
Is China Encircling India?

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Delhi is Beijing's only economic and geo-strategic rival in Asia and regardless of any churnings which may take place in the internal power dynamics in China's ruling Communist Party, Beijing's policy towards Delhi will continue to be shaped by its desire to achieve preeminence in the region. China is, today, a major power to reckon with. Under the banner of "*the peaceful rise of China*", the Fourth Generation's leadership has transformed the Middle Kingdom into an "*Eden of wild capitalism*". China sees itself as taking the lead in world affairs within the next three to four decades and, to that extent, would remain assertive with respect to her foreign policy, especially regarding India. Let us examine how this translates in terms of Chinese actions in the Indian Ocean littoral and with respect to the countries on India's borders.

The Indian Ocean Littoral

An ever-increasing demand for energy fuels China's growth. Over 70 percent of China's oil imports come from the Middle East and Africa, all of which are transported by sea, making China dependent on international sea lanes, through the Strait of Malacca and other navigational choke points. Although China seeks to obtain secure supply lines and reduce dependence on a limited number of energy suppliers, sea transport from the Middle East and Africa will remain the primary mode of petroleum import for the foreseeable future.

Securing the sea lines of communication (SLOCs) thus becomes critical for China. Its geo-political strategy, dubbed the "String of Pearls" by American analysts, is arising as foreign oil becomes a centre of gravity critical to China's energy needs. Each "pearl" in this string is a nexus of Chinese geo-political influence or military presence, which stretches from the Hainan Island to Gwadar. China is building strategic relationships and developing a capability to establish a forward presence

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along the SLOCs that connect China to the Middle East. China's development of these strategic geo-political "pearls" has, however, been non-confrontational, with no evidence as yet of imperial or neo-colonial ambition.

Regardless of China's intent today, powerful and modernised armed forces provide China with military capabilities that we must consider. Beyond Taiwan, China's evolving maritime power suggests that the People's Liberation Army Navy (PLAN) is concerned with protecting the SLOCs to keep open the "choke points" relevant to safeguarding trade and ensuring uninterrupted transport of energy resources. This is consistent with China's expansion along the "String of Pearls". However, with the exception of "fishing trawlers" occasionally found mapping the ocean floor to facilitate submarine operations, the PLAN has yet to flex any "blue water" muscle.

True instruments of naval power projection remain aircraft carriers of which PLAN currently has none. Rhetorical statements aside, there is no evidence of China's furthering this ambition, either because of Chinese restraint and strategic forethought in accordance with the country's overall "peaceful development" strategy, or because the PLAN is not robust or mature enough to put a carrier to sea without incurring substantial risk. Deploying an aircraft carrier would not occur overnight, and the PLAN is certainly many years away from actually launching one.

China must consider the risks and costs of the military dimension of its "String of Pearls" strategy. The perception of an aggressive military build-up is likely to create a counter-balancing effect detrimental to Chinese interests. Even a limited forward military presence, to "show the flag," or as a hedge in case US security guarantees fall short, could conflict with China's path to "peaceful development" and be counter-productive toward China's achieving its larger national objectives.

Nepal

Nepal constitutes an important element in China's South Asia policy. Nepal's weak economy and geographic location makes it largely irrelevant to the global economy. However, the US strategy of encircling China's western border depends on the support of states such as Nepal and to prevent this from occurring defines Nepal's importance to Beijing. China is also concerned with the actions of the Tibetans in Nepal. Nepal has the second largest Tibetan refugee community in the world, numbering in excess of 20,000 people. With growing tensions in Tibet, particularly after the March 2008 uprising, Chinese efforts in Nepal have aimed at

ensuring that the Tibetans living in exile in Nepal do not carry out anti-China activities either in Nepal or in Tibet. The draft Sino-Nepal Friendship Treaty is reflective of this concern.

