



DELHI POLICY GROUP

Advancing India's Rise as a Leading Power

DGP Policy Seminar Reports, Vol. 1, Issue 2 Seminar on “India-China Relations: Bilateral and Regional Contexts”

India International Centre | New Delhi | September 14, 2016



**DPG Policy Seminar on
India-China Relations: Bilateral and Regional Contexts
September 14, 2016**

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Abstract of Proceedings and Power Point Presentations

The Delhi Policy Group (DPG) organized a policy seminar on “India-China Relations: Bilateral and Regional Contexts” on September 14, 2016. The event was attended by around 50 participants from think tanks and the strategic community.

The seminar opened with a keynote by Dr. S. Jaishankar, Foreign Secretary who delineated the context and content of India-China relations, from historic interconnections and modern era interactions to current day challenges of expanding and managing stable relations.

The first session of the seminar was devoted to a discussion of India-China bilateral relations. Speakers and participants noted the asymmetric power equation between the two countries and China’s muscular assertions as well as its growing ability to shape the discourse on bilateral ties and regional issues. They agreed that India would have to counter this trend through the projection of an alternative narrative based on its own interests and perceptions. They observed that China was going through a period of domestic uncertainty. Its economy was witnessing slowing growth, overcapacity and an as yet unsuccessful effort to rebalance investment and consumption. China under President Xi Jinping had asserted stricter party discipline and control over the economy, party cadres and the PLA. President Xi had moved decisively to define foreign policy. India would have to factor in the defence and security implications of China’s new assertiveness.

The second session addressed developments in India-China relations in their regional context. Speakers and participants noted that there was a diversity of views in the United States on what should be done to counter China’s increasingly assertive behavior without impacting economic ties. Nevertheless, the United States would continue to be the principal security guarantor in Southeast Asia. China’s economic slowdown and push for dominance has opened new strategic space for India in Southeast Asia. India on its part needed to actively push forward regional economic integration through RCEP and step up security ties with regional countries. CPEC and OBOR are strategic projects seeking to reshape the region and India needed to develop a counter strategy. China has engineered a remarkable expansion in its maritime military power projection and is now establishing bases in the Indian Ocean region. India would have to beef up its own asymmetric capabilities to deal with the consequences of China’s naval buildup, leveraging its geographical advantages.

DPG does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

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Programme



DPG Policy Seminar
India-China Relations: Bilateral and Regional Contexts

Venue: Conference Room No.1
India International Centre (Main), Lodhi Road, New Delhi

September 14, 2016

Programme

- 0930-0950 : **Registration**
- 0955-1030 : **Opening Session**
- 0955-1000 : Welcoming Remarks by **Ambassador H.K. Singh**, Director General, DPG
- 1000-1030 : Address by **Dr. S. Jaishankar**, Foreign Secretary, MEA
- 1030-1145 : **SESSION 1 – India-China Bilateral Relations**

Chair: Dr. Sanjaya Baru, Consulting Fellow for India, IISS

Speakers:

Jabin Jacob – India-China Bilateral Relations – the current state of play

Dr. Arvind Virmani – India-China Economic and Trade Relations

Jayadev Ranade – Politics and Society in Xi Jinping's China

Arun Sahgal – The Challenge of China's Military

- 1145-1200 : Coffee Break

1200-1330 : SESSION 2 – India-China Relations in Regional and Global Contexts

Chair: Ambassador H.K. Singh, Director General, DPG

Speakers:

Richard Rossow – The US View

Monika Chansoria – India-US-China Triangle

Biren Nanda – China in Southeast Asia

Anup Singh – China's Maritime Activism

Zorawar Singh – China's Strategic Economic Initiatives in Indo-Pacific

1330-1430 : Lunch [Private Dining Hall, IIC (Main)]

**“India-China Bilateral Relations – the
Current State of Play”**

**Presentation by
Jabin Jacob
Fellow, Institute of Chinese Studies**

- “India-China Bilateral Relations – the Current State of Play”, Presentation by
Jabin Jacob, Fellow, Institute of Chinese Studies

The state of India-China affairs needs to be viewed through two prisms: one, in terms of how the Chinese themselves think of the relationship and two, in terms of what India is doing or not doing in the relationship. After a period in the late 1990s and most of the 2000s when China seemed to look at India independent of Pakistan, the Chinese view of the relationship has swung back to the idea that India must be hyphenated with Pakistan. This is partly the result of India’s own actions but also suits the Chinese both in terms of their understanding of the distance between India and China in terms of capabilities as well as their wish to be seen as co-equal with the United States in global politics. And yet, there is also a line of thinking that the Chinese have that India no matter its current difficulties is China’s only peer in terms of historical and civilizational heft as well as the only power with the potential to challenge China over the *longue durée*. This latter aspect also then opens up possibilities for India in its dealings with China unavailable to other countries, including the US. In terms of what India is doing, the Government of India has successively over two administrations misunderstood China’s OBOR initiative and therefore, also responded without seeing the possibilities this opens up for India’s own national interests. OBOR is not merely an economic or infrastructure development programme, it is also an attempt to influence China’s neighbours – to shape and direct historical, political and cultural narratives in Asia, to capture the mind-space as it were. This is already evident in Central Asia, Southeast Asia and now, in South Asia, as well. India must counter this Chinese approach urgently and forcefully. Meanwhile, even from a purely capability-based point of view, India’s response to CPEC appears to be based more on turgid legalese and emotion than on sober, realistic assessments of international relations and of domestic politics in Pakistan and China. The dissatisfaction of Chinese state-owned enterprises currently engaged in Pakistan’s risky business and security environment and of Pakistan’s own regional and political actors at apparently being denied the benefits of the CPEC offer openings for India. By completely refusing to engage with the CPEC – especially when India’s Border States and public and private sector enterprises can be capable and creative vectors of such engagement – New Delhi is letting Pakistan move permanently into the Chinese sphere of influence. Such an approach cannot end well either for India-Pakistan relations or for India-China relations.

