China's Search for Power and Its Impact on India

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Abstract

China's aspirations of becoming a world power are well-stated. Consistent with this goal, China is seeking to enhance and maintain military power credible with such a position. Until it is able to complete this process and concurrently stabilize its economy and internal polity, China will continue to seek a period of peace and tranquility. However, its long-term strategy is clearly to become the dominant economic and military power in Asia and cognizable player in the world.

China professes a policy of peace and friendliness toward India. However, it has been creating a ring of anti-Indian influences aimed at the strategic marginalization of India.

China's relations with the United States are marked by competition over influence in Asia-Pacific region. However, its strong economic linkages with the United States are likely to cushion adverse impact of irritants in their relations. China is also improving its relations with Russia with a view to obtain technology, arms and perhaps, strategic support against US hegemony.

Chinese foreign policy demonstrates pragmatic linkages between its domestic priorities and external conduct. However, its growing stakes in the world will tend to make it behave in an increasingly benign manner. A revamped foreign policy will optimize India's relations with China as indeed with the rest of the world.
Introduction

The continued growth of China's overall national power, including its military capabilities, and the manner in which strong resurgent China will employ this power will have far-reaching consequences for Asia and the world. China is the most populous nation in the world with India a close second. Continued rapid and sustained industrialization and modernization of the last three decades have transformed this largely agrarian state into a powerful entity and an important player. Power in the Chinese context has a strong military component, hence modernization of the armed forces and the military-industrial complex is an important goal for China. The Chinese leadership's commitment to building Comprehensive National Power (CNP) and leveraging its Strategic Configuration of Power (SCP) to achieve its strategic interests will remain a major factor in shaping the stability and security of Asia. In addition, China's nuclear weapon capability, its permanent status in the United Nations Security Council

1 China's 1.2 billion and India's 1 billion populations respectively are several times larger than the next largest country, the United States.
2 Chinese GDP continues to grow at an average nine percent through nearly two and half decades of reforms since 1978-79, according to the World Bank and most international statistics. It is expected to maintain high rates of growth over the next two decades, barring grave socio-economic dislocation or unintended consequences of WTO integration. Such a growth rate over an extended period has quadrupled its 1980 GDP, and enhanced its industrial, infrastructural, and technological capabilities several-fold. This was made possible by China's strategic relationship with the United States and the West, developed during the 1970s and has greatly enhanced the scope, resources and technological acquisitions of its ambitious military modernization program.
3 CNP (Comprehensive National Power) is a concept used by the Chinese strategic community to evaluate scientifically and empirically, the future security environment and the nation's international standing. It discards the primary military model to a more all-encompassing evaluation of national capabilities by focusing on other elements of national power such as economics, science and technology, natural resources, social development, government regulations and control and foreign affairs. For detailed analysis of geopolitical calculations being done by the Chinese, see, Michael Pillsbury, China Debates the Future Security Environment (Washington, DC: National Defense University Press, 2000), pp. 203-256.
(UNSC), the crucial role the People’s Liberation Army (PLA) in its neo-authoritarian political system and national security give it a special place in the Asian security and strategic perspectives. However, Western experts—while acknowledging the strides taken by China in the comprehensive development of its military power—argue that the Chinese armed forces, and much of its weapons inventory, is essentially technologically inferior by a minimum of one to two generations in comparison to modern Western armies, and in certain cases even India. This would be largely true if the PLA’s conventional capability is considered in totality, or nuclear capability discounted. Two factors are important:

First is the sheer power of numbers. China has the largest armed forces in the world, and is Asia’s leading missile power. What it may lack in quality is more than made up by numbers and its willingness, to take heavy casualties, as demonstrated in the Korean War against the far superior forces of the United States and the 1962 war with India (People’s War doctrine). Second, China is assiduously committed to steady modernization of its conventional forces with strides being made to comprehensively develop its military capabilities to include doctrinal aspects, training and joint operations and qualitative improvement in its military capability to match those of the other advanced military powers. Interestingly, development of aerospace power is becoming a key instrument of Chinese statecraft, with space, theatre missiles and electronic warfare emerging as force multipliers for the PLA as part of a coercion strategy aimed at defeating technologically superior forces, in a doctrine that describes a strategy of inferior to defeat superior.4

The rise of China will therefore have a multi-dimensional impact upon other states of the Asia-Pacific region, an assessment broadly accepted by the strategic community.5 It will in particular have direct

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4 Ibid.
security consequences for China's neighbors, notably Taiwan, Korea, Japan, Vietnam, the Philippines, Mongolia, other Southeast Asian states, countries of South Asia and the Central Asian states including Russia. Most of these countries will be affected by Beijing's changing economic and military capabilities, its trade and defense policies, its approach toward resolution of bilateral disputes, and the manner in which it will use its power. States in Southeast Asia, such as Indonesia, which do not share a border with China, will be affected by its naval build up, its handling of its territorial claims in the South China Sea, Chinese Diaspora and its strategic and military relationship with Myanmar and Indochina.

