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Advancing India's Rise as a Leading Power



POLICY BRIEF

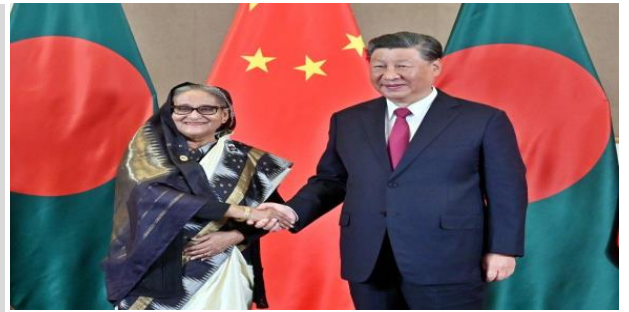
China's Inroads in India's Eastern Neighbourhood

Author

Angana Guha Roy

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Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

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Author

Angana Guha Roy, Ph.D., Research Associate, Delhi Policy Group

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Chinese President Xi Jinping meeting with Bangladeshi Prime Minister Sheikh Hasina on the sidelines of the BRICS Summit in Johannesburg, on August 23, 2023. Source: [Prime Minister's Office \(Bangladesh\)](#)

President of China, Xi Jinping, meeting the Prime Minister of Nepal, Pushpa Kamal Dahal 'Prachanda', at the West Lake State Guesthouse in Hangzhou, on September 23, 2023. Source: [Ministry of Foreign Affairs of the People's Republic of China](#).

Minister for Foreign Affairs and External Trade of Bhutan, Dr Tandi Dorji, and Vice Foreign Minister of China, Mr. Sun Weidong, led their respective delegations during the 25th Round of Boundary Talks between Bhutan and China, in Beijing, on October 23 - 24, 2023. Source: [Ministry of Foreign Affairs and External Trade Royal Government of Bhutan](#)

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China's Inroads in India's Eastern Neighbourhood

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Introduction

Increasing literature has emphasised China's quest for "wealth, power" (fuqiang) and "rejuvenation" (fuxing), together with its strategic implications on neighbouring countries.¹ China's strategy of expanding its footprint around its strategic periphery through economic engagement and infrastructural investments has been driven by its "going out" policy, also referred to as the Going Global Strategy, based on an effort initiated by the Chinese government in 1999 to promote investments abroad.² The policy was premised on four main considerations: resource seeking, asset seeking, market seeking, and political gains. The Belt and Road Initiative, a proactive and refined instrument of China's Going Global Strategy to attain "The great rejuvenation of the Chinese nation", was aimed at creating new opportunities for augmenting its strategic footprint both to the west and the south.³ In addition, the strategy entailed developing markets through the strengthening of relations between China and various countries in Central Asia, Southeast Asia, South Asia, Europe, Middle East, and North America, for channelling excess domestic production through exports, which in turn helped in stimulating its economy.⁴

Over the years, China has expanded its geographical outreach raising debates about growing dependencies impacting the political calculus of partnering countries. Whilst this practice has been ongoing for several years, the literature survey indicates a dearth of focus on China's strategic inroads in India's immediate neighbourhood.

There is thus a need to analyse China's inroads among India's neighbours. This paper will study China's diverse and methodical inroads in India's eastern and

¹ Zhang, Feng. "The Xi Jinping Doctrine of China's International Relations." *Asia Policy* 14, no. 3 (2019): 7–24.

² "Findings Of The Investigation Into China's Acts, Policies, And Practices Related To Technology Transfer, Intellectual Property, And Innovation Under Section 301 Of The Trade Act Of 1974," Office Of The United States Trade Representative Executive Office Of The President, p-69

³ "Military and Security Developments Involving the People's Republic of China," US Department of Defence, 2023, p-8

⁴ Rumi Aoyama, "One Belt, One Road": China's New Global Strategy," *The Journal of Contemporary China Studies*, Vol. 5, No. 2(2016):3

southern neighbours - Myanmar, Nepal, Bhutan, Bangladesh, and Sri Lanka, and analyse their implications for India.