“India-China Economic and Trade Relations”

**Presentation by
Dr. Arvind Virmani
Distinguished Fellow, DPG**

- “India-China Economic and Trade Relations”, Presentation by Dr. Arvind Virmani,
Distinguished Fellow, DPG

Trade deficits with China's Exim are of concern to a market economy like India, because it is a non-market economy that follows a modern version of the "Prebisch-Singer" model. Developing countries & Emerging economies (DC&EMEs) as sources of raw materials and markets for manufactured goods. The global financial crises (GFC) has accentuated the problem of over-investment & net-exports that is the essence of Chinese growth model. With China's investment-GDP ratio at 42-45% China drives global excess capacity & exports deflation to rest of world, driving down prices & profits.

There are however two areas where it is mutually beneficial for the two countries: One is infrastructure, where China has the expertise, financing and skills and India has the requirements, provided China's companies are willing to take the same risks as other foreign companies. The second area is Labour intensive mass manufacturing (LI), where China's competitiveness has declined vis other Low & Lower middle income countries like India. This will however only happen when China Inc(CCP) makes a political decision to encourage such investment. FDI in E-commerce from China is already taking place, because its the closest to a genuine private sector.

“Politics and Society in Xi Jinping’s China”

**Presentation by
Jayadeva Ranade
President, Centre for Analysis and
Strategy**

- "Politics and Society in Xi Jinping's China", Presentation by Jayadeva Ranade,
President, Centre for Analysis and Strategy

"Since the 18th Party Congress in November 2012, the world is witnessing a steady hardening of the Chinese State. The Congress itself has been a watershed in Chinese politics and marked the start of a defining phase. Xi Jinping's acolytes say this is the start of another 30-year phase in the history of the People's Republic of China (PRC) -- the first thirty year cycle being that of Mao Zedong followed by the era of Deng Xiaoping. The 18th Congress sent out a clear message of Stability, Party supremacy and the China Dream. It was a strong reaction against the looseness in Party discipline, unprecedented competitive politics, ostentatious lifestyles of Party, government and military cadres and the rife corruption.

The appointment of Xi Jinping as Chief of the Chinese Communist Party (CCP), President of the PRC and Chairman of the Central Military Commission (CMC) simultaneously -- the last time this was done was when Hua Guofeng was appointed to these posts in 1977-78 -- signalled that he had the backing of the CCP's veterans. Emphasizing Party supremacy, the Congress installed orthodox Party apparatchiks, with an unblemished track record of doctrinaire politics and adherence to Party discipline, as members of the 7-member Politburo Standing Committee (PBSC). The immediate provocation was the failed but serious bid by former Politburo Member Bo Xilai, son of one of the 'Eight Immortals', to enter the PBSC. As part of the effort he had built lobbies of influence in the Public Security apparatus -- the Party's crown jewels -- and the People's Liberation Army (PLA). Immediately after the Congress, Xi Jinping started consolidating his position and began using ideology and nationalism to ensure political stability and regime survival. He took direct charge of all the important Central Small Leading Groups of the Party and today has more formal posts than any other CCP leader ever. He took direct control of the country's security apparatus and downgraded the head of the Political Science and Law Commission, who heads the security apparatus, to a Politburo member. Xi Jinping simultaneously cracked down on the PLA. At a meeting of the enlarged CMC within two days of taking over as CMC Chairman, he declared that political reliability would be the determining criteria for promotions of operational (field) officers in the PLA. He restored to Political Commissars the power to veto the promotions of PLA field officers and asserted that the PLA is an army of the Party and not the state. Importantly, at the Third Plenum in October 2013, Xi Jinping brought the PLA within the purview of the Central Discipline Inspection Commission, or the Party's anti-corruption body. 55 Generals have since then been placed under investigation

or under arrest.

The economy is a problem, with the transition from an export-led economy to one buoyed by domestic consumption that began in 2007 taking longer than anticipated. Xi Jinping has reduced the formal rate of growth from 7% to 6.5% in the Thirteenth Five Year Plan. A slew of reforms have been proposed, with 300 approved at the Third Plenum, but few have been implemented. Reform of the State owned Enterprises (SoE)s, many of which are headed by 'princelings', has been non-existent with a 'pilot' reform having begun to be implemented just two months ago in Shanghai. Worker protests are continuing to grow but decisions have nonetheless been taken to lay-off 3-5 million workers of the coal, mining and steel industries. Xi Jinping is also persisting with the policy of austerity, which includes a regimen of 'one soup and four dishes' at all, including official, banquets despite it having had a 2-4% adverse impact on the GDP.

China also has problems looming in other areas especially the ethnic minorities of Tibet and Xinjiang. Despite a 54% increase over last year in Tibet's security budget, the Tibet Autonomous Region (TAR) remains restive. Possibly suggesting a change of tack, China has recently appointed a new TAR Party Secretary Wu Yingjie. His predecessor Chen Qianguo implemented a stringent 'security grid' that ensured public security personnel would reach the scene of an incident within 3-5 minutes of its occurrence. Xinjiang is a major concern as indicated with the 54% hike in its security budget bringing it to US\$ 1.05 billion in 2016. Official Chinese studies reveal that Uyghur terrorist acts are spreading to other parts of China with high-densities of Muslim population like Wenzhou, Kunming and Beijing.

Xi Jinping has, however, launched some major geo-economic-strategic initiatives namely the OBOR and CPEC. He is also continuing with an assertive foreign policy. Xi Jinping is additionally preparing for the next Party Congress in late 2017, where over 90 vacancies are expected in the Part Central Committee. These are not signs of a 'weak' leader and we can expect the CCP to be in power at least for the near to mid-term."