Even the United States recognizes that following Soviet disintegration, and Japanese power contained within the US-Japan alliance, China will be leading challenger. China will thus remain the key concern for the United States, and the alternative center of power and influence in the Asia-Pacific region. According to a Strategic Assessment published by the National Defense University: “Dealing with China as a Rising Power,” its authors assert:

Within the decade, China could become a power that is a peer to the United States in the East Asian Theater. Moreover, as its comprehensive national strength continues to develop over the decade, Beijing might play the role of the theater peer with more assurance.

than is presently the case. A more capable and confident China may prove to be more obdurate in its pursuit of issues that touch upon sovereignty and national reunification, such as Taiwan or the South China Sea. In these circumstances, a miscalculation by Beijing of either Taipei’s or Washington’s intentions could produce a conflict into which the United States might be drawn. Prudence would dictate that such an eventuality be considered by US force-planners.6

The study concludes: “A robust military force and an active dialogue on security issues and concerns are viewed as key elements in any strategy of dissuasion” in regard to China.7 It is for this reason that under the FY 2000 National Defense Authorization Act, the Secretary of Defense is required to submit an annual report on the “Current and Future Military Strategy of the People’s Republic of China,” covering the current and future probable course of military-technological developments in the People’s Liberation Army (PLA).8

Thus, in spite of its relative techno-economic and military lag in comparison with the developed states, China has begun to play an important international role. Its status as Asia’s only permanent member of the Security Council, geopolitical location, rapidly-growing economy, and the lure of its large market—have given China the strategic weight and influence of a major power. China’s assertive nationalism, a strong sense of self-importance and independence, a national resolve and strategy geared toward attaining a high level of power in economic, military, technological, and political terms is today redefining the Asian strategic environment, often in a destabilizing manner, given its unfulfilled territorial and unification agenda. Ironically very little is known about how a resurgent China embarked upon a comprehensive modernization program, will exercise its national power in pursuit of its national interests. Will China be able to sustain its growth and dynamism, or will the Chinese leadership collapse under the weight of its own contradictions?

The future course of Chinese foreign and military policies will

7 Ibid., p. 56.
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profundely impact regional security in the wake of the continuing strategic imbalance in Asia, including South Asia. India, estimated to be a major future competitor, cannot but be affected by these developments. Yet very little incisive discussion or recognition exists outside India, of the security implications for South Asia of the transformation of the balance of forces underway in Asia resulting from the growth of China's power. South Asia, particularly India, has not received the attention in this discussion that it warrants even though China and India constitute the strongest military powers in mainland Asia, and that they are neighbors whose policies and capabilities directly affect each other. China and India are still in the midst of economic development, industrialization, and modern state formation. Nonetheless, according to World Bank and projections of other international agencies, both China and India are likely to become one of the five largest economies of the world within the next two decades. This will mean a substantial growth in the national power of the two countries. Since China and India both straddle a common geopolitical space across the Himalayas and South, Southwest, and Southeast Asia. Additionally the Indian Ocean Region (IOR) is increasingly becoming a focus of attention on account of Asian energy dependence on the Middle East. This is likely to enhance natural strategic and geopolitical competition. The growth of these two adjacent major power centers will be a major factor in shaping future politico-security environment of Asia. Stable relations between these two powers are not only in the interest of their own people, but also of broader Asian and global interests.

China's rising military capability has direct security implications for its neighbors in Asia, with whom it has territorial disputes, ethnic-related insecurities and tensions, and geopolitical rivalries, some of whom Beijing sees as potential threats. This has forced Asian states

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9 A British Treasury report, among many others, cited by the Financial Times has predicted that within the next 20 years Britain, France, Canada, and Italy would lose their Group of Seven, status and would be overtaken by China, India, Brazil and Indonesia. See Reuters, June 7, 1996. Using a Purchasing Power Parity (PPP) Exchange Rate for calculating Gross National Product, China was placed second after the United States and India fifth, in the 1996 World Development Report published by the World Bank.
to adjust their post-Cold War strategies, with China as a focal point of their new security concerns. The international strategic community, by continuing to focus on East Asia security, has not recognized the larger dynamics at play in Asia, and especially South Asia. The role China has been playing in increasing its influence in South Asia and neighboring regions of Central Asia in collusive support with Pakistan, its frontline state has generally been ignored. It is important to understand the deep strategic context of the Sino-Pak relationship. In its attempt to pursue their narrow economic agendas, Chinese multidimensional attempts at regional dominance and influence, by enhancing


its strategic configuration of power in the strategically important South Asian, Indian Ocean and the Persian Gulf regions have largely been ignored by Western powers.

**China's Search for Power**

Wealth and power have been the principal goals of the Chinese elite for over a century. These have remained their main goals under Mao Zedong, Deng Xiaoping and Jiang Zemin, despite the very different developmental and modernization strategies adopted by these principal post-revolutionary leaders of modern China. Most major states have historically translated their power into influence and predominance vis-à-vis other states. China is no exception. The Chinese leadership has been keenly conscious of the role of military power and the focus of political and strategic leverage this power provides in domestic and international politics.

Military power has been viewed as a guarantor of China's strategic independence, security, and influence in the world. Achievement of a compatible CNP in the multi-polar world order (US, Russia, Europe and Japan being the other poles) post current transitional period, together with the adroitly-leveraged strategic configuration of power remain the key percepts of dominant Chinese thinking. The Chinese leadership since Mao has repeatedly asserted its desire to make China “a first-rank power” as early as possible. The need to modernize the PLA and its key strategic role was underlined by Party General Secretary Jiang Zemin in his July 1991 speech marking the 70th anniversary of the founding of the CCP.

Consequently, stress on military reforms and modernization has never been neglected in spite of the predominant focus on economic reforms and industrial development. The military modernization process has largely been focused on enhancing the effectiveness and power of PLA, Party and the State. The very fact that military modernization has been placed on the national agenda next to economic modernization (the aggregate of the three modernizations—industrial, industrial,

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12 Pillsbury, China Debates Future Security Environment.
agricultural, and technological) is indicative of its high priority.

