



China Yearbook 2014

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Editor
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Introduction

China's high growth rate, which it has witnessed in the post-reform era, has made the country the second largest economy in the world in nominal terms and the largest economy in terms of purchasing power parity (PPP). Its recent Asian Infrastructure Investment Bank (AIIB) initiative could emerge as a challenger to the existing international financial architecture. The AIIB has been signed upon by 50 countries at the time of writing. The countries include US allies such as the UK and Australia who have backed this initiative despite US reservations. China has emerged as an alternative source of loans for many developing countries spread over diverse geographies. It had a defence budget of about US \$ 132 billion in 2014. Its defence budget has, in fact, been increasing steadily every year, due to plans for military modernisation. President Xi Jinping's One Belt, One Road vision has gained traction and is steadily winning endorsements from more and more countries. Many see this initiative as Xi Jinping's *Asia Rebalancing*. In recent years, Chinese and Russian vetoes against UN Security Council resolutions for UN action in conflict-torn Syria demonstrate China as an effective lever in international politics. Given the above, some countries could be tempted to view China as a countervailing force to US pre-eminence in the world. Thus, China has emerged as a power which cannot be ignored in the international economic, political and security calculations.

However, China has its vulnerabilities too. In the domestic arena for example, there is mass dissatisfaction against the quality of governance,

which might have implications on regime stability. Besides, ethnic unrest within China persists. Moreover, tensions with its maritime neighbours continue. Countries such as Japan and the Philippines, with whom China has disputes, are also a part of the US security alliance; hence there is always potential for a US-China confrontation. Thus, China's territorial assertions have implications on regional stability. Therefore, developments in China need to be continuously observed and analysed. The *China Yearbook 2014* is an attempt to track domestic developments in China, closely study the dynamics of its external relations, and present a fresh perspective.

China Yearbook 2014 comprises of 23 chapters arranged in five sections. The Yearbook opens with the section on China's internal issues. In his chapter on China's domestic political scenario, Avinash Godbole analyses the three issues of the anti-corruption campaign, rule of law, and Hong Kong protests which took place in 2014 through the prism of systemic legitimacy. While President Xi Jinping's anti-corruption drive has been ongoing since 2013, the rule of law was the theme of the fourth plenum of the Communist Party. The protests in Hong Kong in the latter half of the year emerged as a serious political issue for the Chinese government. Gunjan Singh explains tensions that Chinese society faced in 2014. She argues that the post-reform era in China has introduced changes in Chinese society which the Communist Government is still finding hard to negotiate. She analyses one-child policy, media regulations, environmental

degradation, and ethnic issues with reference to Tibet and Xinjiang. Shruti Pandalai contends that the Xi Jinping era in China has reversed the earlier trend of permissiveness towards media freedom. She points out that the year 2014 witnessed intensified curbs on the media and argues that in 2013 the Xi Government made red lines for the media and in 2014 mounted legal enforcement of those red lines. Antara Ghosal Singh provides an assessment of the situation in Tibet during 2014 from the Chinese and Central Tibetan Administration (CTA) perspective. She makes an attempt 'to trace a pattern leading to a potential solution to the Tibet issue in days to come.' Naval Jagota studies the anti-corruption drive in the Chinese People's Liberation Army (PLA) in 2014. He also flags the developments on budget, training, and induction and technology front during 2014.

In the section on China's relations with the Great Powers, M.S. Prathibha analyses how China-Russia relations have undergone tremendous changes in 2014 in the context of the crisis in Ukraine. She argues that the crisis has expanded their strategic partnership. She maintains that this partnership has 'dented western pressure on Russia.' Titli Basu captures thaw in China-Japan relations after 'a period of escalated tensions.' According to her, the first Xi-Abe meeting on the sideline of APEC summit marked this thaw. She maintains that 'while the relation will continue to encounter tense moments', the two countries need to maintain overall positive overtones in their relations 'by creating space for peaceful dialogue.' Rup Narayan Das underlines how China-US relations, arguably 'the most consequential relations in the world today' sought 'to harmonise their complex relationship amidst security dilemma in the theater of Asia-Pacific and mutuality of economic and commercial interest' in 2014. He

makes an attempt to ascertain implications of this relationship for India's strategic autonomy. Stuti Banerjee flags developments in China-Europe relations during the year 2014. She underscores that while the relationship is essentially economy and development oriented, the EU has received increased attention in China. China has brought out two policy papers on its relations with the EU. Both President Xi Jinping and Premier Li Keqiang paid official visits to Europe in 2014.

In the section on China and Global Governance, Arpita Anant analyses China's engagements in the United Nations in 2014, which according to her was indicative of 'an ongoing trend of engaging with the multilateral system when it has the scope to influence it, developing alternatives to it and preventing the system from constraining its behaviour when its concerns territorial issues.'

This issue of the *China Yearbook* has provided extensive coverage of China's relations with regions across the world. Pranamita Baruah studies China's relations with the two Koreas: North Korea and South Korea. The involvement of US-China dynamics in the peninsula and its implication on regional stability justifies the study of China-Korea relations in a regional context. She argues that North Korea's 'belligerency and provocative behaviour' tends to create tensions in China-North Korea relations. On the other hand, China-South Korea relations have witnessed positive developments that are new and she elucidates on the implications of this improved relationship for the region. She, however, asserts that to conclude confidently on possible abandonment of North Korea by China is 'still a little far-fetched'. Sampa Kundu underscores China's assertive behaviour in the South China Sea and the involvement of extra-regional powers in this scenario. She highlights China's economic

relations with Southeast Asia and asserts that economic relations 'help China in portraying its image as a good neighbour and tends to shift the world's attention from its aggressive behaviour on the waters.' Neha Kohli in her paper highlights that 'China is slowly, but surely, playing a larger diplomatic role' in West Asia, 'both bilaterally and multilaterally.' She underlines that West Asia's disenchantment with 'its traditional economic and security partners in the West' and 'China's interest in looking and connecting westwards' are bringing the two closer. This convergence is being seen in the support China receives for its One Belt, One Road initiative in the region. Pranav Kumar provides a comprehensive review of China-Africa relations at multilateral and bilateral levels. He analyses the developments in 2014 with the context of China's overall Africa policy. Rahul Mishra presents China-Australia relations in 2014 from an Australia watcher's point of view. His main point is that current Prime Minister Tony Abbott's tenure has further deepened Australia-China relations 'which have stood the test of time' over four decades. He discusses significant instances of bilateral engagement. Prashant Kumar Singh highlights pre-dominantly the economic nature of China's relations with Latin America and the Caribbean. He provides a status report on economic relations between them. He also provides case-studies of China-Brazil, China-Venezuela and China-Mexico relations in 2014. He underlines the importance that Latin America and the Caribbean are being given by the Xi Jinping Government.

Jagannath P. Panda underlines simultaneous 'security obstruction' and economic cooperation in India and China's 'developmental partnership'. By 'developmental partnership', he underscores intention of the two countries to bring their domestic constituents closer. He explains that

the aim of 'developmental partnership' is 'to establish stable bilateral economic ties, which will generate confidence to build cooperation in other areas.' Sumita Kumar points out that China-Pakistan relations in 2014 continued to be guided by the old balance of power logic aimed at India. However, the year also saw their relationship focusing on other 'areas of mutual interest and common concerns.' Nihar R. Nayak argues that China's engagement with Nepal in 2014 continued to be premised on its security concerns with reference to Tibet and the presence and activities of Tibetan refugees in Nepal. He further elaborates that in 2014 China appeared to be using its clout on Nepal to secure membership of SAARC. Charisma M.S. Kundan argues that in the medium term, 'Bhutan's relations with China will continue to be India-centered due to Bhutan's economic and military dependence on India'; however, in the long-term, successful boundary negotiations between Bhutan and China may change the situation giving rise to a new situation for India to deal with. Smruti S. Pattanaik discusses the developments in bilateral political, economic and defence areas between China and Bangladesh and underlines progress. Gulbin Sultana highlights deepening strategic cooperation between China and Sri Lanka in the context of the year 2014. Notable was Sri Lanka's support for China's Maritime Silk Route (MSR) initiative, which is part of the One Belt, One Road initiative. Anand Kumar underlines the changing and deepening strategic context of China-Maldives relations. He argues that 2014 was a landmark year in their bilateral relationship. President Xi Jinping's visit to the Maldives was the first visit by a Chinese President to the country. Maldives endorsed the Maritime Silk Route (MSR) in 2014.

Finally, I hope that this edition of the *China Yearbook* will provide an insightful reading on China's domestic developments and its engagement with the world in 2014. I am grateful to Brig. (Retd.) Rumel Dahiya, Deputy Director General, IDSA for his support. I extend my sincere thanks to anonymous referees of the *China Yearbook 2014*. I received valuable cooperation

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Prashant Kumar Singh
Editor

Section I: Internal Issues

1

2014: The Year of Questions in China's Domestic Politics

Avinash Godbole

People's Republic of China (PRC) has always been a world of contrasts. China's domestic politics in the year 2014 were as interesting and are summed up in this short summary. It was the year when China sought to establish rule of law at the ground level but also saw consolidation of power at the top. The anti-corruption drive, debate and action on rule of law and the developments in Hong Kong were the three central driving elements of China's domestic politics in 2014. The first two had Xi Jinping's stamp of authority and by the way Beijing handled the third, proved that Xi Jinping is in command and there is no challenge to his authority.

On the other hand, as President Xi was reinforcing the rule of law debate and the anti-corruption campaign, it was revealed by the international media that members from his immediate and extended family were quietly liquidating their investments.¹ It is noteworthy that back in 2004, Xi had warned party officials to "rein in close ones and to not use power for personal gains" when he

led the anti-graft campaign in Zhejiang province.² Incidentally, *Bloomberg* was also banned in China after the publication of this article and like the *New York Times*, continues to be unavailable in China. In an interview in 2014, the Chinese Ambassador to the UK said "websites that did not follow the country's laws and fail to serve people's interests" would continue to remain blocked in China.³ Other media publications banned in China include *Guardian*, *Le Monde*, *El Pais*, and the *CBC*. The Chinese Government also forbade the media from reporting on issues that have been unapproved for reportage.⁴ It was also the year when China

1 Michael Forsythe, 'As China's Leader fights Graft, His Relatives Shed Assets', *New York Times*, June 17, 2014, at http://www.nytimes.com/2014/06/18/world/asia/chinas-president-xi-jinping-investments.html?_r=3 (Accessed June 24, 2014).

2 Bloomberg, 'Xi Jinping's Millionaire Relations reveal Fortunes of Elite', *Bloomberg News*, June 29, 2012, at <http://www.bloomberg.com/news/2012-06-29/xi-jinping-millionaire-relations-reveal-fortunes-of-elite.html> (Accessed January 4, 2014).

3 Jerin Mathew, 'China Defends Blocking Facebook, Twitter and Bloomberg', *International Business Times*, January 16, 2014, at <http://www.ibtimes.co.uk/china-defends-blocking-facebook-twitter-bloomberg-1432488> (Accessed January 4, 2015).

4 Timmons, Heather, 'That's What Xi Said; Adultery, Ramadan and Puns- An Incomplete List of the Things China Banned in 2014', *Quartz*, December 23, 2014, at <http://qz.com/317093/adultery-ramadan-and-puns-an-incomplete-list-of-things-china-banned-in-2014/> (Accessed December 28, 2014).

sought to restrict what its people could say by banning the use of certain words in normal usage.

The issues highlighted in this paper have a common thread of legitimacy; systemic legitimacy for the CPC and for the leadership of Xi Jinping who came to power at the top with much reputation of being an effective, clean and influential leader. The three issues discussed here highlight the challenges to the leadership and its perceived legitimacy, and its approach in addressing these issues. While the fight against corruption and efforts at enforcing rule of law are not new, 2014 witnessed an upscaling of efforts in the anti-corruption drive. In 2014, China announced that the mass line campaign had reached its logical conclusion as its goals had been achieved. However, the communiqué also argued that the lessons learnt should not lose importance from a long-term perspective. This campaign targeted the evils of “empty speeches, interminable meetings, lavish banquets and entertainment at VIP clubs”.⁵ The statement also said the party officials have learnt a lot about the changes that need to be brought about for improved functioning. However the details were not shared in the media.

The mass line campaign originated right after President Xi came to power and its importance was highlighted in the speech he delivered during the first Politbureau study meeting after taking over as the Secretary General of the CPC. He said, “There have been serious breaches of discipline in the party in recent years. Some of these cases were very bad, and they have had

a terrible, appalling political impact”. He went on to add that “corruption has played a big role in conflicts that grew over lengthy periods, and it has led to popular discontent, social unrest and the overthrow of the political power”.⁶ This statement highlights the connection between discipline, corruption, rule of law and legitimacy of the party-state. Developments in Hong Kong overlap as far as the differing interpretation of rule of law is concerned. At the same time, there are more questions than answers available at the way the CPC evolved in 2014. The anti-corruption drive threw open a lot of questions; who is corrupt and whether conformity with the power structure is adequate criterion for ignoring cases of severe corruption? Does the CPC sanctify corruption sans ostentatious lifestyles? With reference to the rule of law debate it's important to ask whether the party can implement accountability and constitutional centrality without compromising its own sanctity within the structure; Do the people have the ability to question the party's centrality with reference to rule of law? How would it create judicial and constitutional order without compromising its own position and what is its red line in this regard? On Hong Kong, does the CPC's stand reflect its interpretative bias or is it its insecurity that is guiding the party's approach? Is the CPC concerned about the possible spillover effect of the Hong Kong democracy to the mainland? Is that the best pro-democracy forces could do for Hong Kong's electoral future? Was the Hong Kong struggle provoked by foreign forces as Beijing alleged? Or was it an outcome of the party's factionalism? The following section

5 Xinhua, 'CPC to Convene Key Meeting on Rule of Law Oct 20-23', *Xinhua*, September 30, 2014, at http://www.china.org.cn/china/Off_the_Wire/2014-09/30/content_33662115.htm (Accessed January 12, 2014).

6 Yinan, Zhao, 'Xi Repeats Anti-Graft Message to Top Leaders', *China Daily*, November 20, 2012, at http://usa.chinadaily.com.cn/china/2012-11/20/content_15942824.htm (Accessed March 5, 2015).

looks at these three issues in the context of the questions raised above.

Anti-Corruption Drive

The biggest news from China in 2014 was the fall of Zhou Yongkang, the minister of public security until 2012, something that had been coming for a while. Zhou became the highest-ranking official in China to be put under investigation and later arrest. Various charges levied on Zhou included “serious violations of party discipline, accepting large sums of bribes, disclosing party and state secrets and committing adultery with several women as part of corrupt transactions”.⁷ His fall also accompanied his naming and shaming in no uncertain terms as the CPC paper went on to name him a “traitor” for crimes of “betraying the party’s purpose, violating discipline and tarnishing the party’s image”.⁸ Calling someone a traitor has connections with the Cultural Revolution era when such a tag meant a certain death sentence to the accused. The ministry of public security under Zhou Yongkang surpassed the declared budget of the Ministry of National Defense, which goes to show the kind of power Zhou had before his ultimate fall. As is usually the case, he was not alone to fall; Zhou’s sons and many of his

associates from his earlier era are also either under arrest or investigation at the moment.⁹

However, the ongoing anti-corruption drive has also hurt a section of the Chinese economy with an estimated loss of \$100 bn.¹⁰ Visits to restaurants by official delegations as well as gala dinners for big groups of party officials visiting provincial capitals and other cities have gone down as has the culture of exchanging expensive gifts among the party officials. Luxury brand outlets in China’s megacities have earned much less, as spending on extravagance for personal and gift purpose has gone down. Boutiques, wine and watch shops, luxury car sellers and rentals, holiday planners and marketing companies for personal jets have been adversely affected by this austerity drive. Official junkets to Europe and the US have also come down drastically and high-end Chinese restaurants in Singapore and Australia have complained of considerably reduced footfalls.¹¹ This also goes to show that the economic structure in China is not only top down but also centred around the activities of the state. Curbing official expenditure while China is battling an economic slowdown may not bode

7 Tom Porter, ‘Former Chinese Security Chief Zhou Yongkang Arrested in Corruption Probe’, *International Business Times*, December 6, 2014, at <http://www.ibtimes.co.uk/former-chinese-security-chief-zhou-yongkang-arrested-corruption-probe-1478375> (Accessed 5 February 2015).

8 South China Morning Post, ‘Top Communist Party Paper Puts Zhou Yongkang in ‘Traitor Class’’, December 11, 2014, at <http://www.scmp.com/news/china/article/1660278/top-communist-party-paper-puts-zhou-yongkang-traitor-class> (Accessed January 3, 2015).

9 Nectar Gan, ‘Chinese Prosecutors Charge Zhou Yongkang’s Close Allies’, *South China Morning Post*, March 20, 2015, at <http://www.scmp.com/news/china/article/1742291/chinese-prosecutors-charge-zhou-yongkang-close-allies> (Accessed March 22, 2015).

10 John Sudworth, ‘The Real Costs of China’s Anti-Corruption Crackdown’, *BBC Asia Blog*, April 3, 2014, at <http://www.bbc.com/news/blogs-china-blog-26864134> (Accessed January 2, 2015).

11 Strait Times, ‘Graft fight Dents Overseas Spending’, *China Daily*, November 26, 2014, http://usa.chinadaily.com.cn/china/2014-11/26/content_18980268.htm (Accessed January 5, 2015).

well as far as people's economic expectations are concerned.

2014 also saw efforts at ideological control this year, as a member of the Central Commission Disciplinary Inspection (CCDI) accused the premier Chinese think tank, the Chinese Academy of Social Sciences (CASS), of ideological corruption. He warned it of "illegal collusion during sensitive times" with foreign forces. CASS was advised to correct its "ideological problems" and "avoid going online for promoting unorthodox views on sensitive issues (*sic*)".¹² In the first year of Xi Jinping, his invoking of Mao's idioms and phrases caused a lot of surprise, given the liberal tag attached to him.¹³ This form of paranoia with an important institution raises pertinent questions about the nature of Xi's powers and ambitions because there is also consolidation of opinion in China. CASS is but one example of the ideological crackdown as universities, media, and NGOs have all experienced shrinking creative space.

Rule of Law Debate

The CPC has been debating about gradually introducing a system of rule of law since 2010. However, 2014 was the year when some giant steps were taken and ambitious statements made about the future of rule of law in China.

12 Adrian Wan, 'Chinese Academy of Social Sciences is Infiltrated by Foreign Forces: Anti-graft official', *South China Morning Post*, June 15, 2014, at <http://www.scmp.com/news/china/article/1533020/chinese-academy-social-sciences-infiltrated-foreign-forces-anti-graft> (Accessed January 5, 2015).

13 Avinash Godbole, 'China's Political Transition Phase II: Consolidation of Power and Contours of the New Ideology', in Naval Jagota (ed.), *China Yearbook, 2013, 2014*, Magnum Books New Delhi, for Institute for Defence Studies and Analyses, pp. 9.16.

This was also the year where for the first time a plenary session of the CPC Central Committee was exclusively focused on the theme of rule of law.¹⁴ The debate surrounding rule of law is a landmark for China's political system because CPC sees implementation of the rule of law as being an important stepping stone for harmonious development, national rejuvenation, deepening of reforms, and improving socialism with Chinese characteristics and the party's governance capacity.¹⁵ The CPC also sees it as the logical next step in the process of reforms and opening up. President Xi Jinping hopes that ushering in rule of law will alleviate damage to the party's image, which has led to alienation of the people. At its core, China seeks rule of law because those in power have exploited it to the extreme. This is also the reason why reforms have failed time and again as vested interests resist deepening of reforms and why corruption is a nationwide challenge, requiring a country-wide campaign to address the issue.

The communiqué issued at the end of the 4th plenary session gave an interesting insight to the party's thinking on these issues. It asserted the centrality of the party to the process of law by saying, "China will ensure the leadership of CPC in the socialist rule of law with Chinese characteristics".¹⁶ It also listed several tasks towards establishing rule of law in China. It

14 Xinhua, 'CPC to Convene Key Meeting on Rule of law Oct 20-23', *Xinhua*, September 30, 2014, at http://www.china.org.cn/china/Off_the_Wire/2014-09/30/content_33662115.htm (Accessed January 12, 2014).

15 Ibid.

16 Xinhua, 'Highlights of Communiqué of 4th Plenary Session of CPC Central Committee', October 23, 2014, at: http://news.xinhuanet.com/english/china/2014-10/23/c_133737957.htm (Accessed October 27, 2014).

envisaged a constitution centred judicial system, while at the same time, the constitution would not interfere with the political system.

It is important to note that there is an inherent distrust about the role of constitution and constitutionalism among leading Chinese scholars. Back in 2013, a *Global Times* article argued that, “constitutionalism a new way to force China to adopt Western political system” and another party publication also chose to attack the idea of constitutionalism and listed it as one of the seven “political perils to guard against”.¹⁷ Therefore, constitutionalism in China will be ushered in only to the extent that the party’s position is not challenged. As mentioned in the communiqué, “the Constitution is taken as the core, to strengthen the implementation of the Constitution, to promote administration by law, to speed up building a law-abiding government, to safeguard judicial justice, to improve judicial credibility, to promote the public awareness of rule of law, to enhance the building of a law-based society, to improve team building and to sharpen the CPC’s leadership in pushing forward rule of law”.¹⁸

As part of promoting the rule of law, China also institutionalised and celebrated December 4 as its Constitution Day. This day was marked to encourage ordinary Chinese citizens to understand their constitution and how it could

help them recognise their rights and duties.¹⁹ It was also announced that all elected and appointed public officials would now be required to take oath of their allegiance to the country’s constitution.²⁰ Local interpretation of the laws has been made more difficult in this push for rule of law. Beijing always felt that powerful leaders in provinces and towns are less than willing to implement the reforms directives coming from the top. This has also led to corruption as well as ineffectiveness of the welfare schemes. Implementation of rule of law and centrality of constitution are expected to correct these challenges over the course of time. Establishing the centrality of the constitution would also control the political interference in judicial processes at local levels and reduce some of the horizontal spread of powers of the CPC leaders at local level.

It also used an interesting phrase “to speed up the building of law abiding government”.²¹ Accountability, transparency as well as corruption are the central tenets of this argument. Where the communiqué mentioned the People’s Liberation Army (PLA), it also talks of enforcing strict discipline, which can be interpreted in various ways given the large number of PLA officials under investigation or trial in corruption charges. Also noteworthy is that at least on three occasions during his relatively short career as President, Xi Jinping stressed that the PLA is and must remain

17 D.S. Rajan, ‘China: Xi Jinping’s Ideological Dilemma’, *South Asia Analysis Group*, paper 5842, December 16, 2014, at <http://www.southasiaanalysis.org/node/1677> (Accessed January 4, 2015).

18 Xinhua, no. 14.

19 Xinhua, ‘China Ratifies National Constitution Day’, *China Daily*, November 1, 2014, http://www.chinadaily.com.cn/china/2014-11/01/content_18840106.htm (Accessed December 5, 2014).

20 Xinhua, ‘Chinese Officials Obligated to Pledge Allegiance to the Constitution’, *Xinhua*, October 28, 2014 at http://news.xinhuanet.com/english/china/2014-10/28/c_133748892.htm (Accessed November 14, 2014).

21 Ibid.

under party rule, giving rise to speculations of drift in the CPC and the PLA leadership on the issues of graft and corruption.

Land ownership and compensation is one of the highly contested areas between the citizens and the state in China. As seen in the case of General Gu Junshan, political power was used by his family to appropriate land at low cost, selling the same later to builders at substantial profit. In this connection, it is noteworthy that some sections of the Indian media reported that a high level Chinese delegation led by vice-minister for legal affairs Xia Yong visited India for understanding the structure of Indian land laws and the mechanisms to settle disputes relating to settlement, compensation, legal, and policy processes.²² Further expansion of property rights was one of the promises made at the end of the second session of the 12th National People's Congress (NPC).²³

Hong Kong Protests and the Challenge to CPC Legitimacy

Protests over the electoral process in Hong Kong were perhaps the biggest legitimacy challenge faced by the CPC in 2014. In addition, with fears of Hong Kong becoming China's *Arab Spring*, with possibility of spillover protests in the mainland, the world observed Hong Kong as closely as Beijing. Anxiety also came from the fact that at one point

there was an escalation of violence rekindling fears of a recurrence of Tiananmen'89. It is also being speculated that the Hong Kong protests were an outcome of factional politics within the CPC, however, this cannot be substantiated beyond doubt.

Hong Kong is slated to have its first direct election for the post of Chief Executive (CE) in 2017. Beijing stated that it has the right to and will vet the final list of candidates to choose from. The Sino-British Joint Declaration stipulated that Beijing would take charge of defence and foreign affairs with immediate effect and on other aspects Hong Kong would enjoy a high degree of autonomy. Hong Kong is governed in accordance with the Basic Law that was adopted in 1990 by the seventh National People's Congress (NPC) and it came into effect on July 1, 1997 when Hong Kong became a part of the PRC.²⁴ Protestors in Hong Kong say that this is a breach of the core principle that is also the basis of the declaration and Basic Law, widely known as "One country, two systems" and putting the "one country" system ahead of the promise of "two systems" since the electoral system was stipulated to be outside Beijing's purview. Article five states, "The socialist system and policies shall not be practiced in the Hong Kong Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged for 50 years". The CE is the highest representative leader in Hong Kong and Article 45 stipulates the terms for selection of the CE. It says, "The Chief Executive of the Hong Kong Special Administrative Region shall be selected by election or through consultations held locally and be appointed by the Central People's

22 Pratap Thakur, 'In secret Delhi Meet, India Tutored China on Land Laws', *The Times of India*, June 11, 2014, at <http://timesofindia.indiatimes.com/india/In-secret-Delhi-meet-India-tutored-China-on-land-laws/articleshow/36367626.cms> (Accessed June 12, 2014).

23 Xinhua, 'Highlight: Premier Li's Government Work Report, What to Do in 2014', *Xinhua*, March 5, 2014, at http://news.xinhuanet.com/english/china/2014-03/06/c_133166158_5.htm (Accessed March 12, 2014).

24 For the full text of the Basic Law see, <http://www.basiclaw.gov.hk/en/basiclawtext/index.html> (Accessed October 4, 2014).

Government.” It further states, “The method for selecting the Chief Executive shall be specified in the light of the actual situation in the Hong Kong Special Administrative Region and in accordance with the principle of gradual and orderly progress. The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.” This part of Article 45 shows that there is a lot of scope for interpretation of the Basic Law and the final interpretative authority is the Standing Committee of the National People’s Congress under Article 158 of the Basic Law. This means the issue of Hong Kong’s political status in its relationship with the mainland is far from settled and is amply apparent within the National People’s Congress (NPC) of 2015 as well. Zhang Dejiang, head of the NPC, recalled the Occupy Central as “last year’s illegal acts” and recommended reintroduction of patriotic education.²⁵ Eyebrows were also raised when Premier Li Keqiang mentioned in his work report that the “one country, two systems” model must comply with the Chinese Constitution, alongside the Basic Law, something that has been mentioned for the first time.²⁶

Hong Kong residents demanded direct elections for nearly a year until the Standing Committee

of the NPC announcement on August 31, 2014 that clearly ruled out immediate roll out of direct elections. The decision stated, “... the Chief Executive of the Hong Kong Special Administrative Region shall be accountable to both the Hong Kong Special Administrative Region (and) has to be a person who loves the country and loves Hong Kong”.²⁷ Beijing’s core fear about direct elections in Hong Kong is about having a CE in Hong Kong who is locally popular and vocally critical about Beijing’s policies.²⁸ Beijing would use the screening process to eliminate this possibility. Thus, the standing committee recommends continuing with the policy of a nominating committee that clears the names of the candidates before the ordinary citizen could vote.²⁹

Hong Kong citizens came together against this form of top down authority and lopsided process that heavily favours the elite and dilutes the concept of “one person, one vote”. Hong Kong witnessed the “Occupy Central” protests between September and December 2014 outside the Hong Kong Government headquarters and at other major intersections of the city. *Scholarism*, a students’ organisation led by Joshua Wong and Hong Kong Federation

25 Garry Cheung and Tony Cheung, ‘NPC Boss Zhang Dejiang Blasts Supporters of Hong Kong Independence’, *South China Morning Post*, March 6, 2015, at <http://www.scmp.com/news/hong-kong/article/1730874/state-leader-zhang-dejiang-warns-against-calls-hong-kong-independence> (Accessed March 12, 2015).

26 Li Keqiang, ‘Full text: Report on the Work of the Government’, Premier’s Report at the 12th National People’s Congress, March 5, 2015, http://english.gov.cn/archive/publications/2015/03/05/content_281475066179954.htm (Accessed March 12, 2015).

27 SCMP, ‘Full Text: NPC Standing Committee Decision on Hong Kong 2017 Election Framework’, *South China Morning Post*, August 31, 2014, at <http://www.scmp.com/news/hong-kong/article/1582245/full-text-npc-standing-committee-decision-hong-kong-2017-election> (Accessed September 14, 2014).

28 Avinash, Godbole, ‘Hong Kong Elections: Limits of One Country, Two Systems Model’, *IDSA Comment*, March 28, 2014, at http://www.idsa.in/idsacommentshongkongelections_agodbole_280314.html (Accessed October 3, 2014).

29 Ibid.

of Students gave a call for class boycott on September 22 and began protesting outside the government headquarters.³⁰ They breached the security barriers and entered the courtyard of the government complex on the evening of September 26 following which Occupy Central with Peace and Love, a civil disobedience campaign joined the protests on September 28 instead of October 1, 2014 as was initially planned. These protests came to be known as the *Umbrella Revolution*, after umbrellas were used to counter teargas. However, the central leadership of the protests rejected the idea of revolution associated with the movement and reiterated that this was a form of civil disobedience inspired by none other than Mahatma Gandhi.³¹ This also stems from the protesters' strong belief in compliance with the law, to the extent that protesters also put up signs to apologise the inconvenience caused.³² This also showcases the stark contrast between the approach to rule of law between the

mainland and Hong Kong. The protestors were slated to have talks with government officials on three separate occasions but the talks fizzled out even before they began, as the conditions set by protestors as well as by negotiators were not met. Even as the Occupy Central protest was losing steam, the graft allegations against the incumbent CE C.Y. Leung, his justification for taking money, and his daughter's mockery of the protests in social media spurred it on. In the recent past, protests have targeted mainland tourists who are suspected of undertaking illegal business activities.

Beijing also used the Hong Kong developments to showcase foreign intervention in the country's domestic affairs. The White Paper issued in July 2014 said, "It is necessary to stay alert to the attempt of outside forces to use Hong Kong to interfere in China's domestic affairs".³³ While the government told mainlanders that outsiders might be motivating the Hong Kong protestors, it also at the same time restricted news from Hong Kong to the mainland during the days of protest; Instagram and other social media platforms were blocked and searches on the domestic Chinese micro-blogging platforms like Sina Weibo were more controlled in the mainland by the end of

30 This was not the first time that Scholarism stood against Beijing's policies. In 2012, Scholarism had successfully resisted Beijing's plans of introducing moral and national education, promoting CPC and undermining democracy and federalism, in Hong Kong. Mainland media tends to treat this group as extremists. For more see <http://www.bloomberg.com/news/2012-07-29/chinese-nationalistic-education-draws-protesters-in-hong-kong.html>

31 Shefali Anand, 'Hong Kong Protestors Inspired by Gandhi', *Wall Street Journal Blog*, October 1, 2014, at <http://blogs.wsj.com/indiarealtime/2014/10/01/hong-kong-protestors-inspired-by-gandhi/> (Accessed October 4, 2014).

32 Srdja Papovic, and Tori Porell, 'The World's Politest Protestors', *Slate*, October 1, 2014, at http://www.slate.com/articles/news_and_politics/foreigners/2014/10/occupy_central_s_polite_protesters_the_hong_kong_demonstrators_are_disciplined.html (Accessed October 3, 2014).

33 Information Office of the State Council (2014), 'Full Text: The Practice of the 'One Country, Two Systems' Policy in the Hong Kong Special Administrative Region', White Paper of June 2014, at http://news.xinhuanet.com/english/china/2014-06/10/c_133396891.htm (Accessed September 24, 2014).

September 2014.³⁴ Nationalist Chinese media also appealed for banning pro-protest Hong Kong celebrities from the mainland. Xinhua and other media outlets published articles that condemned Hong Kong stars for “betraying” their motherland”.³⁵

While Occupy Central did not bring about any tangible change where the future of political process in Hong Kong is concerned, these protests have raised serious doubts about the mainland’s commitment to the “one country, two systems” principle which is being promoted as a mechanism for Taiwan’s accession as well.³⁶ Pro-democracy groups in Hong Kong and Taiwan have recently worked in tandem and they maintain a fair degree of communication across the waters. While Beijing has hoped that the Hong Kong model is acceptable for Taiwan’s accession, pro-democracy activists in Taiwan fear that Hong Kong’s fate today would be replicated in case of Taiwan’s eventual unification with the PRC. Taiwanese President Ma Ying-jeou also made a statement in favour of democracy in Hong Kong *and* added that democracy in the mainland could be a stepping-stone towards closer ties between

Taiwan and the mainland. At the same time, Taiwan’s position on its relations with the mainland has been based on the principle of “One China, respective interpretations”, the prism through which it generally sees the 1992 Consensus.³⁷

Conclusion: Legitimacy Challenge for the CPC

Xi Jinping is China’s most powerful leader since Mao Tse-tung. His career path and the manner in which he has risen to power are almost unprecedented. He has been showcased as an efficient, to the point and no-nonsense individual who has successfully fought corruption at the top during all his appointments. Therefore, there was a lot of expectation from Xi Jinping when he overtook the top three posts as the President of China, Secretary General of the CPC and the Chairman of the Central Military Commission. It appears that Xi is using his entire capacity to strengthen the legitimacy of CPC rule in China, which is being challenged by issues such as, lack of performance, indiscipline, corruption, and the absence of rule of law. The leadership’s search for legitimacy binds the three variables discussed above.

Xi Jinping is acutely aware that the day is not far, where institutions weakened due to misuse of power, could prove to be a liability to the party. He seems to have used the campaign method to attack the biggest challenges of bribery, corruption, misappropriation of funds, favouritism, and nepotism. The unchecked

34 Patrick Boehler, ‘Instagram Appears Blocked in China as Photos of ‘Occupied’ Hong Kong Circulate’, *South China Morning Post*, September 29, 2014, at <http://www.scmp.com/news/china-insider/article/1603785/instagram-appears-blocked-china-photos-occupied-hong-kong> (Accessed October 4, 2014).

35 Chow, Vivienne Kang-chung, Ng, ‘Beijing Mouthpiece Calls for Pro-Occupancy Celebrities to be banned from Mainland’, *South China Morning Post*, October 23, 2014, at <http://www.scmp.com/news/hong-kong/article/1623015/chinese-media-calls-pro-occupy-celebrities-be-banned-mainland?page=all> (Accessed January 4, 2015).

36 For the complete coverage of the Hong Kong electoral protests see <http://www.scmp.com/topics/occupy-central>

37 ‘Transcript of New York Times Interview with President Ma Ying-jeou of Taiwan’, *New York Times*, October 31, 2014, at: http://www.nytimes.com/2014/11/01/world/asia/transcript-of-new-york-times-interview-with-president-ma-ying-jeou-of-taiwan.html?_r=0 (Accessed March 21, 2015).

arbitrary use of power under authoritarian regimes challenges the idea of government as provider of public good. Especially in an era of rising prices, increasing inequality and growing unemployment, these challenges erode the legitimacy of government. Xi's anti-corruption campaign has public support since targeting high profile individuals is likely to make commoners feel satisfied, as the government is perceived by them to be in action, even if it changes nothing about their own lives. However, Xi's own relatives are disproportionately rich and Xi has previously arrested people who have asked for accountability at the top level, which also raises the question whether his interests in anti-corruption drives are politically driven.

President Xi has sought to address the challenge of corruption and non-performance by introducing the notion of rule of law. However, its implementation is far from easy as there are vested interests; beneficiaries of the first generation of reforms who are opposing further reforms. That's why there is also an ongoing drive to put the country's constitution at the centre of the overall reforms process. Expectably, this is going to happen under the overall guidance of the CPC. Therefore, constitutionalism in China will only usher in rule *by* law and not exactly the rule *of* law as is the case in other major countries including India.