“The Challenge of China’s Military”

**Presentation by
Brig. Arun Sahgal (Retd.)
Senior Fellow, DPG**

- “The Challenge of China’s Military”, Presentation by Brig. Arun Sahgal (Retd.),
Senior Fellow, DPG

Growing Chinese military capabilities and the consistently double-digit rise in defense budget which stands at 148 billion dollars at official figures and unofficially over 200 billion dollars, is creating huge regional asymmetries and is the main cause of Chinese bellicosity and regional assertiveness.

Chinese military modernization has three distinct implications for India; firstly is its strategic encirclement through China sponsored proxies, second; growing Sino – Pak collusion through heightened defense and economic collaboration such as CPEC and virtually turning Pakistan Occupied Kashmir into China Occupied Kashmir (ChOK). Lastly; the creeping presence in Indian Ocean through initiatives like the Maritime Silk Road aimed to dominate both the littorals and the strategic sea-lanes, through which major Asian trade passes.

Furthermore Chinese military modernization, enhanced infrastructure in Tibet has provided China capacity for rapid force mobilization and build up, enhancing the continental threat to India. Deployment of medium range missile systems in Tibet has further enhanced the threat with populated areas of Northern India including Delhi coming within their strike range. India unfortunately requires Intermediate/long range missile capabilities to pose similar challenge to Chinese Hartland; it’s East Coast.

In terms of possible conflict scenario’s it is envisaged that increasing asymmetry could embolden China to initiate conflict with India to “Teach it a Lesson” by initiating hostilities to either take through military force territories that it claims or as a consequence of moral arrogance by India. Chinese actions will be function of its perception of balance of power in terms of increased asymmetry that will restrain India’s escalation options; or as a consequence of the perception of the India centric shift in balance of power, not so much through Indian capabilities alone but configuration of Indian power as a result of its strategic alignments with the United States, Japan and other Asian powers.

Military actions will be directed to impose military losses that diminish Indian stature as a regional power and to assert Chinese primacy. Chinese use of force could be coercive intimidation or limited to its territorial claims. Large-scale use of military force to capture vast territorial spaces is not envisaged. There is also a belief within the PLA that given relative asymmetry of power it will be able to

manage escalation or any Indian offensive designs. China tends to underplay both the capabilities and efficacy of Indian strategic deterrence.

To deal with Chinese challenge India needs to take strategic decision to develop and maintain indigenous asymmetric capability against China both on the border and the Indian Ocean. Acquire military hardware to preserve military asymmetric edge both in Tibetan-Xinjiang border and the Indian Ocean.

In case of Chinese military incursion in Tibet or elsewhere build capacity for swift, decisive and even disproportionate escalation that includes air superiority edge. Additionally exploit all options to exploit Chinese vulnerabilities that include action against vital Chinese SLOCs, and last but importantly develop credible nuclear deterrence.

Period of next 10 – 15 years is that of strategic vulnerability in terms of dealing with the Chinese military challenge. India needs to develop credible dissuasive capabilities to impose costs on any Chinese perceived military adventurism in the shortest possible time frame.



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Advancing India's Rise as a Leading Power

CHINESE: MILITARY CHALLENGE

Brig. Arun Sahgal (Retd), PhD, Senior Fellow, DPG
New Delhi



INTRODUCTION

- PLA reorganizing and undergoing major modernization – resulting in regional asymmetry.
- Growing military budget. Up from \$ 114 – 118 to \$ 148 billion – three times that of India.
- Two connotations;
 - *Modernization plans not only remain on track; likely to get further fillip.*
 - Concerns about growing Chinese military capabilities is fueling regional arms race.

IMPLICATIONS FOR INDIA

- India's concerns relate to growing military asymmetry and emerging military posture in Tibet, resulting in threat up-gradation.
- China pursuing three pronged strategy;
 - Create proxies along against India's periphery for strategic encirclement thru growing Sino – Pak collusion, increasing footprints in Nepal, Sri Lanka, Bangladesh, Myanmar & IOR.
 - Collusion with Pakistan in particular CPEC turning POK into **ChOK** serious security concern. Collusive tactic to keep Delhi on the defensive.
 - Creeping presence in IOR. MSR an instrument to dominate littorals and SLOCs.

MODERNIZATION PERSPECTIVE

- Despite extensive modernization, bulk of PLA remains second/third generation force, with islands of fourth generation capability.
- Modernization focus is on Naval, Air Force, space and AA/AD incl ASBM and precision strikes.
- For synergized and integrated force application, creating C4ISR based net-centric infrastructure.
- Creation of “Strategic Support Force” will give fillip to Cyber, EW and IW capabilities.
- Despite modernization system integration remains problematic.
- Modernization of nuclear forces major priority, incl review of NFU?



