29 October 2004. This visit is a historic one as Myanmar’s official was visiting India after a gap of 25 years. The areas of cooperation between India and Myanmar include close coordination in dealing with insurgency, drug trafficking and organized crime. India’s one major concern has been the disturbances in the Northeast and the insurgent camps operating from the Myanmarese soil. Agreement was reached upon by Myanmar and India to work on this threat (Devare, 2006).

Myanmar is also in need for Indian market for its exports and looks at India as a good source of investment for infrastructural development and technology. The outlook of India towards the future of Myanmar appears to be not much different from that of ASEAN. Myanmar could be the test of India-ASEAN strategic convergence, feels Devare (2006), since both are direct neighbors of Myanmar. Also India and a number of ASEAN countries are democracies and would be delighted to see Myanmar taking to democracy sooner than later. China’s growing ties with Myanmar are also reason enough for both to engage with Myanmar (Devare, 2006).
It is possible to argue that China’s strategic links with Myanmar acted as a catalyst for close relations between ASEAN and Myanmar. It made ASEAN develop constructive engagement with Myanmar and admit the latter into ASEAN as a full fledged member (Acharya, 2004). Initially Myanmar-China relations were not very cordial. China was supportive of communist insurgencies in Myanmar. Sino-Burmese relations started improving during early 1990s. China stopped supporting the communist and ethnic insurgent groups. Thus, began the economic and military cooperation between Myanmar and China. This military cooperation became a cause of concern among the major powers especially in view of strategic location of Myanmar (Ranganathan and Khanna, 2000).

**China’s Myanmar Policy: Implications for India**

Myanmar, as noted above, is close to the sea lanes of communication in the Indian Ocean. This geostrategic location helps China to extend its military reach to geoeconomically important regions in and around the Indian Ocean. Moreover, China also wants to check India’s growing strategic influence in the region. Immediately after the end of the Cold War, India chose to supporting Myanmar’s pro-democracy forces but only to watch Myanmar and China coming close to each other. However, very soon India changed her strategy towards Myanmar, keeping in mind the geopolitical developments taking place in its neighborhood. After 1993, India adopted a new strategy towards Myanmar which aimed at military development and development of the infrastructure (China’s ambitions in Myanmar: India Steps up Countermoves: Internet Source).

Another important aspect of China-Myanmar-India relations is the growing relationship among China-Pakistan-Myanmar. Such an alliance has been watched by the Indian security analysts with much attention. Pakistan and China have had an all weather relationship and their perceived common interests in the region have kept the relationship between the two intact. These interests include the denial of strategic space to India; China’s quest for oil reserves in Baluchistan in Pakistan; and Pakistan’s help in neutralizing Islamic terrorist elements in Xinjiang province of China. On the hand, Pakistan and Myanmar also share a strategic relationship. There has been evidence of Pakistan supplying weapons to Myanmar and supporting insurgencies in India’s Northeast (Kuppuswamy, 2006: Internet Source).
India, with its launch of ‘Look East’ policy, also could not leave Myanmar to the advantage of China. India’s Foreign Secretary, J.N. Dixit, paid a visit to Myanmar in March 1993. India decided not to interfere in the internal affairs of Myanmar and engaged the military junta. In order to give a practical form to India’s ‘Look East’ policy, the Indian establishment had to evolve bilateral relations with Myanmar. It is to state the obvious perhaps that India had decided to adopt a realist policy towards Myanmar even if it meant a compromise with her high ideals of democracy vis-à-vis Myanmar (Renaud, 2003: Internet Source).

THE UNITED STATES IN THE INDIA-CHINA-ASEAN RELATIONS

Both India and China might come closer for the fulfillment of some small interests against the United States owing to the fact that the latter is seen as a significant partner economically. However, argues Dr. Graver (2002: Internet Source) China might look for more cooperation with India on different issues just to run down India in terms of American goodwill. India and China are engaged in geopolitical rivalry in South Asia and Southeast Asia and the American support to either is a very crucial factor in the overall power equations in the region (Ibid.).