Hong Kong, on the other hand, showcases the unease of the CPC with diversity of opinion as far as the nature of system is concerned. Participants in the Occupy Central movement must be thanking their stars, as their fate in the mainland would have been like the proponents of Charter 08, many of whom are in jail or in exile at the moment. Fear of an eventual similar future brought them onto the street against the mighty Goliath

of the Chinese state. However, the Chinese state, like an immovable object has proved to be stronger, at least till now. China's volte-face on the issue of rule of law from mainland to Hong Kong has been noticed and its convenient change of stance on this issue has raised moral questions of its legitimacy in Hong Kong that in turn have deeper implications for its relations with Taiwan.

In sum, China's domestic politics in 2014 have brought about many more questions than answers. The biggest being whether Xi Jinping is exercising and usurping all the power because he *can* or because he is insecure with what he already has? Is Xi the politician triumphing over Xi the President, and how long before he meets the eventual roadblock?

Chronology of Important Events in the Year 2014

January 2014

7: Xi Jinping starts a meeting on law stating that “The Party should lead legislation, ensure law enforcement and set an example in abiding by the law”.

March 2014

15: China's NPC and CPPCC meet for their annual sessions.

15: General Xu Caihou is detained and put under investigation for charges of corruption. Highest ranking PLA officer to be investigated till date.

June 2014

6: China issues White Paper on Hong Kong, draws its red line on the nature of one country two systems model.

July 2014

24: State media reveals that Zhou Yongkang put under investigation since late 2013; first PBSC member to face such investigation for corruption.

August 2014

31: Standing Committee of the 12th NPC says that the 2017 Hong Kong elections must involve nomination process by a select committee.

September 2014

21: Occupy Central protests begin in Hong Kong, against lack of direct elections.

October 2014

20-23: China holds its 4th Plenum, the first to be dedicated to rule of law discussions.

December 2014

4: China marks and celebrates 4th December as National Constitution Day

6: Zhou Yongkang is formally arrested for corruption and other crimes and removed from the CPC. Later, he is called a traitor.

2

Chinese Society in 2014: The Forces of Transformation

Gunjan Singh

Chinese society is a mix of various actors. What makes this mixture volatile is the constant attempt by the Chinese Communist Party (CCP) to exert control on any new development or changes. The People's Republic of China (PRC) under the leadership of the CCP has seen five generations of leaders and peaceful transitioning of power. However, even though the CCP has been in command of the Chinese Government for the last 60 years there has been no change in the level of fear and uncertainty it conveys at times about its control over the power. One can say that post-reform and opening up of the Chinese economy, the CCP has increasingly displayed lack of confidence. The CCP is constantly on guard especially when it comes to any situation which it perceives to be a threat to its position. This fear is further intensified with the changes that are underway in Chinese society. In the words of Kerry Brown, "China today is well and truly a society on the move".¹ As a result, CCP is generally over sensitive to any kind of 'mass incidents'. In the words of Tong and Lei, "the multilevel responsibility structure cannot guarantee the absolute stability of the authoritarian regime in

China".² Today when there is any major problem or grievance the general tendency of the people is to direct their anger towards the local and provincial level leaders. The central leadership is generally regarded as 'sacrosanct'. However, in future if the intensity of grievances continues to grow then people may start to blame the central leadership as well. According to the World Human Rights Watch 2014 there are around 300-400 protests in China every day.³ With this backdrop, this chapter attempts to discuss some of the important developments of the year 2014 in regard to Chinese society which highlight that the idea of 'harmonious society' is a far-fetched goal for the Chinese Government.

The following section discusses some important developments within Chinese society in the year 2014. However, one cannot assert that the issues discussed below fully highlight the changes which are underway in Chinese society. Keeping in view the word limit and the time frame of this chapter, developments from a select range of areas have been discussed. These areas

1 Kerry Brown, *Contemporary China*, Palgrave Macmillan, 2013, pp. 129.

2 Yonqi Tong and Shaohua Lei, *Social Protest in Contemporary China, 2003-2010: Transitional pains and regime legitimacy*, Routledge, 2014, pp. 203.

3 Katie Holliday, 'Is Rising Unrest in China a Threat to the Economy?', *CNBC*, August 18, 2014, at <http://www.cnbc.com/id/101918928#>, (Accessed January 15, 2015).

highlight the gambit of issues, new challenges and problems in Chinese society. Some issues like environmental pollution can be regarded as the result of policies adopted by Mao while others like the developments regarding media and one child policy are a result of the reform and opening up. However, whatever might be the background to these issues, what joins them together today is the fact that they do pose a very serious challenge to the policies followed by the CCP. As a result there is an urgent need for the CCP to look at these issues carefully and attempt to come to a logical solution to control and rectify the problems. These issues also highlight the fact that the Chinese state today has transformed from being an authoritarian/repressive state to one which needs to adapt and change itself in order to survive the new developments that are underway in Chinese society. In order to stay in power and in control of the government the CCP understands that it needs to look for ways which will help it in adjusting to these new changes. Being hard and repressive is not going to work in its favour anymore.

Ethnic Issues

Ethnic unrest is an issue which the CCP has been battling since long. China has around 55 ethnic minorities with most of them belonging to the border regions. CCP has undertaken a number of policies in order to incorporate these minorities into the mainstream. However its policies have not always worked in the expected direction. Xinjiang and Tibet have proved to be two very difficult regions to bring under the fold of the CCP. Scholars have argued that though the PRC claims that ethnic minorities live in 'harmony' it would not

be an exaggeration to suggest that China today has a number of 'economic and social faultlines'.⁴

Xinjiang

The year 2014 witnessed a number of violent incidents in the Xinjiang region. According to media reports almost 100 people were killed in July-August 2014. The Chinese Government announced that around 59 'terrorists' were killed in July 2014.⁵ According to another report, by September 2014 around 200 people including common people were killed in various violent incidents in Xinjiang.⁶ Such a high number of fatalities due to increased violence and also caused by the use of force by the Chinese Government underscores the argument that force is the only option which the Chinese Government employs with regard to the ethnic minorities. The high levels of Han migrations into the Xinjiang region has further complicated the already fragile situation there. In the words of Scott Devary, the situation with Uighurs is a prominent litmus test for the CCP.⁷ How the CCP handles these developments will prove to be very crucial. Xinjiang is also important for China with respect

4 Kerry Brown, no. 1 pp.26 .

5 Ben Blanchard, 'Almost 100 killed during Attacks in China's Xinjiang Last Week' , *Reuters*, August 2, 2014 at <http://www.reuters.com/article/2014/08/03/us-china-attacks-xinjiang-idUSKBN0G301H20140803>, (Accessed January 8, 2015).

6 Elizabeth Barber , 'Chinese State Media Now Put Death Toll from Xinjiang Violence at 50', *Time*, September 26, 2014 at <http://time.com/3432189/china-xinjiang-50-killed-luntai-county-uighur/>, (Accessed January 8, 2015).

7 Scott Devary, 'The Approaching Xinjiang Crisis Point', *The Diplomat*, October 2, 2014 at <http://thediplomat.com/2014/10/the-approaching-xinjiang-crisis-point/>, (Accessed January 22, 2015).

to its relationship with Pakistan. As per reports, “a number of extremist outfits allegedly linked to ethnic Uighur separatists within Xinjiang have training camps in Pakistan’s rugged borderlands with Afghanistan”.⁸

However, such strong measures as used by the CCP further alienate the local population who feel that they are treated as second class citizens in their own land. There is a need for increased empathy and understanding of religious and cultural sentiments.

Tibet

The Tibetan Plateau has witnessed a number of protests against the CCP since its ‘liberation’ at the hands of the PRC forces in 1951. Every year in March the situation is very tense as it is a reminder of the ‘Tibetan Uprising’ of 1959 when a large number of Tibetans along with the Dalai Lama fled to India. In recent times the Tibetan people have resorted to ‘self-immolation’ as a new method of protest. In March 2014, two Tibetan monks set themselves on fire in protest.⁹ In December 2014 a man immolated himself in front of a police station in the province of Gansu¹⁰ and

a 19 year old girl did the same in Ngaba County¹¹. According to some sources the number of self-immolations in Tibet is around 134 since 2009.¹² In a psychological analysis of self-immolation, Emily T. Yeh argues, “...self-immolation is a fiery reclamation of sovereignty over one’s own self, of possibility of being human. Biological life is taken in an assertion of political life”.¹³

Such actions only give strength to the argument that economic development will not help the CCP gain support or ‘loyalty’ of the Tibetans. There is a need for more understanding and accommodation of their cultural and religious sentiments. With the increase in the inflow of Han people into Tibet, there has been a feeling of alienation amongst the Tibetans in their own land. In the words of Emily T. Yeh, “deep disparities between China’s east and west are not only economic but also political”.¹⁴

These developments are a clear reminder of the fact that the CCP is still not comfortable adapting to differences.

8 Ishaan Tharoor ‘What China’s and Pakistan’s special friendship means’ *The Washington Post*, April 21, 2015, at <http://www.washingtonpost.com/blogs/worldviews/wp/2015/04/21/what-china-and-pakistans-special-friendship-means/> (Accessed July 3, 2015).

9 ‘Two Tibetan Monks Self-Immolate on Crackdown Anniversary’ *Radio Free Asia*, March 16, 2014 at <http://www.rfa.org/english/news/tibet/burning-03162014125839.html>, (Accessed January 20, 2015).

10 Dan Levin, ‘Tibetan Man Dies after Self-Immolation in Protest of Chinese Rule’, *The New York Times*, December 17, 2014 at http://www.nytimes.com/2014/12/18/world/asia/tibetan-man-dies-after-self-immolation-in-protest-of-chinese-rule.html?_r=0, (Accessed January 20, 2015).

11 ‘Girl Dies in Self-Immolation Protest at Ngaba’, Central Tibetan Administration: Restoring Freedom for Tibetans, December 22, 2014 at <http://tibet.net/2014/12/22/girl-dies-after-self-immolation-protest-at-ngaba/>, (Accessed January 20, 2015).

12 ‘Tibetan Man Dies in Self-Immolation Protest in Front of Police Station’, *Radio Free Asia*, December 16, 2014 at <http://www.rfa.org/english/news/tibet/new-12162014125456.html>, (Accessed January 20, 2015).

13 Emily T. Yeh, *Taming Tibet: Landscape Transformation and the Gift of Chinese Development*, Cornell University Press, Ithaca and London, 2013, pp. 269.

14 Emily T. Yeh, no. 12, pp.43 .

Chinese Government Bans the usage of 'Puns'

Chinese media today is a unique mix of control and freedom. On one hand the media is expected to be the voice of the CCP while on the other it attempts to move away from such controls. David Bandurski describes the status of media in China aptly when he argues that "Press control is the part of political life in China. [It] is also real and immediate".¹⁵ However this very job of controlling the media is going to be a tremendous task for the Chinese Government in the coming years as the number of Internet users in China is going to reach close to 800 million by 2015.¹⁶ With such a large number of Internet users the Chinese Government will find it ever more difficult to control what the people read and write especially online.

However as an effort to move past the high level of government control the Chinese media and social media began to use 'puns'. 'Puns' which are innovative forms of word play used by the people who are looking for ways to counter and circumvent the control and constant vigil by the Chinese Government. It is reported that the Chinese Government employs almost 30,000 people as an Internet police force, in an effort to control what the Chinese people search and

write online.¹⁷ But in November 2014, an order from the Chinese State Administration for Press, Publication, Radio, Film and Television stated that, "Radio and television authorities at all levels must tighten up their regulations and crack down on the irregular and inaccurate use of the Chinese language, especially the misuse of idioms".¹⁸ The reason stated by the Chinese Government behind such an act is that the use of puns, "make it more difficult to promote traditional Chinese culture".¹⁹

Such steps undertaken by the Chinese Government clearly highlight its fear of losing control over an important tool of propaganda. Media control is one way by which the CCP attempts to control the 'ideas' amongst its own people. Control of the media is thus a very important tool and any indication that the CCP might be losing control over the media greatly disturbs and worries the CCP.

China Bans Gmail

In yet another attempt to control the media the Chinese Government in December 2014 banned

15 David Bandurski, 'Jousting with Monsters: Journalists in a Rapidly Changing China' in *China in and Beyond the Headlines*, Ed., Timothy B. Weston and Lionel M. Jensen, Rowman & Littlefield Publishers, Inc, 2012, pp. 29.

16 Josh Ong, 'Chinese Government Projects Domestic Internet Population to Reach 800 Million Users in 2015', January 07, 2013, at <http://thenextweb.com/asia/2013/01/07/chinese-internet-population-expected-to-grow-to-800-million-users-in-2015/>, (Accessed January 10, 2015).

17 Jonathan Watts, 'China's Secret Internet Police Target Critics with Web of Propaganda', *The Guardian*, June 14, 2005, at <http://www.guardian.co.uk/technology/2005/jun/14/newmedia.china>, (Accessed January 11, 2015).

18 Tania Branigan, 'China Bans Wordplay in Attempt at Pun Control', *The Guardian*, November 28, 2014 at <http://www.theguardian.com/world/2014/nov/28/china-media-watchdog-bans-wordplay-puns>, (Accessed January 11, 2015).

19 Sean Silbert, 'No Laughing Matter: China's Media Regulators Ban Puns', *LA Times*, December 3, 2014, at <http://www.latimes.com/world/asia/la-fg-china-bans-puns-20141203-story.html>, (Accessed January 15, 2015).

gmail and google.²⁰ The gmail services were facing disruption from June 2014 which marked the 25th anniversary of the Tiananmen Square Incident, and the media censors were attempting to delete any searches which included numbers 4 and 6 and the word 'tank'.²¹ However in 2010 google had declared that it will close its China portal after news of hacking into various gmail accounts were released. This makes it obvious that this action "should also be viewed as a defeat for the general belief that with time Chinese society may become freer and connected and in return pressure the government to relax its controls".²² As per reports there are two important factors that forced the Chinese government to undertake media control, domestic terrorism and growing nationalism.²³ Thus it is no surprise that

the 'Chinese great firewall' stops around 18,000 websites from being accessed in China.²⁴

This step coupled with the ban on puns which the Chinese Government introduced only highlights its increasing fear of losing control. The Chinese Government has always been uncomfortable with the idea of free access to information by the Chinese people. With the introduction of newer technologies of communication it has been proving difficult for the Chinese government to assert complete control. People are finding and using novel methods to circumvent the filters employed by the government. People use similar words which mean different things in order to get past filters employed by the Chinese government. Such bans harm business houses as most conduct business through google and other open channels of communications. Such actions only show that whatever the economic cost the CCP is not ready to let the people have free access to information. Control of information is one of the top priorities for the CCP.

Top-Down Approach to Mandarin

Language plays a very important role in the nature of power politics and government control. "One State, One Language, One People" is the ultimate goal for the Chinese Government since

20 Nicole Goodkind, 'China 'deletes' Gmail, Shuts Google out of Mainland' , *Yahoo Finance*, December 29, 2014 at <http://finance.yahoo.com/news/china-bans-gmail--is-this-what-brings-the-middle-class-to-a-head-155747979.html>, (Accessed January 15, 2015).

21 Sanna Chu, 'Gmail Blocked in China after Months of Disruption to Google Services' , *Digital Times*, December 29, 2014 at <http://www.digitaltimes.com/gmail-blocked-china-after-months-disruption-google-services-403384>, (Accessed January 15, 2015).

22 Gunjan Singh, 'Are Google and Chinese Communist Party Incompatible?' , IDSA Comment, January 28, 2010 at http://www.idsa.in/idsacomments/AreGoogleandChineseCommunistPartyIncompatible_gsingh_280110.html, (Accessed January 15, 2015).

23 Keith Bradsher and Paul Mozur, 'China Clamps Down on Web, Pinching Companies Like Google' by, *The New York Times*, September 21, 2014 at http://www.nytimes.com/2014/09/22/business/international/china-clamps-down-on-web-pinching-companies-like-google.html?_r=0, (Accessed January 15, 2015).

24 Kevin Holden, 'Breaking Through China's Great Firewall', *The Diplomat*, July 30, 2014 at <http://thediplomat.com/2014/07/breaking-through-chinas-great-firewall/>, (Accessed January 15, 2015).

its establishment in 1949.²⁵ At the 18th Meeting of the Standing Committee of the Ninth National People's Congress of the People's Republic of China on October 31, 2000 the Chinese Government had introduced a Language Law which came into effect in 2001.²⁶ As highlighted by Sebastian Magnusson, "A 2001 national language law decrees that Mandarin be used in all mass media, government offices and schools, and bars the "overuse" of dialects in movies and broadcasting".²⁷ To add to this it has been argued by Arienne M. Dwyer that China has both "overt and covert [language] policies".²⁸ China has witnessed a number of protests over language issues in the past. According to reports in 2010 there were two very prominent protests in China which had more than 1,000 participants, one was "defending the Cantonese language" and the

other was "defending the Tibetan language".²⁹ These policies become an important factor in society developments as the [Chinese] "Ministry of Education has set 2050 as the year when the goal will be reached, but it is an ambitious target considering that as of 2004 only 53 per cent of the population spoke Putonghua [Mandarin]".³⁰ In August 2014 the Chinese Government made it compulsory for the Cantonese speaking region of Guangzhou to adopt Mandarin. The television channels were asked to change from Cantonese to Mandarin. Reports also suggest that 400 million Chinese did not speak Mandarin.³¹ Such efforts become more problematic for the government when it is perceived to be affecting the basic identity of the people. In the words of Lao Zhenyu, Cantonese activist and editor, "Cantonese is not just a language, but for native speakers it is part of our identity".³² Cantonese is regarded as a "minority dialect" despite the fact that about 60 million people in China speak Cantonese.³³ The

25 William Goldstick, 'One State, One People, One Language': The Language Reform Movement in China' at http://www.academia.edu/3692117/_One_State_One_People_One_Language_The_Language_Reform_Movement_in_China (Accessed January 12, 2015).

26 'Law of the People's Republic of China on the Standard Spoken and Written Chinese Language (Order of the president No.37)' at http://www.gov.cn/english/laws/2005-09/19/content_64906.htm, (Accessed January 12, 2015).

27 Howard W. French, 'Uniting China to Speak Mandarin, the One Official Language: Easier Said than Done' , *New York Times*, July 10, 2005 at http://www.nytimes.com/2005/07/10/international/asia/10chinese.html?_r=0, (Accessed January 12, 2015).

28 Arienne M. Dwyer, 'The Xinjiang Conflict: Uyghur Identity, Language Policy, and Political Discourse' , East West Centre, *Policy Studies* 15, 2005; pp. 6 at <http://www.eastwestcenter.org/fileadmin/stored/pdfs/PS015.pdf> (Accessed January 12, 2015).

29 Yonqi Tong and Shaohua Lei, *Social Protest in Contemporary Chin, 2003-2010: Transitional pains and regime legitimacy* , Routledge, 2014, pp. 136.

30 Sebastian Magnusson, 'The Dream of A Common Language: Popularizing Putonghua in the People's Republic of China', pp. 24, at <http://lup.lub.lu.se/luur/download?func=downloadFile&recordId=2173016&fileId=2173024> (Accessed January 12, 2015).

31 Felicia Sonmez , 'China is Forcing its Biggest Cantonese-Speaking Region to Speak Mandarin' , *Business Insider*, August 25, 2014 at <http://www.businessinsider.com/china-is-forcing-its-biggest-cantonese-speaking-region-to-speak-mandarin-2014-8?IR=T>, (Accessed January 10, 2015).

32 Ibid.

33 'Beijing Has A Message for China's Cantonese Speakers — stick to Mandarin!' *PRI World*, August 27, 2014 at <http://www.pri.org/stories/2014-08-27/beijing-has-message-chinas-cantonese-speakers-stick-mandarin>, (Accessed January 10, 2015).

report further argued that this step by the Chinese Government can be linked to the protests in Hong Kong with respect to the right to elect the chief executive.³⁴

Such steps to control basic aspects like the language people speak highlight the existing insecurity of the Chinese Government. Such efforts are not new and the Chinese government has exercised similar attempts to control the language of the people in regions like Xinjiang and Tibet as well. There has been a top-down effort to make Mandarin the primary language. Most of the unrest witnessed in these regions is due to such top-down agenda of the Chinese Government. This appears to be the primary reason as the most of the unrest and violence is directed against the perceived symbols of Chinese Government rule, like the police and other official institutions. People perceive these to be a way by which the Chinese Government is attempting to impose the Han majoritarian 'identity' on the ethnic minorities. There is a need for the Chinese Government to understand that such policies only make the people more restless and pushes them away from the government. Such methods will not be helpful in achieving the goal of "stability and harmony". There is a need for the Chinese Government to become more accommodative and understanding towards the minorities. Difference does not necessarily mean dissent.

Pollution/Environment

Environmental pollution is one area which the Chinese Government has been battling since the beginning of the reform and opening up of the economy in 1978. The fast-paced economic

reforms which China witnessed helped elevate a large population out of poverty. However the impacts of these reforms have been pretty adverse on the environment. The increasing level of pollution affects everyone's lives and has thus become an important issue over which people protest. In the words of Tong and Lei, "since pollution threatens the subsistence of the people and the state is officially committed to green policies, there is enough political opportunity for anti-pollution protests".³⁵

In October 2014 there were reports which suggested that the level of pollution in China was 20 times more than what was considered to be safe.³⁶ This forced the Chinese Government to raise the level of warning against air pollution/smog from yellow to orange.³⁷ In addition to this there are also reports which suggest that there has been a reduction of five and a half years in the life expectancy of Chinese people living in Northern China because of the increasing level of air pollution.³⁸

Air pollution is not the only problem area which the Chinese Government faces today. As reported by the media, according to a report by the Ministry

35 Yonqi Tong and Shaohua Lei , No.28, pp.122 .

36 'China Pollution Levels Hit 20 Times Safe Limit', *The Guardian*, October 10, 2014 at <http://www.theguardian.com/environment/2014/oct/10/china-pollution-levels-hit-20-times-safe-levels>, (Accessed January 14, 2015).

37 'Heavy Air Pollution Blankets Northern China, Reaches 'Hazardous' Levels', *RT.com*, October 10, 2014, at <http://rt.com/news/194956-air-pollution-china-hazardous/>, (Accessed January 14, 2015).

38 Beina Xu, 'China's Environmental Crisis' , Council on Foreign Relations, April 25, 2014 at <http://www.cfr.org/china/chinas-environmental-crisis/p12608>, (Accessed January 14, 2015).

34 Ibid.

of Environment Protection, “Sixty per cent of China’s groundwater, monitored at 4,778 sites across the country, is either “bad” or “very bad,” [and] more than half, or 17 of China’s 31 major freshwater lakes, are polluted, at least slightly or moderately”.³⁹ Other reports from Chinese non-governmental organisations indicate that China has around 450 ‘cancer villages’.⁴⁰ It should not be a surprise that the Chinese Academy of Sciences’ Institute of Law concluded in February 2014 that environmental pollution was one of the primary reasons of public protests in China.⁴¹

One of the most prominent protests was in the province of Guangdong against the building of a petrochemical plant in March. The plant was supposed to manufacture paraxylene (PX) which is considered dangerous if absorbed through the skin or inhaled.⁴² As per reports around 1,000 people participated in these protests and it appears that there has been an almost 30 per

cent increase in protests related to environmental concerns every year in China.⁴³

Thus it is no surprise that the Chinese Premier Li Keqiang stated in March 2014 that, “We shall resolutely declare war against pollution as we declared war against poverty”.⁴⁴ To add to this the Chinese Government is increasingly spending on renewable and cleaner sources of energy like wind, solar etc.⁴⁵ These developments forced the Chinese Government to amend its Environmental Law in 2014 after 25 years since it came into effect in 1989.⁴⁶ The revised law is set to come into effect on January 1, 2015. As per the new law, “economic and social development should be coordinated with environmental protection and encourage studies on the impact of environmental quality causes on public health, urging prevention and control of pollution-related diseases”.⁴⁷

39 Dexter Roberts, ‘Think the Air Pollution Is Bad? China Faces a Water Contamination Crisis’, *Business Week*, November 2014 at <http://www.businessweek.com/articles/2014-11-19/chinas-water-supply-is-contaminated-and-shrinking>, (Accessed January 14, 2015).

40 Daniel K. Gardner, ‘China’s Environmental Awakening’, *The New York Times*, September 14, 2014, at http://www.nytimes.com/2014/09/15/opinion/chinas-environmental-awakening.html?_r=0, (Accessed January 13, 2015).

41 Liu Qin, ‘China’s Pollution Protests could be Slowed by Stronger Rule of Law’, *China Dialogue*, November 12, 2014 at <https://www.chinadialogue.net/article/show/single/en/7483-China-s-pollution-protests-could-be-slowed-by-stronger-rule-of-law>, (Accessed January 13, 2015).

42 N.D., ‘Volatile Atmosphere’, *The Economist*, April 4, 2014 at <http://www.economist.com/blogs/analects/2014/04/environmental-protest-china>, (Accessed January 15, 2015).

43 Jennifer Duggan, ‘China Petrochemical Plant May be Halted after Protests’, *The Guardian*, April 1, 2014, at <http://www.theguardian.com/environment/chinas-choice/2014/apr/01/china-environment-protests-px>, (Accessed January 13, 2015).

44 James Smart, ‘A New Wave of Environmental Protest Rocks China’, April 18, 2014 at <http://roarmag.org/2014/04/china-maoming-px-protest/>, (Accessed January 13, 2015).

45 Arthur Guschin, ‘China’s Renewable Energy Opportunity’, *The Diplomat*, April 03, 2014, at <http://thediplomat.com/2014/04/chinas-renewable-energy-opportunity/>, (Accessed January 13, 2015).

46 ‘China Takes on Pollution with Biggest Changes in 25 Years’, *Bloomberg*, April 24, 2014 at <http://www.bloomberg.com/news/2014-04-24/china-enacts-biggest-pollution-curbs-in-25-years.html>, (Accessed on January 14, 2015).

47 Xinhua, ‘China’s Legislature Adopts Revised Environmental Protection Law’, April 24, 2014 at http://news.xinhuanet.com/english/china/2014-04/24/c_1133287570.htm, (Accessed January 14, 2015).

There is an urgent need to study and analyse whether such development policies have had adverse and irreversible effects on the environment. In the race to economic development has the CCP decided to work on environment a little too late? This shows that such fast paced development is not sustainable. However the problem which the CCP faces is that in a non-ideologically driven society today, economic development is the only factor which gives CCP the legitimacy to rule, but if such adverse environmental scenarios continue it may become the most important hurdle for the CCP. There is a need to take a break and rethink the method, direction and pace of economic development for the future.

One Child Policy

One child policy adopted in late 1970s under the leadership of Deng Xiaoping is argued to have prevented around 400 million births.⁴⁸ However, after being in force for almost three decades, today China is ready to abolish it. It was announced in late 2014 that the Chinese Government will start to allow couples to have two children by 2016.⁴⁹ This news brought a great deal of joy among the manufacturers of baby products like Nestle.⁵⁰ Cai

Fang, a vice director of the Chinese Academy of Social Sciences, doubts that, “the policy change allowing a second child will stop the population from shrinking, as China’s fertility rate hovers at 1.6 per women, lower than the 2.1 needed to sustain population levels”.⁵¹ Thus, one of the primary motivators behind this decision has been the shrinking labour force in China which will in turn affect the level of economic growth.

Thus, it appears that such changes in policy will not help boost the demography. As per scholars like Wang Feng, a demographer and professor at the University of California at Irvine and affiliated with Shanghai’s Fudan University, “An estimated 11 million Chinese couples are eligible to have additional children under the new rules, but less than 7 per cent have opted for a new baby”.⁵² But the argument that the Chinese Government is still in control of reproduction holds true even if it replaces one child policy with a two child policy.⁵³

The one child policy has resulted in a number of problems in the Chinese society, the most prominent being the skewed sex ratio. According to Newsweek, “In China, there are currently 32 million more boys under the age of 20 than girls”.⁵⁴

48 Jonathan Kaiman, ‘Time Running Out for China’s One-Child Policy after Three Decades’, *The Guardian*, January 31, 2014 at <http://www.theguardian.com/world/2014/jan/31/time-running-out-china-one-child-policy-exemptions>, (Accessed January 22, 2015).

49 Katie Holliday, ‘China to Ease 1-Child Rule Further, But Do People Care?’, *CNBC*, October 21, 2014 at <http://www.cnbc.com/id/102104640#>, (Accessed January 22, 2015).

50 Laurie Burkitt, ‘China’s Changed One-Child Policy Doesn’t Give Baby Boost’, *The Wall Street Journal*, November 7, 2014 at <http://www.wsj.com/articles/chinas-changed-one-child-policy-doesnt-give-baby-boost-1415359577> (Accessed January 22, 2015).

51 June Cheng, ‘China Announces New Two-Child Policy’, *World Magazine*, October 21, 2014 at http://www.worldmag.com/2014/10/china_announces_new_two_child_policy, (Accessed January 22, 2015).

52 Laurie Burkitt, no. 50.

53 Steven W. Mosher, ‘President Xi Jinping: Stop the One-Child Policy!’, Population Research Institute, October 2, 2014 at <http://pop.org/content/president-xi-jinping-stop-one-child-policy>, (Accessed January 22, 2015).

54 Susan Scutti, ‘One-Child Policy Is One Big Problem for China’, *Newsweek*, January 21, 2014 at <http://www.newsweek.com/2014/01/24/one-child-policy-one-big-problem-china-245118.html>, (Accessed January 22, 2015).

As a result there has been a consistent increase in cases of kidnapping of girls for marriage. China has also witnessed a large number of incidents where parents abandoned their girl child due to the strong preference for male child. However, with the increase in expenditure levels in general, it is the common perception that not all couples eligible to have a second child will opt for it. In the words of Cai Yong, a demographer at University of North Carolina at Chapel Hill, 'It's too little, too late'.⁵⁵

Conclusion

The types and levels of problems and hurdles which the Chinese people face in their day to day lives is increasing as well as intensifying. It is no surprise that the Chinese government had announced increased levels of social welfare in its 12th Five Year Plan (2011-2015) with the primary goal of reducing the burden on the middle class.⁵⁶ It hopes that with an increase in the degree of social welfare available to the people in areas of health, education, retirement etc., it will eventually help the people in handling day-to-day affairs better. The Chinese Government also, "has committed \$277 billion to an air pollution 'action plan' and \$333 billion to water pollution 'action plan' ".⁵⁷ In addition to this, there is also effort

55 Christina Larson, 'Why China's Second-Baby Boom Might Not Happen', *Business Week*, August 1, 2014 at <http://www.businessweek.com/articles/2014-08-01/with-end-of-chinas-one-child-policy-there-hasnt-been-a-baby-boom>, (Accessed January 22, 2015).

56 Kerry Brown, *Contemporary China*, Palgrave Macmillan, 2013, pp. 145.

57 Daniel K. Gardner, 'China's Environmental Awakening', *The New York Times*, September 14, 2014, at http://www.nytimes.com/2014/09/15/opinion/chinas-environmental-awakening.html?_r=0, (Accessed January 13, 2015).

from the CCP to understand the issues faced by its ethnic minorities. In January 2015, Chinese President Xi Jinping asserted that the non-Tibetan cadres working in the Tibetan region should learn the Tibetan language in order to better understand the local problems. The *China Daily* quoted Xi Jinping asserting that, "One cannot serve the local people well if one cannot speak the local language".⁵⁸ The Chinese government is undertaking a number of measures, ranging from policy changes to reform of the existing system in order to address the new problems emerging within the Chinese society. However one cannot but ask the question whether these efforts are a little late in offing.

However, not every effort undertaken by the Chinese Government is a positive step to handle change. A reading of the developments also bring forth the argument that the Chinese government is also resorting to heavy handedness like banning and blocking, especially while addressing the changes in the Chinese media. With respect to the ethnic problems the Chinese Government still believes in top-down policies of imposing the ideas and policies of the CCP.

These actions showcase the commitment of the Chinese Government towards rectifying problem areas. The changes highlight the fact that there is an acceptance within the CCP that there is a need to reform the pace and path of economic development. Reform and opening up adopted by China in late 1978 has not only changed the overall economic structure of China but has resulted in far-fetched changes within the Chinese society as

58 'Han cadres required to learn Tibetan language' *China Daily*, January 12, 2015 at http://www.chinadaily.com.cn/china/2015-01/12/content_19298672.htm, (Accessed January 20, 2015).

well. Chinese society in 2014 is a more bifurcated society than it was at the start of the reforms. Problems like income inequality, environmental degradation, corruption, etc., are rising steadily. There has also been a disturbing trend in the last few years of a very steep increase in the number of suicides, especially of young women.⁵⁹ Such events showcase the soft underbelly of Chinese society and makes one take a step back and reflect whether China is truly on its path to be 'super power' or on a path of 'imploding'.

Chronology of Important Events in the Year 2014

February 2014

25: Chinese Academy of Sciences' Institute of Law asserts that environmental pollution is one of the primary factors behind social protests.

March 2014

1: 29 people killed and 130 injured in a violent attack at a train station in Kunming by Xinjiang terrorists group.

5: Chinese Premier Li Keqiang announces that, "We shall resolutely declare war against pollution as we declared war against poverty".

16: Self-immolation by 2 Tibetan monks.

30: Guangdong province witnesses major protests against the building of a petrochemical plant which is supposed to produce paraxylene (PX).

May 2014

23: 31 people are killed in violent attacks in Urumqi, Xinjiang.

June 2014

3: Disruption in gmail services.

July 2014

28: According to the Chinese government, 59 Terrorists killed in Xinjiang.

August 2014

25: Chinese government makes it mandatory for Cantonese speaking Guangzhou to adopt Mandarin.

September 2014

21: Multiple explosions in Xinjiang.

22: Reports say that 200 people (terrorists and common people) killed in Xinjiang till September 2014.

October 2014

10: Reports suggest that the level of pollution in China is more than 20 times the accepted/safe level.

17: Chinese government announces that it will be allowing couples to have a second child by 2016.

December 2014

22: One self-immolation in Ngaba County, Tibet.

24: One more self-immolations in Tibet.

28: Chinese government bans google and gmail.

⁵⁹ 'Contemporary China' by Kerry Brown, Palgrave Macmillan, 2013, pp. 143.

3

Return of the Iron Fist: Censorship and Control Stifle Chinese Media and the Internet

Shruti Pandalai

If 2013 was all about the state redrawing red lines for a market driven ‘new’ Chinese media, 2014 saw it laying down the law with an iron fist. Countless episodes of dissent were brushed under the proverbial rug by the Chinese state—abhorrent to the idea of collective action that could threaten regime stability. This chapter explores the extent of censorship imposed by the Chinese state on the media and the Internet domestically in 2014 and the implications of its actions. It was observed that criticism in the media, of the state, its leaders and their policies, while censored was largely tolerated by the establishment, but any news of real world events with potential for collective action was obliterated. The Great Firewall of China is standing strong, while squeezing out budding attempts by free speech activists and reducing an embattled traditional media to the role of a propaganda tool.

Government Mandated ‘Public Opinion Guidance’

Traditionally, media in China—television, print and radio—are largely state owned or state run. There is very little scope for free and uncensored reporting for these journalists who are routinely subjected to ‘new directives’ from the state on what can or cannot be reported. This system has been dubbed “Directives from the Ministry

of Truth”, sarcastically by local journalists.¹ Directions from the Third Plenum of Communist Party of China in November 2013, where Chinese intellectuals were instructed to avoid speaking on seven sensitive issues: universal values, freedom of the press, civil society, civil rights, past mistakes by the Chinese Communist Party (CCP), crony capitalism and judicial independence—saw strict enforcement by both traditional and online media.² The fourth plenum in 2014 reiterated these requirements adding that the media could not influence public opinion on matters related to the court, making the list of already taboo topics longer.³

1 Paul Mooney, ‘State of Journalism in China’, *Nieman Winter 2014 Report*, Nieman Journalism Lab, at <http://nieman.niemanfoundation.netdna-cdn.com/wp-content/uploads/2014/03/NRwinter20141.pdf> (Accessed June 15, 2015).

2 Shruti Pandalai, ‘2013—The Re-drawing of Media Red lines in a Transient China’, *China Year Book 2013*, IDSA, pp. 37-46, IDSA, at ile:///Users/shrutipandalai/Downloads/Book_ChinaYearBook2013.pdf (Accessed January 15, 2015).