BUILD UP IN TIBET

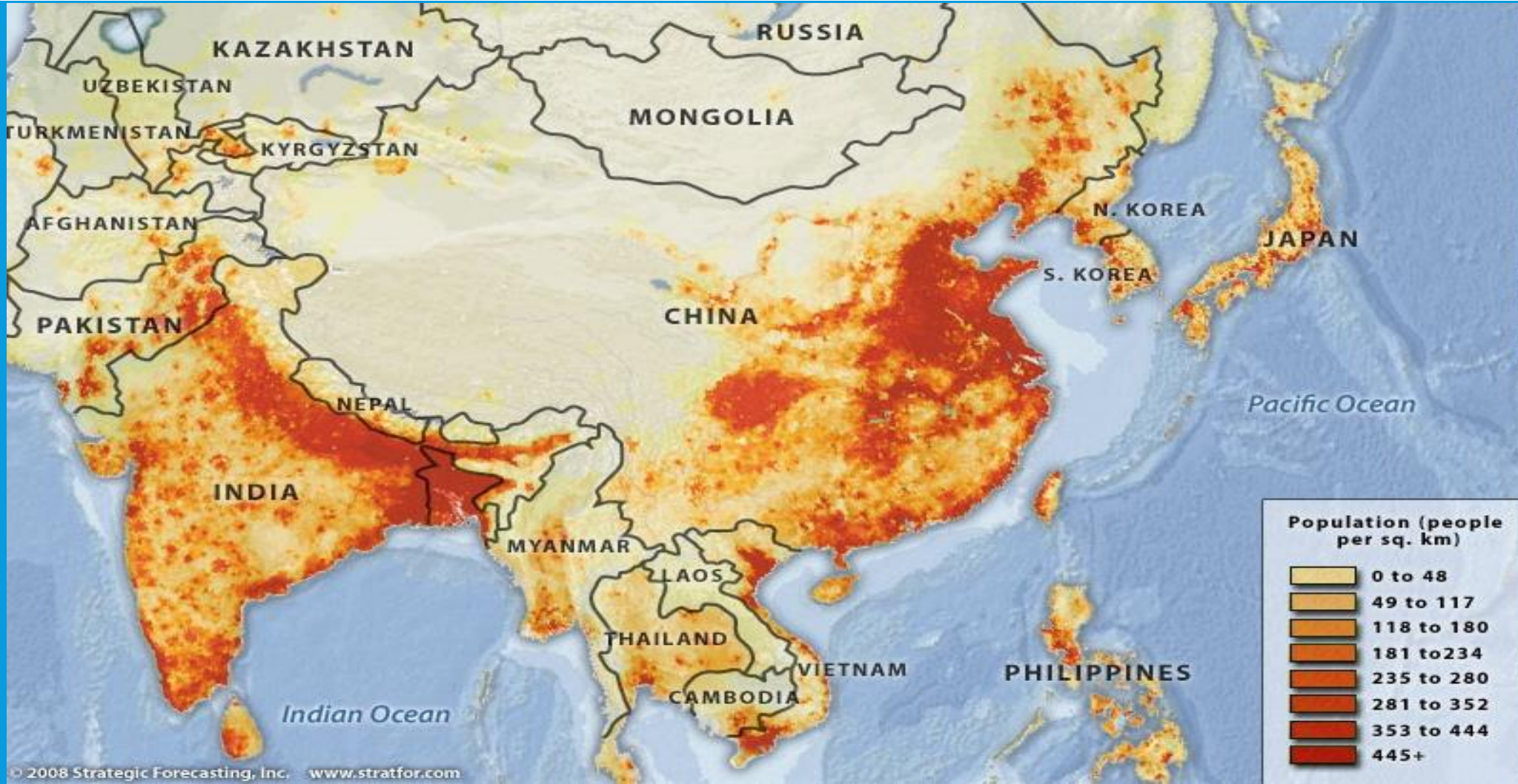
- TAR under Western Theatre now an integrated command structure.
- Massive infrastructure build-up in Tibet to incl, rail, road, airfield and telecommunications.
- Capacity augmentation of Golmund-Lhasa rail line - ability to mobilize 10 - 12 divisions in two weeks.
- Developing rail facilitate allow switching of forces between Chengdu and Lanzhou regions.
- Plans to extend rail networks to Dromo near Nathu La and Shigatse, on Nepal border.
- Developed 58,000 Km axial road network crisscrossing Tibet, that allows rapid build up.

BUILD UP IN TIBET

- Massive airfield development and up-gradation programme has enhanced offensive air and strategic lift potential in Tibet.
- To develop net-centric capability, installed 58 VSAT satellite stations and OFC network in all 55 counties of TAR Region.
- *An fiber optic connectivity coming up between GHQ, Pakistan and Xinjiang Military District HQ in Kashgar.*
- Missile Deployments in TAR;
- Deployed DF 21 MRBM and associated missiles capable of targeting Indian heartland.
- Deploying tactical BMS with precision capability for targeting strategic assets & population centers.



POPULATION DENSITY





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CHINA - INDIA CONFLICT SCENARIOS

CONFLICT AIMS

- ***“Teaching India lesson”*** – Rapid & limited operations, India suffering visible military losses diminishing Indian stature and asserting Chinese primacy.
- ***“Territorial gains”*** restricted to areas of interest or for bargaining. Rising nationalistic sentiment could make post conflict territorial swap difficult.
- Chinese rhetoric often takes the familiar tack of Indian ***“arrogance”*** as the main problem; setting stage for dispute as moral transgression than political?
- Sino-Pak collusion, could raise the ante in support of Pak leading to intervention in India-Pakistan conflict/standoff.
- ***Strategic deterrence underplayed by the Chinese?***



WHY CONFLICT ?

- Possible conditions for conflict;
 - Percieved force assymetry and favourable geo strategic trends; or if regional strategic balance shifting India's favour.
 - Post Dalai Lama tensions in TAR with China blaming Tibetan Émigré - more subjective than objective ?
 - ***Concerns about Indian defensive build up and 'surprise' could provoke pre-emptive strike.*** Hysteria about military modernization or deployments a probable cause?
 - Despite reorganization, PLA military leadership continues to dominate security agenda – creating scope for miscalculation?

NATURE OF CONFLICT

- **Coercive muscle-flexing or intimidation.**
- Calibrated display of force – mostly stand off, cyber attacks, sensor degradation, force posturing, and “min force’ in form of precision attacks. No major application of force.