While India considers Nepal a part of its sphere of influence, it is increasingly being challenged by China's inroads into Nepal. The two countries signed an Agreement on Economic and Technical Cooperation on 03 December 2008, according to which China would provide yearly financial aid of RMB 100 million (US\$ 14.8 million) to Nepal. This amount stood increased to US\$ 21.8 million after the visit of the Nepalese foreign minister to China in April 2009. China also plans to link Tibet with Nepal by extending a railway line from Lhasa to Khasha and hopes to complete the project by 2013. Plans are afoot to extend the Syafrubesi-Kathmandu Highway further to Rasuwagadi on the Nepalese border, thereby linking it with a highway in the Autonomous Region of China. When completed, the highway would be the second highway linking the capital with Tibet after the Lhasa-Khasha Road.

China has also promised assistance in promoting Nepal's hydro-power projects. Military assistance to the tune of US\$ 2.6 million has been pledged for Nepal's security sector. Earlier, in September 2008, China had announced military aid worth US\$ 1.3 million, the first such assistance to the Maoist government in Nepal. There has thus evolved a multi-layered engagement between China and Nepal which supports its wider South Asia policy.

India has open borders with Nepal and centuries old historical and cultural ties. India's economic assistance to Nepal has been an ongoing process since 1951. Presently, there are over 290 small and large projects being undertaken under the India-Nepal Economic Cooperation Programme, with a committed outlay of over INR 14 billion. While India needs to keep a close watch on Chinese activities in Nepal, paranoia needs to be avoided. In the words of Indian External Affairs Minister, Mr. Pranab Mukherjee, while winding up his Nepal visit in November 2008, "Getting close to a friend does not necessarily mean it has to be at the expense of another."

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Both countries have a stake in the stability of Nepal, especially given the fact that the untapped estimate for hydroelectric power in Nepal is a staggering 83,000 megawatts (MW), half of which is economically feasible for development. The domestic energy demand, currently at 270 MW, is expected to rise to 610 MW by 2005. India's energy deficit is expected to reach 20,000 MW by 2010, and China's deficit will reach 330,000 MW by 2015. According to a foreign observer, Mikel Dunham, who was commissioned to oversee the historic 10 April 2008 elections in Nepal, "Both countries would love to have the strategic advantage of controlling Nepal's landlocked topography. It is probably reasonable to characterize their interest in (and their assessment of) Nepal as a prize the other country must never fully possess."

Myanmar

Most of Myanmar's mountain ranges and major river systems run north-south. This facilitates easier movement into Myanmar from the Chinese border while constricting movement from the Indian side. China's strategic objective appears to be to gain direct access to the Bay of Bengal and Andaman Sea through Myanmar, bypassing the narrow Strait of Malacca. With this aim in view, China had been underwriting the southward development of roads from its border. China is also Myanmar's greatest arms supplier and has blocked attempts by Western countries to bring the Myanmar issue before the United Nations Security Council. Despite growing international furore over the arrest and continued detention of Aung San Suu Kyi, Beijing has made it clear it does not want to get involved.

Myanmar has a ceasefire agreement with its ethnic insurgent groups viz Shan State Army (North) (SSA-N), Myanmar National Democratic Alliance Army (MNDAA, United Wa State Army (UWSA), Kachin Independence Organisation/Army (KIO/A) and National Democratic Army-Kachin (NDA-K). China's main interest is stability in Myanmar to promote its economic activities in the ethnic ceasefire areas and to facilitate the transfer of oil and gas through a recently agreed pipeline project that will allow China to receive oil and gas without having to send its tankers through the easily blocked Malacca Strait. The greatest threat to those interests would be the resumption of civil war in northern Myanmar, which would result in the destruction of border trade zones, the creation of a huge refugee population and the blockage of important routes for trade, natural resources and the new oil and gas pipelines. For the ethnic organisations, this has meant access to Chinese weaponry as well as Chinese development aid

and investment in roads, hydropower projects, agricultural projects and cross-border trade. What the groups provide in exchange is a buffer zone from possible instability as a result of the policies of Myanmar's erratic rulers. Peace proposals offered by the government to the ceasefire groups have been rejected by the UWSA and also reportedly by the other groups. There is, hence, a risk of the insurgents taking up arms again which China would like to prevent.