3 Xinhua Communiqué about the 4th Plenum, October 23, 2014, at <https://chinacopyrightandmedia.wordpress.com/2014/10/23/xinhua-communicue-about-the-4th-plenum-translation-ongoing/> (Accessed January 15, 2015).

“Guidance of public opinion” has been an officially stated policy despite the media reforms initiated in China in the 1980s.⁴ The Chinese Government restructured the financial framework of the media industry but not its political role. While this meant more commercialisation of the media space and hence a comparatively higher degree of ‘freedom’, the role of the media as a propaganda tool for the government never weakened. In fact many journalists feel government oversight has only strengthened under President Xi Jinping and see stricter media censorship as a mainstay of the next decade. “From the mid- to late-1990s until 2002-2003, we saw a renaissance, on a Chinese scale, of harder-hitting reporting, even investigative reporting of a quality we would see in freer countries,” said David Bandurski of the *China Media Project* at Hong Kong University. “But in the past 10 years, we have seen a consistent ratcheting up of the pressure.”⁵

To guide public opinion or in other words censor media content, over a dozen government bodies review and enforce laws related to ‘information flow within, into, and from China’.⁶ The most powerful monitoring body is the Communist

Party’s Central Propaganda Department (CPD), which coordinates with General Administration of Press and Publication (GAPP) and State Administration of Radio, Film, and Television (SARFT) to ensure content promotes party doctrine.⁷ All media organisations are expected to fall in line with the directives issued by these bodies or are penalised.

International concern grew over Chinese media censorship in 2014, when after a series of ‘media scandals’, the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT) issued a circular on June 18, banning journalists from publishing “critical” news without getting it cleared first with their higher authorities.⁸ This was in addition to the directive by the Propaganda Department in 2013, ordering all journalists at state-run media to attend Marxism classes and get licensed via certification.⁹ Another directive on July 15, barred journalists from releasing any information from interviews or press conferences via social media or even mentioning the event in public without the consent of their employer media organisations. Press passes were not granted to those journalists who failed to sign the secrecy agreement.¹⁰ Seeking permissions became mandatory for all journalists before meeting foreign reporters and business people. The propaganda departments also ordered

4 Sonika Gupta, ‘Behind the Great Firewall of China’, August 22, 2014, *The Hindu*, at <http://www.thehindu.com/todays-paper/tp-opinion/behind-the-great-firewall-of-china/article6340072.ece> (Accessed January 20, 2015).

5 Simon Denyer, ‘Chinese Journalists Face Tighter Censorship and Marxist Retraining’, January 10, 2014, *The Washington Post*, at http://www.washingtonpost.com/world/chinese-journalists-face-tighter-censorship-marxist-re-training/2014/01/10/6cd43f62-6893-11e3-8b5b-a77187b716a3_story.html (Accessed January 20, 2015).

6 Beina Xu, ‘Media Censorship in China’, September 25, 2014, Council for Foreign Relations, at <http://www.cfr.org/china/media-censorship-china/p11515> (Accessed January 20, 2015).

7 Ibid.

8 Sonika Gupta, no. 4.

9 Shruti Pandalai, no. 2.

10 Alice Yan, ‘China to Grant ‘More’ Press Passes - But Journalists Must Sign Secrecy Deal First’, July 15, 2014, *South China Morning Post*, at <http://www.scmp.com/news/china/article/1554664/china-grant-more-press-passes-journalists-must-sign-secrecy-deal-first> (Accessed January 15, 2015).

journalists not to write for the foreign press and jailed a veteran journalist, Gao Yu, for allegedly leaking a Party document to foreign news agencies.¹¹

It is no wonder then that journalists in China often describe their work as ‘dancing with the shackles on’¹².

Crackdown on the Internet: The New Ideological Battleground

The winds of change a decade ago were really brought in by the Internet which gave the average Chinese the medium to express and question the ‘truths’ propagated by the Chinese Government. It also gave life to a new wave of independent journalism, empowered by technology and giving a multitude of avenues to escape state control. The potential of this new media to democratise the Chinese State’s monopoly over information was recognised immediately. Today China boasts of perhaps the most elaborate system of ‘Internet censorship in the world’¹³ and is unapologetic about it. President Xi Jinping’s speech in September 2013, explains the Chinese regime’s obsession with controlling the Internet:

The Internet has already become the principal battlefield for today’s ideological struggle. Western hostile forces have vainly attempted to use this “biggest variable” (最大变量) to bring down China. Whether or not we can

stand and be victorious directly concerns our country’s ideological security and regime security. If we do not take up our position, then others will take up position. It now seems that we must take the online struggle as the priority of priorities and the urgent matter of the moment in our ideological struggle... In the final analysis, if there is less confusion on the Internet, if the online space can be cleared up, this can only be good, not bad, for the security of our nation and society, and for the good and prosperous lives of our people”¹⁴

This translated into the Third Plenum report identifying popular microblogs or *Weibos* and “*WeChat*” along with other forms of social media as a national security problem and recommended “public opinion channelling to ensure order in online communications” as the preferred strategy to tackle this challenge.¹⁵ This was followed by the setting up of a *central Internet security and informatization leading group* led by Mr. Xi, with Premier Li Keqiang and Liu Yunshan, Politburo Standing Committee members, as deputy heads.¹⁶ While officially it was tasked to battle increasing cases of cyber-warfare, it was responsible for building a “more organised and honest online community” in accordance with state laws.¹⁷

11 Ibid.

12 Quote given to author by Journalist working with CCTV in October 2012.

13 ‘How Censorship in China Allows Government Criticism but Silences Collective Expression’, *American Political Science Review* Vol (107), pp 326–343, (2013).

14 Quote from *Beijing Daily report* translated by China Media Project, Hong Kong University. For more see David Bandurski, ‘Censors, show your swords!’, September 04, 2013, *China Media Project*, at <http://cmp.hku.hk/2013/09/04/33995/> (Accessed January 20, 2015).

15 Sonika Gupta, no.4.

16 Ibid.

17 Ibid.

Ironically, 'The China Internet Conference' held in August 2014 asked "Internet employees, web celebrities, and netizens nationwide to assume social responsibility, spread positive energy, and stick to seven base lines, namely, laws and regulations, the socialist system, national interest, citizens' legal rights and interest, public order, morality, and authenticity." This marked the first promotion of Internet self-discipline throughout society as a whole.¹⁸ In fact, two animated characters, *Jingjing* and *Chacha* (警警 and 察察, a pun on the Chinese word for police), symbolising the *Chinese Golden Shield Program* often appear on web pages to remind citizens that they are being watched.¹⁹

The latest briefing held in January 2015 as part of the *National Propaganda Ministers meeting* headed by a politburo member declared what was roughly translated by experts as "Censorship of news media and the Internet (and all other forms of culture) are in line with the Party's interests, PLUS active propaganda to convince the public that the party's position, views and actions alone are correct EQUALS a smooth and untroubled public opinion environment that allows the party to maintain its dominance and accomplish what it sets out to do"²⁰ The message could not be more

obvious. The Chinese are waging a war with the Internet, and there is no ambiguity about it.

An Undercover Study on Censorship in China

A 2014 study published by a group of Harvard scholars who accidentally chanced upon reams of social media data and then went undercover to understand how censorship works in China, has some fascinating insights.²¹ They operated like investigative journalists setting up their own social media site within China. They bought a URL rented server space and purchased software from Chinese companies to run the site. Once they were functional they spoke with customer support at these companies for advice on how to 'censor' their own site. "We would ask them questions like, 'How would we stay out of trouble with the Chinese Government? How does censorship work? What are we supposed to do?' And their job was to help us", the researchers said in an interview.²² Then they posted—and censored their own submissions, while watching how the real Chinese censors worked.

Their study estimates that there exist about 100,000 to 200,000 censors within China, working at every level of government and within

18 'New Order of Network Governance', December 08, 2014, at http://www.chinatoday.com.cn/english/report/2014-12/08/content_657404_2.htm (Accessed January 20, 2015).

19 'Harvard Researchers Went Undercover to Reveal Chinese Censorship Tactics on the Internet Science', Adam Wernick, October 13, 2014, www.pri.org, Accessed on URL: <http://www.pri.org/stories/2014-10-13/harvard-researchers-went-undercover-reveal-chinese-censorship-tactics-internet> (January 20, 2015).

20 David Bandurski, 'News and Propaganda Resolutions for 2015', Jan 12, 2015, China Media Project, at <http://cmp.hku.hk/2015/01/12/37683/> (Accessed January 20, 2015).

21 Gary King, Jennifer Pan, and Margaret E Roberts, 'Reverse-Engineering Censorship in China: Randomized Experimentation and Participant Observation', 2014, *Science* 345(6199), pp. 1-10.

22 Adam Wernick, 'Harvard Researchers Went Undercover to Reveal Chinese Censorship Tactics on the Internet Science', October 13, 2014, at <http://www.pri.org/stories/2014-10-13/harvard-researchers-went-undercover-reveal-chinese-censorship-tactics-internet> (Accessed January 20, 2015).

social media firms themselves.²³ But there is a second way, called an automated review. In this system, a post with certain keywords is automatically flagged and sent to a sort of “Internet purgatory,” where it sits until real censors can review it.²⁴ Their hypothesis is “that criticisms of the state, its leaders, and their policies are published, whereas posts about real-world events with collective action potential are censored.”²⁵

Internet Policing Casualties

It is no wonder, that ventures like the *Cenci Journalism Project*, a crowdsourced and volunteer-run media translation site, was systematically shut down and the website blocked and erased from domestic search engines.²⁶ *The Cenci project* was founded in 2011 by 25-year-old Kang Xia who was then a student at Beijing Foreign Studies University. *Cenci* translates to “diverse” or “varied”, the moot idea behind the project.²⁷ It aimed at gathering and translating news sources from across the world into Chinese to provide multiple perspectives on global and Chinese events. Once discovered by the censors, its private discussion forums were shut down; the personal social media accounts of its founder and executive editor were deleted; and its over 200

volunteers’ social media profiles were renamed and tampered with.²⁸

Continuing its crackdown on platforms enabling crowd communication, the Chinese state forced Internet giant Tencent to shut down 20 million accounts on its messaging app *WeChat* in a operation titled “thunder strike”,²⁹ alleging that it offered prostitution services, according to Chinese state media. This was a follow up to a September 2013 directive, where to stop spreading of irresponsible rumours, penalties of a three-year prison sentence if false posts were visited by 5,000 Internet users or re-posted more than 500 times were announced.³⁰ By the end of 2013, *China’s Big Vs*—a term used for influential verified microblog users, some with millions of followers, abandoned their accounts and *Weibo*—China’s version of *Twitter*, saw a sharp slump in activity.³¹

Censored: Hong Kong Pro-Democracy Protests Blacked Out from Mainland China

The real and extreme fear of collective action spreading across China and upsetting regime stability was apparent in the manner all pro-democracy protests in Hong Kong during

23 Ibid.

24 Ibid.

25 Gary King, Jennifer Pan, and Margaret E Roberts, ‘Reverse-Engineering Censorship in China: Randomized Experimentation and Participant Observation’, 2014, *Science* 345,(6199), pp. 1-10.

26 ‘Censorship in China: Not Letting a Hundred Flowers Bloom’, July 31, 2014 , *The Economist*, at <http://www.economist.com/blogs/analects/2014/07/censorship-china> (Accessed January 25, 2015).

27 Ibid.

28 Ibid.

29 Lily Kuo, ‘China’s Crackdown on Prostitution Just Shut Down 20 Million WeChat Accounts’ , June 10, 2014, Quartz India, at <http://qz.com/218906/chinas-crackdown-on-prostitution-just-shut-down-20-million-wechat-accounts/> (Accessed January 25, 2015).

30 Patrick Boehler, ‘Is Anti-Rumour Crackdown Silencing Voices of Online Dissent at Weibo?’, Nov 11, 2013, *South China Morning Post*, at : <http://www.scmp.com/news/china/article/1308860/anti-rumour-crackdown-silencing-voices-online-dissent-weibo> (Accessed January 25, 2014).

31 Ibid.

September 2014 were erased from all news sources in mainland China. *The Guardian* carried a report saying, “while television sets in Hong Kong were ablaze with images of the pro-democracy protestors facing down teargas and baton charges, citizens in mainland China got a different story: that a few thousand people gathered in a local park to celebrate the Chinese government!”³²

State media like the *People's Daily* and *Global Times* reiterated the regime's position. The *People's Daily's* editorial, typically dismissed the uproar and commented how marginal the protests were and how “people are very pleased to see that the mainstream public opinion in Hong Kong supports and welcomes the decisions made by the central government.”³³ *Global Times* went a step ahead and called the protestors doomed saying “As Chinese mainlanders, we feel sorrow over the chaos in Hong Kong on Sunday. Radical opposition forces in Hong Kong should be blamed. (...) They are doomed. Opposition groups know well it's impossible to alter the decision of the Standing Committee of the National People's Congress on Hong Kong's political reform plan.”³⁴

32 Jonathan Kaiman, 'China Censors Images of Hong Kong Protests in TV Broadcasts to Mainland', *The Guardian*, September 29, 2014, at : <http://www.theguardian.com/world/2014/sep/29/china-censors-images-hong-kong-protests> (Accessed January 25, 2015).

33 'No One is More Concerned about the Future than the Fate of the Entire Chinese People in Hong Kong', September 29, 2014, Opinion, *People Daily*, at : <http://opinion.people.com.cn/n/2014/0929/c1003-25761887.html> (Accessed January 25, 2015).

34 'Street Movement Ruins Hong Kong Image', September 29, 2014 *Global Times Editorial*, <http://www.globaltimes.cn/content/884080.shtml> on (Accessed January 25, 2014).

The protests which were later dubbed the 'umbrella movement' symbolising protestors holding up umbrellas to ward of police attacks were also completely blocked out on social media. Social networking platforms like *Facebook* and *Twitter* are already blocked in China. The photo-sharing service *Instagram* was blocked after it was flooded with pictures of unrest.³⁵ Web searches for “Occupy Central” and “Hong Kong protest” on *Weibo*, yielded random photos and links to state media reports. Searches for “Hong Kong” brought up mainly shopping tips and restaurant reviews.³⁶

Western media reported many microblog users complaining that their “accounts were either blocked or deleted for mentioning the Hong Kong issue”.³⁷ Experts were quoted saying managing domestic opinion about the unrest has become a top priority for top party leaders, who fear that the spread of pro-democratic sentiment on the mainland could loosen the party's grip on power.

However netizens in China found innovative ways to circumvent censorship. On one popular mainland music-sharing site, hundreds of people left supportive comments under a Cantonese ballad, “Under the Vast Sky,” that has become something of an anthem for protesters.³⁸

35 Jonathan Kaiman, no. 32.

36 Ibid.

37 Andrew Jacobs, 'Chinese Web Censors Struggle with Hong Kong Protest', September 30, 2014, *New York Times*, at http://www.nytimes.com/2014/10/01/world/asia/chinese-web-censors-struggle-with-hong-kong-protest.html?_r=0 (Accessed January 25, 2015).

38 Ibid.

Silenced: No mention of Tiananmen Massacre Anniversary in Media, Beijing Stays Tense

The Hong Kong protests only added to the nightmares of the Chinese regime which was already tense with 2014 being the 25th anniversary of the Tiananmen massacre. The 1989 pro-democracy protests led by students, which ended with a blood crackdown and imposition of martial law when hardliners won a power struggle within the ruling Communist Party is an unmentionable in contemporary China. The authorities classify the 1989 protests as counter-revolutionary riots.

Reports emerged entirely from the western media. They reported that in the weeks before this year's anniversary, the Chinese authorities had detained lawyers, journalists and activists.³⁹ Rights group Amnesty International said in a statement that 66 people had been detained, questioned or gone missing.⁴⁰ Police and plainclothes officers had already prevented journalists from visiting dissidents and the relatives of people killed during the protest movement 25 years ago.⁴¹

The few people who were interviewed by journalists from *The Washington Post*, revealed the extent to which the regime had gone to quash public memory of the incident. An excerpt from the report reads⁴² :

Today? What is special about today?" a 41-year-old tourist from Hunan province said in response to a query. When pressed whether he had not heard about an incident in 1989, he said nervously, "Oh, you mean the student protest back then? That was today? I had forgotten all about it." Some other students said "it was an irrational decision. Was it worth it to bleed and be killed for such a cause?"

NPR.org did a detailed report on what the Chinese media was covering on the anniversary, saying "Silence surrounds this anniversary. So, too, does repression".⁴³ The report outlined details of the heavy security and online monitoring in place. Even the most indirect references to June fourth and Tiananmen Square were reportedly blocked or deleted.

39 'Beijing Tense on Tiananmen Massacre Anniversary', June 04, 2014, at <http://www.bbc.com/news/world-asia-china-27676530> (Accessed January 25, 2015).

40 Brian Spegele and Josh Chin, 'China Keeps Tiananmen Chatter under Wraps Ahead of Anniversary', June 02, 2014, *Wall Street Journal Blog*, at <http://www.wsj.com/articles/china-keeps-tiananmen-chatter-under-wraps-ahead-of-25th-anniversary-of-crackdown-1401733469> (Accessed January 25, 2014).

41 Tom Mitchell, 'Tiananmen Anniversary Sparks China Crackdown', May 6, 2014, *Financial Times*, at <http://www.ft.com/cms/s/0/2b9844ee-d503-11e3-adec-00144feabdc0.html#axzz3QET22s9u> (Accessed January 25, 2015).

42 William Wan and Simon Denyer, 'In Tiananmen Square, No Trace of Remembrance on 25th Anniversary of Protests', June 4, 2014, *The Washington Post*, at http://www.washingtonpost.com/world/security-tight-as-china-represses-tiananmen-anniversary/2014/06/04/4d1c39e9-84c4-475c-a07a-03f1d2dd9cdf_story.html (Accessed January 25, 2014).

43 '25 Years after Tiananmen Protests, Chinese Media Keep It Quiet', June 04, 2014, at <http://www.npr.org/blogs/thetwo-way/2014/06/04/318756603/25-years-after-tiananmen-protests-chinese-media-keep-it-quiet> (Accessed January 25, 2015).

Not surprisingly state media had no mention of the Tiananmen anniversary says *NPR.org*⁴⁴. Instead *China Central Television, or CCTV*, featured a piece about President Xi Jinping touting ‘engineering’s role in development.’ The official *Xinhua* news agency’s most popular online story was about Angelina Jolie’s first trip to China to promote a movie. The English language *China Daily* website led with a story about high school students coping with stress over college entrance exams.

Yang Xiao, 2014 Nieman Journalism Fellow, and chief writer for the *Southern People Weekly*, writes beautifully on how for activists of free speech in China, May has 35 days.⁴⁵ Since mention of June 4th or the massacre is forbidden Chinese journalists and bloggers get around the ban online by talking about what happened on May 35th.

In sharp contrast, Hong Kong saw tens and thousands gather around Central Park to hold a candle light vigil to commemorate the anniversary.⁴⁶ The event got global media coverage, with the White House releasing a press statement which read “Twenty-five years later, the United States continues to honour the memories of those who gave their lives in and around Tiananmen Square and throughout China, and we call on Chinese authorities to account for those killed, detained or missing in connection with the

44 Ibid.

45 Paul Mooney, no. 1.

46 Keith Bradsher, ‘Crowds Gather in Hong Kong for Anniversary of Tiananmen Crackdown’, June 04, 2014, *New York Times*, http://www.nytimes.com/2014/06/05/world/asia/crowds-gather-in-hong-kong-to-mark-25th-anniversary-of-tiananmen-killings.html?_r=0 (Accessed on January 25, 2015).

events surrounding June 4, 1989.”⁴⁷ China of course continued its blanket ban on reacting to anything connected with the incident.

Corrupt, Censored and Declining: State of the Traditional Media

Increasingly many veteran journalists within China have voiced their fears over rampant corruption in domestic media, inducing a crisis of credibility in an already beleaguered system. In 2014, the infamous case of alleged news extortion (新闻敲诈) by the website of the 21st Century Business Herald (*21cbh.com*), caused an uproar domestically.⁴⁸ Journalists recall that “the practice of using investigative reporting—what in China is called “supervision by public opinion,” or *yulun jian du* (舆论监督)—to extort money from businesses, is unfortunately not a new one, but this case exposed the extent to which “rent-seeking”/extortion had gotten institutionalised.”⁴⁹

With China’s peculiar media landscape where even commercial media companies are government linked, vested interests and political interference are common. Independent journalism is victim to a paucity of funds as advertising revenues dry up and economic interests outweigh public interests. Private online media are trying to push the envelope with new platforms and services, but even their attempt at ‘independent journalism’ is nipped at the bud through stringent

47 Ibid.

48 Liu Chang, ‘Why News Extortion is So Hard to Uncover’, September 18, 2014, China Media Project, Hong Kong University, at <http://cmp.hku.hk/2014/09/18/36056/> (Accessed on January 25, 2015).

49 Ibid.

censorship directives. “Market oriented media are increasingly squeezed out by government censorship on one hand and economic viability on the other contributing to a lack of newsroom protection and a drop in professional standards”, according to Hu Yong, a former journalist who is now an associate professor at Peking University’s School of Journalism and Communication.⁵⁰

If 2003 heralded the golden age of media in China, 2014 surely has shattered all illusions of strengthening of the ‘free press’ in China. The biggest casualty of the corruption and decay in the domestic media has been investigative journalists. Chinese journalists lament that there are less than 80 investigative journalists in China today.⁵¹ Because of the incestuous relationship between politics, business and the media in China, editors give more emphasis to lifestyle stories, showbiz gossip and ‘flattery rather than analysis’.⁵² The famous quote going around many newsrooms is “Press restrictions may last forever, we joke, but newspapers will certainly die.”⁵³

The rise of the *50 cent party*, people hired by the state to post favourable comments on the Communist Party and its policies have further added to the chaos. Back in July 2013, when a man detonated a homemade bomb at Beijing Airport, *Southern Metropolitan Daily*, did an exclusive feature explaining why he did so.⁵⁴ The man claimed he was left paralysed by local law

enforcement officers eight years ago and had been fighting unsuccessfully for compensation. Rumours quickly appeared on Weibo, alleging collusion between the bomber and *Southern Metropolitan Daily* to “pressure and embarrass the government.”⁵⁵ The false claims were retweeted widely and accepted as the fact by a majority. “The 50-Cent Party is no longer just a group manipulated by the regime, but one of the lenses through which many Chinese see and understand the world” say Chinese journalists.⁵⁶ In fact the group is so entrenched within the official system, that there is now an official training programme with certification for those interested in joining the *50 Cent Party*.⁵⁷

Foreign journalists too find themselves in a tough spot. Many claim to face various forms of government intimidation, harassment, surveillance, barrage of malware attacks and in recent years visa intimidation. In this sense, reporting on China has never been more difficult.

Big Brother Model Gaining Influence in East Asia

It is no surprise then, that in most press freedom index surveys done by the west, China fares among the worst in the world.⁵⁸ A report by a Paris-based press freedom group, *Reporters without*

50 Paul Mooney, no. 1.

51 Ibid.

52 Ibid.

53 Yang Xiao, a 2014 Nieman Fellow and a chief writer for Southern People Weekly, quoted in Paul Mooney, no. 1.

54 Ibid.

55 Ibid.

56 Ibid.

57 ‘China to Train ‘50-Cent Army’ in Online Propaganda’, *Radio Free Asia report*, March 12, 2014, , at <http://www.rfa.org/english/news/china/propaganda-03122014184948.html> (Accessed January 25, 2015).

58 ‘World Press Freedom Index 2014’, Reporters Without Border www.rfg.org, , at <http://rsf.org/index2014/en-asia.php> (Accessed January 25, 2015).

Borders (RSF) states that China led the world in imprisoning journalists in 2014, with a total of 29 behind bars, in addition to holding 73 netizens out of a global total that came to 178.⁵⁹ It also quotes concerns of former journalists, Li Jianjun who worked at the *Chengdu Commercial Daily* and *Shanxi Evening News*, “It’s not just journalists who are worried; it’s news organizations as well, because they have to step up self-censorship, as the parameters get narrower and narrower. Either you keep your mouth shut and tell lies according to their requirements, or you speak the truth and risk being arrested.”⁶⁰

The report also expressed fears that Beijing may be exporting its model of censorship within the East Asian region.⁶¹ Citing China’s growing economic clout as a reason for its extending influence over the media in Hong Kong, Macau and Taiwan, the report warned that limits would be soon put over these territories which have traditionally enjoyed far greater press freedom.⁶² It identified media freedom coming under threat in Taiwan following the acquisition of the English-language *China Times* newspaper by a pro-Beijing business group. However it is Vietnam which seems to have takers of the “China model” of censorship according to RSF. Independent news providers in the country are subject to enhanced

“Internet surveillance, draconian directives, waves of arrests and sham trials.”⁶³

Conclusion

The year 2014 has demonstrated the iron fist with which the Communist Party controls the media and this policy is here to stay. While the state approach might spell gloom and doom for independent media in China, there also exist numerous accounts of Chinese citizen journalists who are using inexpensive technologies and venturing into places the mainstream media fears to go. More and more people are joining the “so-called Reincarnation Party—bloggers who bounce back with new microblog accounts after existing ones are shut down.”⁶⁴ There are hundreds of small civic media projects starting at campuses among groups of idealistic students, who don’t want to become ‘too popular since if they succeed they will fail’.⁶⁵ But these small steps are creating ripples under the calm facade of China.

59 Ibid.

60 ‘China Jails More Journalists than Any Other Country in 2014’, *Radio Free Asia* - RSF Report, December 16, 2014, at <http://www.rfa.org/english/news/china/journalists-12162014133255.html> (Accessed January 25, 2015).

61 ‘World press freedom index 2014’, Reporters Without Borders, www.rsf.org, at <http://rsf.org/index2014/en-asia.php> (Accessed January 25, 2015).

62 Ibid.

63 Ibid.

64 Paul Mooney, no. 1.

65 ‘Censorship in China: Not Letting a Hundred Flowers Bloom’, *The Economist*, Jul 31, 2014, at <http://www.economist.com/blogs/analects/2014/07/censorship-china> (Accessed January 25, 2015).

Chronology of Important Events in the Year 2014

February 2014

27: President Xi Jinping heads the Central Internet Security and Informatization leading group

June 2014

18: China bans unauthorised critical media coverage: New rule from the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT), China's main state media regulator, forbidding journalists and media organisations from publishing "critical" reports without approval from their Party work unit.

July 2014

8: China's Media Regulator Places New Restrictions on Journalists and News Organisations: China's State Administration of Press, Publication, Radio, Film and Television (SAPPRFT) publicly releases Measures on Managing Information Obtained by Press Personnel Through Professional Conduct. The Measures, dated June 30, 2014, provide new rules for journalists on sharing information both online and with foreign media. News organisations are also required to strengthen the supervision of information sharing by their employees.

August 2014

26-28: China Internet Conference advocates online self-censorship.

November 2014

18: China Hosts 'World Internet Conference' and urges action against cyber-terrorism.

4

The 'Tibet Issue' in 2014 and the Way Forward

Antara Ghosal Singh

The year 2014 was quite eventful for Tibetan politics. It witnessed both positive and negative developments of immense implications, which not only kept the 'Tibet issue' in the news throughout the year, but also loosely hinted at how it will further develop in coming years.

It is known that the Tibet issue has survived this long in the field of geopolitics because of the huge international sympathy it enjoys under the guidance of the 14th Dalai Lama. As a result, the turn of events in the international sphere in 2014 has deeply affected the strength and credence of the Tibet issue.

The year started with a high profile meeting between the Dalai Lama and US President Barack Obama at the White House in the backdrop of fierce opposition from the Chinese Government in Beijing.¹ This was the third time the two met after February 18, 2010 and July 16, 2011. President Obama endorsed the Central Tibetan Administration (CTA) proposed 'Middle Way Approach' towards resolution of the Tibet issue, and encouraged direct dialogue between the

Dalai Lama's representatives and the Chinese Government to resolve their long-standing differences, while at the same time, reiterating the US position that Tibet is a part of the People's Republic of China and that the United States does not support Tibet's independence.²

Senior Chinese officials denounced the meeting immediately, calling it "a severe interference in China's internal affairs."³ Chinese officials and intellectuals argued that when a country establishes diplomatic relationship with China, it automatically promises to respect China's sovereignty and territorial integrity. But when leaders of that country meet with "leaders of separatist political groups like the Dalai Lama", it breaks this commitment to China, which eventually dampens the relationship

1 'His Holiness the Dalai Lama Meets with President Barack Obama', February 22, 2014, at <http://tibet.net/2014/02/22/his-holiness-the-dalai-lama-meets-with-president-barack-obama/> (Accessed March 18, 2015). The website is hosted by Central Tibetan Administration.

2 'Reiterating Support for Middle Way Approach, President Obama Says Results in China and Tibetans' Interest', February 21, 2014, at <http://tibet.net/2014/02/21/reiterating-support-for-middle-way-approach-president-obama-says-results-in-china-and-tibetans-interest/> (Accessed March 3, 2015). The website is hosted by Central Tibetan Administration.

3 'Tibetan Official Slams Obama-Dalai Lama Meeting', *News from China*, 26(3), , March 9, 2014, pp.68, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020140401487305366061.pdf> (Accessed March 18, 2015).

between the two, and also violates the rule of international relations.⁴

Interestingly, taking the Chinese sentiment into consideration, most other world leaders of recent times have preferred to keep a safe distance from the Dalai Lama. In a much publicised case, the South African Government denied a visa to the Dalai Lama, preventing him from attending the World Summit of Nobel Peace Laureates which was scheduled to be held in Cape Town in October 2014. The decision caused much international denunciation and protests. As many as nine former peace prize winners and 11 affiliated organisations boycotted the conference. Desmond Tutu (anti-apartheid champion and winner of the Nobel Peace Prize, 1984) issued public statements condemning the “cowardly” act of the Jacob Zuma Government, following which the event had to be cancelled and relocated to Rome.

It was clear that Zuma’s decision came amidst a backdrop of deepening economic and military relations between South Africa and China. The sole BRICS nation from the African continent reportedly could not risk derailment of upcoming projects under China’s aegis by having the Dalai Lama attend the event in Cape Town. Beijing, on the other hand, in its official communication, welcomed South Africa’s decision reiterating China’s stance that “the Dalai Lama is a separatist

4 ‘Zhu Weiqun Talks About Dalai Clique and ‘East Turkistan’ Issues with European Reporters’, *News From China*, 26(2), , February 2014, pp. 58-63, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020140331727404958744.pdf> (Accessed March 18, 2015).

seeking to sabotage China’s national unity under the guise of religion.”⁵

Controversy around the 14th Dalai Lama continued even in Rome, when Pope Francis refused to grant an audience to him due to “protocol”.⁶ A certain section of the international media interpreted his stand in terms of the Pope’s renewed efforts towards warming up ties with China. The Chinese Government broke up ties with the Vatican in 1951 and since then has been operating a separate branch of Roman Catholic Church in China outside the Vatican’s control.⁷

Not just this, at the start of 2014, the Norwegian Prime Minister refused to meet the Dalai Lama during the 25th anniversary of the Nobel Peace Prize celebrations in Oslo, to avoid China’s displeasure.⁸ The Norwegian authorities said the move was not motivated by economic reasons but by a desire to revive diplomatic relations with China. Ties between China and

5 S. Tiezzi, ‘South Africa Prevents Dalai Lama From Attending Nobel Peace Summit’, *The Diplomat*, September 6, 2014, at <http://thediplomat.com/2014/09/south-africa-prevents-dalai-lama-from-attending-nobel-peace-summit/> (Accessed March 18, 2015).

6 ‘Pope cites protocol for refusing Dalai Lama meeting’, *Tibetan Review*, January 21, 2015, at <http://www.tibetanreview.net/pope-cites-protocol-for-refusing-dalai-lama-meeting/> (Accessed March 18, 2015).

7 A. Cowell, ‘Pope Declines to Meet With Dalai Lama’, *The New York Times*, December 12, 2014, at http://www.nytimes.com/2014/12/13/world/europe/pope-declines-to-meet-dalai-lama-reports-say.html?_r=0 (Accessed March 18, 2015).

8 A.J. Yu, ‘Dalai Lama Debacle Stirs Anger in South Africa’, *The New York Times*, October 6, 2014, at http://sinosphere.blogs.nytimes.com/2014/10/06/dalai-lama-debacle-stirs-anger-in-south-africa/?_r=0 (Accessed March 5, 2015).

Norway deteriorated since the Norwegian Nobel Committee awarded the Nobel Peace Prize to Chinese dissident, Liu Xiaobo, four years ago.⁹

Another uncomfortable turn of events in the Tibet issue was the anti-Dalai Lama protests carried out during the Dalai Lama's visit to the United States.

Some sections of the international media portrayed these protestors as "a fringe group of Buddhist extremists who worship a deity called Shugden and pursue an ideology of Gelug supremacy".¹⁰ To put it into perspective, Tibetan Buddhism, which is considered to be one of the purest forms of Buddhism emanating from the Nalanda tradition, is sub-divided into four basic sects— Sakya, Gelug, Kagyu and Nyingma.¹¹ Within the Gelug and Sakya School, there is a subgroup that practice propitiation of the Shugden deity. It is this community of Shugden followers who organised the protest against the Dalai Lama demanding better religious freedom. The protestors carried placards of "A Great Deception" and "False Dalai

Lama" and accused the 14th Dalai Lama of being "liar" "evil," and "dictator."¹²

Chinese scholars (even of Tibetan origin) have already endorsed the claims of the protestors and even accused the 14th Dalai Lama of persecuting worshippers of the community since the 1990s, terming them as "Chinese spies".¹³ American Tibetologists, like Robert Thurman, Professor of Indo-Tibetan Buddhism at Columbia University and co-founder and President of Tibet House in the US, however, disapproved of the group's claims and accused them of being politically motivated. In his article published in the Huffington Post, Thurman argued that the movement could not have survived without funding from "hard-line operatives of the United Front Work Department of the People's Republic of China, the agency in charge of dealing with China's minority nationalities".¹⁴ The purpose of the protests, he said, is to malign the Dalai Lama's image and distance him from his followers and sympathisers.

As a matter of fact, the practice of Dolgyal propitiation has a long controversial history within the Tibetan community. It arose out of hostility

9 'Unofficial Welcome Awaits Dalai Lama', *Central Tibetan Administration*, May 6, 2014, at <http://tibet.net/2014/05/07/unofficial-welcome-awaits-dalai-lama/> (Accessed March 8, 2015).

10 T. Dorjee, '6 Things You Should Know about the Anti-Dalai Lama Protesters', *The Huffington Post*, November 5, 2014, at http://www.huffingtonpost.com/tenzin-dorjee/6-things-to-know-about-th_b_6104716.html?ir=India (Accessed March 18, 2015).

11 'His Holiness Begins Teaching for Taiwanese Devotees', *Central Tibetan Administration*, October 6, 2014, Dharamsala at <http://tibet.net/2014/10/06/his-holiness-begins-teaching-for-taiwanese-devotees/> (Accessed March 19, 2015).

12 R. Thurman, 'Concerning The Current Wave of 'Protest Demonstrations' against His Holiness the Dalai Lama', *The Huffington Post*, November 4, 2014, at http://www.huffingtonpost.com/robert-thurman/dalai-lama-protests-_b_6096576.html?ir=India (Accessed March 18, 2015).

13 A. Bkraces, 'True Buddhists can't be Proud of Dalai's record.', *China Daily*, April 23, 2008, at http://www.chinadaily.com.cn/opinion/2008-04/23/content_6637168.htm (Accessed March 18, 2015).

14 R. Thurman, 'The Dalai Lama and the Cult of Dolgyal Shugden', *The Huffington Post*, March 5, 2014, at http://www.huffingtonpost.com/robert-thurman/the-dalai-lama-cult-of-dolgyal-shugden_b_4903441.html?ir=India (Accessed March 18, 2015).

to the fifth Dalai Lama and his government in the 17th century and since then has been considered by most Tibetan spiritual leaders as a tradition emerging out of “misguided intentions” and posing threat to the Tibetan tradition of leadership by the Dalai Lamas.

Accordingly, the Central Tibetan Administration, in its official communiqué, clarified that the Dalai Lama strongly discourages Tibetan Buddhists from propitiating “the fierce spirit known as Dolgyal (Shugden) after long and careful investigation”.¹⁵ Although he once practiced Dolgyal propitiation himself, after discovering its ill effects on Tibetan society, culture and religion, he denounced the practice in 1975.

