

PalArch's Journal of Archaeology
of Egypt / Egyptology

“China's Role in India's Neighborhood and Implications for India”

Suman Paul

**PhD Research Scholar, Department of Political Science,
Assam University, Silchar, India.**

**Suman Paul, China's Role in India's Neighborhood and Implications for India,--
Palarch's Journal Of Archaeology Of Egypt/Egyptology 18(7). ISSN 1567-214x**

Keywords: China, Implications, Neighborhood, India.

ABSTRACT

India China relation is one of the vital issues in the contemporary international relations. India and China both are great Asian powers historically. To ensure regional peace and its economic prosperity, India since 1990s have been trying to improve relation with its immediate neighbors. In doing so China is a great concern for India as it is continuously trying to manipulate the Indian neighbors through its economic and political influence. China is investing huge amount of money in the Indian neighbors in the name of infrastructure development and other financial assistances. Therefore while interacting with its neighbors China and its role in India's neighborhood is a great concern for India. The present study deals with China's role in India's neighborhood and implications for India.

Introduction

India China relation is one of the vital issues in the contemporary international relations. India and China both are great Asian powers historically. To ensure regional peace and its economic prosperity, India since 1990s have been trying to improve relation with its immediate neighbors. Therefore the government of India has renamed the erstwhile Look East Policy (LEP) as the Act East Policy (AEP). In doing so China is a great concern for India as it is continuously trying to manipulate the Indian neighbors through its economic and political influence. China is investing huge amount of money in the Indian neighbors in the name of infrastructure development and other financial assistances. For China this could help in containing India in the Indian Ocean region which is the only threat for China in achieving its aspiration to become a regional power. Therefore while interacting with its neighbors China and its role in India's neighborhood is a great concern for India. It is in this background the present study focuses on examining the China's role in India's neighborhood and its implications for India.

Objectives of the study

The entire study is based on two objectives;

- i) To discuss China's role in India's neighborhood.
- ii) To examine the implications of China's role in India's neighborhood.

Methodology

The entire study is based on secondary sources. For the purpose of the study data is collected from various secondary sources which include books, journals, newspaper reports, government websites, government records, and internet and so on. A descriptive method of analysis is followed to meet the objectives.

China in India's neighborhood

India and China are two Asian giants. India refers to the Republic of India and China stands for the People's Republic of China (PRC). Since in the present era of globalization all countries around the world are interdependent, India is also not an exception. Each and every country in the present world pursues a common interest and that is to achieve development. And for this reason peace and good relation with neighboring countries is inevitable.

India and China are neighbors and have a great influence over the politics at regional level as well as global level. India got independence in 1947 and the PRC was established in 1949 after the Communist Revolution in China led by Mao Zedong. Initially both the countries had good relationship with each other and it was evident with the signing of "Panchasheel Treaty" in 1954. But this period of honeymoon was not lasted for long time and the world witnessed the Indo-China War of 1962 in which India faced a great defeat to the People's Liberation Army (PLA). Since then China and India has conflict over border issues mainly over Arunachal Pradesh (PRC calls it Southern Tibet) and Aksai Chin in Ladakh region. From 1988 (Rajiv Gandhi's visit to China) leaders of both the countries have been trying to improve their bilateral relationship but the recent military stand offs between Indian and Chinese military in Doklam Plateau (2017) and Galwan Valley (2020) have created new tensions over their bilateral relation.

Like all other countries around the world India also wants to achieve its economic development and prosperity and for this purpose India needs to establish a good relation with its neighboring countries. This is also important for peace and security in the region. India is a part of South Asia which consists of seven countries- Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. For improving ties with these neighbors India became a part of the South Asian Association for Regional Cooperation (SAARC) which was established in 1985 at Dhaka. Afghanistan joined SAARC in 2007. Although Afghanistan and Myanmar are not part of South Asia but they are also immediate neighbors of India as they share border with India. India knows it well that to achieve peace in the region and its economic prosperity, regional cooperation is essential and therefore through various mechanisms like SAARC India has been trying to maintain a good political, economic, cultural relation with its neighbors.