Intermediate-level conflict: A limited war of Hi-Intensity

- Launch limited attacks confined to specific area/s such as Tawang to drive victor’s bargain.
- Potential for escalating to a wider conflict, encompassing both NE and Ladakh and drawing in Pakistan, Bhutan and Nepal ?
- Either driven by broader political/strategic consideration or an extension of muscle-flexing.

CHINESE PERCEPTIONS ABOUT CONFLICT

- Function of ***conventional and strategic balance***. Growing asymmetry – could embolden China.
- Require minimum build up period before launch?
- Will attempt to exercise escalation dominance.
- Indian military preparedness and political resolve the key. Vacillation could induce provocation.
- High altitude and difficult mountainous terrain intrinsic part of conflict theatre. Operations from/in Tibet easier?
- Air and naval dimension including amphibious operations gaining salience together with cyber and info domains.



INDIAN RESPONSE

- Strategic decision to develop and maintain indigenous ***dissuasive asymmetric capability*** against China both on Tibetan-Xinjiang border and the Indian Ocean.
- Acquire military hardware to preserve military asymmetric edge as also develop doctrines for asymmetric response.
- Build capacity for swift, decisive and even ***disproportionate escalation***.
- Against Chinese military incursion in Tibet or elsewhere explore all options including actions against vital Chinese SLOCs.



INDIAN RESPONSE

- Preserve air superiority edge on Tibetan border by further acquisitions/manufacture.
- Develop credible nuclear deterrence.
- In pursuit of above urgently create national industrial capacity among others for the following;
 - Medium lift aircraft
 - Heavy lift helicopters
 - Nuclear attack submarines
 - Precision attack long range cruise missiles
 - C4ISR based net centric capability and 24X7 ISR.



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THANK YOU

“The US View”

**Presentation by
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Senior Fellow and Wadhvani Chair in
US-India Policy Studies, CSIS**

- “The US View”, Presentation by Richard M. Rossow, Senior Fellow and
Wadhvani Chair in US-India Policy Studies, CSIS

The U.S. views of China are quickly evolving. America's strategy to engage China as a way to bring them in to the global system is largely unbroken over the last 40 years. Times that America's strategic community thought of taking a harder approach in response to China's militaristic excesses were typically rebuffed by the U.S. private sector, which sees China as a critical market. But with the economic slowdown, lack of new reforms, and China's continued disregard for intellectual property protection, the American business community is less inclined to press the administration for stability in its approach to China. With the twin storms of the U.S. presidential election, at which time China is typically raised as a growing threat, paired with China's growing assertiveness in the South China Sea, there is the potential to see a much more confrontational approach to China in the coming years.

“China in Southeast Asia”

**Presentation by
Ambassador Biren Nanda
Senior Fellow, DPG**

- “China in Southeast Asia”, Presentation by Ambassador Biren Nanda, Senior Fellow, DPG

The rise of China and its aggressive behavior as well its desire to dominate the region is the major reason why developments in Southeast Asia will influence the contours of world politics over the coming decades.

China is engaged in a drive to regain its rightful place in the world. An important element of this has been the drive for unity, which involves the control of Taiwan, Tibet, Xinjiang and assertion of historical claims over territories and waters on China's periphery. China's larger strategic agenda is driven by the objectives of ensuring a stable political and security environment on China's periphery, expanding trade routes through Southeast Asia, gaining access to regional energy sources and raw materials and defeating perceived attempts at strategic encirclement or containment. In the 1990s the geo-economics trumped geopolitics in Southeast Asia. Conventional geopolitical wisdom holds that States will engage in power balancing against rising powers. This didn't happen in the 1990s because multinational firms were willing to do whatever it took to get into China's markets. The cumulative effect of these decisions helped build up their country's foremost strategic competitor undermined their country's long term interests. The resurgence of territorial disputes in the South China Sea over the past two decades signal a return to the imperatives of geopolitics in the region. The American pivot to the region and Washington's effort to rebalance its foreign policy to focus on the strategic challenge posed by China's rise has allowed Southeast Asian countries to hedge against China's more opaque intentions. In all this ASEAN countries risk becoming pawns in the geopolitical clash between China and the United States. Already in the face of pressure exerted by China, ASEAN unity has cracked with uncomfortable regularity on the South China Sea issue since 2012. The ASEAN as a collective body appears to be divided on how it should deal with China's increasing assertiveness. The power asymmetry between China and Southeast Asia will continue to grow and China's neighbors will have to sustain relationship with China that are wider than their disputes with China. The US and China must find common ground on maritime issues. It is in China's interest to support the existing order because China has benefitted from it. The US of course will remain the principal security guarantor in the region. As China experiences an economic slowdown and is increasingly assertive in its neighborhood, India enjoys strategic as well soft power advantages in the region but her regional trade posture has fallen behind its strategic outreach. India needs to prioritize RCEP and APEC membership.

Hopefully, China will move towards a greater recognition of multipolarity in Southeast Asia and will be more sensitive to the concerns and interests of her Southeast Asian neighbors.



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CHINA AND SOUTHEAST ASIA

Ambassador Biren Nanda

Senior Fellow DPG

ROLE OF CHINA'S HISTORY AND CULTURE IN SHAPING CHINA'S EXTERNAL RELATIONS

- Since 1949 China has been engaged in a **drive to regain its rightful place in the world** and this drive has two components
- **The drive for unity** – control of Taiwan, Tibet, Xinjiang and China's assertion of historical claims over territories and waters on China's periphery.
- **The drive to restore China's traditional influence** –on her neighborhood including Southeast Asia.