In the official communication, the Dalai Lama rejected the practice on three grounds: (i) it promotes the spirit of Dolgyal (Shugden) to be more important than the Buddha himself and thereby bears the risk of turning the rich tradition of Tibetan Buddhism into a mere cult like practice, (ii) it promotes sectarianism within the Tibetan Buddhist tradition (iii) the practice is divisive, controversial and not appropriate in the current Tibetan context, in which unity among the Tibetan people is of utmost importance.¹⁶

Although he left the final decision of accepting or rejecting his advice on the issue with the Tibetan people, he did request that those who continue to propitiate Dolgyal need not attend his formal religious teachings. It is this directive of the Dalai

Lama, which is being contested by the protestors as repression of their religious freedom.

In addition to such international developments, it is important to map the developments within the realm of other stakeholders of the Tibet issue, namely, the Chinese side which claims Tibet to be a part of the PRC, the Central Tibetan Administration (CTA) which claims to represent majority of the Tibetans in exile and the Indian side which houses the CTA and hosts the maximum number of Tibetans (1,09,015¹⁷) in exile. When viewed in its entirety, it reflects the actual status of the ‘Tibet issue’ as it stands today and provides a clearer picture of where it is heading in the days to come.

‘The Tibet Issue’ from the Chinese Perspective

According to the Chinese perspective, Tibet Autonomous Region (TAR) stands as an epitome of Chinese style “Leapfrog development model” and the Tibetan people in China completely endorse this development spree in their neighbourhood and are reaping rich benefits from the same.

China’s understanding of and attitude towards ‘the Tibet issue’ can be summed up by the recent comments by some top Chinese-Tibetan legislators. “Leap-frog development is the basis for solving all problems Tibet is facing” said Losang Jamcan, chairman of the Tibetan regional government. Cui Yuying, vice head of the Information Office of China’s State Council added that the sections in the international community

15 ‘His Holiness the Dalai Lama’s Advice Concerning Dolgyal (Shugden)’, June 5 2008, at <http://tibet.net/2008/06/05/his-holiness-the-dalai-lamas-advice-concerning-dolgyal/> (Accessed March 20, 2015).

16 Ibid.

17 ‘Annual Report 2013-2014’, *Government of India, Ministry of Home Affairs*, New Delhi, at [http://mha.nic.in/sites/upload_files/mha/files/AR\(E\)1314.pdf](http://mha.nic.in/sites/upload_files/mha/files/AR(E)1314.pdf) (Accessed March 19, 2015).

who question Tibet's development spree and equates it as annihilation of Tibetan culture and environment actually want Tibet to remain primitive. Whereas, they say, China wants Tibet to go ahead with the general trend of development of human society and continue on the irreversible path of development and civilisation.

The Chinese policy makers proudly highlight the long list of developmental works that they have conducted in Tibet especially in the infrastructure and transportation realm. By the end of 2013, there was already 48,678 km of highway in Tibet and is expected to meet the 110,000 km target by 2020¹⁸. The total highway mileage in Tibet has reached 70,591 km, the passenger transport coverage at the county level and township level has hit 98.6 per cent and 56 per cent respectively.¹⁹ China recently celebrated the 60th anniversary of the opening of the Sichuan-Tibet and Qinghai-Tibet highways stretching more than 4,360 km in length. The government invested 9.7 billion Yuan (US\$ 1.6 billion) to develop this highway in Tibet. The ultimate objective of the Chinese authorities is to ensure that every village in Tibet Autonomous Region is connected to the outside.

In terms of railways, China plans to develop a primary network with 1,300 km of rails in operation by 2020.²⁰ In fact, the second railway line in Tibet

Autonomous Region, which is an extension of the Qinghai-Tibet railway connecting Lhasa and Xigaze and which has been constructed at the cost of 13.28 billion Yuan (US\$ 2.16 billion), has recently started functioning. With this new addition, the total length of operating railways in Tibet at present has reached 802 km.²¹ Made at the cost of more than 50,000 Yuan per meter on an average, this is also the most expensive railway project in China's history. There are plans to construct more railways linking different parts of Tibet. The one from Lhasa to Nyingchi in the southeast of Tibet was scheduled to be started in 2014.

China is also investing heavily on water infrastructure projects in the Tibet Autonomous Region. China has reportedly invested a total of 30 billion yuan (US\$ 4.87 billion) on more than 1,000 projects in the region which provide safe drinking water for 2.39 million people and produces electricity for about 360,000 herdsman. The area of farmland under irrigation in Tibet is now over 200,000 hectares²².

According to Chinese sources, all these development activities in the Tibet Autonomous Region have produced good results and during the year of 2012 the GDP of Tibet increased by 13 per cent, which is the 20th double-digit annual increase during the past two decades and the disposable income of farmers and herdsman have

18 'Chinese President Stresses Better Transport for Tibet', *News From China*, 26(8), August 6, 2014, pp. 48, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020140911543301261235.pdf> (Accessed March 18, 2015).

19 K. Lin, 'More Remote Villages Access Highway in Tibet', *News From China*, 26(5), May 2014, pp. 60, at <http://in.chineseembassy.org/eng/xwfw/zgxw/P020140715025140554984.pdf> (Accessed March 18, 2015).

20 No. 18.

21 'Tibet's Second Railway Line Opens', *News From China*, 26(9), September 2014, pp. 57-59, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020141209031207836319.pdf> (Accessed March 19, 2015).

22 'China Invests 30 bln Yuan on Tibet Water Infrastructure', *Xinhua*. Beijing, August 23, 2014, at http://news.xinhuanet.com/english/china/2014-08/23/c_133578775.htm, (Accessed March 23, 2015).

recorded a 17 per cent increase, which is the 10th successive double-digit rise in the past decade.²³ It has also been reported that Tibet Autonomous Region maintained its double digit growth rate in 2014 as well even though the Chinese economy, as a whole, entered a phase of lower economic growth. According to Chinese official estimates, Tibet's foreign trade has increased to US\$ 3.3 billion in 2013 from US\$ 1.36 billion in 2011²⁴. The flow of tourists in the plateau has also increased. Tourist arrivals in Tibet reached 12.9 million in 2013 from 1.8 million in 2005 and tourism revenue increased from 1.94 billion yuan to 16.5 billion yuan during the period.²⁵

Chinese officials also claim that such development activities are being carried out keeping in mind the need for protection of heritage and environment in the plateau. They say that over the past eight years the central treasury has allocated a total of 97.2 million yuan to intangible heritage in Tibet Autonomous Region²⁶.

23 'Zhu Weiqun Talks About Dalai Clique and 'East Turkistan' Issues with European Reporters', *News From China*, 26(2), February 2014, pp. 58-63, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020140331727404958744.pdf> (Accessed March 19, 2015).

24 'Tibet's Second Railway Line Opens', *News From China*, 26 (9), September 2014, pp. 57-59, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020141209031207836319.pdf> (Accessed March 19, 2015).

25 'Tourist to Tibet during Holiday Hits Record High', *News From China*, 26 (10), , October 2014, pp. . 52, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020141209032397199233.pdf> , (Accessed March 19, 2015).

26 'Tibet's intangible heritage well-protected, says official', *Xinhua*, September 14, 2014, at <http://english.cntv.cn/2014/08/14/ARTI1407974763302590.shtml> (Accessed March 23, 2015).

This year China also organised a two-day Tibet Development Forum inviting more than 100 representatives from around the world including delegates from Britain, India, the United States and other countries. Jointly sponsored by the Information Office of China's State Council and the regional government of Tibet, the forum aimed at showcasing the level of development achieved in Tibet Autonomous Region under the Communist party rule.

The forum culminated into a consensus, namely the *Lhasa Consensus*, which reaffirmed the Chinese Government's strong commitment to put Tibet in an irreversible development/modernisation path, while highlighting Tibetan people's endorsement of China's 'Leapfrog development' campaign and discarding all claims made by the 14th Dalai Lama, his followers and some sections of the international media of human right violations and repression of religious freedom in the region. The top legislators of the Tibet Autonomous Region mentioned that through this initiative they tried to "introduce the real Tibet to the world" and conveyed their wish to hold the forum regularly from now on.²⁷

At the end of the forum the participants signed the Lhasa consensus, endorsing the Chinese claim on developmental strides in Tibet. "...They enjoy sound economic growth, social harmony, deep-rooted Tibetan culture and beautiful natural scenery, and the people enjoy a happy life and are satisfied with their well-off lives, good education, sound medical care, housing and various social

27 'China Opens Tibet Forum with Focus on Development', *News From China*, 26 (8), August 12, 2014, pp. 49, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020140911543301261235.pdf> (Accessed March 19, 2015).

securities,” reads the document.²⁸ Furthermore, during the forum the Chinese side claimed that relations between the Han and Tibetan people has greatly improved in recent times, but it is the Dalai Lama who keeps manipulating the situation and interrupting the development process.

It is important to note here that during the end of the Hu-Wen administration there was a growing hope among the strategist community worldwide about a “possible change in heart” in the Chinese leadership regarding Tibet especially with the new generation of leaders taking office in Beijing. Some Chinese academics too interpreted it as a window of opportunity and opined that Beijing should be prudent to negotiate “now” especially while the Dalai Lama is alive²⁹. Several media reports even hinted at the possibility of rapprochement and highlighted that there’s an ongoing informal talk between CTA and the Chinese leadership over the Dalai Lama’s possible return to Tibet. However, the official discourse of the Chinese leadership at different public forums, clearly ruled out any significant change in Beijing’s Tibet policy under the Xi-Li leadership.

For instance, in one case, Zhu Weiqun, the director of the Committee for Ethnic and Religious Affairs of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC), in his recent interactions with European media, mentioned that, “given the Dalai Lama’s role in the

rebellion in Lhasa in 1959, the armed insurgence in China’s border areas in 1960s, and the “3.14” riots in Lhasa in 2008, the high degree autonomy demanded by him is considered as two steps for Tibet’s independence—which is unacceptable to China.” He further added that the Dalai Lama and his followers continue to pose a threat to China’s peace, security and integrity and therefore need to be treated like any other extremist groups who try to pressurise the Chinese Government or split Chinese territory.

Again, in a panel discussion held at the Great Hall of People in the beginning of 2014, Padma Choling, chairman of the standing committee of the People’s Congress of the Tibet Autonomous Region, made it clear that the Chinese stand towards the Dalai Lama continues to remain unchanged. “There’s no change in our thinking on the Dalai Lama problem, and we can’t make any change on that thinking,”³⁰

‘The Tibet Issue’ from the CTA Perspective

The Tibetan community in exile, as represented by the CTA, has a different tale to tell. They believe that the situation prevalent today in Tibet has worsened since the 2008 Tibetan uprising. They quote the recent reports issued by the US Government and Human Rights Watch pointing at the Chinese Government’s high handedness in suppressing Tibetan political, cultural, religious and socio-economic rights in the name of combating separatist sentiment. In their publications, periodicals and interactions with foreign media

28 ‘Lhasa Consensus’, *Xinhua*, August 14, 2014. Lhasa, at http://news.xinhuanet.com/english/china/2014-08/14/c_126868303.htm (Accessed March 19, 2015).

29 ‘Tibet and India’s Security: Himalayan Region, Refugees and Sino-Indian Relations’, *IDSA Task Force Report*, Institute for Defence Studies and Analyses, May 2012, at <http://www.idsa.in/book/TibetandIndiasSecurity.html>, pp. 112, (Accessed March 8, 2015).

30 W. Huazhong, ‘Dalai ‘sabotaged ties’: Tibet authority’, *China Daily*, March 10, 2014, at http://www.chinadaily.com.cn/china/2014npcandcppcc/2014-03/10/content_17334172.htm (Accessed March 19, 2015).

the CTA has time and again stressed on issues like steady influx of Han Chinese population into Tibet since 2008, the ongoing economic marginalisation and employment discrimination against the Tibetan community, policy of patriotic re-education, stricter vigilance on the movement and activity of the Tibetan community, tighter control on media, interference in religious affairs like reincarnation of Lamas and Tulkus, raids in monasteries, arbitrary arrest and imprisonment, and torture and ill-treatment in detention.

They put forward the recent example of Driru, a county under Nagchu prefecture in TAR, which has been in the headlines throughout the year 2013-14 for incidents of unrest marked by self-immolations, massive protests, burning of flags and mass detention.

They further claim that China has tightened its border along Nepal and has worked out new arrangements with the security officials of Nepal to discourage Tibetans from escaping to India through Nepal.³¹ According to CTA, Tibetans have reacted to this crackdown by self-immolating, a practice which though considered “horrific”, is seen as the last resort for the “oppressed Tibetans” in China’s Tibet. They further clarify that earlier the majority of protestors were monks but now protests are region-wide and include the regular inhabitants and even students.

The CTA wants the international community to urge China to stop their “patriotic re-education” and “strike hard” campaign in Tibet and till the time this objective is achieved they plan to

31 M. Kissel, ‘Don’t Forget Tibet’, *The Wall Street Journal*, November 20, 2013, at <http://www.wsj.com/articles/SB10001424052702303653004579209762537626186> (Accessed March 19, 2015).

keep alive the ‘Tibet cause’ and make efforts to solve it through non-violence and dialogue with China’s leaders.³²

In their effort of keeping the Tibet issue alive, the Tibetan leaders in exile are constantly reinventing the Tibetan cause as per the changes in global geopolitics. They have publicly moved away from their original demand of Tibetan independence and are now demanding “genuine autonomy under Chinese sovereignty” which is an arrangement similar to what China has in Hong Kong and Macau.³³ Sikyong Dr Lobsang Sangay, the Prime Minister of Tibetan Government in exile, while interacting with international media, mentioned in clear terms that in spite of his roots in Tibetan Youth Congress and Students for a Free Tibet, (both of which are strong advocates of Rangzen, or complete independence of Tibet), he has realised over the years that it is now, only realistic to opt for the ‘Middle Way Approach’ and target for ‘genuine autonomy’ of Tibet under Chinese sovereignty.³⁴

The “Middle Way Approach” policy was actually formulated by the 14th Dalai Lama and the then Tibetan administration in 1974 as a realistic option

32 ‘Current Human Rights Situation in Tibet’, *Tibetan Bulletin*, 17(6), November-December 2013; pp. 7-9, at <http://tibet.net/wp-content/uploads/2014/05/nov-dec-2013final.pdf> (Accessed March 19, 2015).

33 S. Kumar, ‘Interview: Lobsang Sangay’, January 23, 2015, at <http://thediplomat.com/2015/01/interview-lobsang-sangay-2/> (Accessed March 19, 2015).

34 A. Sharma, ‘Interview: Lobsang Sangay’, *The Diplomat*, April 7, 2014, at <http://thediplomat.com/2014/04/interview-lobsang-sangay/> (Accessed March 19, 2015).

to solve the issue of Tibet.³⁵ In 1979 Chinese leader, Deng Xiaoping, agreed that, “apart from independence, all issues can be discussed” and offered to carry talks with the Dalai Lama under the proposed approach. This was followed by several rounds of talks between Dharamsala and Beijing. However, the talks have been stalled since 2010, given the growing trust deficit between the two sides. According to Beijing, the CTA’s proposal of “genuine autonomy” is tantamount to Tibetan independence while the CTA leaders counter that Beijing is particularly reluctant to provide genuine autonomy or ‘one country two system’ arrangement to TAR just because “Tibetans are not Han Chinese”.

Other than the difficulties in dealing with Beijing, the Tibetan community in exile is facing yet another challenge—that is of leadership. The 14th Dalai Lama, the spiritual head for the Tibetan community has already expressed his wish to do away with the institution of Dalai Lama after him. In recent interviews, he reiterated his stand that he sees no need for a successor to follow him and it is better to finish the tradition with a popular Dalai Lama. He even says that it is better to have no Dalai Lama than having a “stupid” one.³⁶

The present Dalai Lama’s decision has been interpreted differently by different strategists and Tibetologists. Some see this as an effort

to prevent the Chinese authorities to intrude in Tibet’s religious affairs and thereby misuse the institution for political gains. The 14th Dalai Lama, they say, certainly does not want a re-run of the Panchen Lama episode where the 6-year-old boy selected as Panchen Lama was taken into custody by the Chinese authorities and went missing after that.³⁷

Others perceive this move as a bargaining tool by the Tibetan leadership in exile to create pressure on the policy makers in Beijing to initiate talks with the representatives of the existing Dalai Lama. The idea is that given the popularity and acceptance of the 14th Dalai Lama within the Tibetan community and beyond, any settlement between Beijing and Dharamsala will be more easily accepted by the Tibetans and also the international community at large. But, with the existing Dalai Lama disappearing from the scene, the outcome can be very different.³⁸

Interestingly, most Tibetologists and sympathisers of the Tibet struggle rather welcomed the decision, saying that if the Tibet movement has to survive the test of time and live past the 14th Dalai Lama’s life, then it has to make way for more democratisation and representational style of functioning. The end of the ‘Dalai Lama’ system,

35 ‘CTA to Launch Middle Way Approach Campaign’, *Central Tibetan Administration*, June 3, 2014 at <http://tibet.net/2014/06/03/cta-to-launch-middle-way-approach-campaign/> (Accessed March 19, 2015).

36 D. Mosbergen, ‘Dalai Lama Says He’d Prefer to be the Last Dalai Lama than have a ‘Stupid’ Successor’, *The Huffington Post*, December 18, 2014, at http://www.huffingtonpost.com/2014/12/18/last-dalai-lama-successor-stupid_n_6341922.html?ir=India (Accessed March 8, 2015).

37 S. Silbert, ‘Why the Dalai Lama Says Reincarnation Might Not Be for Him’, *Los Angeles Times*, December 20, 2014, at <http://www.latimes.com/world/asia/la-fg-dalai-lama-reincarnation-20141219-story.html> (Accessed March 19, 2015).

38 S. Kumar, ‘Interview: Lobsang Sangay’, *The Diplomat*, January 23, 2015, at <http://thediplomat.com/2015/01/interview-lobsang-sangay-2/> (Accessed March 19, 2015).

they believe, will be an important step towards this goal.³⁹

The CTA, however, maintains that this is the Dalai Lama's personal decision, while the final one of having or not having the 15th Dalai Lama will be taken by the Tibetan people themselves. Chinese authorities, on the other hand, have been very critical of the move accusing the Dalai Lama of trying to distort and negate history and tradition.⁴⁰

The Kunming Attack and the Question of Chinese Minorities

It is evident from the above discussion that as per the ruling elites of China, the antidote for all kind of unrest in China is economic development. No doubt, they have achieved great feats in this domain in the last few decades, however, the Chinese dream of harmony and stability still remain elusive, especially in the minority areas. China, of late, has been stirred time and again, by repeated extremist attacks especially from the separatist groups and religious fundamentalists from the Xinjiang region. The Kunming attack of March 1, when some armed assailants stabbed 29 civilians to death at the railway station and injured 140 others was a significant development in this regard. The intensity of the Kunming attack was much bigger than the 2013 Tiananmen Square

Suicide attack and the other random incidents of terrorist strikes in the Xinjiang Uighur Autonomous Region, and it took the whole nation by shock and immediately hit national and international headlines. While most nations condemned the heinous attack, the incident once again brought the issue of China's overall handling of minority affairs under severe criticism across the globe.

Along with Xinjiang, the Tibet issue was once again raked up in the international media. Questions were raised as to why the practice of self-immolation among Tibetans could not be stopped in spite of the breakneck developmental pace in Tibet.

Both domestic and international pressure forced the Chinese policy makers to prioritise on the issue of religious extremism. Premier Li Keqiang while delivering his first government work report at the National People's Congress (NPC), held in March 2014, vowed a "firm crackdown on terrorism".⁴¹ Zhu Weiqun, the director of the Committee for Ethnic and Religious Affairs of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), even proposed a "comprehensive policy" to tackle extremism based on three key principles 1) even stricter crack down upon all the religious extremism propagating groups, cutting off their broadcasting channels and underground preaching places, 2) inculcating "secularization of social life" and nurturing "patriotic" religious

39 A. Blumberg, 'Dalai Lama Sees No Need for Successor: 'Let Us Finish with a Popular Dalai Lama', *The Huffington Post*, September 9, 2014, at http://www.huffingtonpost.com/2014/09/09/dalai-lama-successor_n_5790572.html?ir=India (Accessed March 8, 2015).

40 S. Dasgupta, 'China Snubs Dalai Lama, Says It can Appoint His Successor', *The Times of India*, September 12, 2014, at <http://timesofindia.indiatimes.com/world/china/China-snubs-Dalai-Lama-says-it-can-appoint-his-successor/articleshow/42301043.cms> (Accessed March 8, 2015).

41 'Chinese Premier Vows Firm Crack Down on Terrorism', *News From China*, , 26 (3), March 2014, pp. 9, at <http://in.china-embassy.org/eng/xwfw/zgxw/P020140401487305366061.pdf> (Accessed March 19, 2015).

figures, and 3) boosting employment and developing local economy in ethnic areas.⁴²

However, many in the international community thinks that China's present approach to tackle religious unrest in its minority areas is rather shallow and much more needs to be done to address the issue comprehensively. An article in *the Economist* stated, "the Communist Party must face up to the uncomfortable truth that its policy for integrating the countries restless western regions—a policy that mixes repression, development and Han-Chinese migration—is failing to persuade non-Han groups of the merits of Chinese rule."⁴³

It argues that the Chinese policy of checking the Tibetans and Uighurs by force is only worsening the situation and making the minority population more defiant and rebellious. Lifting bans on religious and cultural practices and targeting the benefits of economic development to the minority communities are the only way forward, the report suggests. Other scholars propose federalism as a conceivable, peaceful long-term solution to Beijing's problem of minority unrest. A workable form of federalism in which Tibet, Xinjiang, Taiwan, along with Hong Kong and Macau maintain their substantial autonomy is the most viable way

forward for China, they opine.⁴⁴ Unfortunately, such suggestions are yet to make any dent on China's Tibet policy.

India's Present Stand on the Tibet Issue

As is known, any analysis of the Tibet issue is rather incomplete without taking into consideration India's point of view. Ever since welcoming the 14th Dalai Lama in 1959, India's stand on the Tibet issue has been consistent and based on humanitarian grounds, which is much in line with its long tradition of giving refuge to persecuted people from all over the world. Although after the 1962 conundrum, Indian policy makers have mostly shied away from initiating any forward policy vis-à-vis China regarding Tibet, however, India continues to host the Dalai Lama as an honoured guest, provide humanitarian assistance to the Tibetan people, and facilitate the preservation of Tibetan culture, religion, and language. India's handling of the Tibet issue so far has generated immense public support at home, elicited admiration from the international community and enhanced its soft power at the global level, though all at the cost of good relations with China.

However, the Tibet issue, in its present phase, marked by an imminent absence of the Dalai Lama and the presence of a stronger-than-ever China along its border, creates new challenges as well as opportunities for India. Among the challenges, the likelihood of a headless, internal strife ridden Tibetan community, where certain sections can

42 Weiqun, Z. 'Fighting against Religious Extremism Needs Comprehensive Measures', *News From China*, 26 (6), June 2014, pp. 52-56, at <http://in.chineseembassy.org/eng/xwfw/zgxw/P020140715027000132602.pdf> (Accessed March 19, 2015).

43 'China's Restless West, the Burden of Empire', *The Economist*, March 8, 2014, at <http://www.economist.com/news/leaders/21598647-after-brutal-attack-china-communist-party-needs-change-its-policies-towards> (Accessed March 8, 2015).

44 S. Moore, 'The United States of China', *The New York Times*, March 11, 2014, at http://www.nytimes.com/2014/03/12/opinion/the-united-states-of-china.html?_r=1 (Accessed March 19, 2015).

get swayed by some form of militant nationalism in the absence of a charismatic leader will only add on to India's concerns. Such a situation may not just lead to instability within its borders but may further complicate Sino-Indian relationship at large. Some section of Indian scholars caution of a worst case situation, where in a post-Dalai Lama era China may equate Tibetans in India with terrorists and charge India for harbouring terrorism or "even orchestrate a stance on Tawang" creating more pressure on India⁴⁵.

Amidst these challenges, there are some opportunities as well. India can now play a more prominent role in facilitating the process of "transition and institutionalisation of the Tibetan movement" and thereby show the international community that it is capable of handling complex issues like protection of human rights, preservation of culture and promotion of democracy in an apt manner.

In this regard, the new government in Delhi did inject some fresh blood in the existing scheme of things. On the very first day, it attracted much media glare by inviting Sikyong Dr. Lobsang Sangey, the prime minister of Tibetans in exile for the oath-taking ceremony of PM Narendra Modi.⁴⁶ Similarly External Affairs Minister Sushma Swaraj's comment stating, "For India to agree to a one-China policy, China should reaffirm

a one-India policy," too made much stir in the international community.⁴⁷ Also, much in sync with the practice initiated during ex-Prime Minister Manmohan Singh's visit to China in 2008, the joint statement signed by PM Modi and Chinese president Xi Jinping, during the latter's maiden visit to India in 2014, did not have any mention of the Tibet issue.⁴⁸

Further, through the appointment of Kirin Rijju, an MP from Arunachal Pradesh, as MoS in Ministry of Defence and Gen. V.K. Singh as the minister for North East of India, the new government conveyed an early signal of its "proactive" stand in the space of foreign policy and border security mechanism. Border infrastructure development also gained momentum under the new government. For instance, just days before Chinese President Xi Jinping's visit to India in 2014, the government publicly expressed its willingness to ease up environmental restrictions on building roads, military facilities and initiating electrification projects along the disputed border with China even on the face of criticism from the Chinese side.⁴⁹ The Union Home

45 'Tibet and India's Security: Himalayan Region, Refugees and Sino-Indian Relations', *IDSA Task Force Report*, Institute for Defence Studies and Analyses. May 2012, at <http://www.idsa.in/book/TibetandIndiasSecurity.html>, (Accessed March 8, 2015).

46 'Modi Invite to PM-in-exile Thrills Tibetans', *The Times of India*, May 27, 2014, at <http://timesofindia.indiatimes.com/news/Modi-invite-to-PM-in-exile-thrills-Tibetans/articleshow/35627695.cms> (Accessed March 8, 2015).

47 P.D. Samanta, 'One China? What about One India policy: Sushma Swaraj to Wang Yi', *The Indian Express*, June 12, 2014, at <http://indianexpress.com/article/india/india-others/one-china-what-about-one-india-policy-sushma-to-wang/> (Accessed March 8, 2015).

48 'Joint Statement between the Republic of India and the People's Republic of China on Building a Closer Developmental Partnership', September 19, 2014, at <http://www.mea.gov.in/incoming-visit-detail.htm?24022/oint+Statement+between+the+Republic+of+India+and+the+Peoples+Republic+of+China+on+Building+a+Closer+Developmental+Partnership> (Accessed March 22, 2015).

49 'With Eye on China, India to Develop Disputed Border Region', *NDTV*, September 15, 2014, at <http://www.ndtv.com/india-news/with-eye-on-china-india-to-develop-disputed-border-region-666570> (Accessed March 23, 2015).

Ministry also gave an 'in-principle' approval for induction of around 12,000 personnel into the Indo-Tibetan Border Police to tackle the rising number of border incursions by the Chinese Army and announced a Rs. 175 crore package for beefing up infrastructure along the border in Arunachal Pradesh.⁵⁰

All these developments resonate well with India's shifting stand on the Tibet issue. As noted by Rajiv Sikri, a former secretary of the Ministry of External Affairs for India, India has realised over the years that given its open democratic system and its 'dharma' based culture, it can never match up to Beijing's expectation of its handling of the Tibet issue, while at the same time, it can do very little to make China give up its claim over Tibet. This made it necessary for India to re-look at its Tibet policy. Since 2008 India has purposely refrained from any explicit mention of 'One China policy' at any public forum, has conducted several state visits in Arunachal and held state meetings with the 14th Dalai Lama ignoring all Chinese criticisms and complaints. Also, after the 2008 Tibet uprising, India openly disagreed with Beijing's official stand, condemned the killing of "innocent people", drew attention to the legitimacy of the Tibetan's demand for autonomy and urged Beijing to solve the issue through talk and not by use of force. Since 2010, Indian policy makers have also publicly linked the Tibet question to China's position on Kashmir issue, Arunachal issue, China-Pakistan relations and China's plans to

dam rivers in Tibet.⁵¹ The idea that successive governments wants to convey is that if India is expected to be sensitive towards China's concern over Tibet and Taiwan, then India too expects the same sensitivity from China regarding some of its own core concerns.

Furthermore, at the domestic level this year, India conferred voting rights to the eligible candidates of the Tibetan community in India after 55 long years.⁵² The Election Commission (EC) ordered all states to include children of Tibetan refugees born in India between the cut-off date of 1950 and 1987, in the electoral list. The move on part of the EC comes in the wake of an August 2013 Karnataka High Court order which paved the way for granting Indian citizenship to Tibetan refugees.⁵³ Before this, in yet another case, the Delhi High Court too directed the Ministry of External Affairs (MEA) to issue passport to a Tibetan applicant stating that Tibetans are considered stateless and are entitled to the travel document.⁵⁴

50 'Government to Sanction 12 Battalions to ITBP for China Border Duties', *The Economic Times (PTI)* October 27, 2014, at http://articles.economictimes.indiatimes.com/2014-10-27/news/55482928_1_itbp-border-dispute-indo-china (Accessed March 23, 2015).

51 R. Sikri, 'The Tibet factor in India-China relations', *Journal of International Affairs*, Spring/Summer 2011, 64 (2), pp. 55-71. (Accessed March 21, 2015).

52 S Gopal Puri, '217 Tibetans to Vote for First Time in India', *The Times of India*, May 2, 2014, at <http://timesofindia.indiatimes.com/news/217-Tibetans-to-vote-for-first-time-in-India/articleshow/34506206.cms> (Accessed July 28, 2015).

53 S. Nair, 'Tibetans in India Get Voting Rights after 55 Years', *Tibet Sun*, February 13, 2014, at <http://www.tibetsun.com/news/2014/02/13/tibetans-in-india-get-voting-rights-after-55-years> (Accessed March 19, 2015).

54 K. Sarda, 'Ministry of External Affairs Asked to Issue Passport to Tibetan', *DNA*, December 27, 2010, at <http://www.dnaindia.com/india/report-ministry-of-external-affairs-asked-to-issue-passport-to-tibetan-1487029> (Accessed March 21, 2015).

Actually, Tibetan refugees born in India have always been entitled to Indian citizenship according to Section three of the Indian Citizenship Act 1955, however, the claimants for Indian citizenship among the Tibetan community has been rather limited so far. All this while Tibetans born in India have preferred to be recognised as foreigners and have been using a permit to be renewed every year, or in some cases every five years as their identity document. As foreigners in India, they are not allowed to own land, are ineligible for professional job opportunities and are often harassed by police for participating in anti-China protests.

Under such a situation, the EC directive generated a mixed response from the Tibetan community in India. While some welcomed the move and expressed happiness to get some kind of identity and rights, many saw it as a blow to more than 50 years of struggle that could diminish their chance of returning to their homeland.⁵⁵ The CTA, which has its own elections for Tibetans in India, took a neutral stance on the subject. While stating their stand that they do not want to settle in India and wish to eventually go back to Tibet, they added that they also do not intend to stop people from availing their rights and hence will leave it as a personal choice of the Tibetans in India.

Also, not all in the Indian policy circle backed the Election Commission's decision. It has been reported that the Ministry of Home Affairs (MHA) has decided to challenge the Election Commission's decision, citing its serious impact

55 V. Bhatia, 'They Would Rather Be Tibetan Refugees than Indian Voters', *The Indian Express*, May 2, 2014, at <http://indianexpress.com/article/india/politics/they-would-rather-be-tibetan-refugees-than-indian-voters/#sthash.Pif1w3RY.dpuf> (Accessed March 19, 2015).

on diplomatic ties with China⁵⁶. The MHA was also unhappy due to the fact that it was never consulted on the issue and was not made a respondent in the case even when the custody of the Citizenship Act lies with it. The court made the Ministry of External Affairs (MEA) a respondent on behalf of the central government in the case. MEA has also supported the court's views on the matter. The Home Ministry has reportedly written to the MEA requesting it to challenge the poll panel's order in the Supreme Court. The MEA, however, has not yet appealed against the order⁵⁷.

To sum up, India's Tibet policy or rather China policy has definitely received a face-lift under the new government, however, there's still much room for manoeuvre. To handle the Tibet issue aptly in the post-Dalai Lama era, India needs even better preparation with a more comprehensive strategy and a more coordinated approach from its different agencies (like MEA, MHA among others). India will also benefit by initiating dialogues at different levels between Beijing and Dharamsala regarding the return of the Dalai Lama and the Tibetans in exile, between New Delhi and Dharamsala regarding preparedness for post-Dalai Lama contingencies and between New Delhi, Beijing and the international community at large regarding the need to stop environmental degradation in Tibet on the pretext of economic development. After all, a Tibet with its indigenous

56 N.B. Ahuja, 'MHA to Challenge Poll Panel Order on Tibetan Votes', *The Asian Age*, March 27, 2014, at <http://archive.asianage.com/india/mha-challenge-poll-panel-order-tibetan-votes-366> (Accessed 21 March 21, 2015).

57 A. Bhalla, 'MHA against Voting Rights for Tibetan Refugees', *Mail Today*, April 7, 2014, at <http://indiatoday.intoday.in/story/ministry-of-home-affairs-election-commission-tibetan-refugees-voting-rights/1/353305.html> (Accessed March 21, 2015).

people of Buddhist values acting as an ecological buffer zone or a global common between China and India, suits the best interest of India.

Conclusion

In regard to the Tibet issue, broadly two conditions can emerge from here on. First, and the more likely one is that the Tibet issue will further dissolve in the global scheme of events and the dissenting voice of the Tibetans further silenced by the economic and political might of rising China. The growing age of the Dalai Lama and the absence of a strong leadership among the Tibetan community in exile in his absence will further weaken the Tibetan cause in coming days. Whereas, given the economic boom, the rising military strength and the vast network of infrastructure in place, Beijing's grip on Tibet is at its strongest. Many scholars describe this asymmetry of power between the Chinese leadership and CTA as "a fly flapping its wings against the king of mountains."⁵⁸ Many fear that with the world's preoccupation with violent struggles led by the likes of ISIS and Boko Haram, the Tibetan struggle rooted in nonviolence and peace will become a forgotten cause. On the contrary, if the Tibetan struggle ever gets violent, they suspect that the cause will lose its sanctity and charm. Either way, they predict, in the absence of the Dalai Lama the Tibetans may have to settle for a raw deal. There may be little option before them than to opt for either a Chinese passport or an Indian one, on the respective country's terms.

However, another section in the international community still hopes that the Tibetan cause grounded on universal principles of humanity like "peace, non-violence, human rights and democracy" will survive the test of time and will continue to appeal to the free liberal world for many years to come, whereas military repression and hard-line policies can only achieve temporary gains and will have to subside with time. It is the mighty middle kingdom (zhong guo) which will need to do a course correction and incorporate liberal principles, as espoused by the Tibetan struggle, into its system to sustain itself in coming days and to take the next leap forward.

It will be interesting to see how history takes its course on the roof of the world in coming days.

58 T., Samphel, 'Brand Tibet China's and Tibetan Exiles' Contrasting Narratives on Tibet', December 9, 2014, at http://www.huffingtonpost.com/thubten-samphel/brand-tibet-chinas-and-ti_b_6267594.html?ir=India (Accessed March 21, 2015).