India's Eastern Neighbourhood

China's longstanding interest in India's neighbourhood underwent a perceptible change under President Xi Jinping's leadership. Following China's aspirations to pursue its 'Going Global Strategy', President Xi ushered in a new era in China's foreign policy after 2012, aimed at striving for higher achievement (fenfa youwei).⁵ Under Xi, China has embarked on an assertive foreign policy approach prioritising peripheral or neighbourhood diplomacy. China's ascending interest in the Indian subcontinent is backed by its ambition to emerge as a power centre in the regional system. Positive relations with the neighbouring countries in Asia are also expected to improve China's strategic position, and eventually help expand its global influence.

It has been presumed that China's diplomacy under Xi can be analysed using the 'three circles framework', which implies that Beijing's foreign policy is focused on three concentric rings with China in the centre.⁶ The first circle-level handles bilateral relations with neighbouring countries; the second circle-level deals with the South Asian region and China's counter-terrorism diplomacy, and the third circle-level is all about global powers, including the US and the European Union.

Chinese strategy in India's neighbourhood is primarily aimed at strengthening its sphere of influence and ensuring its global rise. However, the paradox remains that although China prioritises cultivating its economic and political interests in India's neighbourhood, its influence operations in India's neighbourhood are still far from disrupting the existing power balance.

In the realm of China's engagement in South Asia, India's eastern neighbourhood, bordered by Myanmar, Bangladesh, Nepal, and Bhutan, is an area of critical importance. The eastern sector is home to Siliguri corridor, known as India's territorial 'chicken's neck', that came into the limelight after the India-China crisis in 2017 over Doklam.⁷ Located in West Bengal, the corridor is 60 km long and 20 km wide, and connects the North-East with the

⁵ Kumar, Sanjeev. "China's South Asia Policy in the 'New Era.'" *India Quarterly* 75, no. 2 (2019): 140.

⁶ Cheng Yawen, "Building the New 'Three Rings': The Choice of China Under the Threat of a Full Decoupling", *WENHUA ZONGHENG Quarterly Journal of Chinese Thought*, Vol.1, no.1(March 2023):40

⁷ "Twisting India's Chicken's Neck," [The Interpreter](#), July 15, 2022

rest of India.⁸ The corridor is an important trade route for India and the Northeastern states, a gateway to South East Asia, and is surrounded by Bangladesh, Nepal, Bhutan, and China.⁹ Tibet's Chumbi valley is just 130 km away from the corridor. The trijunction of India, China and Bhutan is found at the tip of this valley and is known as the Doklam region, which has become a standoff point. The roadways and railways near the Line of Actual Control (LAC) are connected by the Siliguri corridor. All essentials are supplied to the North East through this corridor, which is thus critical for internal security. In any conflict situation, weapons and troops can be mobilised easily through the Siliguri corridor. Meanwhile, Myanmar provides Beijing access to the Bay of Bengal region of the Indian Ocean – a critical node in Beijing's "String of Pearls" strategy for the Indian Ocean basin, thus avoiding the narrow chokepoints of the Straits of Malacca.¹⁰

A peripheral reference to Sri Lanka is important while discussing the China challenge in India's eastern neighbourhood, as Sri Lanka's geostrategic position makes it crucial for both New Delhi and Beijing's diplomatic outreach in the complex eastern neighbourhood spilling over to the Bay of Bengal and the greater Indian Ocean Region. Sri Lanka lies at the fulcrum of East-West maritime trade in the Indian Ocean region. A significant quantity of China's export and import trade crosses the Indian Ocean alongside Sri Lanka's southwest coast. Given that more than 90 percent of India's foreign trade and energy supplies use the sea lanes of Sri Lanka, it is also an important part of India's maritime infrastructure in the Indian Ocean Region. Located just 23 kilometres (14 miles) off India's southeast coast, Sri Lanka can be an access point for Chinese incursions into Indian waters.¹¹

Chinese Influence Operations

China's influence operations in India's eastern neighbourhood, spread across multiple domains, such as economy, security, culture and etc. China is today one of the noticeable investment partners in India's neighbourhood on the economic, connectivity and infrastructure front.