CHINA'S STRATEGIC AGENDA IN SOUTHEAST ASIA

- Maintain a stable political and security environment, particularly on China's periphery, that will allow China's economic growth to continue
- Maintain and expand trade routes transiting Southeast Asia
- Gain access to regional energy resources and raw materials
- Develop trade relationships for economic and political purposes
- Isolate Taiwan
- Gain influence in the region to defeat perceived attempts at strategic encirclement or containment

GEOECONOMICS TRUMPS GEOPOLITICS IN THE SOUTHEAST ASIA THE 90S

- Multinational firms willing to do whatever it took to enter the China Market.
- Absence of efforts at power balancing, containing or hedging against China's rise
- Cross border production networks benefitted Southeast Asian countries but made them less resilient to Chinese pressure
- China's support to Southeast Asian countries in 1997 made China a major player in Asia.
- FDI into China came from countries most affected by China's Rise.
- Cumulative effects of these developments generated major geopolitical consequences.

RETURN TO THE IMPERATIVES OF GEOPOLITICS IN SOUTHEAST ASIA IN THE 21ST CENTURY

- There has been a resurgence of territorial disputes in the South China Sea
- China has transitioned from a softer approach towards regional territorial disputes to a muscular and assertive policy.
- The US pivot to Asia focused on meeting the Strategic challenge posed by China's rise
- Chinese pressure broke ASEAN unity on the South China Sea Issue 2012 onwards.
- Cross Straits tensions and China's increasing dependence on energy imports drove the Chinese naval buildup and maritime posture in Southeast Asia

FAILURE OF REGIONAL EFFORTS TO BUILD EFFECTIVE SECURITY INSTITUTIONS IN SOUTHEAST ASIA.



- ASEAN centric Regional Security Architecture has been stymied by the impasse between the United States and China.
- Consensus based decision making in the ASEAN centric security institutions has failed in dealing with hard security issues.
- Regional States are now engaged with strengthening bilateral security frameworks with each other and with major powers.
- The growing dependence of Southeast Asian countries on China has diminished their capacity to stand up to China.

VIETNAM

- In the 1980s Vietnam re-conceptualized its foreign policy and elevated its National Interest above socialist ideology in relations with China.
- China seeks acknowledgement of its primacy while Vietnam seeks recognition of its autonomy.
- Vietnam has pursued a policy of diversifying its external relations with major powers

THE PHILIPPINES

- Relatively low level of economic engagement with China
- The Duterte Government inherited the revival of the Alliance with the US and security ties under the Mutual Defense Treaty with the US
- Won Arbitration Award but this may have reduced room for negotiations with China
- President Duterte may pursue a more independent policy balancing alliance security commitments with the US with the desire to restore ties with China

INDONESIA

- China's 'Nine Dash Line' includes parts of Indonesia's EEZ off the Natuna Islands
- President Jokowi has initiated a muscular policy to defend Indonesia's maritime rights in the EEZ off the Natuna Islands
- China claims these waters as traditional fishing grounds, a concept that Indonesia does not recognize.
- Since Indonesia values its economic engagement with China, it sometimes treats the issue as one of unauthorized fishing rather than sovereign rights over the EEZ

MYANMAR

- Key location between South Asia and Southeast Asia- access to Indian Ocean
- China obtained key strategic and economic access to Myanmar during the period of western sanctions on Myanmar.
- Since 2011 the Government in Myanmar has opened up to the west and reduced dependence on China
- However there may now be an improvement of relations with China under Suu Kyi - Myanmar needs China to moderate internal conflicts
- Despite the domestic resentment against China and suspended projects China will remain a major economic partner of Myanmar.

THAILAND

- Thailand has long tradition of balancing relations amongst major powers
- Relatively comfortable with expanding ties with China
- Chinese prompt offer of assistance to Thailand in 1997 Asian Financial crisis.
- Since 2014 coup Thailand has been shifting the balance of relations towards China
- China's lack of criticism of political developments in Thailand and the attention given by China to Thai leaders has contributed to the warming of relations.

SINGAPORE

- China considers Singapore as part of a grouping including Japan, ROK, Taiwan and Australia - close to the US
- Singapore seeks to emphasize the economic element in its relationship with China while underplaying the strategic challenges.
- Singapore seeks a constructive relationship with China while hedging against revisionist behavior

WHAT DOES THE FUTURE HOLD FOR SOUTHEAST ASIA?

Four Strategic Trends

- First, power asymmetry and interdependence between China and Southeast Asia will continue to grow.
- Second, China and the US will be the major power powers in maritime Southeast Asia and they will have to find mutually acceptable rules for maritime usage.
- Third, China is most likely to continue on its path of development within the existing international order
- Fourth, nations in Southeast Asia will continue to look at the US as the principal security guarantor.

CHINA, INDIA AND THE SEARCH FOR INFLUENCE ACROSS SOUTHEAST ASIA

- The pull of the Chinese market and trade linkages have been the principal generator of China's influence over Southeast Asia
- This benefit is now eroding because of China's economic slowdown and its territorial assertions in its neighborhood.
- India on the other hand enjoys multiple strategic and soft power advantages as it builds up strategic space and influence in the region.
- India's lagging regional trade posture has fallen behind its strategic outreach.
- A prioritization of RCEP and APEC membership is necessary to derive maximum gains from region-wide economic integration.

WHAT CAN INDIA DO?

- India should continue to step up defense cooperation with strategic partners in the ASEAN
- This should not only involve the institutionalization of high level contacts between the militaries but also a renewed focus on Defense Sales to strategic partners like Vietnam and Indonesia.
- In this context the extension of lines of credit amounting to US \$ 600 million for Defense purchases by Vietnam including possible future sales of Brahmos missiles is a welcome development
- Quadrilateral or trilateral naval exercises with middle powers in the ASEAN could also be considered.