Chronology of Important Events in the Year 2014

February 2014

20: Meeting between the Dalai Lama and the US President Barack Obama at the White House

21-23: Anti-Dalai Lama protests by Shugden followers

March 2014

10: 55th anniversary of the Tibetan National Uprising Day celebrated in Dharamsala

May 2014

7: The Norwegian Prime Minister and President of Parliament refuse to meet the Dalai Lama during the 25th anniversary of the Nobel Peace Prize celebrations in Oslo

June 2014

5: CTA launches International awareness campaign "UMAYLAM: Middle Way Approach"

August 2014

6: Xi Jinping calls for improvements to transport infrastructure in Tibet Autonomous Region while celebrating the 60th anniversary of the opening of the Sichuan-Tibet and Qinghai-Tibet highways

12: China organises a two day Tibet Development Forum inviting more than 100 representatives from around the world including delegates from Britain, India, the United States and other countries

15: The second railway line in Tibet Autonomous Region connecting Lhasa and Xigaze, which is an extension of the Qinghai-Tibet railway and which

has been constructed with an investment of 13.28 billion Yuan (US\$ 2.16 billion), starts functioning

October 2014

2: South Africa denies visa to the Dalai Lama, preventing him from attending the World Summit of Nobel Peace Laureates

December 2014

13: Pope Francis refuses to grant an audience to the Dalai Lama

18: The 14th Dalai Lama expresses his wish to do away with the institution of 'Dalai Lama' after him

23: India, confers voting rights to eligible candidates of the Tibetan community in India after 55 long years

5

The Developments in the Chinese Armed Forces in 2014

Naval Jagota

The People's Republic of China's (PRC) Armed Forces continued to improve on training standards, modernisation of its equipment and military diplomacy in 2014. The other focus of the Communist Party of China (CPC) in the year was rooting corruption out of the People's Liberation Army (PLA) as an overall plan for cleansing the party and government. The year saw consolidation of President Xi Jinping's grip as well as vision for the PLA through his policy pronouncements and inspection visits. The progress by the Chinese Armed Forces with respect to his directives could be seen throughout the year in the manner it conducted its year's programme. The major developments in these areas are flagged in order to map the progress of the PLA.

Chinese President Xi Jinping as the CMC chairman and CPC general secretary, made six inspection visits and a total of fifteen visits during the year, since the 18th CPC congress.¹ He covered all the seven Military Area Commands (MAC) as well sub-components of each service during this time. The consistent theme from his speeches during these visits has been "Building a strong military" and "improving the troop's real-

combat capability". The other focus areas have been improving work style, maintaining strict discipline within the military, governing it according to national law, and clear departmental rules and regulation, and combating corruption. These speeches have thus provided policy direction to the PLA. Throughout 2014 the PLA in domestic as well as bilateral and multilateral exercises has focussed on these broad policy directives.

Budget: PLA

The budget for the Chinese Armed Forces for 2014 was declared in March. This year's budget was 808.2 billion yuan (approximately \$132 billion), representing an increase of 12.2 per cent over the previous year.² The allocation in actual RMB terms has increased six and half times since 2000. Statistically it meets certain guidelines generally accepted in strategic circles to assess reasonable military expenditure such as percentage of GDP (less than 1.5 per cent) as well as in per capita terms, however, statistics can be misleading as the quantum of increase per annum is higher than most countries as well as lack of transparency as to total expenditure. From information sourced

1 'Analysis on President Xi's 15 Visits to Troops', at http://english.chinamil.com.cn/news-channels/china-military-news/2014-12/22/content_6280423.htm (Accessed December 29 2014).

2 'China Focus: China Defense Budget to Increase 12.2 pct in 2014', *Xinhua*, March 5, 2014, http://news.xinhuanet.com/english/special/2014-03/05/c_133163507.htm (Accessed December 26, 2014).

from various agencies, Stockholm International Peace Research Institute (SIPRI) estimated the difference to be as much as 55 per cent.³ Some of the reasons given by Chinese analysts for this increase have been “modernizing the army’s weapons and equipment, improving living and working conditions for service personnel, and updating the army’s management system”; “overseas missions cost several times more than those within the country”; and “by moderately raising its defence budget and enhancing its military capabilities, China is also capable of making more contributions to world peace.”⁴

Fighting Corruption

Since being elected, the emphasis of the General Secretary of the CPC, Xi Jinping, has been on fighting corruption within the CPC. Besides investigating and prosecuting high ranking civilian members of the party in 2014, he has also done the same in the military. These investigations and prosecutions have been received well by the domestic audience. However, there is an alternate viewpoint to the anti-corruption drive—that it is being carried out selectively and targeting factions loyal to certain party leaders and they are being removed so that they cannot undermine the current leadership. Another opinion is that there is great lethargy in changing the current system of military leadership and domination of the PLA-A (Army) in the decision making process and way of functioning, which goes against the current

leadership’s vision of changing and re-organising the PLA into a composite and integrated fighting force.

The most corruption-prone areas in the PLA are weapons and medical procurements, infrastructure development, and the PLA General Logistics department in general. Other areas such as human resources, finances, and fuel management have also been listed as key targets for clean-up by the leadership. The official reasons for the fight on corruption in the military have been attributed to removal of personal fiefdoms, increasing efficiency of purchases and thus boosting the capabilities of the armed forces. The fight netted certain high profile people such as General Xu Caihou, the former Vice-Chairman of China’s Central Military Commission, and Gu Junshan, Deputy Head of the PLA’s General Logistics Department and Yang Jinshan, a Lieutenant General and former deputy head of the Chengdu Military Command.⁵

On October 30, Xi Jinping attended and addressed the military political work conference of the PLA which was held in Gutian, a township in Fujian province. In this meeting, Xi stressed on his aim to fight corruption in the military with increased vigour.⁶ Significantly, this was the same place, where eighty-five years ago, the famous Gutian Conference led by Mao was held, where the basic

3 Sam Perlo-Freeman, ‘Deciphering China’s Latest Defence Budget Figures’, at <http://www.sipri.org/media/newsletter/essay/perlo-freeman-mar-2013> (Accessed December 1, 2014).

4 ‘China Focus: China Defense Budget to Increase 12.2 pct in 2014’, *Xinhua*, March 5, 2014, at http://news.xinhuanet.com/english/special/2014-03/05/c_133163507.htm (Accessed December 23, 2014).

5 ‘PLA Targets Corruption’, *China Daily*, December 1, 2014, at http://www.chinadaily.com.cn/china/China-Military-Watch/2014-12/01/content_19000650.htm (Accessed December 30, 2014).

6 ‘Xi Stresses CPC’s Absolute Leadership over Army’, *Xinhua*, November 3, 2014, at http://news.xinhuanet.com/english/video/2014-11/03/c_133761219.htm# (Accessed March 14, 2015).

principle was stipulated—that the party would always lead the military.

Exercises

The PLA and the People's Armed Police Force conducted more than 200 troop exercises at the brigade/division or even higher level for improving their capability for carrying out diversified military missions as well as improving fighting capacity. At the bilateral and multilateral level during 2014, the PLA participated/organised 31 joint exercises or trainings with foreign militaries. Some of these exercises were a continuum of the defence cooperation already existing such as "Peace Mission-2014" Joint Counter-Terrorism Exercise of the Shanghai Cooperation Organization (SCO), the China-Pakistan Joint Air Force Exercise "Shaheen-III", and the China-India "Hand-in-Hand 2014" Army Joint Training. The various services of the PLA took part in other joint exercises for the first time, for example, the 'Golden Cobra' multilateral joint exercise (with United States, Thailand, Singapore, Japan, South Korea and Malaysia as main participants), the Rim of the Pacific Exercise (RIMPAC) 2014 joint maritime exercise in which more than 20 countries participated, the joint table top exercise (TTX) with Malaysian Armed Forces (known as Peace and Friendship 2014), and the China-Tanzania marine corps joint training. The PLA also participated in the international competitions "Avi-dart" and "Tank Biathlon" in Russia.⁷

⁷ 'Defense Ministry's Regular Press Conference on Dec. 25, 2014', at http://eng.mod.gov.cn/Press/2014-12/25/content_4560614.htm (Accessed January 8, 2015); See, <http://itar-tass.com/en/world/745617> (Accessed November 26, 2014).

The outcome of these exercises at the international and domestic level was to enhance the image of China at both levels as a credible military power with modern equipment, increase its visibility in the foreign policy sphere through military cooperation as well as increase its political weight in countries. Military exercises have payoffs at various levels and dimensions. At the military level it provides an opportunity to learn from other countries about their best practices as well as provides another dimension to view certain aspects of military operations especially about inter-operability issues, higher defence management, inter-service cooperation, the methodology of logistic management, communication flow, command and control, and maintenance practices and procedures, amongst a host of other tactical level day-to-day operations. At the industry level, it showcases to other countries the capabilities of its domestic defence industry and the technology levels at which it operates. At the foreign policy level it sends out signals at various frequencies on its intent of being cooperative, responsible, friendly, benign, neutral, aggressive or threatening. Thus, these exercises provide many benefits and add to comprehensive national power.

International Exercises

The scale of the Peace Mission-2014 exercise which was held from August 24-29, at Zhurihe training base in Inner Mongolia Autonomous Region, was largest to date, according to the Chinese Defence Ministry spokesperson. The theme of the exercise remained the same as the previous ones, "The drills aim at deterring the three evil forces of terrorism, separatism and extremism, safeguarding regional peace and stability, and boosting the militaries' coordinated

ability to fight terrorism.”⁸ The exercise was the fifth multinational drill under the SCO framework in which Kazakhstan, China, Kyrgyzstan, Russia and Tajikistan sent armed forces by land and air in early August. In the exercise more than 7,000 troops and 70 aircraft of different capabilities participated with China contributing 23 of these. Armed drones/UCAVs (Unmanned Combat Aerial Vehicle) were show-cased in the exercise for the first time, which were tasked with “surveillance, reconnaissance and ground attack”. The UCAV which participated was the CH-4 and fired a number of missiles hitting “every target”. The CH-4 has four hard points capable of carrying two AR-1 laser-guided missiles and two FT-5 small guided bombs.⁹ The CH-4 is believed to be the first CASC-manufactured UAV to enter PLA service. The rival Yi Long (Wing Loong) UCAV produced by AVIC has apparently been sold to at least three countries, including Saudi Arabia. The showcasing of the CH-4 is indicative of the growing confidence of the PLA in its UAV/UCAV platforms. The PLAAF undertook a big proportion of the three missions in the exercise of “battlefield reconnaissance and surveillance”, “joint precision strike”, and “assault outer fortified position.” In Peace Mission-2014, the employment of the assets of the various air forces and their command was led by the People’s Liberation Army Air Force (PLAAF). Thirdly, the PLAAF assigned the largest number of officers, men and diversity of arms for the exercise. The PLAAF participated with J-10,

J-11 and JH-7 fighters, KJ-200 early warning aircraft, and WZ-9 and WZ-10 helicopters.

The “Aviadarts 2014” International Pilot Competition was held in July in Lipetsk, Russia. PLAAF took part in the competition with four pilots and two Su-30 planes. The competition was structured into three phases—aircraft formation flying, aerobatics and air-to-ground firing. The other participants at the competition were 33 aviation teams of the Russian Air Force, one Russian Naval Air team and four Air Force teams of Belarus.

The cooperation between PLAAF and the Pakistan Air Force (PAF) continued with the Shaheen III exercise. The third in the series, Shaheen III was held in Pakistan at the Rafique air base for three weeks in May 2014. The first in the series was held in Pakistan in 2011 and the second in Hotan in China in 2013. The Chinese participated with the PLAAF contingent of J-10 and J-7 combat aircraft whereas JF-17 Thunder, Mirage and F7 PG combat aircraft of PAF participated in the exercise. The air exercise was conducted in “near real scenario” and would provide an opportunity to the combat crew of both the air forces to accustom themselves with the latest concepts and practices as per reports.¹⁰ These exercises gave enormous training value and exposure to both the air forces as each has a different set of aeronautical assets and have different training exposures with the PAF having western origin fighter aircraft, western armament and exposure

8 ‘SCO Exercise Peace Mission 2014 to Involve 7,000 Troops’, TASS, August 19, 2014, <http://itar-tass.com/en/world/745617> (Accessed November 26, 2014).

9 Gordon Arthur, ‘China Confirms CH-4 UCAV in PLA Service at ‘Peace Mission 2014’ Drill’, *Jane’s*, at <http://www.janes.com/article/42619/china-confirms-ch-4-ucav-in-pla-service-at-peace-mission-2014-drill> (Accessed December 2, 2014).

10 ‘Pakistan, China Air Forces Begin Joint Drills ‘Shaheen-III’, Dawn, May 24, 2014, at <http://www.dawn.com/news/1108361>, also see http://news.xinhuanet.com/english/china/2014-05/05/c_133311444.htm (Accessed December 8, 2014).

to training in multilateral exercises whereas China has Russian origin aircraft, armament and training.

The China-India military exercises code-named “Hand-in-Hand 2014”, took place in Pune, India in November. The aim of the joint training exercise was to share the drills and practices learnt while tackling insurgency and terrorism, thereby promoting healthy military-to-military relations between the two armies and developing joint strategies of conducting operations in a counter-terrorism environment. Taking part from the Chinese side was a company of 139 soldiers from southwest China’s Chengdu Military Command. Helicopters of Indian Air Force took an active part in the various manoeuvres planned in the exercise and at the culmination of the exercise there was a fly past by Su-30 aircraft. The drill was the fourth of its kind between the two countries’ armies. The first was in southwest China’s Yunnan Province in 2007; followed by another in Belgaum, India, in 2008; and in southwest China’s Sichuan in 2013, the previous three drills were focused on mountainous areas.¹¹ The political exchanges in the defence realm were the sixth annual Defence and Security Dialogue at the defence secretary level, which was held between India and China, on February 24, in New Delhi. The agreed measures were the strengthening of maritime security cooperation between navies; and officer exchange and professional interactions at various levels of all services in the areas of peacekeeping,

counter terrorism, humanitarian assistance, and disaster relief.

In the naval sphere the People’s Liberation Army Navy (PLAN) participated for the first time in the Rim of the Pacific (RIMPAC) maritime exercise in Hawaii organised by the US Navy. The Chinese Forces participating in the exercise included missile destroyer *Haikou*, missile frigate *Yueyang*, supply ship *Qiandaohu*, hospital ship *Peace Ark*, two helicopters, a commando and a diving squad, involving altogether 1,100 officers.¹² ‘RIMPAC 2014’ took place in and around Hawaii from June 26-August 1 and involved 23 countries, 47 ships, six submarines, and more than 200 aircraft.¹³ There were many reasons why the Chinese participated in this exercise: confidence building measures between the US and China, to project their military abilities to the world, to demonstrate confidence in its abilities, showcase its military hardware to markets and well as a need to understand the functioning of different and technologically advanced navies. The participation in this exercise also indicates that China could in future be ready to use its navy and its military for diplomacy.

For the first time, Chinese submarines were seen venturing into the Indian Ocean region—on two occasions and each time berthing in Sri Lanka for “supplies” on their journey as “escort missions” for the anti-piracy drills in the Gulf of Aden. A conventional (diesel-powered) Chinese submarine berthed at Colombo Port from September 7-13,

11 ‘China, India to Hold Anti-Terror Training Drill’, *Xinhua*, November 13, 2014, http://news.xinhuanet.com/english/china/2014-11/13/c_133787918.htm (Accessed December 17, 2014); ‘India China Joint Training-Exercise Hand-in-Hand 2014 to Commence from 16 November 2014 at Pune’, at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=111351> (Accessed December 16, 2014).

12 ‘Chinese Navy Sails out for 2014 RIMPAC’, *Xinhua*, June 9, 2014, at http://news.xinhuanet.com/english/china/2014-06/09/c_133394704_2.htm (Accessed December 16, 2014).

13 ‘PLAN Squadron Sails for RIMPAC Debut’, *Jane’s*, at <http://www.janes.com/article/39098/plan-squadron-sails-for-rimpac-debut> (Accessed December 28, 2014).

2014, and October 31-November 6, 2014.¹⁴ The PLAN is likely to be seen more in the Indian Ocean due to its drills with Sri Lanka who is willingly providing it with supplies. The presence of Chinese submarines in the Indian Ocean assumes strategic significance from an Indian perspective due to its obvious military implications in a region which has been relatively free of foreign military ships.

Military Operations Other Than War (MOOTW)

The Chinese have used MOOTW effectively on occasion to further their domestic and regional agenda. They deployed extensive military resources in the search for the missing Malaysian Airlines MH-370 aircraft in March. The armed forces utilised 21 satellites, deployed over 10 ships and made dozens of plane sorties in a search which extended from the South China Sea to the Indian Ocean.¹⁵ The objectives of this assistance from a Chinese perspective was at three levels: first, to demonstrate its concern and commitment towards the search and rescue of its citizens by utilising military assets as there were a large number of Chinese on board the aircraft; second, to provide leadership in the region by demonstrating its military capability and assets for a common cause; and third to demonstrate its ability to safeguard and dominate the South

China Sea area.¹⁶ The next instance was the search for the Air Asia aircraft that was suspected to have crashed in December by sending aviation experts and a warship to search for wreckage and even increase assistance if requested by the Indonesian Government.

In early December, there was a severe drinking water shortage in the Maldives due to a fire in the country's water desalination plant. The Indian, Chinese and other governments provided monetary assistance as well as drinking water to the country. The Chinese Government flew in water by two air force aircraft and sent a ship with water purification facilities in addition to water being carried by commercial Chinese aircraft and also donated US\$ 500,000 to the Maldives Government as help for repairing their desalination plant.¹⁷

Domestic Military Exercises

The PLA and its various arms and services undertook a large number of exercises during the year. Joint exercises, and other extended duration, long distance movement and realistic combat environment exercises were focus areas this year, in order to make progress and reach the goal set by CMC Chairman Xi of "improving the troop's real-combat capability" and "winning wars".

14 'Q NO. 516 Chinese Submarines Docked in Sri Lankan Port', at <http://www.mea.gov.in/rajya-sabha.htm?dtl/24359/Q+NO+516+CHINESE+SUBMARINES+DOCKED+IN+SR I+LANKAN+PORT> (Accessed December 02, 2014).

15 'China Has Employed Vast Resources to Search for MH370: Envoy', *Xinhua*, March 27, 2014, at http://news.xinhuanet.com/english/china/2014-03/27/c_133219025.htm (Accessed December 25, 2014).

16 'Lessons from A Tragedy: Case of MH 370', IDSA Website, at http://www.idsa.in/idsacomments/tragedyCaseofMH370_njagota_050514.html (Accessed December 22, 2014).

17 'Businesses Hit As Maldives Water Crisis Continues into Fourth Day', *Xinhua*, December 8, 2014, at http://news.xinhuanet.com/english/world/2014-12/08/c_133838530.htm (Accessed December 19, 2014).

One of the aims of these exercises was to impart professional military education for building capability of officers in planning, commanding and coordinating joint operations involving different services and arms. The PLA after a trial period has started implementing professional military education (PME), which aims to optimise command posts for joint operation commanding officers, and conduct differentiated training for joint operation commanders, administrative officers, and staff officers.¹⁸ A PLA joint training leading group was set up in March 2014, which is responsible for planning and organising holistic joint trainings for the PLA, evaluate the effects of such trainings and attempt cohesive integration of strategy and tactics for the various forces involved.¹⁹

The PLA and PLAAF conducted joint flying exercises in August to enhance training value, reduce intra-operability issues and to get acquainted with the limitations and strengths of each service's operating protocols in a tactical environment. The other major exercises conducted domestically were "Stride", "Fire Power" and "Joint Operations". The biggest of these exercises was "Joint Operations", which had seven sub-exercises conducted over the year. In this particular exercise almost all arms of the PLA Army (PLAA) were mobilised as well as the PLA Navy (PLAN), Air Force (PLAAF) and the Second Artillery Force (SAF). The Armed Police

Force (APF) militiamen and the reserve force also participated in some of the exercises. "Joint Operation-2014" was the largest-scale exercise in PLA history.²⁰ Air-to-ground attack was one of the key subjects in this series of exercises.

"Fire Power" was another interesting exercise. Participating elements of the long-range rocket gun brigade under the First Group Army of the PLA arrived at the Korla Training Base in the Xinjiang Military Area Command (MAC) on July 28, 2014 after covering a long-distance projection via railway and highway which took over ten days and covered over 4,000 kilometres. It had been reported in September, that as a part of this exercise, five air defence brigades from the Chengdu MAC, Shenyang MAC, and Nanjing MAC conducted trans-regional tactical drills in Northwest China, North China and East China by manoeuvring for thousands of kilometres and a large contingent of PLAAF fighters were also involved.²¹

The exercise "Stride-2014" was held at the Zhurihe Training Base under the Beijing MAC. It commenced in June and lasted two months. The participating forces were a combined army brigade from each of the five MACs, namely the Guangzhou MAC, the Jinan MAC, the Shenyang

18 'Defense Ministry's Regular Press Conference on Dec. 25, 2014', at http://english.chinamil.com.cn/news-channels/2014-12/25/content_6284812.htm (Accessed January 10, 2015).

19 'China's Military Exercises in 2014 – 'Actual Combat' Catchphrase of the Year', at http://english.chinamil.com.cn/news-channels/china-military-news/2014-12/29/content_6287683.htm (Accessed January 12, 2015).

20 'China's Military Exercises in 2014 – 'Actual Combat' Catchphrase of the Year', at http://english.chinamil.com.cn/news-channels/china-military-news/2014-12/29/content_6287683.htm (Accessed January 12, 2015).

21 'Trans-MACs Drills of PLA Air Defense Force Kick Off', at http://eng.mod.gov.cn/DefenseNews/2014-06/30/content_4519261.htm (Accessed August 06, 2014); 'Intensive Military Exercises Enhance PLA's Deterrence Power', at http://eng.chinamil.com.cn/news-channels/china-military-news/2014-10/15/content_6180397.htm (Accessed December 28, 2014).

MAC, the Chengdu MAC, and the Lanzhou MAC. The exercise had four stages of manoeuvring projection, battlefield manoeuvring, actual-troop confrontation, and comprehensive examination.

The emphasis and projection was on showcasing the implementation and progress of “Joint Operations”, however, each individual service carried a large number of intra-service exercises. The PLAN activated all three of its fleets and participated in a wide range of exercises in the East China Sea, South China Sea, the Western Pacific, and Indian Ocean.

Inductions and Technology

In 2014 the Chinese defence industry came up with more innovations for the Chinese Armed Forces. Many types of new equipment were unveiled to the public to showcase its strength in this field, while also attempting to garner a greater share of the international arms market. The maximum technological developments were seen in the weapons field followed by the aerial platforms.

Chinese warship builders continued their hectic pace in 2014, with about 40 ships in various stages of either being built, undergoing trials or completed at six shipyards in China. The fifth Type 052C ‘Luyang II’ class destroyer was commissioned in December 2014 and the sixth and final vessel of the same series is undergoing sea trials. The first Type 052D ‘Luyang III’ class destroyer was commissioned in March, the second has been undergoing sea trials throughout 2014, and the third and fourth destroyers of the same class began their sea trials in December. In 2014 ten, 1,500-tonne Type 056 ‘Jiangdao’ class corvettes were commissioned. Two Type 081A minesweepers were also commissioned this

year. Two type 815 ‘Dongdiao’ class intelligence collection ships were launched in March and October. The Type 909 ‘Dahua’ class weapons trials (research) ship was commissioned in October 2014.

The highlight in 2014 in military aviation was the flight of the J-31 stealth fighter in November. The J-31 was first seen at the 2012 air show as a model. Subsequently, news about its development has been provided by aviation enthusiasts on various blogs. The J-31 is described as a “low end” version of fourth generation fighter aircraft. Comparisons with the F-35 (latest American fighter) are being made but do not seem realistic especially with respect to payload and stealth capabilities. The J-31 is not an entirely indigenous product as the engines on the display model were most likely the Russian RD-93. Information put out by the official media indicates that China may tap markets that are looking for the capabilities possessed by the J-31. Another idea being discussed is to make the J-31 primarily a carrier based fighter. Among the Chinese military domestic equipment planners, it is felt that the J-31 meets the requirement of a stealth fighter.

The next in technology and indigenous ability in 2014 was the Y-20 medium lift transport aircraft which did an exhibition flight during the Zhuhai air show. In fact, the first prototype flew in January 2013. It has been reported that the aircraft has the capability of carrying 65 tonnes of load. The Y-20 would fill the key strategic requirements of the military with regard to force projection over long distances.

The China National Precision Machinery Import and Export Corporation (CPMIEC) has released new details of its FK-1000 combined surface-

to-air missile (SAM)/gun system. The system is capable of simultaneously engaging two targets, with the missile performance affording them a slant range of 1,200 to 22,000 metres out to a ceiling of 20-10,000 metres (32,808 ft). The cannons are claimed to have a slant range of 20-2,800 metres and altitude from 0-2,300 metres, lending them a limited air defence capability and highlighting their main role as relatively close-in self-defence with capability to engage ground targets.

The state-owned China Electronics Technology Group Corporation (CETC) unveiled its latest range of ground-based air surveillance radars—the JY-27A and JY-50—specifically designed for detecting aircraft with a low radar cross section (RCS).

Red Arrow 12 'Hongjian-12', or HJ-12) man-portable anti-tank guided weapon (ATGW) was also seen at the 2014 air show, possessing a range of 4,000 meters. It is the first man-portable ATGW system to be completely developed indigenously in the country.

China has tested the new hypersonic missile also known as the hypersonic glide vehicle (HGV) three times in 2014 (January 9, August 7, and first week of December), according to the Washington Free Beacon. The HGV is capable of travelling at Mach 8 speed and is being developed to provide rapid attack capabilities and also overcome anti-ballistic system capabilities.²²

22 Bill Gertz, 'China Conducts Third Flight Test of Hypersonic Strike Vehicle', *The Washington Free Beacon*, December 4, 2014, at <http://freebeacon.com/national-security/china-conducts-third-flight-test-of-hypersonic-strike-vehicle/> (Accessed January 14, 2015).

China has developed a laser weapon designed to intercept and destroy small low-flying unmanned aerial vehicles (UAVs), according to *Xinhua* news agency. The system is called Dikong Weishi, best translated as 'low-altitude guard'. The system has a maximum interception radius of 2 km² and can guard the airspace of an area of 12 km² with a 360° view, according to Chinese military news websites. Maximum altitude is 500 metres and the speed of the target cannot exceed 50 m/s.²³

Conclusion

The year saw the Chinese providing the armed forces of China with financial impetus and political direction to undertake the broad policy goals of "Building a strong military" and "improving the troop's real-combat capability". Increased participation by the Chinese military in international exercises indicates its growing confidence in its abilities as well as the need to project its military as an effective means of diplomacy along with other levers of the state.

Focus on 'Joint Training', modernisation of the military inventory, innovations in the defence industry, and action against corrupt military officials have gained momentum. All these taken together point towards the importance of the armed forces in China's domestic and foreign policy calculations for the future.

23 Cornelius Weening, 'China Develops Laser to Take Out Small UAVs - IHS Jane's 360', *Jane's*, at <http://www.janes.com/article/45507/china-develops-laser-to-take-out-small-uavs> (Accessed January 14, 2015).

Table 1

The PLA's International Exercises in 2014

S.No.	Code Name	Description	Venue	Month	Partners
1.	Cobra Gold	Humanitarian rescue drill	Thailand	January	Thailand and the US
2.	Maritime Cooperation 2014	Maritime search and rescue	China	April	Bangladesh, Singapore, Brunei, Pakistan, India, Indonesia
3.	Komodo	Multilateral humanitarian rescue exercise	Indonesia	March	17 countries including China, the US, Russia, Japan and India
4.	Peace Angel 2014	Joint medical service drill	Pakistan	April	Pakistan
5.	Shaheen (Eagle)-3	Air Exercises	Pakistan	May	Pakistan
6.	Maritime Cooperation 2014	Naval exercises	China	May	Russia
7.	Navy Exercise	Anti-piracy joint drill	Gulf of Guinea	May	Nigeria
8.	Navy Exercise	Anti-piracy joint drill	Gulf of Guinea	June	Cameroon
9.	RIMPEC	Multilateral	US	Jun-July	23 countries
10.	Aviadarts-2014	Air competition	Russia	July	Russia and Belarus
11.	Peace Mission-2014	Joint anti-terrorist military exercise	China	Aug	SCO countries
12.	Exercise Kowari	Joint exercise	Australia	October	US and Australia
13.	Beyond 2014	Joint marine military training	Tanzania	October	Tanzania
14.	Sharp Knife Airborne-2014	Joint anti-terrorism training	China	October	Indonesia
15.	Cooperation-2014	Joint military drill	China	November	Singapore
16.	Hand-in-Hand-2014	Anti-terrorism training	India	November	India
17.	Military skills competition	Between cadets	China	December	Pakistan, Germany, Japan and Brazil
18.	China-US Navy drill	Joint maritime anti-piracy drill	Gulf of Aden	December	US
19.	Peace and Friendship 2014	Search and Rescue and HADR	Malaysia	Dec	Malaysia

Source: Author's Own Compilation from Open Sources

Table 2
The PLA's Domestic Exercises in 2014

S.No.	Code Name	Venue	Month	Participants
1.	Stride 2014	Zhurihe Training Base	May-July	Joint exercise
2.	Firepower-2014 Zhengzhou (trans-MACs air defence drills of the PLAA)	Zhengzhou	June-October	Chengdu MAC, Shenyang MAC and Nanjing MAC
3.	Huoli-2014	(---)	June-Aug	PLAA from 5 MAC's
4.	Kuayue-2014	Inner Mongolia	June-July	
5.	Firepower-2014 Korla A (trans-regional exercise)	Xinjiang Military Area Command (MAC)	July-Aug	Brigade under the 1st Group Army
6.	Free Air-Combat Confrontation Drill	(---)	August	PLAAF and PLAN
7.	Stride-2014. Sanjie Trans-Military Area Command (MAC) base confrontation exercise (PLAA)	Sanjie	September	PLAA
8.	Poseidon-2014	Zhejiang province	September	(PLAN)
9.	Joint Action-2014A	Guangzhou	September	PLAN, PLAAF and SAF
10.	Joint Operation-2014E	Shenyang MAC	October	PLAA and PLAAF

Source: Author's Own Compilation from Open Sources

Section II: China and Great Powers

6

A Partnership of Mutual Expediency: China-Russia Relations in 2014

M.S. Prathibha

The year 2014 witnessed a positive trend in China's relations with Russia. China responded to Russia's overtures with alacrity and the two countries forged a closer strategic cooperation. Russia sought to cultivate leverage to counter increasing international pressure and economic sanctions for its actions in Ukraine. They initiated several high-level visits and signed a slew of bilateral agreements. China and Russia expanded their political relationship by resolving some of the sticking points in their economic and strategic relationship. They removed underlying irritants for increased bilateral trade in critical areas to induce a larger economic relationship. Though several strong institutional mechanisms for dialogue already existed in the China-Russia bilateral relationship, both countries expanded the political nature of the relationship in 2014.

For Russia, the US involvement in the Ukraine crisis and the European Union's (EU) political management in the Ukrainian leadership crisis prompted it to compromise over contentious issues with China. For China, its longstanding concerns over perceived Western interference in its internal political and domestic affairs led it to accommodate the Russian position. Despite its own sensitivities about territorial integrity, it has supported Russia while remaining silent over the issue of referendum of Crimea. In 2014,

China's diplomacy with Russia, due to latter's increasing isolation saw it extract gains in the form of energy contracts, currency agreements and defence cooperation that heavily weighed in China's favour. Russia, on the other hand, drew closer to China, using it to offset increasing pressure and repeated sanctions from the US and Europe, which sought to compel Russia to withdraw support to the Russian-dominated parts of Ukraine. This sense of united front against perceived Western interference in internal political and economic affairs by both countries led them to underline their intent to cooperate on regional issues in the future. This chapter identifies the factors that drove China and Russia to expand the trajectory of their relationship and covers significant developments in their bilateral relationship in 2014.

Chinese Support to Russia over Ukraine Crisis and the Chinese Silk Route

Even before the political crisis in Ukraine deepened, China's efforts to deepen its cooperation with Russia were visible when Xi Jinping attended the Sochi Winter Olympics in February 2014. The absence of several heads of state from countries such as Germany, the UK, the US, Canada and France led to speculation of a boycott of the

games. Xi however made it his first foreign trip in 2014. Liu Guchang, a former ambassador to Moscow commented in Xinhua that the trip was significant for China and Russia's future relationship. During this trip, Xi conducted bilateral talks with Russia. Xi described the China-Russia relations as "good neighbours, good partners and good friends".¹ The Chinese media described Xi's Sochi visit as support to Putin amidst Western criticism over human rights and negative publicity. The media coverage of Sochi Olympics in the US and Western Europe was dominated by the criticism of Russia over human rights and democracy. The Chinese leadership seemed to have weighed the risk of supporting Russia in light of the US-led Western onslaught on domestic political affairs of Russia.² For China, there were no political or strategic gains in supporting the West, as it perceives that the West would not hesitate to flame internal tensions in another country to increase its advantage.

As the Ukraine crisis deepened over annexation of Crimea by Russia in March 2014, Chinese Ambassador Shi Mingde cautioned against EU sanctions on Russia calling it a "spiral with unforeseeable consequences".³ Diplomatically,

China held the Western countries responsible for furthering a conflictual situation by failing to resolve it. On March 4, 2014, Xinhua reported that Xi and Putin telephoned each other on the situation in Ukraine.⁴ Hoping to have a political settlement of the Ukraine crisis, it was not a surprise that Ambassador Shi was urging the European Union not to deepen the crisis. The Chinese leadership may have assessed if more economic punishment was levied on Russia, Putin would turn to aggressive military moves in Ukraine. On the onset of the crisis, China categorically opposed sanctions⁵ and supported the inclusion of Russia in the mediation of political talks on Ukraine often pointing to historic, cultural and economic linkages between Russia and Ukraine.⁶ It, however, refrained from publicly supporting the referendum of Crimea as it raised uncomfortable questions over its policy towards managing territorial sovereignty, especially in the case of Taiwan. Neither had it voted in the UN Security Council draft resolution calling the referendum illegal.

By late March, China was openly supporting political settlement of the Ukrainian issue. China has economic interests in Ukraine including defence, agriculture and other high-technology imports. However, China remained steadfast in

1 'Xi Hails Development of China-Russia Ties', *Xinhua*, February 9, 2014, at http://news.xinhuanet.com/english/china/2014-02/09/c_133100705.htm (Accessed February 10, 2014).

2 'Sochi Games Consolidate Sino-Russian Ties', *Global Times*, February 7, 2014, at http://english.qstheory.cn/opinion/201402/t20140207_318777.htm (Accessed February 10, 2014).

3 Noah Barkin and Andreas Rinke, 'China Warns of Dangerous Russia Sanctions Spiral', Reuters, March 13, 2014, at <http://www.reuters.com/article/2014/03/13/us-ukraine-crisis-china-idUSBREA2C0PB20140313> (March 25, 2015).

4 'Xi, Putin Discuss China-Russia Ties, Ukraine Crisis on Phone', *Xinhua*, March 5, 2014, at http://news.xinhuanet.com/english/china/2014-03/05/c_133160618.htm (Accessed March 25, 2014).

5 "China Opposes Ukraine Sanctions", *Xinhua*, March 7, 2014, at <http://en.people.cn/90883/8558832.html> (Accessed March 25, 2015).

6 Lu Yu, 'West Should Work with, Not Against, Russia in Handling Ukraine Crisis', *Xinhua*, March 3, 2014, at http://news.xinhuanet.com/english/indepth/2014-03/03/c_133154966.htm (Accessed March 25, 2014).

its support to Putin, despite being unprepared for the quick unfolding of political leadership crisis in Ukraine and its concerns over the territorial integrity of Ukraine. In May 2014, China again expressed its support for political settlement in the wake of Ukraine's presidential election.⁷ When leaders of Germany, France and Russia met to work out a political solution, China supported it publicly. China supported the Minsk proposal when it was signed on September 5, 2014. After the deal was signed, China's UN Deputy Permanent Representative, Wang Min called for the implementation of the Minsk deal in November 2014 urging again for a political solution. On December 2014, Xinhua published a commentary outlining China's stance on the Ukraine crisis. According to the report, China wanted the solution to be in the framework of law and order, political solution through negotiations, a balanced approach that takes the interests of various parties in the conflict and an international coordination mechanism to solve the crisis.⁸ By stressing the need to include interests of ethnic communities in the conflict, the Chinese leadership acknowledged the advantageous position of Russia in the negotiations.

China's support to Russia in the Ukraine crisis saw it seeking reciprocity in its attempt to engage Russia on the Silk Route Economic Belt in Central Asia. While China faces India's sensitivities in South Asia as a predominant power in the region, it faces Russia's in Central Asia. Similar to India in South Asia, Russia possesses cultural, political,

historic and economic links with the region. Likewise, China has been pushing hard into Central Asia while assuring Russia the benefits of the Silk Road Project.⁹ The growing sanctions against Russia and its currency crash have made it more malleable to Chinese assurances on the Silk Road Project. Earlier when Xi visited Russia in February 2014, both countries had agreed on a "consensus" on connecting the Silk Route to Russia's Euro-Asia Railways. In September 2014, during the SCO summit in Dushanbe, Putin also conveyed his approval to the common SCO transport system connecting Russia's Trans-Siberian Railways and Baikal-Amur Mainline to the Chinese Silk Route project.