⁸"Behind China's Sikkim aggression, a plan to isolate Northeast from rest of India," [The Times of India](#), July 12, 2018

⁹ Contemporary Chinese Political Economy and Strategic Relations: An International Journal, Vol.1, No.3, December 2015, pp.699-720

¹⁰ "Myanmar & China's Strategic Interests in the Indian Ocean Basin," [New Lines Institute](#), November 7, 2020

¹¹ "Tightrope Balancing in a Time of Rising Great Power Competition: An Assessment of Sri Lanka's Relations with India and China," [Universidad Externado de Colombia](#), June 8, 2022

Nepal

Nepal's strategic location makes it an important buffer zone between India and China. Nepal has so far carefully balanced its foreign policy to avoid being caught up in major power rivalry. There have been various speculative and evidence based reports of China's influence operations to make deeper social and economic inroads in Nepal.¹² It was speculated that in 2018, the CPC aided the unification of the Communist Party of Nepal (Unified Marxist Leninist) and the Communist Party of Nepal (Maoist Center) to form the Nepal Communist Party (NCP), in order to place a favourable political regime at the helm of Nepal's domestic affairs to secure greater influence.¹³

Simultaneously, to make deeper inroads in Nepalese society, the Chinese government provides scholarships and sponsored study tours for Nepali students, civil servants and journalists.¹⁴ With China's assurance to pay for teachers' salaries, many private schools in Nepal have included Mandarin as a mandatory subject.¹⁵ Additionally, a large number of hotels, restaurants and other businesses in Nepal are now owned by Chinese nationals.

The increasing pressure of China has evoked concerns among the local population about its impact on employment opportunities. This has led to a growing number of Nepalese citizens migrating to less densely populated areas in north and northeast India.¹⁶

On the economic front, Chinese investment in Nepal has been a significant aspect of the bilateral relationship. China has been involved in various infrastructure projects, and has shown interest in sectors such as energy, transportation and trade. In 2023, China and Nepal signed 12 agreements to enhance bilateral cooperation in sectors including trade, road connectivity, and information technology.¹⁷ These agreements, aimed at boosting Chinese investment in Nepal, are expected to result in growing imports from China and fewer exports from Nepal. In March 2023, Nepal's Prime Minister Pushpa Kamal

¹² "Nepal's Geopolitical Crossroads: Balancing China, India, and the United States", [Asia Society](#), September 2023

¹³ "What the Merger of Nepal's Communist Parties Means for Their Two Leaders and India", [The Wire](#), February 2018.

¹⁴ "Chinese investments in Nepal may be aimed at asserting its influence in country: Report", [The Economic Times](#), February 10, 2023

¹⁵ "Mandarin now a compulsory language in Nepal's schools as China foots the bill", [The Print](#), June 17, 2019

¹⁶ "Chinese investments in Nepal may be aimed at asserting its influence in country: Report", [The Economic Times](#), February 10, 2023

¹⁷ "Nepal, China Sign 12 Agreements To Enhance Bilateral Cooperation," [NDTV](#), September 25, 2023

Dahal urged China to provide "easy and more generous" market access to products from the Himalayan country to help narrow its widening trade deficit with China. Nepal's imports from China fell to \$1.84 billion in 2022, down from \$2.38 billion in 2021, while its exports to China totalled just \$5.39 million, down from \$8.37 million in the previous year, official data indicates.¹⁸ There have also been large gaps in China's pledged FDI in Nepal and the actual FDI inflows.

Nepal's bid to join China's Belt and Road Initiative (BRI) in 2017 was aimed at reducing its dependence on India and improving regional connectivity infrastructure. Since then, Nepal and China have entered a period of strategic partnership.¹⁹ Nevertheless, a closer look at the status of proposed BRI projects shows that these have made little economic impact. One reason is the lack of clarity regarding the BRI's funding modality. In the MoU signed in 2017, there is no provision for the same, and no agreement has yet been reached.²⁰ The BRI has a loan component, and projects are carried out with loans, not grants. Nepal has stated that it is not in a position to take loans for BRI projects, considering the ongoing stress on its economy, and would rather projects be built on grants.²¹

Chinese investment in Nepal also raises key concerns. First, large-scale investments can increase interference in the domestic politics of Nepal, as it has in other countries like the Maldives. Second, Nepal has an open border with India, that might lead to the smuggling of Chinese goods, impacting India's small-scale industry. Improved physical connectivity between Nepal and China might enhance this prospect on a greater scale.²² Nepal's recent decision to reject calls from China to join President Xi Jinping's Global Security Initiative (GSI), after agreeing to take forward cross-border connectivity projects has made it clear that Nepal will work with China on development projects, but will act with caution on enhancing any kind of security cooperation.