THE KEY TO DIFFUSING TENSIONS IN THE REGION

- As India strengthens its Act East balancing in East Asia, we can hopefully encourage China towards a greater recognition of multipolarity in Southeast Asia.
- In the interest of peace, stability and prosperity in Southeast Asia China needs to be sensitive to the concerns and interest of her Southeast Asian neighbors.
- As Prime Minister Narendra Modi conveyed to President Xi Jianping of China on the sidelines of the G 20 summit, India and China should respect “each other’s aspirations, concerns and strategic interests”.



THANK YOU

“China’s Maritime Activism”

**Presentation by
Vice Admiral Anup Singh (Retd.)
Senior Fellow, DPG**

- “China’s Maritime Activism”, Presentation by Vice Admiral Anup Singh (Retd.),
Senior Fellow, DPG

China has been expanding its footprint in all oceanic regions of the world, apace with the unprecedented build-up of its Navy. This expansion started in the early nineties after it was overwhelmed by demonstration of America’s naval prowess in Op Desert Shield, followed by Op Desert Storm. A stronger trigger was provided by the third Taiwan Strait incident of 1996, where-after the Chinese Navy has never looked back. Apart from the Western Pacific, the PLA (Navy) has been making repeated forays in to the Indian Ocean with the obvious purpose of asserting its presence and perhaps projecting power from there, in the long term. The recent acquisition of real estate in Djibouti Port and the build-up thereupon, is clear evidence of its intent in making the first ever overseas naval base. Alongside this display of naval might is the expansion of pol-mil influence in countries of interest. The PLA (N) has also expanded its roster of bilateral exercises with some ASEAN members like Cambodia apart from Malaysia and Singapore. Its bilateral with the Russian Navy is, for the first time being conducted within the South China Sea itself, and on a much larger scale than before. In sum, China’s maritime expansion is being executed on an unprecedented scale, and is set to change the geopolitical landscape in the Pacific and the Indian Oceans.

In such a scenario, India is obviously concerned at China’s forays and increasing presence in the Indian Ocean. In particular, the near permanence of its anti-piracy Task Force, the upcoming base at Djibouti, and unwelcome visits by its submarines in waters of India’s immediate interest, are factors that have made India sit up, take notice, and make its concerns known to the Chinese. But the dragon’s pace of ocean activism is so rapid that India needs to take some urgent steps to arrest further moves by the Chinese – in the face of a widening asymmetry in capabilities as well as intentions. There are simple ways of achieving this. First and foremost, we need to spruce up (build) force accretion in the Andamans, in such a manner that not only are Intelligence, Surveillance and Reconnaissance (ISR) capabilities built up there, but the Andaman Nicobar Command (ANC) receives maximum attention for addition of forces in terms of destroyers, frigates, aircraft, unmanned aerial vehicles (UAVs), and Air Force as well as Army assets. The bottom line should be “offensive” defence capability that is feared by a potential adversary. The mainland cannot be ignored either. It is time that defence expenditure and ease in procurement procedures are surged in favour of the Armed Forces. For the moment, it must be remembered that asymmetric capabilities demand asymmetric responses. That includes commodity denial or SLOC interdiction in times of conflict. China should be aware of it. Additionally, we should pursue the Prime Minister’s vision – particularly with respect to cooperation, capacity building in the developing island

states and other rim states. All these measures will checkmate any evil designs the dragon may harbour against us or anyone else in the IOR.



CHINA – THE EMERGING MARITIME JUGGERNAUT

THE ROOTS OF MARITIME RENAISSANCE

- **ZHENG HE's TREASURE VOYAGES**
- **PERIOD OF CONTINENTAL MINDSET – TILL THE EARLY 90s**
- **OVERAWED BY DESERT SHIELD / DESERT STORM**
- **ALSO BITTEN BY THE RMA BUG**
- **REALISATION OF NEGLECT – 3RD TAIWAN STRAIT INCIDENT (1996)**
- **PUSH TOWARDS THE SEAS BY HU JINTAO; GREATER PUSH BY XI JINPING**

FORCE TRANSFORMATION

- **HUGE BUDGET INCREASE FOR PLA (N) COMMENCING 1996**
- **CARRIER, DESTROYERS, FRIGATES, NEWER SUBS INCLUDING NUKES**
- **REALISATION OF SERIOUS DEFICIENCY IN BLUE WATER CAPABILITY QUICKLY MADE UP BY INDUCTION OF LOGISTIC SUPPORT SHIPS, EXPEDITIONARY PLATFORMS**
- **HOSPITAL SHIP!!**

BASES n PLACES

- STRING OF PEARLS
- DJIBOUTI – BASE (5,000 nm from HAINAN!)
- GWADAR – POTENTIAL BASE
- VISITING FORCES (UNDERSTANDING) WITH MANY COUNTRIES IN ASIA/AFRICA

MARITIME DIPLOMACY

- **EARNED ITS SPURS WITH THE GULF OF ADEN DEPLOYMENT**
- **UNPRECEDENTED AND AGGRESSIVE ENGAGEMENT WITH WEST AFRICAN AND WEST ASIAN MARITIME STATES (APART FROM THE EAST AFRICAN ONES)**
- **OFFER OF TRAINING AND “GROOMING” NAVIES OF LESSER HAVES – GRATIS**

FORAYS IN TO INDIAN OCEAN

- **CONVENTIONAL AND NUC BOATS INTO IND OCEAN COMMENCING END 2013**
- **SURFACE FLOTILLA EARLY 2014 (APART FROM ANTI-PIRACY TASK FORCE EARLY 2009)**
- **LEGITIMISING FORCE PRESENCE/VISITS ON ANTI-PIRACY MISSION, SEA BED EXPLORATION AND SLOC PROTECTION**

ENGAGEMENT WITH OTHER NAVIES

- **STRONGEST BOND WITH RUSSIAN NAVY**
- **PAK NAVY – “AMAN” SERIES OF MULTILATERALS**
- **SINGAPOREAN, MALAYSIAN, CAMBODIAN NAVIES TOO (DIVIDING ASEAN)**