In a marked departure from the past, India has embarked upon building a broad based relationship with Myanmar touching upon defence, trade and commerce, energy sector, developmental assistance and confidence building with Myanmar's leadership. This includes selectively arming Myanmar, opening

two more border trade centres at Zowkhathar in Mizoram and Avakhung in Nagaland in addition to the existing centre at Moreh in Manipur and development assistance for the Sittwe port to facilitate trade via the Kaladan river through Mizoram. With a friendly regime in Myanmar, India hopes to evict Indian insurgent groups from sanctuaries in Myanmar. The military regime has welcomed these efforts to broaden its relationship with India and the Association of Southeast Asian Nations (ASEAN) countries in the interest of its own strategic security. India has also made clear its "hands off" policy on the struggle for restoration of democracy going on in Myanmar. As per India's External Affairs Minister Pranab Mukherjee, India has to deal with governments "as they exist ... We are not interested in exporting our own ideology. We are a democracy and we would like democracy to flourish everywhere. But this is for every country to decide for itself."

Internationally, however, China has greater economic, political, and military clout than India in helping out the military regime. Given this advantage, India is unlikely to replace China's position as the most influential country in Myanmar under the military regime. However, both Chinese and Indian interests converge in Myanmar towards economic development and maintenance of peace. While there would be competition, there would also be cooperation.

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Bangladesh

Closer ties with China provide Bangladesh with a sense of security against India. Prime Minister Begum Khaleda Zia's visit to China in December 2002 was a significant landmark in bilateral relations; three treaties and a Memorandum of Understanding (MoU) were signed covering military, economic, and technological cooperation between the two countries. The defence agreement provides a comprehensive framework for cooperation in training, maintenance and some areas of production. The terms of this agreement are flexible, and ambiguous, so as to allow Bangladesh to reap the benefits of a strategic partnership with a nuclear power without involving itself in any formal defence arrangement, which could pose problems for it in the future. When Chinese Premier Wen Jibao visited Dhaka in April 2005, a 13-point Joint Communiqué on further strengthening of bilateral relations was signed, along with five agreements and two MoUs.

China values Bangladesh for its immense natural gas reserves where Bangladesh's geographical proximity to Myanmar makes these reserves accessible to China through pipelines as also providing a strategic foothold to China in South Asia. Dhaka has granted China exploration rights for developing its natural gas fields at Barakpuria, and has also offered China naval access to its prized Chittagong port, which India has long but unsuccessfully sought. This would assist China in protecting its SLOCs for the flow of oil. In return, Bangladesh could earn economic benefits through substantial transit fees. In addition, it could gain certain bargaining power against India. China and Bangladesh are also developing road links between Kunming and Chittagong via Myanmar, and the air route connecting Kunming and Dhaka is already operational, providing great scope for boosting trade, business, and tourism between the two countries.

While the Bangladesh armed forces are largely equipped by Chinese armaments, they are not too happy with the quality of the Chinese arms but are unable to find other goods as cheap. Thus, while Bangladesh's subcontinent-centric policies aimed at military cooperation and security enhancement have produced minimal results, Bangladesh has turned to China almost out of necessity and China is only happy to respond and reassert its strategic presence in South Asia. In terms of economic cooperation, there is greater scope for trade with India. Relevant in this regard is a statement by the Bangladesh additional foreign secretary, "We have nothing to sell to the Chinese. We could sell a great deal more to the Indians if they allowed us." Bangladesh also shares three of its borders with India and none with China, thereby limiting Bangladesh's ability to distance itself

from India. China too has its own limitations, as it would not want to sabotage improving relations with India by over-emphasising its relationship with Bangladesh.

Sri Lanka

China became Sri Lanka's biggest arms supplier in the 1990s, when India and Western governments refused to sell weapons to Colombo for use in the civil war. Earlier, after the 1971 Janatha Vimukthi Peramuna (JVP) insurrection, the then government of Prime Minister Sirimavo Bandaranaike purchased weapons from China to meet security needs. Beijing appears to have increased arms sales significantly to Sri Lanka since 2007 to include among others, Chinese Jian-7 fighter jets, anti-aircraft guns and JY-11 3D air surveillance radars, when the US suspended military aid over human rights issues. Since 2007, China has encouraged Pakistan to sell weapons to Sri Lanka and to train Sri Lankan pilots to fly the Chinese fighters. China has also provided crucial diplomatic support in the UN Security Council, blocking efforts to put Sri Lanka on the agenda. It has also boosted financial aid to Sri Lanka, even as Western countries have reduced their contributions. China's aid to Sri Lanka jumped from a few million dollars in 2005 to almost US\$ 1 billion in 2008, replacing Japan as the biggest foreign donor. By comparison, the United States gave US\$ 7.4 million and Britain just £ 1.25 million. China is also constructing a port at Hambantota, on the southern coast of Sri Lanka, ten miles from one of the world's busiest shipping routes, at a cost of US\$ 1 billion. China plans to use the port as a refuelling and docking station for its navy, as it patrols the Indian Ocean and protects China's supplies of Saudi oil. While the Chinese say that Hambantota is a purely commercial venture, its strategic location makes it a very valuable asset for future use. As of now, China has no plans for a full-fledged naval base at Hambantota.