On the other hand, China or the PRC is historically an aggressor country. It shares a long international border with India. It has a great aspiration to become a regional power. And in this regard only India is a major power in the region which can pose a challenge before China. To tackle this challenge from India China has been

following a tuff policy in India's neighborhood. For long time China is making huge investments in the littoral countries of the Indian Ocean. It has taken up various initiatives such as CPEC (China Pakistan Economic Corridor), OBOR (One Belt One Road Initiative), String of Pearls policy under which China has been establishing various ports in the littoral states of the Indian Ocean to encircle India. Besides, China is also providing huge financial assistance for infrastructure development to Indian neighbors in order to increase its influence in the regional politics by containing India.

The world have been witnessing China's growing influence in Asia and beyond with serious apprehension. Large scale investment by China in India's neighborhood has made it more aggressive in pursuing territorial and maritime claims, reflects their significance beyond economics and commerce. With these China is trying to reshape its political arrangements outside China. Most of the investments are part of China's Belt and Road Initiative (BRI), which was begun under President Xi Jinping to create a Sino-centric global trading network and sphere of influence. These developments are serious concern for India as one significant project of China's BRI is the China Pakistan Economic Corridor (CPEC) which can make Pakistan a regional hub with increased access to the energy fields of central Asia. The growing economic and political influence of Beijing in India's neighborhood can be understood by the following discussion.

China in Myanmar

Myanmar is an important eastern neighbor of India and for long time China has been trying to increase its influence in the domestic and foreign affairs of this country. Recently, on January 2020, China and Myanmar signed 33 bilateral agreements that would strengthen ties between Myanmar and Beijing. These agreements include construction of a rail link and a deep-sea port – part of a China-Myanmar-Economic Corridor – that runs from China's south-western region to the Bay of Bengal. It is a push to China's ambitious Belt and Road Initiative in which Myanmar had signed in 2018 due to lack of investments from western countries. These agreements were signed during president Xi Jinping's two-day visit to Myanmar that was his first visit to abroad in 2020. These pacts were signed by Myanmar's State Councilor Aung San Suu Kyi who came under increasing pressure from Western countries over the Rohingya issue. In 2017-18, due to a Myanmar military campaign about 7, 30,000 Rohingyas from Rakhine state had to flee to Bangladesh. Meanwhile China was in shielding Myanmar from international sanctions at the United Nations. On the other hand, China is Myanmar's biggest trading partner and one of its largest sources of foreign investment. According to news reports about one million Chinese tourists visit the country every year. Another matter of concern for India is that, China has been constructing the Kyaukpyu port, to ensure its presence in the eastern flank. Kyaukpyu is a major town in Rakhine state in western Myanmar. Experts are of the view that one major concern for India is China's presence at Gwadar in Pakistan (in the west) and Hambantota in Sri Lanka (in the south). Further China could start a "double use" facility in Kyaukpyu port (military as well as commercial uses). For China, Kyaukpyu port will make it easier to export goods made in its Yunan province rather than through Shanghai or Guangzhou.

China's increased presence in Myanmar is also a great threat for the security of

India's northeast that has been suffering from insurgencies. Although New Delhi has taken up steps in recent years to sign peace agreements with several rival groups in the region, the situation still needs careful attention. India and Myanmar together have conducted several military operations along their borders to combat terrorism, but China wants unrest northeast. According to a report, Myanmar is heavily indebted to China, which accounts for 70 per cent of the FDI in the energy sector alone. China alone holds 40% of Myanmar's \$5-10 billion debt. Both countries have signed a Comprehensive Strategic Cooperation Agreement. Besides supplying small arms, tanks, artillery, offshore patrol vessels to Myanmar, China has gifted a kilo-class submarine recently.

China in Sri Lanka

The relationship between China and Sri Lanka has been going through many ups and downs. Sri Lanka is an early recognizer of the PRC. But it was during Sri Lanka's brutal 26-year civil war with ethnic Tamil separatists China became indispensable. During Mr. Rajapaksa's regime, who was elected in 2005, Sri Lanka became increasingly isolated by accusations of human rights abuses. At that time, Sri Lanka depended heavily on China for economic support, military equipment and political cover at the United Nations to block potential sanctions.