The context of their political relation has changed as both leaders have commented on the increased trust in their relations. In his "Direct Line with President Vladimir Putin", a phone-in TV programme, Putin expressed that Russia's relations with China are "progressing very successfully in terms of trust and collaboration, which are unprecedented... We are neighbours as well as allies, in a sense. We have not raised the question of a military and political union". He further added that "We never had such trust-based relations in the military industry...the relations will be a significant factor in global policy and will substantially influence modern international relations."¹⁰ Their cooperation on

7 'China Hopes for Early Stability in Ukraine', *Xinhua*, May 30, 2014, at http://news.xinhuanet.com/english/china/2014-05/30/c_133374086.htm (Accessed July 20, 2015).

8 'China's Stance on Ukraine Crisis', *Xinhua*, December 9, 2014, at http://www.chinadaily.com.cn/world/2014-12/19/content_19127960_2.htm (Accessed January 25, 2015).

9 'Spotlight: China's Land-Sea Silk Road Initiatives to Benefit Russia', *Xinhua*, March 23, 2014, at http://news.xinhuanet.com/english/2015-03/23/c_134090583.htm (Accessed January 25, 2015).

10 Transcript: Vladimir Putin's April 17 Q&A, *The Washington Post*, April 17, 2014, at http://www.washingtonpost.com/world/transcript-vladimir-putins-april-17-qanda/2014/04/17/ff77b4a2-c635-11e3-8b9a-8e0977a24aeb_story.html (Accessed December 10, 2014).

regional and international issues in 2014 reflected this. Particularly with regard to Syria, China and Russia blocked Syria's referral to the International Criminal Court for alleged war crimes in Syria. Both countries' warships participated in a joint mission for shipping Syrian chemical weapons. Moreover, they have expressed their desire to work together in such regional issues closely.

However, it is questionable how far the Russian leadership would support the Silk Road Project in Central Asia. Given the fact that Russia is pursuing the establishment of a Eurasian Union, which also involves Central Asian states, hence its support to the Silk Road Project remains to be seen. Much of Russian support might depend on the state of its relationship with the West over Ukraine and the NATO expansion. The success of the Chinese leadership to negotiate the Silk Road in Central Asia within the SCO regional construct might also influence this decision.¹¹ Russia is not particularly interested in turning the SCO into a regional economic integration unit. With some of the SCO countries clearly showing interest in China's Silk Road Project, Russia was mute in its overt objection towards Chinese intentions in Central Asia.¹² China's management of Russia's political and strategic interests in Central Asia and Russia's economic downturn both would also temper these objections. For China, more than the bilateral relationship, Russia as a geo-strategic ally in Central Asia will undoubtedly strengthen

China's Silk Road Project and its desire to connect its Western regions to West and South Asia. Russia has already hinted that there might be a Russia-China Expert Dialogue on this issue. In the immediate aftermath, it seems that Russia is willing to discuss the project with China.

Bilateral Agreements and Economic Significance

The change in nature of Russia and China's bilateral relationship was first visible during Putin's visit to China in May 2014.¹³ The Russian President visited China for the Conference on Interaction and Confidence Building Measures in Asia (CICA) and separately met Xi Jinping. The visit was touted as a major move and concluded in what both countries termed "top consensus" about the nature of their strategic cooperation and bilateral relationship. They announced that both countries have committed to expanding cooperation in several fields including currency swap, cross-border investment, and macroeconomic policies. This meeting served as a format for high-level meetings for the rest of the year. Putin visited China again in November for a bilateral visit and signed more agreements.

China and Russia signed a number of bilateral agreements in 2014 designed to increase the trade relationship to a mutually beneficial economic partnership, the heart of which was energy cooperation. China is keen to reduce its reliance on fossil fuels and to increase the use of

11 Liang Qiang, 'Geo-Economic Strategy for Eurasia', *China Daily*, June 19, 2014, at http://www.china.org.cn/opinion/2014-06/19/content_32710464.htm (Accessed July 25, 2014).

12 Ben Chu, 'China's \$50bn Spending Spree on New Silk Road', *The Independent*, April 17, 2015, at <http://www.independent.co.uk/news/business/news/chinas-50bn-spending-spree-on-new-silk-road-8854793.html> (Accessed April 17, 2015).

13 Russia's importance to China was visible when President Xi visited Russia as his first foreign trip after his appointment as the President in March 2013. Though this visit was important for the beginning of closer relationship between the two countries, the Sochi visit was considered a significant for 2014.

natural gas.¹⁴ China's negotiations with Russia dragged for a decade over the price of the gas, the availability of gas to China after supply to Europe and concerns over the competitiveness of the market in China.¹⁵ In early 2014, China and Russia continued to negotiate over the base price, which remained the bone of contention.

A point to note is that China and Russia were negotiating about two supply lines: eastern and western routes. On May 21, 2014, Gazprom and CNPC signed a thirty-year agreement allowing Gazprom to provide gas to China through the eastern route.¹⁶ In October 2014, the two companies signed a "Technical Agreement" that deals with "basic parameters of design, construction and operation... and main technical

and technological features of conveying gas from seller to buyer".¹⁷ The Chinese government in October 2014 approved the CNPC's designs for pipeline construction which is to be completed by 2018. China would construct a part of this pipeline that starts from Heihe city in Heilongjiang through Jilin, Inner Mongolia, Liaoning, Hebei, Tianjin, Shandong, Jiangsu and Shanghai.¹⁸ This agreement is a supplement to the May agreement signed between the two countries. Russia would deliver gas from Irkutsk and Yakutia gas production centres. The Chinese would finish construction on their side by 2018. In November 2014, both countries signed an "Agreement on Framework" on the gas supply for thirty years through the western route as well. The western route, if finally agreed upon, would supply 30 million cubic meters from Western Siberia (Altai region) to China compared to 38 million cubic meters from the eastern route.¹⁹ China was willing to sign the eastern route first as it was seen to be more beneficial due to its supply chain that extends to the energy deficient Northeastern provinces of China. This sudden breakthrough in

14 Chu Xinyan, 'Ending the Ten Year Long Run: China and Russia Sign 30 Year Gas Supply Agreement (结束10年“长跑”中俄签30年供气协议)', *Beijing Times*, May 22, 2014, at http://epaper.bjnews.com.cn/html/2014-05/22/content_513258.htm?div=-1&news (Accessed July 25, 2014).

15 Russia and China had been negotiating for a gas deal since 2006 when Putin visited China and announced the deliberation of two pipelines from Siberia to China. During this visit, Gazprom and CNPC signed a memorandum of understanding. The initial hope was to receive the gas in 2011. According to news reports, China wanted to pay hundred dollars or so less than the Russian terms. *Beijing Times*, May 22, 2014.

16 In September 2013, Gazprom and CNPC signed a legally binding 'Agreement on Major Terms and Conditions of Pipeline Gas Supply' for the eastern route. In 2009, they had previously signed a 'Framework Agreement'. This led them to sign a 'Memorandum of Understanding for Cooperation' in March 2013. This means that the Western route will take some more time to fructify as they have only signed the Framework Agreement. Both countries had been negotiating over the eastern route since 2004 after they signed the MoU with each other.

17 Gazprom Press Release, 'Gazprom and CNPC sign Technical Agreement on Gas Supplies Via Eastern Route', October 13, 2014, at <http://www.gazprom.com/press/news/2014/october/article203444/> (Accessed December 1, 2014).

18 The first part of the construction, Heihe to Changling in Jilin will start in 2015. The second part will be from Changling to Yongqing in Hebei province. The third part will be from Yongqing to Shanghai.

19 The western route run through the Altai region and connects to China's western region. The eastern route, which is called the 'Power of Siberia' supplies gas from eastern Siberia to north east provinces of China. The 'Framework Agreement' document has details on the volume and terms of supply, location of the gas delivery border point and is a prerequisite for signing a gas purchase.

the gas negotiations were mainly due to Russia's security situation and strained relations with the West.

When China and Russia started the negotiations in January, they had already missed the earlier deadline of end 2013. They resolved the contentious issues for strengthening strategic partnership and shared political vision following the Ukraine crisis. However, it is unclear how the issue of price of gas was resolved as these issues are rarely publicised. Just as China and Russia were negotiating their agreements, events in Ukraine unfolded.²⁰ As the tensions between Russia and Ukraine increased over Crimea and Russia faced increasing international isolation, bilateral cooperation between China and Russia deepened. When President Putin visited China for the CICA in Shanghai, both countries signed 49 agreements in "finance, energy, infrastructure and high-tech sectors".²¹ Before Putin's visit, Russian Foreign Minister Sergey Lavrov met Xi Jinping in April 2014 in China, to assess the state of bilateral relations. The Chinese media characterised this visit as a foreign policy adjustment by Russia. Having backed Russia on the Ukraine crisis, China agreed for a closer strategic partnership, which reflected in the number of agreements signed during Putin's visit. Apart from him, Russian Deputy Prime Minister Arkady Dvorkovich met Chinese State Councillor Yang Jiechi in April

20 After Victor Yanukovich postponed the EU Association Agreement, he was ousted as the president by opposition protestors. The region of Russian influence in Ukraine rose in protest against the president's ousting and resulting in Putin sending his troops to Crimea and annexing to Russia through a referendum.

21 '49 Deals Cement China, Russia Ties', *China Daily*, May 21, 2014, at <http://en.people.cn/n/2014/0521/c90883-8730112.html> (Accessed December 9, 2014).

2014. This was also part of the preparations for Putin's visit to China. Chinese Vice-Premier Zhang Gaoli also met Igor Shuvalov for preparatory talks on their currency swap agreement. During this time, the European countries were contemplating sanctions against Russia.²²

After conclusion of the gas deal, Chinese Vice-Premier Zhang Gaoli visited Yakutsk city for the pipeline construction ceremony in September 2014. According to Xinhua, the construction would connect Chayandin and Kovyktin gas fields to Vladivostok.²³ In addition, Zhang Gaoli attended the China-Russia Energy Cooperation Committee to finalise the implementation of the energy agreements reached during the May meeting. The meeting statement mentioned that the broader energy cooperation between the two countries would be in the fields of oil, natural gas, nuclear energy, coal and electricity.²⁴ Also during the visit, the two sides agreed to increase reciprocal investments as China has shown its willingness to invest in energy in Russia's Siberian region. One report suggested that total investment by

22 Russia was facing more sanctions before Putin's visit to China. The western countries imposed sanctions in March, further sanctions in April and later imposed harsher sanctions in July and August 2014.

23 'China, Russia Start Construction of Gas Pipeline', *Xinhua*, September 1, 2014, at http://news.xinhuanet.com/english/china/2014-09/01/c_133612314.htm (Accessed on December 1, 2014).

24 'China, Russia Work on Building Energy Cooperation Partnership', *Xinhua*, August 30, 2014, at http://news.xinhuanet.com/english/china/2014-08/30/c_133608136.htm (Accessed December 1, 2014).

China in Russia is already \$ 32 billion.²⁵ Chinese energy companies also hoped to profit from this arrangement. The CNPC signed an extension of Strategic Cooperation with Rosneft to look into “integrated cooperation in upstream projects, refinery construction of Tianjin Refinery and trade of oil and gas”.²⁶ Moreover, China National Oil & Gas Exploration and Development Cooperation, a subsidiary of the CNPC, signed an agreement with Rosneft for purchasing a 10 per cent share in Zao Vankorneft. This lucrative deal once again highlights the gains by China for supporting Russia in the Ukrainian crisis.

In order to boost their bilateral economic partnership, China and Russia also agreed to increase their bilateral trade to \$100 billion in 2015. As China’s trade with Russia has already reached around 95 billion in 2014²⁷, this target in 2015 is not difficult to achieve. In June 2014, Chinese Vice-Premier Wang Yang met Dmitry Rogozin to discuss economic cooperation at the China-Russia Expo. The Expo was an up gradation of China Harbin International Economic and Trade Fair that took place in Harbin on June 29, 2014. During the same time, China Satellite Navigation Office also signed an MoU with the Russian Federal Space Agency to build

monitoring stations to promote the integration of the two satellite navigation systems. The bilateral engagement strengthened after Putin arrived in China for a bilateral visit and met Xi on November 9, 2014. Before Putin’s visit to China in November, Li Keqiang visited Russia and signed a joint communique with Dmitry Medvedev during the 19th China-Russia Prime Minister’s Regular Meeting. They signed 40 agreements covering trade, people-to-people exchanges, advanced technologies, satellite navigation, currency swap and customs. In October 2014, the Central banks of Russia and China signed a 3-year currency swap deal worth 24.4 billion dollars to boost trade in their national currencies and lessen dependence on the Dollar and Euro. One of the major agreements was the cooperation in railways to establish the new Eurasian high-speed transport corridor link between Beijing and Moscow. The agreements also included investments in transport infrastructure and aviation. During this visit in November, China and Russia signed 17 agreements in areas such as joint energy investments, joint funding of projects, construction and operation of a hydro project power station in Far East Russia, construction of hydro accumulating power stations, credit lines and loans.

Apart from energy cooperation, several other projects came into play during the year 2014. China and Russia opened a floating bridge in January 2014 between Luobei Port in Heilongjiang and Amurzet that is designed to handle 1,00,000 tonnes of freight every day. In addition, it has started constructing a bridge for the railways to connect Tongjiang Port in Heilongjiang province of China to Nizhneleninsokoye in Russia. This bridge connecting the ports of both countries would in turn lessen the stress on the land ports of Manzhouli in Inner Mongolia and Suifenhe

25 ‘China, Russia to Increase Reciprocal Investment’, *Xinhua*, September 9, 2014, at http://news.xinhuanet.com/english/china/2014-09/09/c_133630599.htm (Accessed December 1, 2014).

26 CNPC Press Release, ‘CNPC Signs Cooperation Agreements with Gazprom and Rosneft Respectively’, October 15, 2014, at <http://www.cnpc.com.cn/en/nr2014/201410/0807508c8fa04c46b22953a9c2363c4f.shtml> (Accessed December 1, 2014).

27 Export Import Data of Russian Federation, UN Comtrade Data Base, at <http://comtrade.un.org/data/> (Accessed May 20, 2015).

in Heilongjiang.²⁸ Once the construction is completed (designed to carry 21 million tonnes per year), stress on longer routes: westwards to Manzhouli or eastwards to Suifenhe would be eased. China Railway Engineering Cooperation is one of the investors in the project. China and Russia also increased cooperation on youth exchange programmes in 2014. China celebrated the China-Russia Youth Year of Friendship Exchanges in Russia in 2014 and agreed to organise the same in China in 2015.

Defence Cooperation and the US Re-balancing to Asia

Chinese defence cooperation with Russia is a significant aspect of the bilateral relationship. As China's cooperation with Russia had increased significantly in the energy field, defence cooperation had also deepened in 2014 as Russia agreed to conduct military exercises in areas of Chinese interest. Russian Defence Minister Sergei Shoigu visited China and talked of naval drills to be conducted in the Mediterranean Sea and Pacific Ocean. While China's energy cooperation was meant to improve China's energy security, its defence ties with Russia had the undertone of weakening the US re-balancing in Asia. Xu Qiliang of the CMC remarked that developing military cooperation with Russia remains a priority for the Chinese armed forces.

In May 2014, both countries launched naval drills called "Joint Sea 2014" in East China Sea near Shanghai. This three-day drill concentrated on joint escort, joint aircraft identification exercises,

28 Fang Ning, Xin Linxia, and Wang Zichen, 'China-Russia Railway Bridge Paves New Trade Route', *Xinhua*, February 27, 2014, at http://news.xinhuanet.com/english/china/2014-02/27/c_126195958.htm (Accessed July 25, 2014).

and air defence and maritime assault drills. The Chinese media reported that this exercise was conducted without any pre-planning or information sharing and consisted of fourteen shifts. The navies also shared details of their "tactics, technical performances and data and weapons performance".²⁹ China's Zhengzhou and Ningbo missile destroyers took part in the drills along with Russia's Varyag cruise missile ship. What is noteworthy about this joint naval drill was that the two navies were integrated, and submarines and surface ships confronted each other in conditions that simulated real combat.³⁰ During this exercise, the navies also conducted anti-piracy operations. These naval drills came about when Russia was deeply involved in the Ukraine crisis. China and Russia also participated in anti-terrorism drills in Inner Mongolia in China in August 2014. The exercise, named "Peace Mission 2014", took place at Zhurihe training base, and involved 7,000 personnel from various countries including Russia.

Apart from naval exercises, defence cooperation also increased between them. In August 2014, Fan Changlong of the Central Military Commission (CMC) met Valery Gerasimov, the Chief of General Staff of the Russian Armed Forces. After the meeting, both countries agreed to increase military ties especially in strategic consultations, joint military exercises and high-level exchanges. Russia declared that military cooperation with

29 'China-Russia Navies Conduct Real Combat Drill', *Xinhua*, May 25, 2014, at http://english.chinamil.com.cn/news-channels/china-military-news/2014-05/25/content_5916541.htm (Accessed July 25, 2014).

30 'China, Russia Naval Drill Focuses on Maritime Threats: Directors', *Xinhua*, May 18, 2014, at http://news.xinhuanet.com/english/china/2014-05/18/c_133343005.htm (Accessed June 23, 2014).

China had “entered a new stage”. Hence, in November 2014, when China and Russia conducted their strategic consultations, according to Xinhua news agency, they reached agreements on military cooperation projects as previously agreed upon when Deputy Chief of General Staff of PLA, Wang Guanzhong met Valery Gerasimov. Chinese Defence Minister Chang Wanquan also met Russian Defence Minister Sergei Shoigu and reaffirmed the desire to deepen military ties. Reports also emerged that China was negotiating with Russia to acquire S-400 Triumf anti-aircraft missile systems. To facilitate this deal, China signed an agreement with Rosoboron export, the Russian agency that oversees defence exports.

Conclusion: A Partnership of Convenience and Challenges

China and Russia have made several strides in their bilateral relationship in 2014. By removing obstacles in energy cooperation to defence deals, the developments show that both countries have established a stronger bilateral relationship. However, there are challenges to this partnership. There are speculations that there might be a delay in operationalising the agreed upon energy projects. Due to the fall in oil and gas prices and consequent reduction in Russian revenues, Russia might face difficulties in building new fields, especially in the eastern route. This route would be part of the “Power of Siberia” project. To accommodate the shortage, Russia might supply gas from the Altai region through existing fields. Despite Russia denying such reports, it shows that the need for investment might arise as a challenge. On the other hand, Russia is keen to conclude a deal on the western route, viewing it as a priority. However, Chinese preference for the Siberian pipeline rather than the Altai pipeline could increase the pressure on Russia to

complete the eastern route. In addition, the falling gas prices means that China might bargain harder for lower gas prices that could further impinge the price negotiations on the western route.

Though economic challenges would continue to influence the relationship, there is no question as to the expanding cooperation between the two countries. Due to the reciprocal sanctions by Russia against food imports from Western countries, some argue for increasing its agricultural imports from other countries to mitigate the effect on Russian markets.³¹ Apprehensions about defence cooperation were set aside to negotiate air defence systems. Initially, Russia was reluctant to sell these because of China’s history of reverse engineering Russian technology. The closer defence cooperation along with military exercises are significant in the light of US rebalancing in Asia. The political determination to offset US military and political dominance in Asia that both countries shared has been now strengthened and developed. Putin during Li Keqiang’s visit on October 14, 2014 described the relations as that of “natural allies”. Therefore, the influence of this bilateral significance on regional and international issues would be noteworthy.

The prospect for a deepening China-Russia relationship would hinge on how they negotiate over issues such as contested geo-political space in Central Asia, influx of Chinese citizens in Siberia and the impact of China’s “one belt one road” project on Russia’s interests. Russia’s cooperation with China could be transient due to the tensions with Europe and USA. Or resurgence

31 Weng Ming, ‘Sanctions on Russia Open New Market for Chinese Farmers’, *Global Times*, August 17, 2014, at <http://www.globaltimes.cn/content/876685.shtml> (Accessed October 12, 2014).

in the Russian economy and energy cooperation agreements elsewhere could reduce the need to compromise on Chinese demands. On the other hand, Russia's relationship with China could grow if it is confident of managing its geo-political interests in Central Asia. No doubt, Russia could benefit from Chinese exports in commodities, which could reduce its reliance on imports of expensive European food products. If China delivers on its willingness to export oil and gas equipment, Russia could mitigate the challenges its industry faces due to sanctions. Though China has indeed gained favourable deals, in the process Russia was able to impose reciprocal sanctions on Western food imports by relying on China. Moreover, cooperation on geopolitical issues is continuing to bring these countries together, especially in the Middle East. This partnership has provided China opportunity to improve its vision project, namely the Silk Road and could raise Chinese leadership position in the region.

Chronology of Important Events in the Year 2014

January 2014

27: Foreign Ministry Spokesperson Hua Chunying expresses concern over the situation in Ukraine's Eastern region.

February 2014

6: Xi Jinping arrives in Russia for Sochi Olympics.

6: Xi Jinping holds bilateral talks with President Putin.

7: Russia and China reach consensus on Silk Route and its connection with Russia's Euro-Asia Railways.

8: Xi Jinping ends his Russian visit.

20: Amidst escalating violence in Ukraine, China calls for consultations and dialogue.

22: Ukrainian President overthrown.

March 2014

2: China supports Russia over Ukraine Crisis. Foreign Ministry Spokesperson reveals, "there are reasons for why the situation in Ukraine is what it is today."

4: Putin and Xi discuss the Ukraine crisis and China-Russia ties during a phone call.

6: US imposes sanctions on Russia.

7: A People's Daily commentary titled "West's Fiasco in Ukraine" blames the West for the political crisis in Ukraine, claiming that Russia has legitimate interests in Eastern Ukraine.

11: Chinese Foreign Ministry announces that it still favours political solution through dialogue and the framework of law and order.

15: China abstains from UN Security Council draft resolution to declare the Crimean referendum as of having no validity.

17: US, EU and Canada impose sanctions on Russia.

18: Russia absorbs Crimea and Sevastopol.

April 2014

9: Vice-Premier Zhang Gaoli and Russian Deputy Prime Minister Arkady Dvorkovich conclude talks on energy and agree to expand energy cooperation.

9: Russia hints about a gas deal with China.

15: Russian Foreign Minister meets Chinese Foreign Minister Wang Yi to discuss among other issues, Putin's visit to China in May.

15: Russian Foreign Minister meets Xi Jinping and calls for enhanced political mutual support.

22: China-Russia joint naval exercise in the Yellow Sea.

29: Liu Jieyi, Permanent Representative to UN urges parties to respect the interests of all ethnic communities signalling its support to Russia.

May 2014

7: China responded to US threat of sanctions by opposing it and once again supports consensus.

8: Zhang Gaoli meets Russian first Deputy Prime Minister Igor Shuvalov and agrees to increase

mutual investment via China-Russia Investment Fund. They also talk about Chinese investments in Siberia and other financial cooperation such as local currency settlement and currency swaps.

9: China supports Russian move to withdraw Russian forces from Ukrainian border.

18: China and Russia enter final phase of gas deal.

20: Putin visits China for the CICA meeting in Shanghai.

20: Russia and China issue joint statement expressing "grave concern" over the situation in Ukraine. The joint statement also talks about cooperation in finance, trade, energy, and transportation infrastructure.

20: China and Russia conduct Joint naval drills in East China Sea off Shanghai.

21: China and Russia ink gas deal for the eastern route signing the Purchase and Sales agreement on the East Route Gas Project and an MoU agreement on the western route.

23: China and Russia cooperate on veto power over draft resolution for taking Syria to the International Criminal Court.

26: China and Russia end their naval drills in Shanghai

June 2014

5: China and Russia hold first Meeting of Institutionalised Cooperation in Law Enforcement and Security in Beijing.

6: Chinese State Councillor Yang Jiechi and Russian Security Council Secretary Nikolai Patrushev hold consultations during the 10th

China Russia Strategic Security Consultations in Beijing. They agree to jointly tackle threats and challenges to safeguard their sovereignty.

11: Chinese Vice President Li Yuanchao attends Russian day reception at the Russian Embassy in Beijing.

30: First China-Russia Exposition opens in Harbin. Chinese Vice Premier Wang Yang and Russian Deputy Prime Minister Dmitry Rogozin attend the opening ceremony.

July 2014

1: China and Russia signed MoU to cooperate in developing navigation satellite systems. China Satellite Navigation Office and Russian Federal Space Agency signs documents to collaborate China's Beidou and Russia's Glonass.

15: Zhang Dejiang, Chairman of the Standing Committee of China's National People's Congress holds meeting with first Vice President Ivan Melnikov in Beijing and pledges to increase parliamentary exchanges.

29: China-Russia Youth Scientific Models Invitational Tournament held in Heihe, where more than 200 contestants take part in the event.

30: More sanctions by the US on Russian Banks.

August 2014

24: Joint Military Exercise Peace Mission 2014 starts in Zhurihe in Inner Mongolia and ends on 29 August 2014. Russia participates in the exercise along with China, Kazakhstan, Kyrgyzstan and Tajikistan.

27: Fan Changlong of the CMC and Valery Gerasimov, the Chief of the General Staff of the Armed Forces meet in Beijing and hold talks to increase military cooperation and to implement the consensus reached by the heads of states of both Russia and China.

30: Zhang Gaoli meets Arkady Dvorkovich in Moscow, signing a meeting protocol after the 11th China-Russia Energy Cooperation Committee, and attends the "start-of-the-construction" ceremony for the Eastern route in Yakutia Republic.

September 2014

4: China supports Russia's seven-point plan for the Ukraine crisis.

11: Xi Jinping meets Putin in Dushanbe, the capital of Tajikistan before the 14th Summit of the SCO summit. Xi Jinping proposes an economic corridor linking China, Russia and Mongolia in his meeting with Russia and Mongolia during the SCO summit.

15: Putin announces that he will support economic cooperation in the SCO and other measures such as energy cooperation, bringing a boost to China's Silk Road projects.

October 2014

13: Li Keqiang arrives in Moscow for an official bilateral visit to attend the 19th China-Russia Prime Ministers Regular Meeting with Dmitry Medvedev. Li states in a joint press conference after the meeting that China-Russia relations have entered a new development phase.

14: Li Keqiang visits Russia and meets President Putin.

14: China and Russia sign 40 agreements during Li's visit to Russia including a currency swap agreement worth 24.4 billion dollars. They also agree to build two high-tech parks in Xixian Fendong in Shaanxi and Skolkovo Innovation Center in Moscow.

20: China and Russia hold Anti-Terror Drill in Manzhouli in Inner Mongolia region of China with Zabaikalsk police forces against smuggling, drug dealing and illegal border crossing.

November 2014

9: CNPC announces that it has signed a Framework Agreement with Gazprom to import gas via the western route, the second such agreement after the eastern route.

19: Xu Qiliang, Vice-chairman of the CMC meets Russian Defence Minister Sergei Shoigu and describes advancing Chinese military ties with Russia as a priority. Chinese Defence Minister Chang Wanquan meets Sergei Shoigu and comments that the two militaries have pragmatic cooperation.

December 2014

31: Xinhua publishes an interview with Igor Morgulov, Russia's Deputy Foreign Minister, where he asserts that China and Russia have attained breakthroughs in their bilateral relationship.

7

China-Japan Relations: Moving beyond the Impasse

Titli Basu

The year 2014 marked a new beginning in the China-Japan relationship following a period of escalated tensions since September 2012 when Japan nationalised three of the five contested Diaoyu/Senkaku Islands.¹ While the first half of the year navigated through the challenge of trust-deficit concerning each other's respective strategic aim, the latter part of the year witnessed efforts by the leadership during the November Asia-Pacific Economic Cooperation (APEC) summit to initiate the much needed confidence building measures to manage the impasse. Even though the bilateral relation landscape continues to face several challenges including the 'construction of historical issue', rise of nationalism, territorial rows and competition over East China Sea energy resources, the four point agreement reached between the two countries during the Xi-Abe meeting before the APEC Economic Leaders' Meeting is a positive development. This chapter is an attempt to capture and highlight the critical developments of 2014 in China-Japan relations and assess the implications for regional security, and concludes with a note on the way forward.

¹ Nationalisation of three of the five disputed islands by Japan in September 2012 includes Uotsurijima, Kita-kojima and Minami-kojima.

Tensions Continue to Persist over Diaoyu/Senkaku Islands

The January 2014 policy speech by Prime Minister Shinzo Abe to the 186th session of the Diet reflected a continuation of Japanese posture with regard to the Diaoyu/Senkaku Islands. During the speech, Abe underscored Japan's discomfort with recurring Chinese "intrusion" in territorial waters and their establishment of the Air Defense Identification Zone (ADIZ) in the East China Sea along with "attempts to change the status quo through coercion".² Chinese authorities reiterated the legitimacy of the ADIZ and stressed that it will make all efforts to defend its territorial sovereignty over the Diaoyu Islands and urged the Japanese leadership to reflect on history and mend its ways.³ Between April–September and October–

² Policy Speech by Prime Minister Shinzo Abe to the 186th Session of the Diet, *Prime Minister of Japan and His Cabinet*, January 24, 2014 at http://japan.kantei.go.jp/96_abe/statement/201401/24siseihousin_e.html (Accessed December 5, 2014).

³ Foreign Ministry Spokesperson Qin Gang's Remarks on the Japanese Prime Minister's China-related Policy Speech at the Diet Session, Ministry of Foreign Affairs of People's Republic of China, January 25, 2014, at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1122961.shtml (Accessed December 5, 2014).

December, there were reportedly 207 and 164 instances respectively when the Japan Air Self-Defense Force scrambled jets to counter Chinese aircraft.⁴ Moreover, the Ministry of Foreign Affairs of Japan reported several instances of Chinese vessels being identified in “territorial waters” and “contiguous zone” (Figure 1).

In April, then Japanese defence minister Itsunori Onodera reportedly confirmed plans of deploying the Japan Ground Self-Defense Force (GSDF) and constructing a radar station in Yonaguni Island, which is located about 150 km from the disputed Diaoyu/Senkaku Islands. This is anticipated to enable better surveillance close to the Chinese mainland and detect its military movements.⁵ This is the first deployment since Okinawa was returned to Japan by the US in 1972. China raised concerns over these developments, drawing from Japan’s history and suggested that Japan was fabricating a China threat to justify consolidating its military strength.⁶ Additionally, China reiterated its territorial claims when in August, Japan decided to give Japanese names

to 158 uninhabited islands along with the five islands affiliated to the Diaoyu/Senkaku Island.⁷

Developments during President Obama’s state visit to Japan in April sparked a strong response from China. Japan’s achievement lies in the fact that Abe for the first time succeeded in getting a US President to categorically argue the American standpoint on the contested Senkaku/Diaoyu islands. It is essential to recognise that there has been no alteration in US policy. Although the US abstains from taking a position on the final sovereignty of these disputed islands, they agree that islands under Japanese administration come within the scope of Article 5 of the security treaty commitments. The April US-Japan joint statement clearly articulated that within the scope of the US-Japan Treaty of Mutual Cooperation and Security, the US has placed its finest military assets in Japan and offers every capability to fulfill its commitments. The statement further stressed that these commitment encompass every territory under Japanese administration, together with the Senkaku Islands⁸. China strongly responded by reiterating its territorial claims and defended its sovereignty and maritime rights. Consequently, China summoned the respective ambassadors

4 ‘Japan Defense Focus’, no 58 Ministry of Defence Japan, November 2014, at <http://www.mod.go.jp/e/jdf/no58/activities.html> (Accessed December 5, 2014). ‘Japanese Scrambles against Chinese Planes Hit Quarterly Record High’, *Kyodo*, January 20, 2015 at <http://asia.nikkei.com/Japan-Update/Japanese-scrambles-against-Chinese-planes-hit-quarterly-record-high> (Accessed January 25, 2014).

5 ‘Japan to Arm Remote Western Island, Risking More China Tension’, *The Asahi Shimbun*, April 18, 2014 http://ajw.asahi.com/article/behind_news/politics/AJ201404180083 (Accessed April 20, 2014).

6 Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference, Ministry of Foreign Affairs of People’s Republic of China, April 18, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1148423.shtml (Accessed December 5, 2014).

7 Foreign Ministry Spokesperson Qin Gang’s Remarks on the Japanese Government’s Arbitrary Naming of the Affiliated Islands of China’s Diaoyu Island, Ministry of Foreign Affairs of People’s Republic of China, August 1, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1179697.shtml (Accessed December 30, 2014).

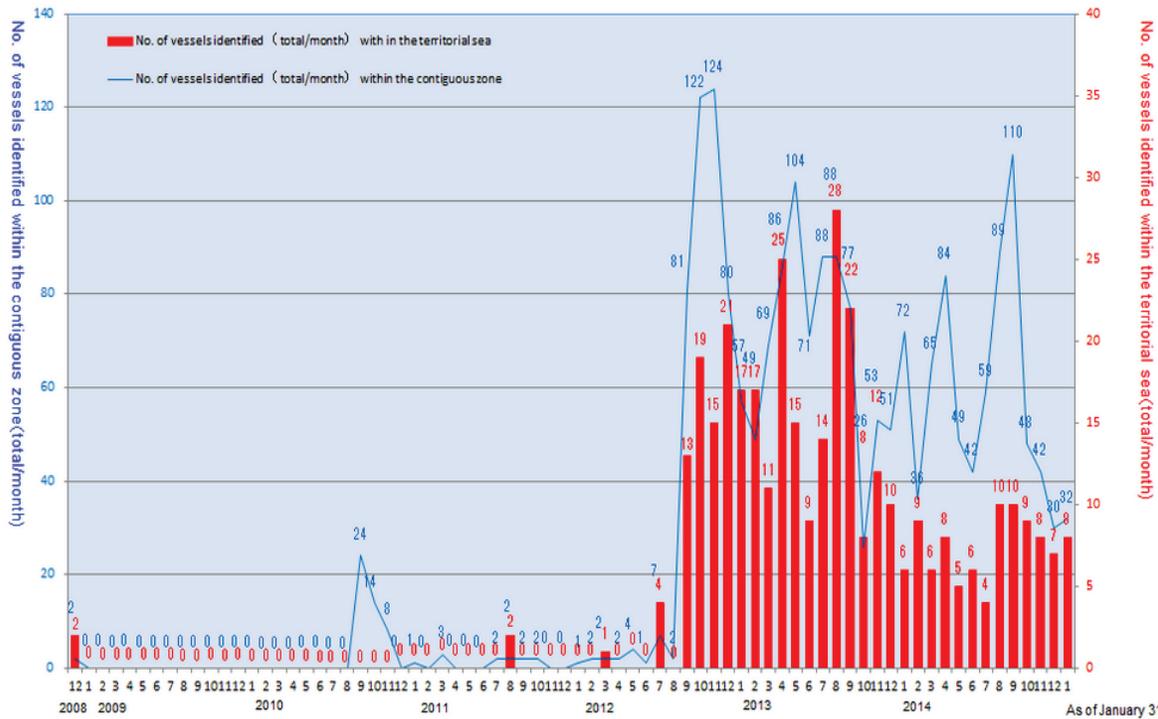
8 ‘U.S.-Japan Joint Statement: The United States and Japan: Shaping the Future of the Asia-Pacific and Beyond’, The White House, April 25, 2014 at <http://www.whitehouse.gov/the-press-office/2014/04/25/us-japan-joint-statement-united-states-and-japan-shaping-future-asia-pac> (Accessed April 25, 2014).

and registered strong protest⁹ while underlining that it “firmly opposes the inclusion of the Diaoyu Islands into the US-Japan security treaty” which is a “product of the Cold War era”.¹⁰

Amid continuing tensions, on September 23-24, the second China-Japan talks on maritime

issues was held in Qingdao where they reportedly deliberated on issues related to the East China Sea including security and crisis management. An important outcome was the decision on restarting the negotiations on building a bilateral maritime security mechanism at the earliest. The first round of talks was hosted by China in 2012¹¹.

Figure 1: Alleged “Intrusions” by Chinese Vessels in Disputed Waters



Source: Available at Ministry of Foreign Affairs Japan website: ‘Trends in Chinese Government and Other Vessels in the Waters Surrounding the Senkaku Islands, and Japan’s Response- Records of Intrusions of Chinese Government and Other Vessels into Japan’s Territorial Sea’, Ministry of Foreign Affairs of Japan, February 18, 2015 at http://www.mofa.go.jp/region/page23e_000021.html (Accessed February 25, 2014).