India has supplied "defensive or non-lethal" weapon systems like automatic 40mm L-70 close range anti-aircraft guns and 'Indra' low-flying detection radars to the island nation, apart from training hundreds of Sri Lankan military

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personnel. India's contributions had also grown, to nearly US\$ 500 million in 2008. But this twin-pronged strategy of arms supplies and military training, coupled with intelligence sharing and “coordinated” naval patrolling, however, has failed to effectively counter Pakistan and China's ever-growing strategic inroads into Sri Lanka.

China's quiet assertion in India's backyard has put Sri Lanka's government in a position not only to play China off against India, but also to ignore complaints from outside Asia about human rights violations in the just concluded war against the Liberation Tigers of Tamil Eelam (LTTE). While Chinese diplomacy in South Asia, grounded as it is in a policy of “harmony”

and deep pockets, is of obvious concern to India, so are the sentiments of Tamils at home. India will have to ensure that the aspirations of the Tamil people in Sri Lanka are met, while at the same time not take any action that will put Sri Lanka deeper into the Chinese fold.

Pakistan

Chinese policy toward Pakistan is driven primarily by its interest in countering Indian power in the region and diverting Indian military force and strategic attention away from China. It also provides a bridge between Beijing and the Muslim world, a geographically convenient trading partner, and a channel into security and political relations in South Asia. For Pakistan, China is a high-value guarantor of security against India. The China-Pakistan partnership serves both Chinese and Pakistani interests by presenting India with a potential two-front theatre in the event of war with either country. Chinese officials also view a certain degree of India-Pakistan tension as advancing their own strategic interests as such friction bogs India down in South Asia and interferes with New Delhi's ability to assert its global ambitions and compete with China at the international level.

China is Pakistan's largest defence supplier; their relationship has been characterised by several high profile defence visits and the holding of several joint military exercises. Joint ventures between the two countries are in the field of space technology and manufacture of fighter aircraft and other military equipment to include a turnkey ballistic-missile manufacturing facility near Rawalpindi and development of the 750-km-range, solid-fuelled Shaheen-1 ballistic missile.

The Pakistani nuclear programme is largely the result of Sino-Pakistani relations. During Pakistani President Zardari's visit to Beijing in mid-October 2008, Beijing pledged to help Pakistan construct two new nuclear power plants at Chasma, but did not propose or agree to a major China-Pakistan nuclear deal akin to the US-India civil nuclear agreement.

Chinese construction of the first phase of the Gwadar port on the Arabian Sea is significant as the port would allow China to secure oil and gas supplies from the Persian Gulf and project power in the Indian Ocean. It will also be accessible for Chinese imports and exports through overland links that will stretch to and from Karakoram Highway in Pakistan's Northern Areas that border China's Muslim-majority Autonomous Region of Xinjiang. China financed 80 percent of the US\$ 250 million for completion of the first phase of the project and reportedly is funding most of the second phase of the project as well.