During 2005-2015, China had emerged as the leading source of Official Development Assistance (ODA) and Foreign Direct Investment (FDI) in Sri Lanka. China's vital projects in Sri Lanka are the Hambantota Port Development and the Colombo Port Project. Both these are supported by loans and located at strategic important points in the Indian Ocean. Most of the infrastructure project funding in Sri Lanka comes through Chinese government companies. For example, Norochcholai Coal Power Plant is being built by the China Machinery Engineering Corporation, and Hambantota's \$1 billion loan comes from the China Harbour Engineering Company Ltd and Sino-Hydro Corp, both of which are building the port. Such big projects make it easier for Beijing to draw Sri Lanka into its 21st Century Maritime Silk Road project, all part of the One Belt, One Road initiative.

Sri Lanka is also having large amount of Chinese private investments (largely from Hong Kong). Significant investors are mostly Hong Kong billionaires, including Lai Weixuan's AVIC International Hotels Lanka which is investing \$250 million in luxury housing in Colombo, Robert Kuok's Shangri-La Hotels Lanka which has \$16 million in a five-star hotel in Colombo, and Li Ka-Shing's Hutchison Telecommunication which is spending \$20 million on improving its already large mobile network in Sri Lanka. China's FDI report clearly states that in 2005, China's FDI into Sri Lanka was \$16.4 million. By 2015, Chinese private investments reached \$338 million, which was 35% of Sri Lanka's total FDI.

China in Bangladesh

According to a recent report India is concerned that China that has been "targeting all of India's friendly neighbours" such as Nepal and Sri Lanka, have now started focusing on Bangladesh against New Delhi. This happens when Dhaka is already unhappy over the National Register of Citizens (NRC) and several other issues. The recent Galwan valley standoff between India and China has now negatively affected bilateral ties between New Delhi and Beijing. This has also increased tension of the

present NDA government about President Xi Jinping's growing influence in Bangladesh, which at present is the closest to India in the neighbourhood. Besides a growing defense relationship, recently China has taken initiative to build a mega smart city near Dhaka, an airport in Sylhet in eastern Bangladesh. Along with these developments China has been making deep inroads in that country. India is now concerned about China's pressure on Dhaka to hand over certain lucrative infrastructure and connectivity projects to provoke New Delhi.

The political relation between India and Bangladesh became worsened over New Delhi's Citizenship Amendment Act (CAA) as Dhaka apprehends that India will push all illegal foreigners towards Bangladesh under the National Registrar of Citizens (NRC). Immediately after passing the CAA, Beijing has allowed 97% of Bangladesh's exports to China under its duty free and quota free program. This was decided after a phone call between Xi Jinping and Sheikh Hasina (PM of Bangladesh). With this move around 8256 Bangladeshi items would enjoy duty free access to Chinese markets.

In the words of Veena Sikri, former High Commissioner of India to Bangladesh, "China has always been playing these tactics and putting pressure on India's neighbouring countries and it has been making rapid progress in doing so". She added, "India should work harder now, especially, in a post-Covid scenario, keeping in mind that Beijing's pressure will only increase." Further she stated, "It may seem the Chinese implement projects quickly, but they have problems also. They come in with a friendly price but increase it for spare parts and all. While India gives them favourable rates for lines of credit, the Chinese lay a debt trap."

Bangladesh is also significant for Xi's flagship Belt and Road Initiative (BRI). Beijing and Dhaka established strategic ties in 2016 during Xi's visit there when he also announced an investment to the tune of \$25 billion. In 2019, Dhaka had signed an MoU with a Chinese firm to build renewable energy projects to generate a total of 500 megawatts of power by 2023. Implementing about \$10 billion worth of infrastructure projects in Bangladesh, which includes economic zones and power plants China and Bangladesh have also been deepening their defence ties. Besides Chinese tanks, frigates, submarines and fighter jets, Beijing has also provided Dhaka with a number of military equipment under a 2002 Defence Cooperation Agreement. According to Constantino Xavier, fellow (Foreign Policy Studies), Brookings India and the Brookings Institution, Washington DC, "China has always been present in Bangladesh, including in the defence sector, but India's sensitivity has naturally increased after the Ladakh standoff." He further added, "Delhi is now pushing Dhaka to reduce its relations with China and Dhaka is naturally pushing back so it can receive maximum benefits from China without upsetting India."