From a national security perspective, China has been preparing to meet three key challenges after the Cold War. It must build a military force structure and capabilities that will enable it to use force if necessary to pursue its sovereignty and territorial claims on Taiwan, the South China Sea islands, and on its geo-strategic periphery, for example against India and Vietnam. Military power also must provide it with adequate deterrence against the United States and defeat all calls for a neo-containment strategy against China. Finally, in the longer run power must ensure that China remains an integral part of a new security structure in the Asia-Pacific region, and that its interests and concerns are not undermined.

Models of China’s Pursuit of Power

Given the modernization of its armed forces and its massive economic resurgence, China’s development in the 21st century may be described by three possible models: A Steady Development and Expansionist Model; an Explosive Expansion model; or an Implosion Model. The nuances of these models are discussed in succeeding paragraphs.

Steady Development and Expansionist Model

Chinese influence in this model is likely to grow in a series of concentric circles. Outward from the core, the first circle denotes the spread of Chinese influence to contiguous regions in concert with China’s long-term grand strategy to dominate Asia by drawing its neighbors in the Asia-Pacific Region in its spheres of influence (exceptions being India, South Korea and Japan). The second circle denotes the spread of Chinese geo-political power to the whole of Asia. The outer and last circle represents the scope of Chinese geo-political influence to include the complete world, minus perhaps North and South Americas.

The difference between power and influence is to be understood in the contextual sense of their usage. Influence implies that Chinese sensibilities would weigh heavily in any major foreign policy initiative taken by its neighbors in the Asia-Pacific region, which also includes
United States. On the other hand, Power signifies development of military capabilities and the ability to project this power, in pursuit of national interests. It is interesting to note that in pursuit of the above objectives, China is attempting to enhance its 'strategic configuration of power' by slowly and steadily drawing its neighbors into its sphere of influence through economic, trade, infrastructural support and military cooperation. Power projection, would be used more in a coercive manner. Regional players, like India, who are seen, as potential hegemons will be contained by selective collusive support to its regional neighbors, e.g. Pakistan, Myanmar, etc., rather than directly. In pursuit of its interests, it can be expected to adopt a combination of continental cum maritime strategies. China's maritime power expansion perspective can be termed as a Creeping Maritime Strategy, i.e. slowly extending its presence by incorporating soft targets in the South China Sea and extending its influence in the Indian Ocean Region (IOR). One of the key factors leading to expansion of its strategic influence in the IOR would be increasing energy dependence on the Middle East, which as per International Energy Agency estimates is likely to increase from present 11 to nearly 90 percent by 2020-25. It is for this reason that naval and air modernization are being given primacy in its modernization priorities.

This is likely to create serious turbulence in the existing strategic balance of power in the Asia-Pacific region in general, and South Asia specifically, particularly as Chinese interests conflict with those of India. India would be concerned about these developments and will need to develop compatible military, economic and diplomatic strategies. This includes building bilateral and multilateral cooperative security and economic linkages to meet the possible future Chinese challenge.

**Dynamic Expansionist Model**

This model predicts uncontrolled or runaway growth, as distinct from steady state expansion depicted in the previous model. The point at which the country explodes is difficult to determine, it could happen

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any time between next 20 or 50 years. While there are several factors, which could bring about this change, some of the important indicators are highlighted below:

- The 16th Party Congress has highlighted a number of contradictions in the Chinese political hierarchy and its role in modern developing China. Party deliberations indicate signs of an internal power struggle and the ambitions of the current generation of Chinese leaders. Secondly, there is a concerted attempt to bring the economic elite into the Party’s fold, in terms of the political theory that attempts to change the Party’s social and class basis to include “advanced productive forces, advanced cultures, and broad masses of people.” The theory implies a shift of focus to business owners, and white-collar workers from its traditional reliance on farmers and industrial workers.

- The continuing dominant role of the Chinese Military Commission (CMC) in providing policy direction on national security and strategic issues is reflected by membership of the armed forces in the several processes of the country and the PLA’s perspective on domestic and international issues. Indicators of the PLA’s influence in the latest developments are reflected in Jiang Zemin remaining as the head of the CMC, and the profile of its members which indicates among others, evolving checks and balances on Hu Jintao’s, importance accorded to sovereignty issues and splittism in Nanjing, Xinjiang and Tibet as reflected by promotion of generals from Nanjing, Lanzhou and Chengdu Military Regions.\(^1\)

- Next, is the likelihood of a power struggle represented by Hu Jintao, attempting to address the developmental imbalance by allocating higher resources to hinterland development, arresting mass migrations and other important socio-economic reforms vis-à-vis entrenched interests of coastal overlords, deemed as the engines of Chinese development.\(^2\)

- Incorporation with the WTO is likely in due course, to have serious

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14 Srikanth Kondapalli, China’s Armed Forces and the 16th Party Congress, Internal Paper for IDSA seminar. Also, see Cheng Li, Jiang’s Game and Hu’s Advantage in Foreign Policy in Focus, available at http://www.fpif.org/commentary/2002/china.