9 Foreign Ministry Spokesperson Qin Gang’s Remarks on the U.S.-Japan Joint Statement, Ministry of Foreign Affairs of People’s Republic of China, April 25, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1150265.shtml (Accessed December 5, 2014).

10 Foreign Ministry Spokesperson Qin Gang’s Regular Press Conference, Ministry of Foreign Affairs of Peoples Republic of China 2014, April 24, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1149944.shtml (Accessed December 5, 2014).

11 ‘Japan, China Hold Second Maritime Affairs Talks, with Isles Row on Agenda’, *Kyodo*, September 25, 2014, At <http://www.japantimes.co.jp/news/2014/09/25/national/japan-china-hold-second-maritime-affairs-talks-isles-row-agenda/#.VK-RKNKUeE4> (Accessed November 1, 2014).

Diplomatic Heat

Drawing from the 2013 identification of the ADIZ by the Chinese and Abe's provocative visit to the Yasukuni shrine, bilateral relations witnessed some heated diplomatic exchanges in 2014. In January, during the World Economic Forum, Prime Minister Shinzo Abe without referring directly to China articulated the need to "restrain military expansion in Asia".¹² Abe equated China-Japan relations to those of Britain and Germany before World War-I¹³. He also utilised this platform to clarify his December 2013 visit to Yasukuni shrine¹⁴. The Chinese Foreign Ministry defended its military intents and strategies as "open and transparent". Furthermore, China questioned Japanese intension vis-à-vis revision of its pacifist orientation and military build-up. China accused Japan of evading its history of aggression and suggested to "deeply reflect on the Sino-Japanese War of 1894-1895, Japan's colonial rule on the Korean Peninsula and the fascist war

waged by Japan during WWII".¹⁵ Regarding the Yasukuni shrine issue, Foreign Minister Wang Yi argued that the objective of Prime Minister Abe is to "overturn the trial of Japan's aggression and defend the war criminals".¹⁶

China-Japan relations suffered another setback in May following Prime Minister Abe's keynote address at the Asia Security Summit known as the Shangri-La Dialogue. China expressed discontent since Abe made the case for Japan's greater responsibility in regional security matters and offered help to the South East Asian countries, most of who are engaged in maritime rows with China. Backing Philippine and Vietnamese efforts in the South China Sea vis-à-vis China, Japan underlined that countries have to respect international law and must refrain from employing force to assert claims, and disputes must be settled by way of dialogue.¹⁷ Japan pushed for the maritime code of conduct with reference to ASEAN and China as well as the operationalisation of the 2007 deal for establishing a Sino-Japanese mechanism to manage accidental sparring

12 A New Vision from a New Japan, World Economic Forum 2014 Annual Meeting, Speech by Prime Minister Abe, Prime Minister of Japan and His Cabinet, January 22, 2014 at http://japan.kantei.go.jp/96_abe/statement/201401/22speech_e.html (Accessed February 9, 2015).

13 'China: Abe's Britain-Germany Comparison Inappropriate', *Xinhua*, January 25, 2014 at http://news.xinhuanet.com/english/video/2014-01/25/c_133072653.htm (Accessed February 9, 2015).

14 'World Told to Stand Up or Face Consequences: Abe Uses Davos Forum to Warn of China Militancy', *AFP-JJI, KYODO*, January 23, 2014, At <http://www.japantimes.co.jp/news/2014/01/23/national/japan-tells-world-to-stand-up-to-china-or-face-consequences/#.VNhzR-aUeE4> (Accessed February 9, 2015).

15 Foreign Ministry Spokesperson Qin Gang's Regular Press Conference, Ministry of Foreign Affairs of the People's Republic of China, January 23, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1122233.shtml (Accessed February 9, 2015).

16 Wang Yi, 'Abe-He Who Excuses Himself Accuses Himself', Generalkonsulat der Volksrepublik China in Hamburg, Ministry of Foreign Affairs of the People's Republic of China, January 24, 2014 <http://www.fmprc.gov.cn/ce/cgham/det/gnxw/t1122407.htm> (Accessed February 9, 2015).

17 Abe's Shangri-La dialogue key note speech, *NHK*, May 30, 2014 at http://www3.nhk.or.jp/nhkworld/english/news/20140531_01.html (Accessed June 1, 2014).

involving vessels and jets.¹⁸ Echoing Abe, Japanese Defense Minister Onodera and US Defense Secretary Chuck Hagel severely criticised China's destabilising activities to assert itself in the South China Sea. Chinese representative Lieutenant General Wang Guanzhong responded by arguing the case of "assertiveness" emanating from the activities of the US and Japan.¹⁹ During the Japan-ASEAN summit, Japan committed to support human resources development for capacity building of maritime security and safety for approximately 700 personnel over the next three years.²⁰ Additionally, during the Fourth East Asia Summit (EAS) Foreign Ministers' Meeting in Nay Pyi Taw, Japanese Foreign Minister Fumio Kishida expressed Japan's concerns over regional stability given the developments in the South China Sea and stressed that the South China Sea dispute should be decided as per the

rule of law.²¹ Besides the establishment of the extensive strategic partnership between Japan and Vietnam, Japan decided to offer six vessels to enhance Vietnamese capability for maritime security. Moreover, Japan extended support to the Philippines use of arbitral proceedings against China under the UNCLOS for peaceful settlement of South China Sea disputes in accordance with international law.²² China is keenly analysing these developments and its regional security implications.

Shift in Japanese Post-War Security Policy: Chinese Response

Abe's long-term goal of a "normal" Japan translated into concrete steps in July 2014 when he managed to secure cabinet approval for re-interpreting the narrow understanding of Article 9 of the pacifist constitution. The Japanese government has held the position since long that while Japan as a sovereign country intrinsically possesses the right to collective self-defence in accordance with international law, it has decided not to exercise this right since collective self-defence falls outside the perimeter of self-defence authorised under Article 9 of the constitution.²³

18 Shinzo Abe, 'Peace and Prosperity in Asia, Forevermore Japan for the Rule of Law Asia for the Rule of Law and the Rule of Law for All of Us', The 13th IISS Asian Security Summit, The Shangri-La Dialogue-Keynote Address, *Ministry of Foreign Affairs Japan*, May 30, 2014 at http://www.mofa.go.jp/np/page4e_000086.html (Accessed May 31, 2014); also see In dig at China, Abe says Japan supports Southeast Asia on freedom of sea, air, *Reuters*, May 31, 2014 at http://ajw.asahi.com/article/behind_news/politics/AJ201405310020 (Accessed May 31, 2014).

19 Wang Guanzhong 'Major Power Perspectives on Peace and Security in the Asia-Pacific', *Shangri-La Dialogue 2014*, June 1 2014, at <http://www.iiss.org/en/events/shangri-la%20dialogue/archive/2014-c20c/plenary-4-a239/wang-guanzhong-2e5e> (Accessed February 9, 2014).

20 17th Japan-ASEAN Summit Meeting, Ministry of Foreign Affairs of Japan, November 12, 2014 at http://www.mofa.go.jp/a_o/rp/page3e_000260.html (Accessed December 5, 2014).

21 4th East Asia Summit (EAS) Foreign Ministers' Meeting, Ministry of Foreign Affairs Japan, August 10, 2014 at http://www.mofa.go.jp/a_o/rp/page3e_000224.html (Accessed December 5, 2014).

22 Japan-Philippines Foreign Ministers Meeting, Ministry of Foreign Affairs Japan, April 11, 2014 at http://www.mofa.go.jp/s_sa/sea2/ph/page3e_000168.html (Accessed December 5, 2014).

23 The Basics of Japan's Defense Policy and Build-up of Defense Capability, Japan Ministry of Defense 2008, at http://www.mod.go.jp/e/publ/w_paper/pdf/2008/part2/Chap1.pdf 12/11/2014 (Accessed December 15, 2014).

At the core of this discussion lies Article 9 that says “renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes”. To attain this objective, the constitution states that “land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognised”.²⁴

However, the July re-interpretation permits Japan to exercise its right to collective self-defence thus enabling Japan to contribute more to US military operations. For a long time, Japan has been pushed by its most valued strategic partner, the US, to share greater responsibilities rather than thriving as a “passive free rider” on the US-Japan security alliance. The *Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan’s Survival and Protect its People* emphasised that to safeguard Japan’s survival, use of force to the minimum extent necessary is allowed when

an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan’s survival and poses a clear danger to fundamentally overturn people’s right to life, liberty and pursuit of happiness, and when there is no other appropriate means available to repel the attack.²⁵

24 The Constitution of Japan, Prime Minister of Japan and His Cabinet, May 3, 1947 at http://japan.kantei.go.jp/constitution_and_government_of_japan/constitution_e.html (Accessed December 15, 2014).

25 Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan’s Survival and Protect its People, Ministry of Foreign Affairs of Japan, July 1, 2014, at http://www.mofa.go.jp/fp/nsp/page23e_000273.html (Accessed December 5, 2014).

Responding to the Japanese cabinet decision, China stressed that Japan must abstain from hurting regional peace and stability and respect the security concerns of its neighbours.²⁶ A Xinhua commentary interpreted Japan’s recent move as “Faustian scheme” of Abe.²⁷ China, for some years has persistently proposed that Japan is constructing a “China threat theory” to substantiate Prime Minister Abe’s militarist plan and justify the policy objective to the voters. China is confident that by misleading the international community and making use of the China threat, Japan has consolidated its alliance with the US besides gaining the political confidence of the Southeast Asian nations. Moreover, the Chinese administration prescribed Japan to own up its historical past which inflicted immeasurable damage to generations of Chinese.

Meanwhile, in August 2014 defence white paper of Japan was published which underscored apprehension on the ambiguity concerning China’s mounting defence budget. It stressed on the “coercive measures” employed by China to alter “status quo” of the contested islands in the East China Sea and the nine dash line in the South China Sea. China, registering strong “dissatisfaction” called Japan “dangerous and irresponsible”; conveyed its determination to defend its territorial sovereignty, and maritime

26 Foreign Ministry Spokesperson Hong Lei’s Regular Press Conference on July 2, 2014, Ministry of Foreign Affairs of the People’s Republic of China, July 2, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1170852.shtml (Accessed December 5, 2014).

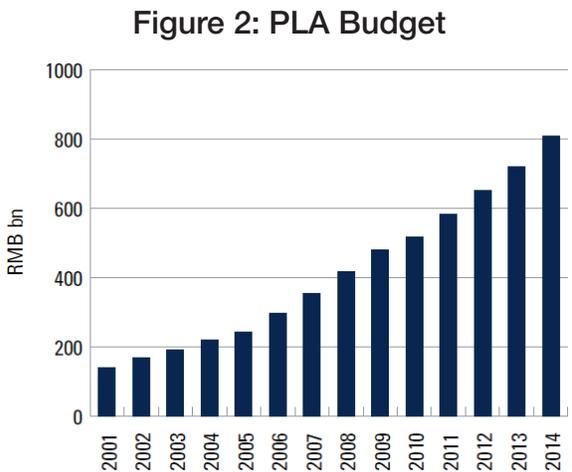
27 ‘Abe’s Faustian Flirtation with Specter of War’, Commentary, *Xinhua*, July 1, 2014 at http://news.xinhuanet.com/english/indepth/2014-07/01/c_133451601.htm (Accessed December 5, 2014).

rights and interests, while reiterating that China operates in accordance with international laws and pertinent national laws.²⁸ Meanwhile, it pointed at Japan's escalating defence budget and said it has been a trend of the conservative Abe administration since he assumed office in December 2012. With regard to the gray zone, Japan is focusing on bolstering capabilities with the purchase of hardware and assets, raising concerns in the neighbourhood. The Japanese ministry of defence refers to gray zone situations as "neither pure peacetime nor contingencies over territory, sovereignty and maritime economic interests".²⁹ The 2014 defence budget of Japan, amounting to 4,884.8 billion yen (\$46.9 billion),³⁰ reflected a 2.8 per cent increase amid tensions with China over territorial sovereignty. On the other hand, in recent times China has escalated its military outlays considerably and the issue of military modernisation and transparency continues to make Japan anxious.

28 Foreign Ministry Spokesperson Hua Chunying's Remarks on Japan's Issuance of the Defense of Japan 2014, Ministry of Foreign Affairs of the Peoples Republic of China, August 8, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1181159.shtml (Accessed December 20, 2014).

29 National Defense Program Guidelines for FY 2014 and beyond December 17, 2013, Ministry of Defence Japan, December 2013 http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf (Accessed January 20, 2015).

30 Liu Yunlong, 'Japan Increases Military Expansion for Next Year', *Global Times*, December 26, 2013 at <http://www.globaltimes.cn/content/834200.shtml> (Accessed August 4, 2014).



Source: *Military Balance 2015*, International Institute for Strategic Studies

The Yasukuni Conundrum in China-Japan Relations

Prime Minister Abe's December 2013 visit to Yasukuni shrine drew widespread criticism not only from Japan's neighbours but also from the US State Department. The Chinese administration maintains that the Yasukuni shrine is a "symbol of the war of aggression that Japanese militarism waged on other countries" and criticised the present Japanese administration for its "wrongful attitude towards historical issues".³¹ In view of the fact that Abe was eager to normalise bilateral relations prior to his scheduled visit to China in November 2014 for the APEC summit in Beijing, Abe stayed away from going to the Yasukuni shrine in person during the October autumn festival, which triggers nationalist emotions in

31 Foreign Ministry Spokesperson Hua Chunying's Remarks on the Visits to the Yasukuni Shrine Made by Some Members of the Japanese Cabinet, Ministry of Foreign Affairs of the People's Republic of China, August 15, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1183014.shtml (Accessed December 4, 2014).

China and South Korea. Though Abe was in Italy for the Asia-Europe Meeting during the autumn festival, he offered a masakaki tree branch to the shrine on October 17. However, during this festival three cabinet ministers and approximately 110 lawmakers from five political parties visited the Yasukuni shrine.³² The three ministers included the Internal Affairs and Communications Minister, Sanae Takaichi, National Public Safety Commission Chief, Eriko Yamatani and Minister in charge of Women's Empowerment, Haruko Arimura. Subsequently, China registered opposition with the Japanese Embassy in Beijing.³³ On October 18, Chinese coast guard vessels allegedly appeared in the waters surrounding the disputed Diaoyu/Senkaku Islands.³⁴ Earlier in August, few members of the Japanese Cabinet went to Yasukuni Shrine. Moreover, China has also protested against Abe's (as LDP leader) message

conveyed at the memorial service intended for the martyrs of the Showa Era in Mt Koyasan temple arguing that Japan should "make a clean break from militarism".³⁵

To express strong Chinese resolve to oppose aggression, the National People's Congress selected September 3 and December 13 as the 'victory day' of the Chinese people's war of resistance against Japanese aggression and as National Memorial Day to commemorate those killed by Japanese aggressors during the Nanjing Massacre in the 1930s respectively.³⁶ September 3 marked the 69th anniversary of the success of anti-fascist war along with Chinese conquest against Japanese invasion³⁷. The first formal Memorial Day was celebrated at the Memorial Hall of the Victims of the Nanjing Massacre and attended by President Xi Jinping³⁸.

32 'China Files Formal Protest over Yasukuni Shrine Visits by Three of Abe's Ministers', *Kyodo*, October 18, 2014 at <http://www.japantimes.co.jp/news/2014/10/18/national/politics-diplomacy/china-files-formal-protest-over-yasukuni-shrine-visits-by-three-of-abes-ministers/> (Accessed November 1, 2014); 'Abe Sends Ritual Offering to Yasukuni; Several Lawmakers Visit Shrine', *Kyodo*, October 17, 2014 at <http://www.japantimes.co.jp/news/2014/10/17/national/politics-diplomacy/abe-sends-ritual-offering-yasukuni-shrine/> (Accessed November 1, 2014).

33 'China Files Formal Protest over Yasukuni Shrine Visits by Three of Abe's Ministers', *Kyodo*, October 18, 2014 <http://www.japantimes.co.jp/news/2014/10/18/national/politics-diplomacy/china-files-formal-protest-over-yasukuni-shrine-visits-by-three-of-abes-ministers/#.VK9ctdKUeE5> (Accessed November 1, 2014).

34 'Abe Yasukuni Offering Followed by China Coast Guard Visit to Senkakus', *Reuters*, October 19, 2014 at <http://www.japantimes.co.jp/news/2014/10/19/national/politics-diplomacy/abe-yasukuni-offering-followed-by-china-coast-guard-visit-to-senkakus/#.VK9fsdKUeE5> (Accessed November 1, 2014).

35 Foreign Ministry Spokesperson Qin Gang's Remarks on Japanese Leader's Erroneous Words and Deeds about Japan's History of Aggression, Ministry of Foreign Affairs of the People's Republic of China, August 28, 2014 at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1186323.shtml (Accessed December 4, 2014).

36 'China ratifies national days on anti-Japanese war victory, Nanjing Massacre', *Xinhua*, February 27, 2014 http://news.xinhuanet.com/english/china/2014-02/27/c_133147713.htm (Accessed October 10, 2014).

37 'China Marks Victory Day against Japan's Aggression', *Chinadaily.com.cn/Xinhua*, September 3, 2014 at http://www.chinadaily.com.cn/china/2014-09/03/content_18538925.htm (Accessed December 6, 2014).

38 Qiao Rui, "Full coverage: National Memorial Day for Nanjing Massacre Victims", *CCTV.com*, December 15, 2014 <http://english.cntv.cn/2014/12/15/ARTI1418635999738610.shtml> (Accessed January 12, 2015).

Political Engagement: Decoding the Xi-Abe Meeting

Months of discussions between the two country's policymakers³⁹ culminated in the Xi-Abe meeting on November 10 on the sidelines of the APEC Summit. This was their first meeting since both leaders had assumed office almost two years ago. Prior to the Xi-Abe meeting on November 10, the official meeting between Chinese State Councilor Yang Jiechi and Japanese National Security Advisor Shotaro Yachi on November 7 produced a four-point agreement aimed at improving bilateral relations.⁴⁰ During the November 7 Yang-Yachi meeting⁴¹, China and Japan, while accepting differing postures on the contested islands, agreed to restart political, diplomatic and security dialogue. They agreed on following the principles

outlined in the four political documents⁴² that is reached between China and Japan; surmounting political impediments in the “spirit of facing history squarely”; and decided to institute crisis management mechanisms to shun incidents in the East China Sea and manage tense situations by way of dialogue.⁴³ This Yang-Yachi meeting laid the foundation for the much needed icebreaker meeting between President Xi and Prime Minister Abe to build mutual political trust.

The Xi-Abe Summit meeting was held on November 10 in Beijing where the leaders stressed on furthering the notion of “Mutually Beneficial Relationship based on Common Strategic Interests”. Prime Minister Abe stressed that he views China's development is an opportunity for Japan and the focus should be on encouraging mutual understanding among the people, strengthening economic relations, and stabilising the East Asian security environment. They discussed early implementation of a maritime communication mechanism between the defence authorities of the two countries and eliminate the potential for mutual distrust. President Xi articulated that Japan should “squarely face the history issue and continue to follow the path of a peaceful nation” and expressed hope that while an agreement has been achieved on a maritime

39 A Japanese official allegedly visited China in July to discuss the possibilities of a Xi-Abe meeting during the APEC summit in November. For details refer to: Senior Japan, China diplomats hold secret meeting amid frayed ties, *Kyodo*, July 24, 2014 at <http://mainichi.jp/english/english/newsselect/news/20140724p2g00m0dm038000c.html> (Accessed December 25, 2014).

40 ‘Regarding Discussions toward Improving Japan-China Relations’, Ministry of Foreign Affairs Japan, November 7, 2014 at http://www.mofa.go.jp/a_o/c_m1/cn/page4e_000150.html (Accessed December 6, 2014).

41 Yang Jiechi Meets National Security Advisor of Japan Shotaro Yachi, China and Japan Reach Four-Point Principled Agreement on Handling and Improving Bilateral Relations, Ministry of Foreign Affairs of The People's Republic of China, November 7, 2014 http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1208360.shtml (Accessed January 4, 2015).

42 The four political documents include 1972 China-Japan Joint Statement, the 1978 China-Japan Treaty of Peace and Friendship, the 1998 China-Japan Joint Declaration and 2008 joint statement on advancing strategic and mutually-beneficial relations in a comprehensive way.

43 Yamei Wang, ‘China, Japan Reach Four-Point Agreement on Ties’, *Xinhua*, November 7, 2014 at http://news.xinhuanet.com/english/china/2014-11/07/c_133772952.htm (Accessed December 6, 2014).

crisis management mechanism, there will be sustained communication at the working level.⁴⁴

During the first high level government meeting in December following the Xi-Abe summit, China and Japan agreed to cooperate on energy conservation and environmental issues.⁴⁵ Moreover, in December the fifth Japan-China Policy Dialogue meeting on Mekong Region was held in China. While the last meeting was held as far back as in September 2011, the sixth meeting will be hosted in Japan in 2015.⁴⁶ In an earlier development on October 13, China's National People's Congress decided to restart interactions with the Japanese Diet. A Japanese delegation led by Ichiro Aisawa, chief of the Lower House steering committee, met with the vice chairman of the National People's Congress standing committee, Zhang Ping and the Deputy Secretary-General Cao Weizhou in Beijing.⁴⁷

44 Japan-China Summit Meeting, Ministry of Foreign Affairs Japan, November 10, 2014 at http://www.mofa.go.jp/a_o/c_m1/cn/page4e_000151.html (Accessed December 6, 2014).

45 'Japan, China Officials Unite on Environmental Measures as Ties Warm', *Kyodo*, December 28, 2014 at <http://www.japantimes.co.jp/news/2014/12/28/national/politics-diplomacy/japan-china-hold-first-government-meeting-since-leaders-summit/#.VMnSx9KUeE4> (Accessed January 5, 2015).

46 'The Fifth Meeting of the Japan-China Policy Dialogue on the Mekong Region', Ministry of Foreign Affairs Japan, December 2, 2014 at http://www.mofa.go.jp/press/release/press4e_000540.html (Accessed December 6, 2014).

47 'China Warms to Resuming Lawmaker Exchanges with Japan', *Kyodo*, October 13, 2014 at <http://www.japantimes.co.jp/news/2014/10/13/national/politics-diplomacy/china-warms-resuming-lawmaker-exchanges-japan/#.VK-e4dKUeE4> (Accessed October 15, 2014).

The two sides in principle agreed to resume lawmaker's exchange.

Economic Ties

China-Japan economic relations suffered following the 2012⁴⁸ events over the Diaoyu/Senkaku Islands. However, 2014 witnessed willingness from both sides to address concerns and realise the full potential of bilateral trade. In May, Japanese trade minister Toshimitsu Motegi and Chinese commerce minister Gao Hucheng met in Qingdao on the sidelines of the APEC forum. This was the first ministerial level meeting since December 2013 when Abe visited the Yasukuni shrine sparking severe protests from China. During the meeting while China insisted on Japan to improve the investment environment for Chinese business, Japan articulated anxiety over secure operations for its companies in China. Additionally, Japan referred to the subject of the lawsuits registered by Chinese citizens for compensation from Japanese companies for forced labour during World War II.⁴⁹

Japan External Trade Organisation (JETRO) data reflects that in the first half of 2014 Japan-China total trade enhanced by 4.4 per cent to \$168.4 billion. This marked an increase from the double-digit decline witnessed in the same period of the

48 There were anti-Japanese protests in several cities in China in August and September 2012 which affected Japanese automobile and home appliances sales. For further details, please refer to- *Japan-China Relations in 2013: Treading through Difficult Waters* by Pranamita Baruah in China Yearbook 2013.

49 'Japan, China Ministers Hold 1st Talks since Ties Frayed over Islet', *Kyodo*, May 17, 2014 at <http://asia.nikkei.com/Politics-Economy/International-Relations/Japan-China-ministers-hold-1st-talks-since-ties-frayed-over-islet> (Accessed June 2, 2014).

preceding year. While exports to China grew by 2.5 per cent to \$78 billion, imports increased by 6.1 per cent to \$90.4 billion. Even though imports are recuperating, exports are sluggish. Consequently, regardless of the recovery trend reflected in the Japan-China trade, Japan's trade deficit amounts to \$12.3 billion, a northward movement of 37 per cent compared to the same period of the preceding year. Owing to the growth of Chinese domestic demand and industrial production, exports in transportation equipment and general machinery witnessed a double-digit boost. This raised overall exports for the first time in three years. The demand with regard to passenger cars grew by 50.3 per cent. For the first time in two years, imports from China augmented during the first half-year. Imports in electrical equipment grew, especially demand for semiconductors and electronic components.⁵⁰

There were reports in September that Chinese Vice-Premier Wang Yang expressed willingness to restart high-level economic dialogue after four years to strengthen economic ties between the two countries. Keidanren (Japan Business Federation) chief, Sadayuki Sakakibara along with the Japan-China Economic Association members went to China to push for expanding economic ties.⁵¹ Moreover, in October Japanese Deputy Prime Minister and Finance Minister

Taro Aso and Chinese Vice Premier Wang Yang reportedly agreed to resume cabinet-level talks on economic issues.⁵²

Public Perception in 2014

Like every year since 2005, *Genron NPO* and *China Daily* conducted the 10th annual joint survey in July-August 2014 aimed at understanding the opinions of the Japanese and Chinese citizen's toward each other. The survey reflected that 93.0 per cent of Japanese respondents' "impressions of one another's countries" were "unfavorable". This has deteriorated compared to last year's result of 90.1 per cent. In contrast, 86.8 per cent of the Chinese respondents harboured an "unfavorable" impression of Japan. This reflects an improvement compared to the last year results standing at 92.8 per cent.

The top two reasons for "unfavourable impression" of China among the Japanese nationals is drawn from "China's actions are incompatible with international rules" standing at 55.1 per cent and "Chinese actions to secure resource, energy and food look selfish" standing at 52.8 per cent. It is interesting to note that previous year's popular response "Continuous confrontation over the Senkaku Islands" has reduced to 50.4 per cent from 53.2 per cent. The survey showed that while there was a decline in respondents who nurtured fears over hostility on Senkaku/Diaoyu Islands, there was a surge in people worried about China's hegemonic action shaping the "unfavourable" impression. Meanwhile two important reasons

50 'Analysis of Japan-China Trade in the First Half of 2014 (based on imports of both countries)', JETRO survey, *JETRO*, August 22, 2014 at <http://www.jetro.go.jp/en/news/releases/20140822008-news> (Accessed December 6, 2014).

51 'China Expresses Readiness to Resume High-Level Economic Talks with Japan', *The Asahi Shimbun*, September 25, 2014 at http://ajw.asahi.com/article/behind_news/politics/AJ201409250056 (Accessed October 2, 2014).

52 'Japan, China Look to Restart High-Level Economic Talks', *Nikkei Asia Review*, October 18, 2014 at <http://asia.nikkei.com/Politics-Economy/International-Relations/Japan-China-look-to-restart-high-level-economic-talks> (Accessed October 22, 2014).

shaping Chinese nationals “unfavourable” impression of Japan includes “The Diaoyu/Senkaku Islands” and “Historical understanding”. While deteriorating national sentiments emerged as an issue for both Japanese and the Chinese in the survey, more than half the Chinese respondents feel that China might go to war with Japan in the future.⁵³

Moreover, a Japanese cabinet office survey released in December reflected that 83.1 per cent of the respondents are antagonistic towards China, up 2.4 per cent from the November 2013 survey.⁵⁴ Meanwhile, in early December, a Chinese NGO named China Federation of Demanding Compensation from Japan wrote a letter to Abe demanding compensation and apology for the sufferers of the wartime massacre including the 300,000 Nanjing victims.⁵⁵

The Way Ahead

2015 marks the 70th anniversary of World War II. China along with other regional actors will keenly analyse the content of Prime Minister

Shinzo Abe’s speech scheduled to be delivered on August 15, 2015 to celebrate the end of the war. Abe’s approach towards history especially whether he upholds the position of previous cabinets, together with the 1995 Murayama statement, will shape the China-Japan relations in the coming months. Another determinant of China-Japan relations in 2015 will be Japan’s evolving post-war security posture. As Japan is undoing its constitutional barriers and assuming a greater security role, how this will translate into actions and impact stability and affect Chinese regional ambitions will shape China’s attitude towards Japan.

Nevertheless, amidst the core contention between the two countries over wartime history and East China Sea territorial dispute, developments following the 2014 Xi-Abe summit unfolded the much needed confidence building measures to manage the strained relations. While both sides demonstrated willingness to end the stalemate and participate in constructive engagement, much will depend on the political resolve of the leadership who are increasingly guided by their domestic constituency. While the relations will continue to encounter tense moments, an overall positive tone should be maintained by creating space for peaceful dialogue.

53 ‘The 10th Japan-China Public Opinion Poll Analysis Report on the Comparative Data’, *The Genron NPO and China Daily*, September 9th, 2014 at http://www.genron-npo.net/en/pp/docs/10th_Japan-China_poll.pdf (Accessed October 2, 2014).

54 ‘Record Number of Japanese Hostile toward China and S. Korea’, Cabinet Office poll, *KYODO*, December 20 2014 at <http://www.japantimes.co.jp/news/2014/12/20/national/record-number-of-japanese-hostile-toward-china-and-s-korea-cabinet-office-poll/#.VOq8KeaUeE4> (Accessed January 2, 2015).

55 ‘China NGO Asks Abe to Apologize for Nanking Massacre, Pay Compensation’, AP December 8, 2014 at http://www.japantimes.co.jp/news/2014/12/08/national/china-ngo-asks-abe-to-apologize-for-nanking-massacre-pay-compensation/#.VPgZ_OGr9gA (Accessed March 5, 2014).

Chronology of Important Events in the Year 2014

January 2014

22: Prime Minister Shinzo Abe refers to the need for restraining military expansion in Asia during the World Economic Forum and compares China-Japan relations with Britain and Germany before World War-I.

24: Prime Minister Shinzo Abe's policy speech in the Diet articulating Japanese posture with regard to the Diaoyu/Senkaku Islands.

April 2014

18: Japan confirms plan to deploy GSDF and construct radar station in Yonaguni Island, close to the disputed Islands.

23-25: President Obama visits Japan and articulates the US position to defend Japan under the security alliance with regard to the disputed Senkaku/Diaoyu Islands.

May 2014

30: Prime Minister Abe delivers keynote address at the Shangri-La Dialogue and offers help to South East Asian countries.

July 2014

1: Japan comes out with the cabinet decision to reinterpret Article 9 of the pacifist constitution sparking response from all the regional stakeholders including China.

September 2014

3: Celebrated as victory day of the Chinese people's war of resistance against Japanese aggression.

23-24: China-Japan talks on maritime issues in Qingdao.

October 2014

17: Three cabinet ministers visit the Yasukuni shrine during the autumn festival.

November 2014

7: Chinese State Councilor Yang Jiechi and Japanese National Security Advisor Shotaro Yachi announce a four-point agreement aimed at improving bilateral relations.

10: Japan-China Summit meeting held in Beijing.

December 2014

13: National Memorial Day to commemorate those killed by Japanese aggressors during the Nanjing Massacre between December 1937 and January 1938.

8

Sino-US Relations 2014: Decoding the New Model of Major Country Relations

Rup Narayan Das

Sino-US relations in 2014 continued to retain the traits and trends of the previous year. The aggressive articulation of strategic intents, which manifested in 2012-13, witnessed leadership transition in China and the Presidential elections in the US. The rhetoric, however, mellowed down in the later part of 2013, and acquired further sobriety in 2014. The tension between China and the US particularly with regard to the South China Sea and East China Sea was built up in the wake of the leadership transition in China and Japan, and also in the run up to the Presidential elections in the US. Knowing the nature of election campaign in the US, Beijing attributed the aggressive posturing of President Obama to the electoral battle between him and Republican candidate Mitt Romney. But security dilemma and strategic distrust continued to persist amidst engagement and dialogue, suggesting what Beijing euphemistically described as “new model of major power relations”.

President Xi Jinping first proposed his concept of “new model of major-country relationships” between China and the United States in his informal meeting with President Obama at the Annenberg Estate in June 2013. The proposal broadly contained four elements, namely, no conflict, no confrontation, mutual respect, and win-win cooperation. It was virtue out of necessity and more a stratagem of political expediency

rather than conceptual rhetoric. Handling contradictions has been the sine qua non of Chinese political discourse from Confucius to Sun Tzu to Mao Zedong down to Deng Xiaoping. It is a political expediency in the context of the emerging strategic rivalry between the reigning super power, the US and the rising power, China challenging the reigning super power, particularly in the Asia-Pacific theatre. It was also recognition of three broad trends of contemporary geo-politics of the post-Cold War period. The first is the shift of geo-politics from the Atlantic to Asia-Pacific. Second, is the emerging pattern of a globalised world with mutual economic interdependence and the third which is the extension of the second is the intertwining of the US and China economies, described by some as “conjoined Siamese twins”. Both cooperation and conflict were characteristic features of the narrative of Sino-US relations in the year, which witnessed the 35th year of the establishment of diplomatic relations between the two countries. On the positive side, all the dialogue mechanisms between the two countries met and deliberated issues of bilateral, regional and international concerns such as: dealing with climate change, the fight against Ebola, opposing terrorism, pushing the Iranian nuclear issue, de-nuclearisation of the Korean Peninsula, and the Syrian issue. The bilateral trade between the two countries during 2014 exceeded US\$ 520 billion.

Obama-Xi Meetings

At the highest political level, three meetings took place between President Xi Jinping and President Barack Obama. First, on the occasion of the Nuclear Security Summit at The Hague in the Netherlands in March 2014 and later during the Asia-Pacific Economic Cooperation (APEC) Summit in Beijing in November 2014, and again, on the sidelines of the G-20 summit in Sydney in November 2014. President Xi Jinping and Obama met for 90 minutes on the margins of the third Nuclear Security Summit on March 24, 2014, which was attended by 50 world leaders. The two leaders reached 10 agreements. The Chinese media claimed that there had been progress in military-to-military ties, an agreement to continue enhancing dialogue, and a proposal for an information notification system as a confidence building measure. Xi told Obama in the meeting that he hoped China and the US could deepen their military cooperation and conduct more joint exercises to help “prevent misunderstandings and miscalculation”. The divergence of approach with regard to the contentious South China Sea and East China Sea issues, however, was discernable in President Xi Jinping’s articulation that, “on the issue of East and South China Sea, the US side ought to adopt a ‘fair and objective’ attitude, distinguish right from wrong, and take more actions that are conducive to push for an appropriate resolution and easing the situation.”¹

Differences between the two countries also surfaced with regard to Taiwan, which was mentioned in passing, but was nonetheless highlighted by the Chinese Ministry of Foreign

Affairs. After the Xi-Obama meeting in March 2014, the ministry’s website reported that Obama told Xi, “on the Taiwan issue and Tibet-related issues, the US side respects China’s sovereignty and territorial integrity. This stance remains unchanged.” However, a CSIS commentary reacted to this as saying that “this was a blatant attempt to conflate US position on Taiwan and Tibet, which are in fact quite different: the US accepts Chinese sovereignty over Tibet, but does not recognize Chinese sovereignty over Taiwan.” It further added that the Obama Administration apparently considered it necessary to correct the record. Evan Medeiros, senior director of the Asian Affairs of the US National Security Council, made an unscheduled appearance at a conference at the Brookings Institution a few days later and described the Xi-Obama exchange on Taiwan as “just what you’d expect, China stated its position, the United States stated its position.” He further stressed that China’s Foreign Ministry “...willfully mischaracterized the United States’ position on Taiwan, as if our position on Taiwan had somehow changed.”²

Meeting at the APEC Summit

The Xi-Obama meeting during the November 2014 APEC Summit in Beijing was preceded by the visit of Secretary of State John Kerry in the first week of November. On the sidelines of the APEC summit, Xi elaborated further on the new model of major power relations during his

1 ‘President Xi Visits Western Europe’, *China Daily*, March 25, 2014, at <http://www.chinadaily.com.cn/world/2014xivisiteu/> (Accessed May 22, 2015).