Bhutan

Historically, Bhutan has maintained a policy of neutrality and non-alignment, seeking to balance its relationships with India and China. As a large and peripheral neighbour, China has indeed exerted some influence in Bhutan, but it is important to note that India has traditionally been a more significant partner for Bhutan in terms of economic, political, and security ties. Further,

¹⁸ "Nepal seeks easier trade access to Chinese markets," [Reuters](#), March 14, 2023

¹⁹ Samir Sharma, "Nepal, China and 'Belt and Road Initiative': Prospects and Challenges," *India Quarterly: A Journal of International Affairs*, Volume 78, Issue 3, July 22, 2022

²⁰ "China, Nepal and the BRI dilemma," [The Kathmandu Post](#), September 11, 2023

²¹ *Ibid.*

²² "2023 Investment Climate Statements: Nepal," [US Department of State](#)

Bhutan and China have had long standing border disputes, including in the Doklam area, a strategically critical area for India.

The 25th round of bilateral boundary talks held between Bhutan and China in Beijing in October, 2023, that led to a Cooperation Agreement on the "Responsibilities and Functions of the Joint Technical Team (JTT) on the Delimitation and Demarcation of the Bhutan-China Boundary", holds considerable importance for India, as China has placed on the table an agreement to "swap" areas in Doklam under Bhutanese control with areas in Jakarlung and Pasamlung, which China claims.²³ Since the Doklam standoff in 2017, China has doubled down on its control of the Doklam plateau and, according to a recent Pentagon report, is building "underground storage facilities, new roads, and new villages in disputed areas in neighbouring Bhutan."²⁴ If China and Bhutan reach a border deal that involves Doklam, it could endanger India's access to its northeastern states through the Siliguri Corridor.²⁵

Reports of China building new outposts in Bhutan's remote Jakarlung Valley have surfaced in the recent past. According to a report published by Chatham House, the latest images of Jakarlung Valley show a Chinese settlement under construction and an extensive road network built by the Chinese in the area.²⁶ Robert Barnett, a Tibet expert at SOAS, University of London, has observed that "There have been two major waves of [Chinese] construction in the Jakarlung. We know that the Chinese authorities are energetically recruiting Tibetans to move to these new locations and putting a lot of money into major construction efforts there."²⁷

The current Prime Minister of Bhutan, Lotay Tshering, is focused on investments and connectivity. So far, there are no signs of establishing diplomatic relations with China, and relations with India remain normal. Bhutan's leadership has thus far said that all decisions would take into consideration India's interests, and that they would consult India on issues of concern.²⁸

China's economic growth has created a demand amongst Bhutanese citizens, and especially its private sector, for cultivating deeper economic ties with

²³ "Why are the boundary talks significant?" [The Hindu](#), October 27, 2023

²⁴ "China takes more land in Bhutan before expected border deal," [Chatham House](#), December 1, 2023

²⁵ Sarkar, Tuhina. "India - Bhutan Relations." *The Indian Journal of Political Science* 73, no. 2 (2012): 347-52.

²⁶ Ibid.

²⁷ Ibid.

²⁸ "Why are the China-Bhutan boundary talks significant?," [The Hindu](#), October 28, 2023

Beijing. China has increased its trade dynamics with Bhutan. On that front, concerns have been raised about the costs incurred and other issues while importing Chinese goods through India.²⁹ Chinese tourists in Bhutan have vastly increased in numbers, generating considerable revenue through visa fees of USD 250 per person, as compared to Indian tourists' sustainable visa fees of INR 1000 per day.³⁰

Bangladesh

Bangladesh's geography as a bridge between South and Southeast Asia makes it a strategic nodal point for China's BRI. China has been attempting to increase its influence in Bangladesh through various means, including economic, political, and strategic partnerships.³¹ On the economic front, China has invested in Bangladesh through various infrastructure projects, including the construction of roads, bridges, power plants, and ports. On the trade front, the two countries have entered into trade agreements making China an emerging market for Bangladesh's exports.³²