China in Maldives

China-Maldives relations indicate foreign relations between China and the Maldives. China has an embassy in Malé (capital of Maldives) which opened in November 2011 and the Maldives has an embassy in Beijing which opened in 2009. Diplomatic relation between them started since 1972. During 1978-2008, under Maldives' former President Maumoon Abdul Gayoom, India had enjoyed favorable ties with Maldives without significant interference from China. This relationship ended when Maldives governments under Presidents Mohammed Waheed Hassan

and Abdulla Yameen welcomed Chinese investments and undertakings in its economy and beyond.

In 2012, the Waheed government took \$500 million loan from China. This cleared the closeness between China and Maldives and it became stronger when they signed a military aid agreement in the same year.

During the 2004 Tsunami that severely affected Maldives, India contributed significant relief and aid to the country. Recently, similar dedication was shown during Maldives response to COVID-19, by delivering goods such as medical items immediately, despite strained bilateral ties.

Some investments from China in Maldives

Feydhoo Finolhu is an islet of just 0.5 square miles in area, located 3 nautical miles from the Maldivian capital, Malé. According to a report an undisclosed Chinese company received a 50-year lease to the island in December 2016 for a price of \$4 million. Its strategic location is significant—the islet will help to monitor traffic to and from the nearby international airport on Malé. Another Chinese developer is building a resort at Kunaavashi, that is 35 nautical miles from Malé. This Kunaavashi Resort had also been the object of speculation regarding secret military uses by China. China's largest infrastructure projects in Maldives are on the capital island of Malé and adjacent Hulhumalé. This is the commercial and administrative center of the Maldives. And the government has dedicated huge amount of money and energy for upgrading its infrastructure in recent years. The two most important projects are, the expansion of the Velana International Airport on Malé and the construction of the Sinamale Bridge connecting it to Hulhumalé. Both these projects were funded by the Export Import Bank of China.

As Maldives inched closer to China, it simultaneously moved further from India's sphere of influence. For example, in 2018 the Yameen government decided to return two Dhruv helicopters that were gifted by India to the coast guard.

China in Pakistan

Beijing wants to make substantial investments in the Pakistan's energy sector under the China-Pakistan Economic Corridor (CPEC). CPEC is a part of China's Belt and Road Initiative (BRI) that aims to connect Europe, Africa, and the rest with China to increase trade and growth. President Xi Jinping announced a \$46 billion investment in Pakistan under the CPEC. After this, the Pakistani media and the ruling elite suggested that the CPEC agreement would end all of Pakistan's economic woes. CPEC incorporates a number of infrastructure projects such as roads, highways, bridges, and energy projects across Pakistan to facilitate trade and connectivity between these two nations. This CPEC project will also connect China's western province of Xinjiang to the Indian Ocean through the port of Gwadar in Pakistan's Balochistan province. As of 2020 the value of CPEC projects is worth \$62 Billion. The CPEC was established in 2013. On the other hand, China's economic promises to Pakistan have not always come to fruition. Between 2001-2014 China pledged \$135 billion to Pakistan, but only 4 percent of which materialized, according to Eric Warner, a policy researcher at the Rand Corporation. At present China accounts for nearly half of Pakistan's trade deficit, and Pakistan is among the countries most vulnerable to debt distress on China's new Silk Road. Recent reports reflect that China has been constructing several new high-security complexes at the Gwadar

Deep Sea Port (at western-end of Pakistan's coastline in Balochistan). Earlier, in March 2017, Chinese military sources talked about deploying Navy Marines at Gwadar and Djibouti to defend Chinese interests overseas. It seems that Beijing is likely looking at using Gwadar as a dual-use, economic hub cum military base. Since the 1970s, Pakistan's nuclear program has been assisted by China. China's assistance is the key in Islamabad's ability to develop a nuclear weapon with land, air, and sea capabilities. Talking about China's influence, in January 2018, Dawn reported that Pakistani firms have been denied contracts for power and other projects. According to a senior government advisor, even equipment and raw materials for the projects were being imported from China.