15 Ibid.
consequences for China. Reforms and opening of Chinese markets under transparent international regimes can be said to challenge the existing system, manipulated by the state apparatus on their terms. Irrespective of contrary Chinese statements, reforms and opening up policy are veritable time bombs for China, containing seeds of confrontation with socialism and vested interests. Opening markets to foreign competitors also implies equal relationships with domestic competition and abolition of discriminatory relationships between state, private, collective or foreign owned enterprises. Two shockwaves, internal and external, are likely to hit the economy. Establishing conditions of fair competition would mean jettisoning those who have current vested interests; and the collapse of uncompetitive companies would mean unemployment, social unrest, mobility and skepticism. The situation would become all the more critical if the long-term advantages do not pay off, or if the inner party cohesion breaks down on account of differing perspectives.\footnote{For a comprehensive analysis of the Chinese economy and the impact of its membership of the WTO see a four Part Special Series in the Financial Times, Oct. 29-Nov., 2002.}

- Next are the US and Western attempts to force the pace of change of modernization and democratization in China; that prevents the Chinese leadership from being able to control the fallout from these rapid changes. It would arguably be the quest of US geopolitical strategy to engineer the breakup of China, so that no credible challenge remains to its global dominance in the 21st century.\footnote{Vinod Saigal, Restructuring South Asian Security (New Delhi: Manas Publications, 2002), p. 59}

- The impact of growing economic disparities is already beginning to show between China's Southern and Eastern Coasts and the rest of the hinterland. The Chinese economic boom can be gauged by the fact that Jin Nyum, erstwhile South Korean Deputy Prime Minister, likened China to a black hole sucking in manufacturing capacities, because it is capable of producing everything.\footnote{Ibid., pp. 60-61} This year, China is likely to become the world's leading foreign direct investment destination. The Chinese economy is facing deep problems in governance, with corruption and unemployment rising.
While growth has been dynamic, an astounding 26 million workers have lost their jobs. Migrant workers now number 200 million. Labor conditions are appalling for the migrant workers, creating endless social tensions.\(^\text{19}\)

**Implosion Model**

This model differs from the ‘Dynamic Expansionist’ model, in terms of predicting China collapsing under the sheer weight of its internal problems. Such a collapse in the case of China would come about owing to growing internal unrest and chaos, exacerbated by external pressures, in terms of ability to cope with growing transparency and level playing field demands of the WTO, perceptions of encirclement/containment and internal fissiparous tendencies, aggravated by the breakdown of the social fabric, growing economic disparities as a consequence of the collapse of town and village enterprises (TVEs) and falling agricultural incomes, in the face of WTO imports. The burden of debts on rural administrations and the ever-increasing costs of maintaining party cadres are all future wild cards that can lead to social chaos. According to internal Chinese documents, farmers and TVEs end up paying an estimated Rmb 250 million for maintenance of 25 million party cadres at country and township level. As a consequence of mismanagement of state-run enterprises, 50,000 townships running several million businesses need periodic cash fixes just to survive, resulting in a large number of workers losing their jobs.\(^\text{20}\)

Models 2 and 3, if they come about, are likely to create a range of contingencies for the China, which may be forced to abandon its Steady Expansionist model, resulting in greater unpredictability and irrationality in its actions. This could give rise to possible confrontationist scenarios, from coercing the United States into action by undermining its extended deterrent credibility among America’s allies; to provoking India in the Indian Ocean Region or across the Himalayan borders; or in alliance with Russia, openly opposing the US presence.


\(^{20}\) Ibid. and note. 16.
in Central Asia. Each of these scenarios has the potential of seriously undermining the existing balance of power in Asia, forcing major strategic realignments.

Sino-Indian Relations

To understand Sino-Indian relations in a contextual sense it needs to be noted that the Chinese leadership from the very beginning realized that in order to create a favorable configuration of power in its strategic periphery, particularly in South Asia and the Indian Ocean, it was imperative to subdue India. Thus, during its period of consolidation of its power, it adopted a policy of befriending India. Having established a reasonable level of control over the country, it set about the task of consolidating its power in the neighborhood, by using coercion as a weapon to bring India’s South Asian neighbors into its sphere of influence.

In the above context, some of the classified but authoritative studies coming out of China are revealing. One of the facts that emerges is the important dimension of Sino-Pak relations, in Chinese sub-continental policy. Two aspects merit reflection:

• An issue that is strongly etched in the minds of Chinese strategic thinkers is that “only a firm policy based on strength will compel India to act soberly.” Thus, in their perspective a precondition for developing friendly relations is a strong dissuasive deterrence on the borders. There is also a view that in spite of peace overtures there lurks in the minds of both the Indian leadership and the people a desire for revenge for 1962. Thus, it is important for the Chinese leadership to remain vigilant to future threats from India. That perhaps explains the reason for Chinese tardiness in resolving outstanding boundary disputes, and in relations.
• The rationale and significance of Sino-Pak relations lies in the fact

22 Ibid.
that a strong Pakistan, independent of Indian domination and linked militarily to China is deemed as a fundamental element of maintaining a position of strength vis-à-vis India. It is their belief that were India to uncouple China and Pakistan, subordinate Pakistan or destroy its military potential, a strong and stable India would become a strategic balance to China. The Indo-Pak adversarial relationship is thus mutually beneficial to both Pakistan and China, as their strategic interests in the region coincide. This issue, which has major security ramifications for India, will be discussed in detail subsequently.

- Somewhat similar logic has been adopted by China in befriending Myanmar, Bangladesh and, in a limited sense, Nepal.