In 2022, China made FDI, investments of around US\$1 billion.³³ However, Chinese investments in Bangladesh are facing challenges. The Payra Power Plant, which was constructed through joint initiatives of China and Bangladesh, has met a stumbling block in repayment of Chinese loans.³⁴ According to a study, there was a surge in China's financial commitments to Bangladesh since the launch of the BRI.³⁵

Myanmar

The Chinese government and the military junta in Myanmar have demonstrated a strong interest in expanding trade. While Myanmar's internal

²⁹ "The Evolving Concerns in India's Relationship with Bhutan", Impact and Policy Research Institute, November 7, 2023

³⁰ "Bhutan to levy Sustainable Development Fee (SDF) on Indian tourists," [The Times of India](#), January 18, 2023

³¹ "Bangladesh's BRI Conundrum: Between China and India," [South Asian Voices](#), November 10, 2020

³² "China's Influence in South Asia: Vulnerabilities and Resilience in Four Countries," [Carnegie Endowment for International Peace](#), October 13, 2021

³³ "Major Chinese projects in Bangladesh," [ORF](#)

³⁴ "Experts raise concern over volatile performance of China-backed projects in Bangladesh," [The Economic Times](#), August 14, 2023

³⁵ "How China used 'unprecedented BRI spending' to gain influence in Bangladesh at America's expense," [The Times of India](#), November 12, 2022

crisis and the Covid-19 pandemic has stalled these ambitions, China is trying to step up its engagement.³⁶

Since the military coup, three new rail-road-sea cross-border trade routes connecting China and Myanmar have emerged, which were not part of the Belt and Road Initiative (BRI).³⁷ The three routes include:

- A rail-road-Indian Ocean route connecting Chengdu in Sichuan province to Yunnan province, and from there to the northern Shan State, and through the Yangon port to Singapore.
- A trade route connecting Chongqing in southwest China to Laos, Thailand, and Myanmar.
- A maritime route directly connecting the Beibu gulf port in China's Guangxi province to the Yangon port.

These new trade routes have elevated the geopolitical significance of Myanmar for China.

In terms of either the China-Myanmar Economic Corridor (CMEC) or Lancang Mekong Cooperation (LMC), these new trade routes are connected to all projects under the Regional Comprehensive Economic Partnership (RCEP).³⁸ Infrastructure projects are also being implemented in Myanmar under the China-Myanmar Economic Corridor (CMEC), which is a part of the BRI.³⁹ Further cross-border transportation routes are reportedly being developed in addition to the cross-border economic cooperation under the terms of the LMC.⁴⁰

Myanmar has been an active member of the China-led Regional Comprehensive Economic Partnership (RCEP) since May 1, 2022, which India opted out from in 2019.⁴¹ A new maritime trade route between Guangxi and Yangon connects the ports in RCEP member states. With the opening of the Guangxi-Yangon maritime route, Myanmar has become an important focal point for China's road-sea transportation corridor.⁴²

³⁶ "China's Influence Increases amid Myanmar's Instability," [US Institute of Peace](#), December 20, 2023

³⁷ "Three New China-Myanmar Cross-Border Trade Routes," [ISP, Myanmar](#), January 13, 2023

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

Implementation of the China-led RCEP and LMC plans have enhanced intertwining of economic and geopolitical interests.⁴³ These cross-border trade routes are aimed at benefiting China's economic and geopolitical interests, boosting China's ambition to deepen influence operations to align Myanmar's policies with Chinese interests. Reports suggest that China is extending the China-Myanmar Economic Corridor to Sri Lanka.⁴⁴

China is reportedly also attempting to strengthen its political footprint through the CPC,⁴⁵ establishing ties with political parties in power and in opposition. China has supported the Myanmar military junta, while it has also engaged with the ethnic groups, particularly in the Kachin and Shan states, along its border with Myanmar.⁴⁶

However, there are challenges. In May 2023, then Chinese foreign minister Qin Gang visited Myanmar and vowed to stand by the junta in the global arena. His trip was followed by anti-China protests and attacks on junta troops guarding oil and gas pipelines. On August 20, 2023, locals protested against Chinese mining company Wanbao and a military-owned chemical factory for allowing junta soldiers to use their compounds in the Sagaing Region's Salingyi Township as bases for attacks on surrounding villages and the arbitrary arrests of civilians.⁴⁷