China in Nepal

Before the abolition of the monarchy, China asked Nepal's political parties to resolve internal political issues by themselves without direct intervening and was in favor of monarchy. After the abolition of the monarchy, China began to increase its influence in Nepal's politics. When the monarchy was abolished, Maoist emerged as the single largest party in Nepal and China focused on strengthening their government. But when the Maoist government collapsed, China worked to maintain unity inside the Maoist party. In 2013, China appealed Maoist faction, led by senior Maoist leader Mohan Baidya, not to split the party. But finally the party suffered two major splits in 2013 and 2015. Beyond the Maoist party, China asked other communist party to maintain unity and form a single communist front. In 2015 when draft of Constitution was prepared, two communist parties, the CPN (Maoist Center) and CPN-Unified Marxist-Leninist (CPN-UML), formed a coalition government under the leadership of Prime Minister K.P. Sharma Oli. Oli signed a Transit and Transport Agreement with Beijing, which put an end to Nepal's dependence on New Delhi for its supply chains and fuel requirements. Within few months that coalition government was collapsed and China got another chance to play a mediator role to keep the coalition intact. Further after the resignation of Prime Minister K.P. Sharma Oli, China has continued to maintain its strong ties with NCP (Nepal Communist Party). In 2019 a 15 member delegation of ruling NCP led by Dev Gurung, visited China. There CCP (Chinese Communist Party) leaders met with NCP leaders and underlined the importance of strengthening relations between communist parties. After that, there were a series of visits by leaders of ruling NCP at the invitation of CCP.

In 2020 May and July, Chinese ambassador Hou organised separate meetings with the president, the prime minister and other senior NCP leaders, including Pushpa Kamal Dahal 'Prachanda', when Oli was facing mounting pressure to step down. Besides increasing its political footprints in Nepal, China is escalating its financial profile as well by investing billions of dollars under its multi-billion-dollar Belt and Road Initiative (BRI), including the Trans-Himalayan Multi-Dimensional Connectivity Network. Since 2008, Chinese investments in Nepal started increasing, and in 2014, it outranked India for the first time in terms of total investment. During 2015-16, China contributed 42% of total FDI to Nepal. Similar increase was witnessed in Chinese Overseas Development Assistance (ODA), where China overtook Indian aid in 2015, growing steadily from \$19 million in 2010-11 to \$38 million in 2014-15 (compared with India's \$22 million the same year).

China has also been helping the landlocked country in developing new roads including connecting it to Chinese cities for transportation of petroleum and other essential products. This also helps Kathmandu to cut its dependence on New Delhi. Besides, China has taken up a train project to connect Lhasa to Kathmandu. It was first proposed in 2008 and its cost is over \$300 million and is hoped to be ready by 2025. The train line was planned till Lumbini, the birthplace of Lord Buddha, which is very close to the Indian border.

Implications for India

China for long time has been working to improve its relation with India's neighboring countries. China's growing footprint in south Asian region is a big concern for India. This has serious implications for India's economy, security etc. Significant implications of China's role in India's neighborhood are mentioned below;

Security Concerns

China's footprint in India's neighborhood is a great threat for India's security. For example China's gigantic programs such as CPEC, CMEC etc are big concerns for India's security. Through these projects Chinese military or PLA could easily get access near the Indian borders. And this will provide huge strategic advantage to the Chinese Army in case of a war with India.

Leadership Role in South Asia

It shows increasing Chinese presence in south Asia and its acceptance by the countries as a torch bearer for the region which India wants for itself. Above discussion states that China is continuously spreading its influence in the region. Thus it is reducing India's dominance in the Indian Ocean region.