Some of the other facets of India’s security concerns vis-à-vis China are summarized below:

- Some Chinese apprehensions stem from India’s ideological proximity (democracy) to the West and perceptions of a growing Indo-US strategic partnership. However misplaced such a perception may be, the fact is that any number of Chinese strategic analysts, with whom the author has interacted, have all been categorical in their allusion to the broad rationale of Indo-US strategic convergence as a China-containment strategy.
- India, over time, if allowed to develop into a relative tension-free security environment, will emerge militarily-and economically-strong.
- Yet another facet is the possibility of confrontation in the highly competitive energy markets of the Middle East/Central Asia, particularly as dependence on Middle Eastern energy sources increases significantly. This dependence could be exacerbated by the oil shock in terms of post Iraq consequences or consolidation of the Islamic Right against unilateral Western intervention, and the equation of Islam with terrorism. This is likely to result in jockeying for influence by major Asian powers in the Middle East and Persian Gulf over scarce energy resources, leading to possible confrontational scenarios.
- Next, as briefly mentioned above, Chinese reaction to a US policy of containment and the emerging Indo-US strategic partnership
could be reflected by:

- Further endorsement of its strong political and military linkages with Pakistan, and using countries like Myanmar, Bangladesh etc., as proxies to contain growing Indian regional influence.
- Attempts at evolving and developing the Sino-Russian nexus or attempt at creating a possible Sino-Russian and Indian (Asia centric) axis to contain America’s growing influence in Asia.
- Gradual extension of its influence in the IOR and even the Persian Gulf.
- Progress in normalization of relations will be dictated by the Chinese perspective of the Indo-US strategic relationship and emerging contours of the regional security environment.

• Lastly are the possible implications of the model of a strong and resurgent China on the cause and effect of its economic and military growth, together with its socio-economic costs. Were China, as a result of integration with WTO, together with turbulent socio-economic conditions and fissures within the leadership on the direction of reforms, to experience diminishing party control (and consequent regional federalism), this is likely to lead to greater unpredictability and irrationality in Chinese thinking about and perspectives of its security environment. It is in this context that India must closely monitor both economic and military developments, and the steps that Chinese initiate in shaping their future.

Thus in a contextual sense, the challenges from China can be broadly discussed under the following headings:

(a) Encirclement of India.
(b) Economic challenges.
(c) Military challenges.

**Encirclement of India**

Historically, India has had a troubled relationship with China over territorial and other issues such as Tibet, conflicting world views and strategic postures both during and after the Cold War. Since the resumption of high-level political exchanges between the two, regular diplomatic talks to settle outstanding issues, and promotion of military exchanges to prevent conflict, the relationship has improved and
stabilized. However there has been little progress in resolving outstanding disputes, settling the issue of the Dalai Lama, Tibetan refugees in India or removing Indian insecurities regarding China’s posture and defense ties in the region. On the contrary, China is concentrating on increasing its power and influence and leveraging the strategic configuration of power to its advantage, in South Asia. China’s attempt at forging strong economic and military relationships with surrounding countries and entering into defense ties, cooperation, the sale of military equipment and collusive relationships are integral components of the above policy. By doing so it is attempting to gain geopolitical supremacy in South Asia. China has devised new means and a subtle approach to make itself a dominant factor in the security environment of the region. It is in this context that China’s relationship with some of India’s immediate neighbors is discussed:

**Myanmar.** China took full advantage of the international isolation of Myanmar in 1988 to foster friendly ties and develop military relationship, which has been growing steadily ever since. China has been assisting Myanmar in economic development, defense and infrastructure development. Majority of equipment in the inventory of armed forces is of Chinese origin. Additionally it has assisted Myanmar in various infrastructural projects, including roads, railways and naval bases, the most prominent among these being:

- Coco Island (listening post)
- Haingyyi base
- Za Det Kyi base.

**Bangladesh.** Bangladesh is strategically important to both India and China. A narrow corridor, sandwiched between Tibet’s Chumbi valley and north-west Bangladesh is the only link to India’s north-east. Moreover, the long Bangladesh coastline along the Bay of Bengal is of interest to China. The foundation of China’s military relationship with Bangladesh was laid during the military regime of Gen. Ziaur Rahman. The military aid took place in the form of weapons and advisers. China looks at Bangladesh as a trusted friend. Recently Bangladesh and China have signed a cooperation agreement aimed at providing support and equipment to the Bangladesh armed forces.
The defense cooperation agreement, in addition to modernizing the armed forces will greatly enhance Chinese influence, by providing a strategic foothold on India's eastern flank, encircling India. In addition it will divert Indian armed forces attention from a primarily Western to a dual focus, greatly benefiting Pakistan. Pakistan is also assisting Al Qaida cadres in establishing bases in the jungles of Chittagong Hill tracts of Bangladesh. Lastly, China would get much sought-after naval base facilities in the Bay of Bengal, and may in future collaborate in the development of Chittagong port. It is a significant strategic development which India cannot possibly ignore.\textsuperscript{24}

**Nepal.** Nepal sandwiched between China and India is an important geo-strategic buffer. China has been trying to wean away Nepal from India by providing economic assistance, building up strategic roads and defense cooperation. China looks at Nepal as a key factor to accelerate growth and the security of her western region. There have been regular exchanges/visits of senior leaders and today Nepal has very close ties with China.

**Pakistan.** Geo-strategic location and Cold War dynamics made Pakistan a reliable and dependable “friend” of China. It exploited Pakistan's antagonistic attitude toward India, to create a hostile state, strategically leveraged to China. The rationale and determinants of Sino-Pak collusion can be summed up as follows:

- China's need for an ally in the Islamic world. It has adopted a dualistic Islamic policy, toward Muslim minorities who constitute a sizeable part of the population. Internally, it has attempted to integrate Chinese Muslims by allowing religious freedom, while dealing firmly with divisive and extremist factions. Externally it has tried to exploit Islam to improve and cultivate relations with other Islamic countries.