THE GRAND PLAN

- DEF WHITE PAPER 2013: OVERSEAS INTERESTS, STRAT SLOCS, DIASPORA EVACUATION
- MILITARY STRATEGY 2015: SAFEGUARD MAR RIGHTS & INTERESTS
- ACTIVE DEFENCE, REPLACE OFFSHORE WATERS DEFENCE WITH OPEN SEAS PROTECTION PLAN's ARCHITECTURE – STRAT DETERRENCE, “MARITIME MANEUVERS”
- DUMP “LAND OUTWEIGHS SEA”; INSTEAD “MANAGE SEAS AND OCEANS” IN RELEVANT AREAS, (MOVE OUTWARDS), “PMS”

INDIA'S PREPAREDNESS

- **DEVELOP SEEMLESS MDA FOR REAL-TIME INTELLIGENCE**
- **FORCE RESTRUCTURING & NAVAL CAPACITY BUILDING – IN THE EAST (PARTICULARLY IN ANI)**
- **INDIA NEEDS TO BE CAPABLE OF “OFFENSIVE DEFENCE”**
- **CONVENTIONAL DETERRENCE IS THE FIRST ESSENTIAL STEP FOR “CREATING” BALANCE OF POWER**

A STRATEGY FOR INDIA

- **PM'S VISION: SAGAR, DEEPEN ECON, SECY COOPN TO BUILD CAPACITIES, NEUTRALISE MAR CHALLENGES, BLUE ECONOMY, DRAW INSPIRATION FM MONSOON**
- **ASYMMETRIC POWER EQUATIONS REQUIRE (DEMAND) ASYMMETRIC RESPONSES**
- **WHY FIGHT SHY OF EXPANDING THE TRILATERALS IN TO MULTILATERALS?**
- **STRENGTHEN MARITIME PARTNERSHIPS WITH ASEAN NEIGHBOURS**
- **COUNTRIES LIKE JAPAN, AUSTRALIA, VIETNAM, AND INDONESIA (THE "GLOBAL MARITIME FULCRUM") NEED TO GET TOGETHER**
- **CONTINUE INITIATIVES FOR COOPERATION – SOME FIELDS**

**“China’s Strategic Economic Initiatives
in the Indo-Pacific”**

**Presentation by
Zorawar Daulet Singh
Adjunct Fellow, Institute of Chinese
Studies**

- “China’s Strategic Economic Initiatives in the Indo-Pacific”, Presentation by
Zorawar Daulet Singh, Adjunct Fellow, Institute of Chinese Studies

The 2008 crisis was a tremendous shock for China’s economic transformation. It is widely believed that China’s investment-intensive, export-oriented model, which relied on a massive import capacity in the advanced economies to absorb Chinese production has become structurally unsustainable. This is the starting point to understand China’s geo-economic policy dilemma. It is largely an inside-out story – the fundamental challenge since 2008 has been to preserve the longevity of the political system, in an external geopolitical and geo-economic environment with structurally more risk and uncertainty.

Briefly, China’s external economic strategies are manifesting in four types of ideas: (1) sponsoring or promoting multilateral financial institutions like the AIIB and the New Development (i.e. the BRICS Bank); (2) the OBOR, which is a grand political and diplomatic exercise to identify underdeveloped locations and states that are on the fringes of access to western development finance and investments, and some which are strategically located; (3) regional trading arrangement such as the Regional Comprehensive Economic Partnership (RCEP), which was launched in 2012 is a proposed free trade agreement (FTA) including ASEAN-China-India-Japan-South Korea-Australia-New Zealand; and, (4) finally pure geopolitical projects like the China-Pakistan Economic Corridor, the China-Laos railway project, where the Chinese state is willing to accept relatively more risk and lower return on its capital investments.

While this outward bound or “going out” strategy remains in its early stages, the level of commitment of the Party leadership and its manifestation in high level policy statements and in now established institutions suggests this trend is a durable one. The fundamental policy-relevant question is how will this process impact the regional and global geoeconomic order? While the scenarios of a Sino-centric geoeconomic Asian order or a fragmenting of the regional political economy into partially closed regional arrangements taking shape are possible, the future with a higher probability in the near-term is one of a complex interdependence where a competitive-cooperative Sino-American economic relationship will persist for the foreseeable future.

Insofar as China is increasing the absolute scale and dynamism of the global economy, this is actually welcomed by the advanced economies, including the US, who also seek new investment sources for their own capital and new trading markets for their vast global production networks centred in East Asia. The Chinese have also made a conscious effort, both symbolically and in practice, to project their

new institutions as somewhat complementary to US-dominated, Bretton Woods institutions. In April 2016, AIIB and the World Bank signed an agreement to co-finance projects together and discussions are ongoing on a dozen jointly financed projects in sectors including transport, water and energy in Central Asia, South Asia, and East Asia including in Pakistan (where AIIB and ADB have come together to finance a road construction project). Since May 2016, the Chinese have also begun encouraging foreign MNCs already present in China to co-invest with Chinese contractors in third countries, in a sense directing mainland supply chains to new areas along with their foreign economic partners.

Despite the ongoing geopolitical friction, the impulse and roots of interdependence are strong from both sides. The western need to maintain a stable global economy, to keep Asian markets growing to arrest their own relative decline, could witness a more complicated picture coming into being: where the old order is compelled to negotiate, adapt, and co-exist with Chinese ideas and institutions.

DGP Policy Seminar Reports Vol. 1, Issue 2

Seminar on “India-China Relations: Bilateral and Regional Contexts”

India International Centre | New Delhi | September 14, 2016



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