There are new kinds of security and strategic problems in the post-Cold War period which have changed the security profile of Asia. Even today, there exist territorial disputes between various countries. To name a few, Russia’s continued occupation of four Southern Kurile Islands, territorial clashes over island in the South China Sea; conflict between China and Taiwan; between India and Pakistan; between the two Koreas and so on and so forth. As already noted by us, there are problems like drug trafficking in Myanmar, Thailand, Afghanistan and Pakistan. Many security initiatives have been taken up from time to time to tackle these issues, which include the Conference for Interaction and Confidence Building measures in Asia (CICA), Shanghai Cooperation Organization (SCO), Shnagri-la Dialogue in Singapore, ASEAN Regional Forum (ARF), Asia Cooperation dialogue (ACD), Boao Forum for Asia (BFA) (Kondapalli, 2003).

Post-2002, Sino-US relations have seen a remarkable improvement. Diplomatic high-level visits were exchanged between the two, and the United States came forward to call China a ‘strategic partner’ rather than ‘strategic competitor’. The events that can be
considered milestones in Sino-US relations were April 1 and 11 September 2001. On April 1, 2001, there was a collision between the Chinese fighter plane and the American EP-3 reconnaissance aircraft off the coast of Hainan Island. This led to a renewed American appreciation of the risks of military confrontation between the United States and China as well as of the fact that unfriendly rhetoric towards Beijing could greatly complicate the management of that kind of accidents in future. September 11 also brought the two closer. However there still remain major differences between the two on issues such as the use of military force against Iraq; the most suitable strategy for dealing with North Korea’s nuclear weapons; China’s human rights record; and the structure and design of multilateral economic groupings in Asia, particularly in reference to whether or not they should include the United States. Another major dimension that pulls the two apart is the ideological dimension. There are analysts on both ends who fear each other’s ideology and are not comfortable with it (Kondapalli, 2003).

According to Sutter (2005: Internet Source), an American expert on China, almost all Asian powers want a cordial, relationship with the United States as a counterbalance to China. The United States has an edge over many other Asian powers. America has no territorial disputes with any Asian country. Secondly, the United States has a good history of helping allies. So some of China’s neighbors tend to trust the United States. However, as William W. Tow (2006: 103) puts it, “After more than a decade of policy fluctuations, the United States has reached a historical crossroads in the Asia-Pacific. It must sell its vision of trans-Pacific community to East Asia at a time when its own global profile is increasingly under fire for excessive unilateralism and a narrow and inflexible ideology. Prospects for US support of intra-regional approaches to security and institution-building are unlikely if such key regional actors as China and Malaysia continue their long-standing opposition to US wealth and strategic influence on Asian multilateral arenas.”

**East Asia Summits: Looking Ahead**

The first East Asia Summit was held in Kuala Lumpur, Malaysia, on 14 December 2005. It was attended by the heads of 10 ASEAN countries, and Japan, Korea, India, Australia, China and New Zealand. Kuppuswamy (2006: Internet Source) argues that the main motive of including India in the East Asia Summit was to balance the growing Chinese influence in the region. It was generally felt that India can at least play an important role
in bringing down the increasing influence of China if not in containing it. Participation in the East Asia Summits has given India a channel to get into the Asia Pacific Economic Cooperation (APEC), of which India is still not a member.

The most outstanding feature of this summit was the presence of the two Asian giants, China and India, on equal footing. The Declaration of the East Asia Summit (EAS), made on 14 December 2005 in Kuala Lumpur, said,

Desirous of creating a peaceful environment by further enhancing cooperation and strengthening the existing bonds of friendship among our countries in keeping with the principles of equality, partnership, consultation and consensus thereby contributing to peace, security and economic prosperity in the region and the world at large... We have established the East Asia Summit as a forum for dialogue on broad strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability and economic prosperity in East Asia. Second, that the efforts of the East Asia Summit to promote community building in this region will be consistent with and reinforce the realization of the ASEAN Community, and will form an integral part of the evolving regional architecture. Third, that the East Asia Summit will be an open, inclusive, transparent and outward-looking forum in which we strive to strengthen global norms and universally recognized values with ASEAN as the driving force working in partnership with the other participants of the East Asia Summit (Declaration, 2005: Internet Source).

This euphoric first East Asia Summit attracted a lot of criticism after it was over. Some experts called it a mere ‘talking shop’ and as another regional organization without any specific direction. Despite a lot of critical analysis of this summit, it cannot be ignored that the changing geopolitical equations in Asia, and their implications have to be considered, particularly for India and China (Malik, 2006 b: Internet Source).