Economic Concerns

China's growing engagement in India's neighborhood has a significant impact on India's economic interest. Chinese products have continuously been capturing markets in the South Asian Countries. Over the past decade, China has replaced India as the major trading partner of several South Asian countries. For instance, the share of India's trade with Maldives was 3.4 times that of China's in 2008. But by 2018, China's total trade with Maldives slightly exceeded that of India. China's trade with Bangladesh is now about twice that of India. China's trade with Nepal and Sri Lanka still lags India's trade with those countries but the gap has shrunk. If the situation goes in the same way then in near future China will capture the markets of the whole south Asia and it will help China to increase its economy and to damage the Indian economy.

Maritime security

China's 'String of Pearls' policy is a big threat for India's maritime security as well. China's presence in the littoral states of the Indian Ocean will pose a threat to India's security through water. China's huge investments in the littoral states of the India Ocean are mainly to develop ports these countries. Although for China these developments will be used for commercial purposes only but experts are of the view that China may use these to encircle India by converting them into Chinese military

bases.

Findings and Conclusion

The above discussion states that China is highly ambitious about achieving its regional power status in the Indian Ocean region. To do so Beijing wants to contain India which is the only threat before China in this region. Therefore China has been continuously trying to increase its influence in this region. China is doing this through its economic and political influence and assistance. By providing huge amount of money in the name of loans for various developmental works China wants to reduce India's influence in the region. According to a top government official, "the challenge is all around. From Nepal to Bangladesh, China is targeting all of India's friendly neighbors one by one." He further added, "The concern now has doubled with the Chinese Communist Party paving the way for Pakistan to enter Bangladesh." All these are serious concern for India. Therefore India needs to step forward very sincerely. New Delhi has to play more active role in establishing better ties with its neighbors. Besides, India has to use SAARC as a platform to reduce its tensions with Pakistan. Along with this SAARC can also be used by India to create a trust among its neighboring countries because most of its neighbors are thinking that India in future would pursue big brother attitude. Through political, economic, cultural cooperation and people to people contact with its immediate neighbors India can reduce China's influence in this region. Along with these India also needs to increase its tie with China's rivals such as Japan, USA etc.

Bibliography

1. Basu, N. (2020, July 13). *China takes Bangladesh into its embrace now as Delhi-Dhaka ties go downhill*. Retrieved from <https://theprint.in/diplomacy/china-takes-bangladesh-into-its-embrace-now-as-delhi-dhaka-ties-go-downhill/471769/>
2. Bhatia, R., Kunal, K., Lina, L., & Shivani, G. (2016, Dec 1). *Chinese investments in Sri Lanka*. Retrieved from <https://www.gatewayhouse.in/chinese-investments-sri-lanka-2/>
3. Ethirajan, A. (2020, Sept 17). *China debt dogs Maldives' 'bridge to prosperity'*. Retrieved from <https://www.bbc.com/news/world-asia-52743072>
4. Jacob, J. T. (2010). China-Pakistan Relations: Reinterpreting the Nexus. *China Report*, 46, 216-228.
5. Munde, S., & Kathrin, H. (2019, Feb 11). *The Maldives counts the cost of its debts to China*. Retrieved from <https://www.ft.com/content/c8da1c8a-2a19-11e9-88a4-c32129756dd8>
6. Pitman, A. (2020, Aug 08). *China-Bangladesh relations*. Retrieved from <https://thediplomat.com/tag/china-bangladesh-relations/>
7. Ramachandran, S. (2020, Dec 28). *China Wades Into Nepal's Political Crisis*. Retrieved from <https://thediplomat.com/2020/12/china-wades-into-nepals-political-crisis/>
8. Srinivasan, M. (2021, Feb 10). *'China had no role in Sri Lanka's decision on ECT'*. Retrieved from <https://www.thehindu.com/news/international/china-had-no-role-in-sri-lankas-decision-on-ect/article33804071.ece>

9. Tyagi, A. (2021, Jan 15). *How China gobbles up Nepal*. Retrieved from <https://timesofindia.indiatimes.com/blogs/a-topsey-turvy-world/how-china-is-gobbling-up-nepal/>
10. *What is China's military aspiration for Pakistan's Gwadar port?* (2020, August 18). Retrieved from <https://www.livemint.com/news/world/what-is-china-s-military-aspiration-for-pakistan-s-gwadar-port-11597725691366.html>