The unfolding situation within Myanmar, in the backdrop of the ongoing struggle between the Tatmadaw (Myanmar's military) and an alliance comprising three prominent ethnic insurgent organisations (EIOs) - the Myanmar National Democratic Alliance Army (MNDAA), the Ta'ang National Liberation Army, and the Arakan Army - will necessitate a broader review of China's stakeholdership in Myanmar.⁴⁸ China's call for a ceasefire in the wake of the crisis is backed by its concern for the security of its assets, nationals, and a host of infrastructure and energy projects it has invested in.

⁴³ Ibid.

⁴⁴ "Why CMEC extension to Sri Lanka will get India worried," [ETV Bharat](#), November 21, 2023

⁴⁵ "China's Influence in South Asia: Vulnerabilities and Resilience in Four Countries," [Carnegie Endowment for International Peace](#), October 13, 2021

⁴⁶ "West-imposed sanctions give China leverage in Myanmar," [Deccan Herald](#), December 8, 2023

⁴⁷ "China Pouring in Billions to Prop Up Myanmar's Military Regime," [The Irrawady](#), August 22, 2023

⁴⁸ "West-imposed sanctions give China leverage in Myanmar," [Deccan Herald](#), December 8, 2023

Sri Lanka

Chinese influence in Sri Lanka has been a significant geopolitical and economic issue in recent years. This influence is primarily manifested through infrastructure development projects, economic partnerships, and strategic cooperation.

In the wake of Sri Lanka's ongoing economic crisis, China's underperforming white elephant projects and infrastructure projects have come under scrutiny. One of the most notable Chinese-backed projects in Sri Lanka is the development of the Hambantota Port. This was a case that highlighted debt-trap diplomacy, where a large volume of loans was given by China, and when the Sri Lankan government was unable to repay the borrowings, China took over the port on a 99-year lease in 2017. Speaking at the Hudson Institute in 2018, then US Vice President Mike Pence warned of the ongoing debt-trap diplomacy in Sri Lanka and said it "may soon become a forward military base for China's growing blue-water navy".⁴⁹

China has invested in the construction of highways and railways in Sri Lanka, and has provided loans and investments to Sri Lanka for various development projects. These financial arrangements have often been criticized for their potential impact on Sri Lanka's debt sustainability. The two countries are currently exploring the possibility of a Free Trade Agreement (FTA) to boost economic ties.⁵⁰

India's Strategic Calculus

China's plan to expand its influence in India's neighbourhood is an area that requires broader review. Nepal, which shares a border with 5 Indian states – Uttarakhand, Uttar Pradesh, West Bengal, Sikkim and Bihar – is an important conduit of economic and cultural exchange. Its geostrategic location acts as a northern 'borderland' against any possible aggression from China. Rivers originating in Nepal support the perennial river systems of India and have tremendous hydropower potential, which if tapped can support India's expanding energy needs. Further, Nepal is home to major Indian investments in the economic sector. The people-to-people and historical linkages makes it an important country for India in terms of foreign policy.

⁴⁹ "Sri Lankan Crisis between Debt-trap and Strategic-trap: The Chinese Stake," Institute for Security and Development Policy, April 26, 2022

⁵⁰ "Stay away from China-backed \$14bn Colombo port city project – India's message for pvt sector," [The Print](#), July 13, 2020

Bhutan, which shares a 699 km long border with India, has witnessed some incidents of border incursions by Chinese forces in recent years. The Doklam standoff in 2017 was a major incident at the India-China-Bhutan tri-junction. Further, Bhutan's hydropower sector is a key investment area for India. At present, India is Bhutan's largest trading partner, accounting for over 80% of Bhutan's total imports and exports. Any headway by China in Bhutan is hence a matter of geostrategic and economic concern for India.⁵¹

At present, Bangladesh is an active partner in China's Belt and Road Initiative (BRI). China's increasing presence in Bangladesh might impact India's security interests in India's Northeast and can fuel anti-India insurgency activities across the India-Bangladesh border.