According to some observers (Ibid.), The East Asia Summit was a handiwork of mostly ASEAN member states and powers like Russia and the United States were not given entry in the summit. The United States was kept at the backburner keeping in mind America’s lukewarm response to the 1997 Asian financial crisis. Secondly, the United States has always been critical of Myanmar’s admission to ASEAN given the fact that Myanmar has an adverse human rights record. To top it all, the United States is not a signatory of the Treaty of Amity and Cooperation (TAC).
Malik (Ibid.) is not very hopeful regarding the prospects of East Asia Summits (whereas the second East Asia Summit was held on 15 January 2007, the third took place on 21November 2007) culminating into the East Asia Community (EAC). He argues that unless and until India and China on the one hand, and Japan and China, on the other, resolve the differences between them, to think of East Asia Summit as a success would be a reverie. There are a lot of other obstacles in the way of a smooth evolution of the East Asia Summits into East Asia Community. The most important lacuna is China’s proposal to divide the EAS into core and periphery categories where India, Australia and New Zealand are to be included in the latter category. China had never been in favor of including India and Australia into the EAS rubric. Thus, China is trying to discriminate against India and Australia by giving such propositions as that of creating core and periphery. China considers India, Australia and Japan as American puppets trying to strengthen her influence in the EAS, thus making the United States conspicuous by absence. However, the decision to make ASEAN the driver of the EAS has brought some respite to the Indian side. It can be argued that with the admission of India as the first ever EAS, India’s recognition as an Asian power is quite evident (Malik, 2006 a: Internet Source).

The second East Asia discussed the issues of energy conservation, energy efficiency, harmonization of standards of alternative sources of energy; climate change and global warming; bird flu; natural disasters like earthquake, tsunami and typhoon.

CONCLUSION

We have argued in this chapter that China factor in India-ASEAN relations remains critically important and that too for several reasons. There is no single or uniform view of China in India. Instead one finds the so-called ‘Optimists’, ‘Pragmatists’ and ‘Hardliners’ with their respective geopographical imaginations and geopolitical discourses on how China’s rise should be read and interpreted by India. However all the three schools of thought agree on the issue that China’s growing influence now extends to the Indian Ocean and even beyond. The Indian Ocean is important to China for the energy and sea-lanes of communication that Beijing maintains with Southwest Asia-Persian Gulf and Africa. China’s strategy of establishing its geopolitical presence through both geoeconomic means (China’s entry into the Indian Ocean with a carrier-task force is likely to take several decades) is amply illustrated by the establishment of
forward access bases in Gwadar, potential access in Male, Maldives through the 
construction of port infrastructure and container terminals; the proposed tank and 
bunkering project in Hambantota in Sri Lanka and the existing facilities in Sitwe 
(Akyub), Mynmar.

It is worth noting that the above mentioned facilities are being financed and 
designed/engineered to be China’s forward bases or maritime ports of world class 
standards as they mark Beijing’s forward maritime presence through economic 
assistance and development aid to Pakistan, Sri Lanka and Myanmar. In the short- 
to-medium terms, it appears that Chinese forward presence in the Indian Ocean would 
remain rather modest. Whereas East Asia and the Pacific would remain China’s strategic 
arena, India Ocean would be China’s oceanic access for trade with Africa and Southwest 
Asia. China’s military modernization will continue to be one of New Delhi’s major 
concerns. The only plausible scenario in the Sino-Indian relations at this moment (as 
well as in short to medium terms) seems to concern the field of bilateral economic and 
trade relations, where substantial growth can be foreseen against the general backdrop of 
growing geoeconomic interdependence between the two nations. Much would also 
depend of course on how far both India and China are willing to leave behind the 
geopolitical legacies of mistrust and look beyond the boundary dispute. How the China-
US-India triangular relations will shape in future, is a question likely to figure 
prominently in the future course of both Sino-Indian relations and Indian-ASEAN 
relations. And a serious and systematic search to this question can not bypass the events 
of 11 September 2001 and their implications for India-ASEAN relations. It is to the 
complex issues of geopolitics of terrorism that we turn next.