Pakistan acted as a conduit in establishing America’s relationship with China during the Cold War. Pakistan’s frontline role in confronting former Soviet Union in Afghanistan was also important and a key element of US regional strategy.

The Genesis of Sino-Pak defense cooperation lies in Chinese attempts at maintaining military balance in the region and its concerns about any shift being inimical to its national security concerns. Beginning as a marriage of mutual convenience, it was nourished by a common hatred for India and now seems to have become an integral part of their respective foreign policies. China has become major arms and defense technology supplier to Pakistan.

What is worrisome, however, is the context and nature of its nuclear and missile relationship. As part of China’s deep-seated strategic calculations, it has been involved in, selective proliferation of nuclear and missile technologies and materials to the two conflicting traditional war zones: West Asia and South Asia. This is designed to give China leverage, both in bilateral relations of recipient countries and third parties with interests in the region.

The steadfastness of the Chinese perspective can be gauged by the fact that a series of sanction regimes have not been able to detract China from its policy objectives.25

China and Pakistan are intimate strategic partners in the region. Their close relationship has withstood the current phase of US-Pak detente. In fact Pakistan looks at relationship to be mutually-beneficial in terms of providing leverage against the American regional presence. China on the other hand views Pakistan as a ‘frontline state’ and guardian of its strategic interests in South, Central Asia, and Indian Ocean.

**Sri Lanka.** The Sino-Sri Lankan relationship established in the 1970s is most visible in the field of defense cooperation. China has since supplied a large quantity of military hardware, such as tanks, armed personnel carriers, UAV’s and various other arms/ammunitions.

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25 Ibid., UD Bhatkoti.
Maldives. Since 1995, China has decided to establish relations with the Indian Ocean littoral. The thrust of this policy was to engage in politico-military cooperation, and China is keen to promote its relations with Bhutan to gain politico-military leverage. An interim agreement has been signed to maintain peace and tranquility along the Sino-Bhutan border.

In addition China has been exploring the feasibility of naval base facilities in the Maldives, the response has not been entirely positive. Domination of the Indian Ocean region figures prominently in China’s grand strategy as it looks at such domination as a key to achieving regional and global power status. It perceives until it attains credible power projection capability it will be constrained to remain a continental power. It is for this reason naval modernization has the highest priority in Chinese military modernization. China’s attempts at forging close military in the region are an attempt to carve out a sphere of influence and to enhance its power projection capability to protect vital sea-lanes of communications and secure its future energy needs. Consequently, the most discernable trend noticeable is different forms of military transfer of arms, construction of military bases, licensed production agreements, weapons exports etc.

Economic Challenges

Sustained economic development is the biggest test facing India in the short and mid term. There is a vast difference in the economies of both nations, as the two have followed distinctively different economic models. The pragmatic Chinese approach emphasized the primacy of economic growth and stability as vital attributes for meeting social objectives, and the restoration of geopolitical centrality and status earlier enjoyed by imperial China.

China gave primacy to infrastructural development and created conditions of investment confidence to absorb large sums of foreign direct investments. Following the introduction of economic reforms it has experienced rapid economic growth. From 1970 to 1992, China has recorded an average growth of 9.5 percent, which further increased to 10.2 percent, in a four-year period 1992 to 1996. Such a growth rate would transform it into a major modern and military
power and powerful competitor. The flip-side, as highlighted in a recent series of articles in the Financial Times, that the crunch will come when China fully integrates with the WTO-dictated protocols and norms, together with their consequences.26

Sustained economic development is the key to meeting the Chinese economic and military challenge. Although China started its reforms way back in 1978—and India in 1990, there is a difference of approximately 100 dollars in per capita income. India must make all endeavors to catch up with the Chinese and then forge ahead through a concerted effort to develop infrastructure.

It is, however, important to highlight that according to certain prominent analysts, the Indian economy is not doing too badly. According to them, against China’s 40 percent rate of investment, which is the highest in the world, India has been able to achieve 24 percent.27 Were India to increase it to even 30, it would be able to match the Chinese growth rate. This is particularly so in the face of certain negative Chinese economic fundamentals, such as high non-performing assets, the inefficiency of village and public enterprises, and the negative effect of WTO transparency and inability to maintain long-term cheap labor rates. These negative economic attributes cannot be easily addressed, as it would mean loss of control by the Chinese Communist Party and disaffection among its cadres. Still, both economies have a stake in maintaining accelerated growth rates, if for no other reason than to ensure a better quality of life for 47 percent of the world’s population that resides here.

Trade between India and China now exceeds three billion dollars. Under WTO guidelines, Indian goods now have better access to Chinese markets. There is growing understanding between the two countries, reflected in China’s assurance to assist India in infrastructure development, and to work together on WTO-related issues like competition policy, environment, investment etc. Nonetheless, prejudices and tensions remain in India while dealing with China. These arise from unsettled border disputes, the active Sino-Pak nexus, which is essentially Indiacentric, and the somewhat superior attitude of the

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26 “Coping with China: How the World's most Dynamic Economy is Changing the Face of Asia,” Fortune p. 49.
Chinese while dealing with India.