While China's pursuit of relations with Pakistan has been aimed primarily at containing Indian power in the region, rising instability in Pakistan due to internal threats from fundamentalist forces is a cause of concern for China. Tension has surfaced over the issue of Chinese Uighur separatists receiving sanctuary and training on Pakistani territory and the kidnapping and killing of Chinese personnel by fundamentalists. Uighurs have been displaced from Urumqi, Xinjiang's capital, where the population of mainland Chinese of Han descent has grown from 10 percent in 1949 to 41 percent in 2004. In direct proportion, the population of native Uighurs has declined from 90 percent in 1949 to 47 percent in 2004. Tens of thousands of displaced Uighurs have found refuge in Pakistan where the majority of them live in its two most populous cities: Lahore and Karachi. China feels increasingly compelled to pressure Pakistan to adopt more responsible counter-terrorism policies. During President Zardari's visit to Beijing in October 2008, Beijing, while providing Pakistan with a soft loan of US\$ 500 million, resisted providing a large-scale bailout from its economic crisis, thus, forcing Islamabad to accept an International Monetary Fund programme with stringent conditions for

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economic reform. In another sign, Beijing dropped its resistance to banning the Jamaat-ud-Dawa (JuD—a front organisation for the Pakistan-based Lashkar-e-Tayyeba, responsible for the November terrorist attacks in Mumbai) in the United Nations Security Council (UNSC) last December. China had previously vetoed UNSC resolutions seeking to ban the JuD over the last several years. As per a Pakistani analyst, “The fabled ‘*Pak-Cheen Dosti*’ slogan is now silent. Perhaps there is finally a realisation that friendship among countries is not a limitless loyalty that so many of our sentimental citizens consider sacred. Perhaps the plight of the Muslim Uighurs in Xinjiang has belatedly caused the *mullahs* to reconsider the unequivocal call of Chinese camaraderie. Whatever the factors, Pakistan’s relations with China have taken a rather pragmatic turn.”

China’s interest in improving ties with India over the last decade has spurred Beijing to develop a more neutral position on the Kashmir issue, rather than reflexively taking Pakistan’s side. Despite this, China will continue to maintain a robust defence relationship with Pakistan, and to view a strong partnership with Pakistan as a useful way to contain Indian power.

Assessment

Chinese concerns are focussed towards economic development with a singular goal to double, triple and quadruple its US\$ 4 trillion Gross Domestic Product (GDP) by 2050. While China has over the past few years invested US\$ 198 million into the Gwadar port project, and will invest more for the completion of its second phase, there are voices being raised in China expressing concern over China’s support to Pakistan. “The Gwadar port project does not make much sense for China”, says Professor Zha Daojiong, China’s premier energy expert and a leading light at Peking University’s School of International Studies. According to Dr Yang Jiemian, president of the prestigious and influential Shanghai Institute for International Studies, China’s Pakistan policy is under active review. China’s foreign policy establishment now relies heavily on academics like Professor Zha Daojiong and members of the think-tank community like Dr Yang Jiemian.

The strategic angle to the Pakistan-China relationship will, however, remain, and China will continue to use Pakistan to cap India’s geo-strategic ambitions. It may also use Pakistan as a geographical impediment to America’s China-containment policy. But China’s assistance to Pakistan will increasingly be based on economic pragmatism.

Energy competition between India and China is also reflected in the two countries' assertions of naval power. As India reaches into the Malacca Strait, Beijing is developing facilities along the Indian Ocean littoral to protect sea lanes and ensure uninterrupted energy supplies. As China and India rise politically and economically on the world stage, it is natural that they will compete with one another for influence. Rivalry between the two nations will be fuelled especially by each country's efforts to reach into the other's traditional spheres of influence, for example, China in South Asia and India in Southeast Asia. China's willingness to overlook human rights and democracy concerns in its relations with the smaller South Asian states will at times leave India at a disadvantage in asserting its power in the region, as was seen recently in Nepal and Sri Lanka. India will need to significantly enlarge its economic footprint in the South Asian region to ensure it maintains an edge in its traditional spheres of influence.

Militarily, there can be no let up in India's preparation to counter any Chinese misadventure. In the Himalayas, India will have to ensure air superiority at least in the areas south of the Tsang Po river. It will also have to upgrade its artillery capability in the mountains as well as develop infrastructure compatible to that which China has built up in Tibet. India will also have to ensure that its navy maintains an edge in the Indian Ocean region to protect national interests. To that extent, it is time that the country takes a *de novo* look on prioritising its defence expenditure to meet the challenges of the future. India also needs to change the way in which advice is tendered to the government so that the Services' concerns are adequately represented to ensure that the nation's defence is not compromised.

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