Myanmar is geopolitically significant to India as it stands at the centre of the India-Southeast Asia geography, sharing a land border with North East India. It sits at the intersection of India's "Neighbourhood First" policy and its "Act East" policy. As part of India's SAGAR Vision, India has developed the Sittwe port in Myanmar's Rakhine state, which is also significant in the backdrop of the Chinese built Kyaukpyu port that secures China's geostrategic footprint in Rakhine. Further, the hilly terrains of the porous 1643-km-long India-Myanmar border has been prone to the cross-border movement of militants, illegal arms and drugs.⁵² The Border Roads Organisation (BRO) has recently decided to fence a major portion of the strategic India-Myanmar border, and a 10 km stretch in Manipur has already been covered.⁵³

Finally, the Indian Ocean is a strategically important waterway for India's trade and maritime security. Sri Lanka's location at the crossroads of major shipping lanes makes it a critical nodal point in India's strategic backyard. China's growing activities in India's backyard can make India's territory and EEZ vulnerable to foreign intrusions, as well as open up a substantial amount of India's trans-shipments through Colombo port to Chinese surveillance and control. Sri Lanka has decided to impose a one-year moratorium in allowing foreign vessels to conduct research in the island nation's territorial waters. The move comes after China sought permission to berth yet another research vessel in Sri Lanka's waters in January 2024.⁵⁴

⁵¹ "India-Bhutan Relations," [MEA Portal](#)

⁵² "What is the India-Myanmar border Free Movement Regime, which the Centre is planning to end?," [The Indian Express](#), January 21, 2023

⁵³ "BRO to fence major portion of India-Myanmar border," [The Hindu](#), January 25, 2024

⁵⁴ "India 'Knocks Out' Chinese Spy Ship From Colombo; Its Sri Lankan Victory Turns Into A Failure In Maldives," [The Times of India](#), December 21, 2023

Takeaways

- China's influence operations in India's neighbourhood is noticeable. It is evident that fragile civil society institutions and weak political structures are facilitators of external power manipulation through diverse instruments. Beyond cultivating relationships with key regime actors, China also uses incentives and coercion to secure its primacy, and influence outcomes in the political sphere of countries.
- While Beijing has used its financial and economic leverage in India's neighbourhood for deepening its influence, its regional assertions are also being increasingly challenged by India and the US.
- Amidst China's diverse influence operations, the trend among countries in India's neighbourhood demonstrates a balanced approach between economic needs and strategic choice.
- Nepal sidestepped China's pressure to welcome Xi's new doctrines, the GSI and the GCI, but endorsed the GDI in 2023, demonstrating a desire for equal proximity with both its large neighbours.⁵⁵
- Following India's apprehensions about port visits to Colombo by China's dual use research vessels, Sri Lanka has imposed a 12-month moratorium on granting permissions to foreign research vessels to operate in its waters.
- In the backdrop of the emerging security landscape, Bangladesh has announced an Indo-Pacific 'outlook', signalling the importance of maintaining a free, open and rules-based order.
- Shortly after border talks between Bhutan and China, King Jigme Khesar Namgyel Wangchuck welcomed a groundbreaking project for a rail connection between Bhutan and India, along with a new 'international city' in Gelephu, on Bhutan's border with India.
- In India's neighbourhood, turmoil in Myanmar remains a problem issue for India. China's investments are said to constitute 26% of Myanmar's GDP. However, India is taking calculated steps to challenge China's influence operations from spilling over to India. India's recent decision to fence the entire border with Myanmar demonstrates India's proactive response to its security threats.⁵⁶

⁵⁵"Nepal seeks to sidestep China's GSI request" [The Kathmandu Post](#), September 25, 2024

⁵⁶"India, Bhutan agree to expand connectivity," [The Times of India](#), November 7, 2023

In the backdrop of current developments, it is imperative for India to deepen its engagement with its neighbours, combining elements of trade, investment, business and economic cooperation with soft power and cultural outreach as well as enhanced border security. Given India's geographical contiguity, it should remain the first responder and partner of choice in any regional contingency, as has recently been the case with Sri Lanka's debt crisis.



Delhi Policy Group
Core 5A, 1st Floor,
India Habitat Centre, Lodhi Road
New Delhi - 110003
India

www.delhipolicygroup.org