**Military Challenges**

In Chinese threat perspectives, the principle security challenges range from integration of Taiwan, to the perceived hegemon attitude of the United States, India and Japan. Its military modernization perspective also relate to these challenges being the primary driver of Chinese military modernization. While India is not perceived as a main challenger, it cannot however overlook the Chinese military infrastructure and sustained development of its western region (this includes infrastructure development in Tibet) as a major component of its hinterland development plan. Chinese defense strategy, originating with the “People’s War in 1950, has graduated to a “People’s War under modern conditions” and has now been upgraded to “Local Wars under high-tech conditions.” The PRC focuses attention on three separate areas in their force development priorities:

(a) Creation of small, flexible and technologically modern forces to meet regional contingencies (Development of Rapid Reaction Forces).

(b) Organization of a large but less-advanced force for internal security and conventional defense.

(c) Modest level of strategic nuclear forces to maintain deterrence against nuclear threat.

China’s rising military capabilities, especially the nuclear and missile build-up and concurrent infrastructural developments in the Tibet Autonomous Region, have direct security implications for its Asian neighbors with whom it has sovereignty disputes, ethnic related insecurities and tensions and geo-political rivalries. From a national security perspective, China is preparing to meet two challenges after the Cold War—it must build up a missile force structure and capabilities that will enable it to use force whenever necessary, to pursue its sovereignty and territorial claims on Taiwan, the South China Sea islands and if necessary against Japan, India and Vietnam. Finally, China’s power must ensure that it will be an integral part of a new security structure in Asia and the Pacific and that its interests cannot
be undermined. The combination of the PLA’s massive size, growing strategic and conventional capabilities, organizational restructuring, and the adoption of a new strategy for preparing for a high-tech limited war are the factors that the Asian neighbors have to seriously consider. The PLA’s efforts in preparing for frontier and local wars are of great concern to the nations of South and Southeast Asia. The officially declared defense budget has been growing at a rate of 15 percent since 1989, amongst the fastest in Asia. Chinese nuclear doctrinal ambiguity even under its “No First Use” doctrine in terms of use on its own territory adds to regional security concerns.

Following the takeover of Tibet, China has become an integral part of South Asia’s geopolitical and strategic environment. It shares borders with many South Asian countries. Beijing has developed some of its closest external relations in the region, built on defense and intelligence ties, military transfers and political support. The South Asian states hold the key to the stability and security of its two troubled provinces of Tibet and Xinjiang. Nearly 90 percent of China’s arms transfers are targeted at Pakistan, Iran, Myanmar, Bangladesh, and Sri Lanka. China’s trade and economic presence have been growing in those states that also have ties with India. Given, China’s current preoccupation with internal stability security modernization and consolidation of territorial limits and creation of strategic space in Taiwan, Hong Kong, and the South China Sea factor—it is keen to maintain stable and good relations with South Asian states. Thus, there is a direct relationship between China’s more assertive posture in East Asia, its recurrent friction and ties with the United States and its modernization and spirit of cooperation in South Asia, Central Asia and Russia. The issues that need to be addressed are:

(a) Unsettled border problems with India and Bhutan.
(b) Continuing political ethnic tensions in Tibet.
(c) China’s military ties and arms transfers to Pakistan, Myanmar, Bangladesh and its efforts secure naval facilities in the Indian Ocean littoral and deployment of naval power.
(d) China’s military build up—especially naval and air power and modernization of strategic weapons.
The US Factor in Sino-Indian Relations

China perceives a long-term negative impact resulting from Indo-US relations, particularly so in the context of the perceived strategic congruence between the two, and the US presence in Central Asia. China is wary that India could join the United States in support of Tibetan Independence. Some Chinese critics feel that India would like to separate Tibet from China to create a buffer zone. On the other hand, whereas China has a convergence of views on many aspects, it sees the present unipolar world dominated by the United States as an inhibiting factor in the fulfillment of China’s manifest destiny of becoming a superpower in the 21st century. It is trying to define a new global matrix of multipolarity, with Russia, the European Union, Japan and the United States being the other poles. Whereas, the United States has major differences on Taiwan, non-proliferation and disarmament and other issues related to NE Asian security, there is little understanding of India’s legitimate nuclear and missile concerns vis-à-vis China. US policy regarding the five power nuclear monopoly is not conducive to Asian or global peace and stability. India also views the US decision to activate the 1985 nuclear agreement with China, while refusing to cooperate on similar terms with India, as a negative factor in its relations.

Triggers

Given their respective internal challenges, the huge tasks of nation-building, the need for external and internal peace and security, both China and India have an interest in enhancing their common security, and in the region through development, cooperation and confidence-building measures-something that is already happening and is likely to continue for the foreseeable future. Presently, China views India as a regional competitor, with hegemonistic designs. China will continue to woo India’s neighbors to keep India engaged and regionally insulated. China’s current interest in the existing geo-strategic environment precludes a major war with India. Notwithstanding the above, the following issues may lead to a conflict situation between India and China:
(a) Escalation of local issues on the lines of actual control.
(b) Posturing for collusive support to Pakistan by China (when pressure on Pakistan by India is beyond the acceptable threshold level) seriously impairing India’s national security interests.
(c) As a means to resolve the boundary issue, with India proactively opposing China’s forceful assertion of claims on disputed areas.
(d) Spillover effect of internal implosion in China.

**India’s Response to China’s Challenge**

There are competitive as well as cooperative aspects of Indo-China relations. In the short term-China is likely to follow a policy of cooperation while they are involved in modernization, economic development and strategic focus firmly fixed on East Asia. However, relations could become increasingly competitive and confrontational if China begins to pursue its territorial claims against India, and if arms transfers, arms build-ups, and defense ties reach alarming proportions and threaten India’s security or if the political situation in Tibet gets out of control. Though a policy of engagement, detente and peaceful resolution of disputes and cooperation are seen to be in India’s long-term interest, a strategic posture that only talks of interdependence without adequate military capabilities may not be answer to China. It is a well-known fact that China believes in realpolitik and may raise issues pertaining to India at the appropriate level. A rapidly modernizing, strong and democratic India that balances China’s power in South, South East Asia is important for long-term peace and security. In the long run, the growing power and strategic reach of China have the following implications:

(a) As an increasing element of the larger Asian and global balance of force.
(b) As the most powerful state directly affecting its security, diplomacy, economy and politics.

From the Indian perspective, China’s nuclear weapons and missile program poses the most immediate, as well as the most serious, long-term security threat. The South Asian environment has been nuclearized since 1964, and missiles exist in the military arsenals of
India's two important neighboring states. The political uneasiness about nuclear weapons in the past and the opposition of the major powers, did not allow New Delhi to take appropriate deterrence measures. Managing India's complex and difficult security environment under such conditions has become very challenging. India not only faces the Chinese nuclear challenge but also the threat of a nuclear Pakistan, and the Sino-Pakistan security nexus that includes an active and ongoing collaboration in the nuclear and missile areas. Current Indian nuclear and medium range missile capabilities are unlikely to deter China from precipitating military action. India does not see any major gains to its security from China's joining of arms control mechanisms such as the Nuclear Nonproliferation Treaty and the Comprehensive Test Ban Treaty. None of them redresses the strategic imbalance nor do they constrain Chinese capabilities in the nuclear or missile areas. As mentioned earlier its nuclear arms transfer policies are a direct construct of its power projection and seeking leverage in the strategically-important Central Asia and Middle East, including of course meeting the strategic challenge from India.

We need to remember that India has longest stretch of border with China. China not only occupies 38,000 sq km of Ladakh (Aksai Chin Area) but also claims 90,000 sq km of Arunachal Pradesh. China has not given up the claim and can pursue the same at an appropriate time if Beijing feels that India is not sufficiently friendly. India's military power is a defensive instrument to thwart the use of power, as leverage to diplomacy to prevent sudden aggression and hostile behaviour. India needs to take a pragmatic view of Chinese post Cold War strategy together with Sino-Pakistan nexus, and plan to tackle the same by a combination of astute diplomacy and rapid development of national power and prestige.

India's strategy can be summed up as:

(a) Normalizing relations with China by improving trade and commerce and engaging diplomatically, politically and economically.
(b) Cooperating on issues of convergence.
(c) Monitoring Chinese activities in India's neighborhood and preventing influence in the region.
(d) Dissuading China from providing collusive support to Pakistan and other states in the region, and thus impinging on Indian security.

Deterrence and Power: Economic development is the need of the hour to meet the challenges of the growing Chinese economy, although India's defense capability remains the key to ensuring security and stability. Military asymmetry between major Asian states will have a strategic impact on the entire Asian region, with different effects on both powers. A powerful China would be able to enhance its military and diplomatic leverage against India's neighbors. Similarly, China's growing influence in the international system would mean that the United States and other major powers will adjust to China's interests. India therefore needs to enhance its overall national power and deterrence capability, through its nuclear weapon and missile program and modernization of conventional forces. Taking cognizance of China's long-term energy needs and its growing maritime trade, India will need to develop economic, political and defense ties with the Gulf States, and ASEAN. Most of all, India must provide a sense of security to its immediate neighbors and provide all economic assistance to counter China's growing influence. Joint military exercises, defense collaboration apart from commercial contacts will help India in improving relations with its neighbors.

Together with the above, India should also engage China with a stable engagement policy, promoting interdependence and diversifying cooperation with China. If on the other hand India is perceived as weak, the United States, Russia and Japan would be wary of jeopardizing their strategic interests by engaging India. A security alliance with the United States, despite the upswing in US-Indian relations, is unlikely to provide any tangible benefits and may even be counterproductive. However, what would certainly be beneficial would be a series of strategic relationships, linking India with the United States, Japan, Russia, and Europe that strengthen the forces of democracy and the rule of law, building up a universal structure for resolutions of disputes, boosting multilateralism and creating an environment of peace.
Conclusion

China's assessment of India's future development and international role frequently stresses its dangerous military potential and the instability of democracy. In spite of a series of CBM, China is concerned that they are a countervailing manifestation of Sino-Indian geopolitical rivalry. China continues to depict India as a hegemonistic power pursuing an expansionist policy. Inspite of growing cooperation, China looks at India with suspicion. China has used the perceived insecurity of India's neighbors to strengthen its own base and influence through the selective use of economic and military assistance. China regards the growing cooperation between India, Japan, United States as a China containment policy. China feels that the growth of India's naval build-up is aimed at seeking control of the Indian Ocean to promote its own economic interests. Increasing China-US confrontation on political, diplomatic and security issues such as Taiwan, missile defense, and non-proliferation is likely to keep China engrossed in managing its relations with the United States. Similarly, China is presently pre-occupied with Korea, Japan, ASEAN, the CAR and Russia. South Asia nonetheless continues to be of vital security, political and economic interest to China.

China has realized that the economy is the key factor to success. After 25 years of economic liberalization, it is on the threshold of becoming a significant economic power. India needs to maintain continued economic development and defense modernization, so as not to create any serious imbalance in conventional military power. It is therefore crucial that India develop itself politically, economically, and militarily to find its rightful place in the region. India has endorsed diplomacy, backed by military and economic strength, as the currency of power in the modern world.