2 Bonnie Glaser & Jacqueline Vitello, ‘China’s Maritime Disputes Top the Agenda’, *Comparative Connections*, May 14, 2014, at <http://csis.org/publication/comparative-connections-v16-n1> (Accessed May 22, 2015); ‘Official Denies Change in US’ Position on Taiwan’, *Taipei Times*, March 30, 2014, at <http://www.taipetimes.com/News/taiwan/archives/2014/03/30/2003586869> (Accessed May 22, 2015).

meeting with President Obama. Xi proposed six key directions for confidence building between the two countries. In the first place he emphasised on strengthening high level communication and exchanges to promote strategic mutual trust. He particularly mentioned institutional dialogues such as China-US Strategic and Economic Dialogues and China-US High-Level Consultation on People-to-People Exchanges. Second, Xi emphasised the need for handling bilateral relations on the basis of mutual respect. As two major countries with different national conditions, China and the US should respect each other's sovereignty and territorial integrity, Xi said, adding that this was an important precondition and foundation for bilateral relations. Third, he stressed on the needs for deepening exchanges and cooperation in economy and trade. Other areas, in which the two sides need to cooperate, Xi opined, are military, anti-terrorism, law enforcement, energy, healthcare, and infrastructure to inject new impetus into their bilateral relations. Fourth, a point of critical importance is that Xi urged that both sides should manage and control divergences and sensitive issues in a constructive way admitting that divergence between the two countries on some issues is inevitable. It was also maintained that both sides should stick to dialogue and consultation to handle sensitive issues properly, do no harm to each other's core interests and do their utmost to maintain the overall stable development of bilateral relations. Fifth, turning to the Asia-Pacific, Xi made a plea for inclusive cooperation in the region. Significantly, he alluded to his earlier plea that the Asia-Pacific is vast enough to embrace both China and the US. Elaborating further, he stressed, both sides should stay committed to active interaction in the region, stay engaged in inclusive diplomacy and jointly play a constructive role for regional peace, stability, and prosperity. Sixth, referring to the

international dimension of their bilateral relations Xi said that China was willing to strengthen communication and cooperation with the US in regional hotspot issues such as the Iranian nuclear crisis, the Democratic People's Republic of Korea (DPRK) nuclear issues, the Afghan issue, as well as global issues such as anti-terrorism, climate change, and prevention and control of infectious diseases.³

With regard to Taiwan, Xi reiterated that maintaining peace and stability conforms to the common strategic interests of China and the US and hoped that the US abides by the One-China policy and the principles of three China-US joint communiqués, and stops selling weapons to Taiwan, and takes concrete actions to support the peaceful development of Cross-Strait relations. Responding to Xi's observation, Obama said that the US had no intention of containing or damaging the unification of China and that the US had not changed its position on the Taiwan issue. The US firmly supports the improvement of Cross-Straits relations, he added. Turning to Tibet, the Chinese side claimed that the US accepts Tibet to be a part of the People's Republic of China and that the US does not support the independence of Tibet.

Notwithstanding such rhetoric, however, acrimony had broken out earlier between the two countries when the Dalai Lama accompanied by Dr. Lobsang Sangay, Prime Minister of the Tibet

3 'Xi Jinping Holds Talks with President Barack Obama of the US, Stressing Promoting Construction of New Model of Major-Country Relationship Between China and the US in six directions', the Websites of the Foreign Ministry of People's Republic of China (hereafter FMPRC), at http://www.fmprc.gov.cn/mfa_eng/topics_665678/ytjhzdrsrcldrfzshyxghd/t1211022.shtml (Accessed May 22, 2015).

Government in exile, visited US and met President Barack Obama in February despite objections from China which warned that the meeting would inflict grave damage on Sino-American relations. The US President met Dalai Lama in the White House's Map Room, considered lower in protocol as compared to the Oval Office, where the President traditionally meets foreign heads of state. In announcing the meeting, the White House said Obama was meeting the Dalai Lama in the latter's capacity as a cultural and religious leader. China accused Obama of letting the Dalai Lama use the White House as a podium to promote anti-Chinese activities. Hua Chunying, the spokeswoman for China's foreign ministry reacted that it was "a gross interference in China's domestic politics" and "a severe violation of the principle of international relations. It will inflict grave damages upon the China-US relationship".⁴ Later in March, the Dalai Lama met the US Speaker John Boehner, former Speaker Nancy Pelosi and other Congress leaders. Dalai Lama also addressed a meeting attended by about 400 US Congressional staff from both the Houses.

Be that as it may, during the APEC summit President Xi Jinping and President Obama concluded more than 20 agreements ranging from climate change to military confidence building, which Beijing claimed injected "renewed optimism in a relationship that has been marred by disputes in cyber security and tensions in South China

seas."⁵ An important highlight of the meeting between President Xi Jinping and President Obama was the joint statement on Climate Change⁶ aimed at mitigating the challenges of climate change. The agreement which was the outcome of months of negotiation included new targets for the US and China's first-ever commitment to stop emission growth by 2030. The broader objective is to help negotiate a new global pact on emissions in Paris in 2015. In a joint press conference, President Obama hailed the accord with China as a "historic agreement" and a "major milestone in the US-China relationship".⁷ At APEC, both Washington and Beijing pushed for different trade agreements, with the US pushing for the Trans Pacific Partnership, which excludes China, and Beijing backing its own Free Trade Area of the Asia Pacific. China also used the run-up to the summit to announce US\$ 40 billion for infrastructure development along what it calls the new Silk Road—a network of railways and airports across Central Asia.⁸

4 'China Denounces Barack Obama's Meeting with Dalai Lama', *The Guardian*, February 21, 2014, at <http://www.theguardian.com/world/2014/feb/21/china-us-barack-obama-dalai-lama> (Accessed May 22, 2015).

5 Chen Weihua, 'China, US Holding Joint Drill in South China', *China Daily*, January 13, 2015, at http://US.chinadaily.com.cn/us/2015-01/13/content_19310932.htm (Accessed May 22, 2015).

6 'US-China Joint Announcement on Climate Change', at <https://www.whitehouse.gov/the-press-office/2014/11/11/us-china-joint-announcement-climate-change> (Accessed May 22, 2015).

7 'The APEC Summit Closes With a 'Historic' Climate Deal Between the US and China', *Time*, November 12, 2014, at <http://time.com/3577820/apec-climate-change-barack-obama-xi-jinping-greenhouse-gas/> (Accessed May 22, 2015).

8 'The APEC Summit Closes with a 'Historic' Climate Deal Between the US and China', *Time*, November 12, 2014, at <http://time.com/3577820/apec-climate-change-barack-obama-xi-jinping-greenhouse-gas/> (Accessed May 22, 2015).

The unease of US towards China's assertive behavior was, however, reflected in Obama's address to the students of Queensland University where he spoke about the rights of people and nations to live in peace and that an effective security order for Asia must be based not on spheres of influence, or coercion, or intimidation where big nations bully the small—but on alliances of mutual security, international law and international norms that are upheld, and the peaceful resolution of disputes. He cautioned that territorial rows in Asia could 'spiral into confrontation'.⁹

Sixth Strategic and Economic Dialogue

Besides the summit level meetings between President Xi Jinping and President Obama, other important dialogues also took place showing the seriousness of both sides to stay connected and take one another into confidence on critical issues of mutual interest. The sixth round of Strategic and Economic Dialogue between the two countries took place in Beijing on July 9-10, 2014. It was co-chaired by Secretary of State John Kerry and State Councilor Yang Jichie. Ahead of the meeting Kerry remarked that his grandfather was born in Shanghai and that he spent his early years of youth in Shanghai. He also referred to his first ever visit to China as a Senator in 1994. He further said that the two countries "have a profound stake in each other's success" and that rivalry between the two countries is not necessarily inevitable and as the world's two largest economies the future

of the two countries "is inextricably entwined". Alluding to Xi's formulation of "new model of major country relations", he said that "*a new model is not defined in words. It is defined in action*" (Emphasis added).¹⁰

The US delegation included, among others, the Secretary of Treasury Jack Lew, Federal Reserve Chair Janet Yellen, Secretary of Commerce Penny Pritzker, Secretary of Energy Eerie Moniz, Trade Representative Mike Froman, and Deputy Secretary of State William Burns, besides Kerry. Both sides attached a great deal of strategic significance to the meeting. While President Xi Jinping addressed the meeting, President Obama sent a message. Vice Premier Wang Yang, the special representative of President Xi Jinping, in a joint statement with Secretary of State Kerry, said that the two sides expanded the areas of consensus narrowing down differences and reached over 90 important outcomes. He also claimed that "the US side commits to treat China fairly in the Export Control Reform Initiative, encourage and facilitate the export of high-technology products for civilian end use to China." Kerry in his statement said, "how the two countries manage and grow this relationship will define not only the future of the two countries, but will also greatly impact the possibilities for peace and prosperity in the Asia-Pacific region and around the world." Alluding to the convergence he said, "as the world's two biggest energy consumers and carbon emitters, China and America together have a special role to play in reducing emissions and in developing a clean energy future."

9 Obama's Speech at the Queensland University, at <http://www.couriermail.com.au/news/queensland/us-president-barack-obamas-brisbane-speech-at-the-university-of-queensland/story-fnmd7bxx-1227124334189> ((Accessed May 22, 2015).

10 'Remarks at the Sixth Round of the US Strategic and Economic Dialogue', US Department of State, July 9, 2014, <http://www.state.gov/secretary/remarks/2014/07/228910.htm> (Accessed May 22, 2015).

Conflict and Cooperation in the Asia-Pacific

The strategic distrust and security dilemma between the two countries and simultaneously the inclination not to precipitate and exacerbate them were palpable in the theater of the Asia-Pacific, where the US has been traditionally the resident power extending net security to the countries of the region. The South China Sea, where sovereignty is claimed by China and some countries of South East Asia having security alliances with the US, and the East China Sea continued to be the focus of the spotlight. While China claims undisputed sovereignty over the South China Sea (particularly the Nansha islands), the US classifies the area as global commons as far as freedom of navigation and sea lanes of communication are concerned much to the chagrin of China. In April 2000, a US EP-3 spy plane clashed with a PLA fighter jet near Hainan Island, causing the death of the Chinese pilot and the detention of 24 US crew which made an emergency landing in Hainan. In December 2013, the US Navy guided missile cruiser *Cowpens* and a Chinese fleet exercising in the South China Sea avoided a near collision. In August 2014, there was another incident where a US Navy P-8 surveillance and Chinese J-11 fighter got too close for comfort near Hainan Island.

It is against this backdrop that the two sides from time-to-time reiterate their commitment to peace and stability in the Asia-Pacific. In fact, besides other dialogue mechanisms, there is a dedicated China-US Asia Pacific consultation mechanism between the two countries. In the Joint Statement at the conclusion of the sixth round of the US-China Strategic and Economic Dialogue, the Chinese Vice Premier and the Special Representative of President Xi Jinping,

Wang Yang affirmed that both sides believe that a constructive China-US relationship is crucial to their Asia-Pacific policies. He further asserted that the two sides pledge to work towards a more stable, peaceful and prosperous Asia-Pacific region and have decided to strengthen dialogue and coordination on Asia-Pacific affairs. Both sides further affirmed their commitment to develop a notification mechanism for major military activities and a set of rules of behavior for air and maritime encounters and start coordination between US Coast guards and China's maritime law agencies. Significantly, while the Chinese side underlined the need for peace and stability in the Asia-Pacific, the US side was rather muted on the issue both in the remarks ahead of the meeting and also in the joint statement. Kerry, on the other hand articulated concerns regarding cyber security and cyber-theft asserting that "the loss of intellectual property through cyber has a chilling effect on innovation and investment" and that these "have harmed our business and threatened our nation's comprehensiveness".¹¹

Earlier in April, China hosted the Western Pacific Naval Symposium in Qingdao. The Symposium adopted a 'code of conduct for unplanned encounters by 21 participating countries.' The code of conduct is, however, unbinding. It outlines procedures vessels should take, such as what colour flare to fire in an event of unexpected contact with ships from another navy. The code was put into operation as the Chinese and US Navies launched their anti-piracy exercises in the

11 'Joint US-China Press Statement at the Conclusion of the Strategic & Economic Dialogue', US Department of State, at <https://www.google.co.in/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=joint%20US-china%20press%20statement%20at%20the%20c> (Accessed May 22, 2015).

Gulf of Aden in December 2014. The Chinese guided missile frigate *Yuncheng* and a supply ship *Chaohua*, from the 18th escort task force from the PLA Navy, held exercises with the USS *Sterret*, a guided missile cruiser, off the Horn of Africa. Chinese media claimed that that the exercise was an opportunity to put the code into practice and an encouraging indication that both navies want to minimise the risk of misunderstanding.

Spat over Hong Kong

While dialogue and engagement continued between the two sides, both also clashed over pro-democracy protests in Hong Kong. Beijing warned Washington to back off, asserting that it would not tolerate “illegal acts”. “The Chinese Government has very firmly and clearly stated its position. Hong Kong affairs are China’s internal affairs”, Foreign Minister Wang Yi told his American counterpart John Kerry in Washington in October. While Wang asserted, “I believe for any country, for any society, no one allows illegal acts that violate public order. That’s the situation in the States and that’s the situation in Hong Kong”, Kerry on his part maintained, “As China knows, we support universal suffrage in Hong Kong, accordant with the Basic Law”. He further said that US believes in an open society with highest possible degree of autonomy, governed by rule of law and the same is essential for Hong Kong’s stability and prosperity”.¹²

12 ‘Hong Kong Protests China Warns US Not to Meddle in ‘Internal Affairs’, *The Guardian*, London, October 2, 2014, at <https://www.google.co.in/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=hong%20kong%20protests%20china%20warns%20us%20not%20to> (Accessed May 22, 2015).

An Indian Perspective to Sino-US relations

It would only be appropriate that a paper on Sino-US relations emanating from India has an Indian perspective, particularly in the context of the “Pivot to Asia” policy of the US and US’s efforts to mentor India in the emerging power balance in Asia in the backdrop of China’s rise. Although there has been discernible shift in India’s foreign policy after the disintegration of the erstwhile USSR and the end of the cold war, the year which witnessed a general election and installation of the National Democratic Alliance led by the BJP under the leadership of Narendra Modi, also witnessed a further tilt of India towards the US and its ally Japan much to the consternation of China.

While the 16th general elections to the Lok Sabha will be remembered as an important event in India political history for many reasons, it is interesting to analyse how both China and the US tried to reach out to its Prime Ministerial candidate Narendra Modi, in the run up to the elections and after the election results were declared. While Indo-US relations remained frosty without any major initiative to repair the damage caused by the Devyani episode in the penultimate year of the second innings of the UPA Government, Beijing continued its charm offensive and even extended overtures to BJP and its prime ministerial candidate Narendra Modi. The Chinese media showed a lot of interest on the long drawn national elections in India that started on April 7 and ended on May 12. The Beijing based correspondent of a major English daily extensively quoted a Chinese scholar Lan Jianxue from the China Institute of International Studies, “Unlike some western countries, China doesn’t feel uncomfortable with any Indian parties or candidates...A large amount of Chinese investment has been put

in Gujarat. Some believe he is very pragmatic and has some 'Chinese way'. In 2011, he was invited to visit China. The visit was very successful and good to build some personal linkage and working relationship."¹³ In the same news story, the former Consul General of China in Kolkata, Mao Siwei had a similar view on Modi's business policies. According to Mao, "There is a saying in India that Gujarat is India's Guangdong. This reflects a trend that Indians are recognizing the importance of manufacturing to the economy... If Mr. Modi becomes the next Prime Minister of India, I believe the Chinese government would say that 'We respect the decision made by the Indian people.'" The news report further quoted another Chinese scholar, who is known for his favourable disposition towards India, as saying, "No matter which party comes to power, the current momentum of Sino-India relations will be maintained". The aforesaid narrative suggests how deterioration in Indo-US relations encourages China to extend overtures of goodwill and strategic gestures towards India. The US State Department described the Indian elections, as "an inspiring example of the democratic process in action." Its spokesman Jen Psaki said, "We view our relationship with India as one that's vitally important for economic and strategic reasons. We look forward to work with the leaders chosen by the Indian people to advance this important partnership and to set an ambitious agenda". Ashley Tellis, a South Asia expert at the Carnegie Endowment for International Peace, said that if Modi were elected, Secretary John Kerry should

visit India as soon as possible and Modi should be invited to the United States.¹⁴

In a statement, Obama said, "The United States and India have developed a strong friendship and comprehensive partnership over the last two decades, which has made our citizens safer and more prosperous and which has enhanced our ability to work together to solve global challenges."¹⁵ The US factor in Sino-Indian relations was very evident in an article by Ashley Tellis on the website of Carnegie Endowment for International Peace, carried just a few days before the election results were declared on May 16, 2014. In the article, Tellis argued, "Washington should remember that a strong India is in America's strategic interest on its own merits. Especially in the face of an increasingly assertive China, the United States benefits from the presence of a robust democratic power that is willing to and capable of independently balancing Beijing's rising influence in Asia".¹⁶ Without mentioning 'Pivot to Asia', he extrapolated it in his assertion that "a deeper Indian relationship with Japan, Singapore, and other trading states of East Asia will bind New Delhi closer to countries that are otherwise American allies and partners.

13 SutirthoPatronobis, 'Shakti or Shanti, Chinese Experts Analyse Modi's plan', *The Hindustan Times*, April 6, 2014.

14 'US would Welcome Modi as PM despite Past Visa Ban', *Reuters*, May 13, 2014, at <http://in.reuters.com/article/2014/05/12/modi-pm-US-visa-idINKBN0DS1M120140512>(Accessed February 1, 2015).

15 'Exit Poll Effect: Obama to 'Work Closely with NDA', *The Pioneer*, May 14, 2014, at <http://www.dailypioneer.com/world/exit-poll-effect-obama-to-work-closely-with-nda.html>, (Accessed February 1, 2015).

16 Ashley Tellis, 'Productive but Joyless? Narendra Modi and US-India Relations', May 12, 2014, at <http://carnegieendowment.org/2014/05/12/productive-but-joyless-narendra-modi-and-US-india-relations/han1?reloadFlag=1>, (Accessed February 1, 2015).

These states will profit from any renewed Indian engagement in their region, in the process of advancing US interests even if doing so was not India's primary intention. Even an effort by Modi to improve Sino-Indian ties would not necessarily undermine American aims in Asia. Modi is astute enough to recognise the nature of threats posed by rising Chinese power to Indian security, so it is unlikely that improved relations between Beijing and New Delhi would ever come to constitute strategic "bandwagoning" against Washington".

Sensing the electoral victory, Modi had a studied response to a tricky question raised by a correspondent of a leading newspaper as to whether he would build upon better relationship with China than with the US, he avoided a direct answer and said that relations between India and US "cannot be determined or be remotely influenced by incidents related to Individuals... The oldest democracy in the world and the largest democracy in the world are natural allies and we must work together towards global peace and prosperity." Regarding China, he said that it was possible to solve the problems with China and take the relationship with it to another level. "If India and China want to work together towards improving our relationship and resolve our differences, it would be helpful to both the nations. The 21st century belongs to Asia. More than 60 per cent of the world's population resides in Asia. It would be thus in the interests of the world that Asia develops and concentrates on improving

the standard of living of its people".¹⁷The reset in ties between the two countries started with a congratulatory telephone call from President Obama to Prime Minister elect Modi on May 16, 2014 that was also accompanied by an invitation to visit Washington. A few days later, US Secretary of State John Kerry called Foreign Minister Sushma Swaraj on May 29, 2014 and followed it up with a visit to New Delhi on July 31 for the fifth India-US strategic dialogue. Another high profile visitor from the US administration was Secretary of Defense Chuck Hagel, who visited New Delhi in August 2014.

It was against this backdrop that the foreign policy orientation of India witnessed a certain discernible shift towards the US and its strategic allies like Japan, a process which had already started earlier with the Congress led UPA Government under Prime Minister, Manmohan Singh. The subtle tilt of the Modi Government towards the US manifested when he visited the US towards the end of September within a few months of the formation of his government. The Joint Statement issued on September 30, 2014 said that President Obama recognised that India's rise as a friend and partner is in the United States' interest. Noting that two-way trade between the countries has increased five-fold since 2001 nearly to US\$ 100 billion, the two sides pledged to facilitate the actions necessary to increase bilateral trade five-fold. Significantly, the issue that rattled Beijing was the reference to the South China Sea. The

17 'Narendra Modi Interview: Only Constitutional Authorities should be Trusted on Gujarat Riots', *The Times Of India*, May 8, 2014, <http://timesofindia.indiatimes.com/home/lok-sabha-elections-2014/news/Narendra-Modi-interview-Only-constitutional-authorities-should-be-trusted-on-Gujarat-riots/articleshow/34843479.cms>, (Accessed February 1, 2015).

statement asserted that, “the two leaders agreed to intensify cooperation in maritime security to ensure freedom of navigation and unimpeded movement of lawful shipping and commercial activity, in accordance with accepted principles of international law. To achieve this objective, the two sides considered enhancing technology partnerships for India’s navy including assessing possible areas of technology cooperation. They also agreed to upgrade their existing bilateral exercise MALABAR.”¹⁸

The Statement also contained a convergence of approach with regard to Asia-Pacific and South China Sea articulating that, “India’s Act East policy and the United States’ rebalancing to Asia, the leaders committed to work more closely with other Asia-Pacific countries through consultations, dialogues, and exercises. They underlined the importance of their trilateral dialogue with Japan and decided to explore holding this dialogue among their Foreign Ministers.” The Joint Statement for the first time perhaps expressed concerns about rising tensions over maritime territorial disputes, and affirmed the importance of safeguarding maritime security and ensuring freedom of navigation, and over-flight throughout the region, especially the South China Sea. The Joint statement further said both sides called on all parties to avoid the use, or threat of use of force in advancing their claims and urged the concerned parties to pursue resolution of their territorial disputes through all peaceful means in accordance with universally recognised principles of international law, including the United Nations

18 ‘Joint Statement during the visit of Prime Minister to US’, the Website of India’s Ministry of External Affairs, September 30, 2014, at http://www.mea.gov.in/bilateral-documents.htm?dtl/24051/Joint_Statement_during_the_visit_of_Prime_Minister_to_US (Accessed May 22, 2015).

Convention on the Law of the Sea. Although this stance was in line with India’s stated position on the issue, its articulation in a Joint Statement riled China. Responding to the Indo-US joint statement Beijing reiterated its position that the dispute in the South China Sea should be resolved by countries directly concerned through negotiation and consultation, and any third party should not be involved.¹⁹

Barely two weeks after Prime Minister Modi’s visit to the US, Indian President Pranab Mukherjee, ahead of the visit of Chinese President Xi Jinping to India, visited Vietnam, a close strategic country for the US, from September 14-17, 2014. The Joint Communiqué between the two countries reiterated that freedom of navigation in the East China Sea and South China Sea should not be impeded and called the parties concerned to abide by and implement the 2002 law, including UNCLOS-1982. The two countries also welcomed a collective commitment of the concerned parties to abide by and implement the 2002 Declaration of the Conduct of Parties in the South China Sea on the basis of consensus and called for cooperation in ensuring security of sea-lanes, maritime security, combating piracy and conducting search and rescue operations.²⁰ The three-day visit of President Xi Jinping, which concluded on September 19, 2014, was an important event in the narrative of complex

19 ‘Third party should Keep Off South China Sea: Beijing to India ,US’, *The Hindustan Times*, October 9, 2014, at <http://www.htsyndication.com/htsportal/article/Third-party-should-keep-off-South-China-Sea%3A-Beijing-to-India,-US/5707737> (Accessed February 1, 2015).

20 ‘Joint Communiqué between the Socialist Republic of Vietnam and the Republic of India’, September 15, 2014, at <http://www.presidentofindia.nic.in/press-release-detail.htm?1105> (Accessed February 1, 2015).

relationship between the two countries. The visit, however, didn't result in any major breakthrough. The Joint Statement between the two countries largely reiterated earlier stated positions on different issues. Sixteen agreements were signed between the two countries during the visit. A tangible outcome of the visit was the agreement to establish two industrial parks in India. The border transgression by the People's Liberation Army of China along the Indian side of the Line of Actual Control (LAC), on April 10, 2014, however, exacerbated the security dilemma between the two countries. This impelled Prime Minister Narendra Modi to assert, "Respect for each other's sensitivities and concerns, and peace and stability in our relations and along our border, are essential for us to realise the enormous potential in our relations."²¹

While persistent security dilemma and increasing Chinese footprints in India's neighborhood stymied strategic partnerships between India and China, the same factor, and Chinese assertiveness, to some extent, boosted Indo-US relations to greater heights. Prime Minister Modi created a history of sorts when he invited President Barack Obama in November 2014 to be the Chief Guest at India's Republic Day celebrations on January 26, 2015. The White House accepted the invitation swiftly.

Conclusion

It can be fairly concluded that Sino-US relations in 2014 were evolving—a work in progress. The trends suggested that symbiotic economic

interest will continue to override security concerns and impel both sides to avoid confrontation and conflict. Nevertheless, the United States, as pointed out earlier in the National Security Strategy Report 2010, and reiterated in February 2015, remains alert to China's military modernisation and tries to shape China's development. The two countries continued to pay greater attention to the risks of confrontation between them. The US maintained that there is no inevitability of confrontation, while there is competition. The US tried to re-define competition and adopted a calibrated approach, what Ashley Tellis described as, "balancing without containment".²² Some Chinese experts believe that the US economy has rebounded from the 2008 crash more strongly than some analysts expected while China's own growth has slowed after several decades of rocket-ship acceleration. Russia is weak and volatile, and not a reliable partner for Beijing. Further, China's regional ambitions have been complicated by its aggressive maritime rights posture that frightened Japan, the Philippines and other neighbours, pushing them towards the US. All these factors argue for greater cooperation with Washington.²³ The message for India is that New Delhi needs to adopt a nuanced approach in its dealings with both US and China.

²¹ 'English Rendering of the Remarks by Prime Minister Shri Narendra Modi at the Press Briefing with President Xi Jinping of China', Prime Minister's Office, September 18, 2014, at <http://www.pib.nic.in/newsite/erelcontent.aspx?relid=109782> (Accessed May 22, 2015).

²² Ashley J. Tellis, 'Balancing without Containment: A US Strategy for Confronting China's Rise', *Washington Quarterly*, Fall 2013, at <http://www.tandfonline.com/doi/abs/10.1080/163660X.2013.861717> (Accessed May 22, 2015).

²³ David Ignatius, 'A US-China 'Reset'?', *The Washington Post*, at <http://www.aspeninstitute.org/news/2014/12/16/david-ignatius-us-china-reset-washington-post> (Accessed May 22, 2015).

Chronology of Important Events in the Year 2014

February 2014

21: Dalai Lama meets President Obama in the White House.

March 2014

6: Dalai Lama meets US Speaker John Boehner and former Speaker Nancy Pelosi.

24: President Xi Jinping meets President Obama on the sidelines of third Nuclear Security Summit in The Hague.

April 2014

22: China participates in the Western Pacific Naval Symposium in Qingdao.

July 2014

9-10: Sixth Strategic and Economic Dialogue takes place in Beijing.

August 2014

22: US Navy's P-8 gets close to Chinese J-11 fighter near Hainan Island.

November 2014

10-11: President Obama meets President Xi Jinping on the margins of APEC Summit in Beijing.

9

EU-China Relations: An Overview

Stuti Banerjee

The European Union (EU) and China are important actors in a multi-polar world. They both share certain common goals of international peace and prosperity and similar responsibilities towards sustainable development and protection of the environment. The relations between the EU and China have reached a critical point with the economies of both facing a slowdown. Together, the EU and China want to build a more balanced and multi-polar international order as it allows them to play a much larger role. At a crucial moment when the China-EU Comprehensive Strategic Partnership enters its second decade, the Chinese Government released the second EU policy paper in 2014 to define its EU policy objectives in the new era and draw a blueprint for China-EU cooperation in the next five to 10 years to facilitate greater progress in China-EU relations based on review of achievements in China-EU relations in the past decade and in the context of international and domestic developments. China published its first policy paper on the EU on October 13, 2003 and on April 2, 2014 it published its second policy paper. The EU is the only region of which China has published two policy papers. The second policy paper summarises the remarkable progress China and the EU have achieved for the development of their bilateral ties: 1) Cooperation between the two sides is comprehensive, as the name of the

partnership, *comprehensive strategic partnership*, suggests, covering all areas. 2) China is the EU's second largest trading partner and in turn the EU has been China's top trading partner for the past decade. By 2014, annual trade exceeded \$550 billion and there have been over 5 million visits by tourists between the two sides each year. 3) China and the EU have worked together to deal with many kinds of global issues and contributed significantly in maintaining world peace, development and cooperation.¹

As the influence of the EU-China partnership grows, they have been able to strengthen their relations through increased institutionalisation and by building mutually beneficial relations that encompass a range of ties such as political, economic, military, scientific education, and culture. President Xi Jinping's European tour in 2014 coincided with the relationship having reached the milestone of 'largest trading partners in the world'. China and the EU have worked together to tackle the international financial crisis, advance global governance reform, stepped up communication and coordination on major international and regional issues and contributed

1 Zhang Dan, 'Year-end: A Better Year for China-EU Relations', at <http://english.cntv.cn/2014/12/25/ARTI1419487358005725.shtml>, (Accessed March 18, 2015).

significantly to world peace, development and cooperation.² However, the Sino-European relationship has had its problems. China and the EU face important domestic challenges. Following the sovereign debt crisis of 2008, the EU has come out more vulnerable than ever before with the crisis having spilled over to the political sphere. China on the other hand, is struggling with a major restructuring of its society as a whole and a slowdown of its economic development after decades of exponential growth rates. Both China and the EU have realised that they need to re-normalise relations, moving it away from the need to attempt to balance the United States and focus on building more opportunities for cooperation.

In his speech at the College of Europe, in Bruges, on April 1, 2014, Xi Jinping suggested that China and Europe must work hard to build four bridges: a bridge of peace and stability linking the two sides; a bridge of growth and prosperity linking their two big markets; a bridge of reforms and progress linking their reform processes; and a bridge of common cultural prosperity linking their two major civilisations. Needless to say, in order to build the four bridges, both sides need to overcome the hurdles in many areas. These two major power centres are constructing a relationship characterised by an unprecedented

degree of comity and common interest.³ With the common challenges facing both regions, cooperation between both sides is necessary. This was the theme of President Xi Jinping's first visit to the European Union Headquarters at Brussels and some of the EU member states in the spring of 2014. The President discussed a range of bi-lateral, regional and international issues with his EU counterparts. The visit was followed by the visit of Premier Li Keqiang to three European countries—Germany, Russia and Italy—between October 9-16, 2014 to attend the 11th Asia-Europe Meeting (ASEM) in Milan.

A year after the change of leadership in Beijing, the new leaders' approach to China's foreign policy is becoming clearer and it is a good time to take stock of China's position on international affairs. This paper is an attempt to understand the relationship between the EU and China. The issues that the EU and China discuss during their regular meetings are organised around 3 'pillars': political dialogue, economic and sectoral dialogue, and people-to-people dialogue. This paper also follows a similar theme with the addition of military relations and non-military security relations.

Political Relations

China's influence on international politics ensures that it's a factor in every global political issue which is of importance to the EU. China is an integral part of the P-5 plus one talks with Iran and was instrumental in the talks with North Korea on

2 Ministry of Foreign Affairs of the People's Republic of China, 'China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation', at http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wjzcs/t1143406.shtml, (Accessed March 18, 2015).

3 Bates Gill and Melissa Murphy, 'China-Europe Relations Implications and Policy Responses for the United States', Centre for Strategic and International Studies, at <http://csis.org/files/media/isis/pubs/080507-gill-chinaeuropelrelations-web.pdf>, (Accessed February 23, 2015).

nuclear proliferation. However, the economic recession has meant that the EU now views cheap goods coming from China as a threat. Tensions between the EU and China have also been palatable with the rise in the number of nationalist politicians within the EU especially within the E3 troika—Germany, United Kingdom and France—which are the most powerful states of the EU. Many EU states have also elected more assertive political leaders to power, for example Angela Merkel, Chancellor of Germany, the head of the EU's biggest economy and a powerful nation within the EU. Germany, because of its economic relationship with China, is perhaps one of the EU member state that has some leverage over China. Foreign Minister Frank-Walter Steinmeier and Economy Minister Sigmar Gabriel visited Beijing in April 2014. In the fall of 2014, their Chinese counterparts came for the intergovernmental talks in Berlin. And German Chancellor Angela Merkel in July 2014 was on a three-day state visit to China. No other European leader has met the Chinese leadership as much as Chancellor Merkel. She has visited China some eight times already—more than any other European head of government.

What has further complicated the relation for China is the diversity that the EU displays—with its diverse views, and rules and regulations on economic issues. Chinese investors have expressed concerns at the bureaucratic obstacles (such as visa policies for Chinese workers) but the critical point is the complexity of the market and different attitudes among the EU member states towards Chinese Foreign Direct Investment (FDI). Although an EU-China investment agreement has been set as a goal, the EU side still has to agree on its negotiating approach. This will not be easy: member states traditionally compete for foreign investment and do not have the same views about the degree of risk in attracting FDI from China or

the need for additional competition in the single market.⁴ In the past few years China has realised that it cannot deal with the EU as a whole on all issues and on certain issues it would need to individually deal with the various states. This has caused delays and slowed down the pace of the relationship.

During the visit by President Xi Jinping in March 2014, the two sides, "... reaffirmed their commitment to deepening their partnership for peace, growth, reform and civilisation based on the principles of equality, respect and trust by comprehensively implementing the EU-China 2020 Strategic Agenda for Cooperation. They agreed to review its implementation at the next annual EU-China Summit."⁵ Both sides acknowledged the need to reinforce their cooperation on foreign policy and security issues. They decided to continue dialogue at the bilateral and multilateral levels to promote non-proliferation and disarmament. They underlined the growing role of trans-regional and regional dialogue mechanisms to promote regional peace and prosperity.

They also reviewed a number of important international political issues including Iran, Syria, Ukraine and the security situation in their respective neighbourhoods. They welcomed the

4 John Farnell, 'Better News for EU-China Economic Relations?', EU Asia Centre, at http://www.eu-asiacentre.eu/pub_details.php?pub_id=94, (Accessed February 24, 2015).

5 European Commission, 'Joint Statement: Deepening the EU-China Comprehensive Strategic Partnership for mutual benefit', at file:///C:/Users/Lenovo/Downloads/STATEMENT-14-89_EN.pdf (Accessed February 7, 2015).

recent first round of the EU-China Dialogue on the Middle East and North Africa.⁶

On December 8-9, 2014, the EU and the People's Republic of China held the 33rd round of the EU-China Dialogue on Human Rights in Brussels. The dialogue allowed the two sides to have a detailed exchange of views on a wide range of human rights issues with a specific focus on recent developments in China such as the right to adequate housing and reform of the Hukou system, the rights of persons belonging to minorities, especially in Tibet and Xinjiang, freedom of religion or belief, freedom of expression (off-line and on-line), freedom of peaceful assembly and association, the due process of law, arbitrary detention, and the death penalty. Individual cases were raised in the context of the discussion about China's human rights situation, including those of Liu Xiabo, IlhamTohti, Gao Yu, Hada, Pu Zhiqiang, Xu Zhiyong, Tenzin Delek Rinpoche and Gao Zhisheng. For EU the dialogue focused on the implementation of the EU Charter of Fundamental Rights, combating discrimination, racism, xenophobia and incitement to racial hatred, as well as the EU's Roma strategy. The Roma people are Europe's largest ethnic minority facing discrimination and exclusion despite the fact that EU countries have banned discrimination.⁷ Cooperation in international fora and the implementation of recommendations from international bodies were also discussed and in that context, the UN Human Rights Committee's letter concerning its recommendation regarding the ICCPR provision on the right to vote and

right to stand for elections and its application to Hong Kong. Two further issues specific to this dialogue were discussed: women's rights and technical cooperation.⁸

Economic Relations

As a result of the economic crisis, global macroeconomic imbalances have become a major new strategic concern in the EU's relationship with China. In 2014, the EU battled the sovereign debt crisis and the United Kingdom voicing opinion that it should move away from the Union. The economic crisis in Europe affected the Chinese economy, especially the manufacturing sector, due to the interdependence of the two. Nonetheless, China has invested money into some of the hardest-hit countries of the euro-zone periphery. This was partly opportunistic buying because assets were cheap and partly it was a structural secular shift in Chinese outbound investment from securing natural resources in developing countries to acquiring brands and technology in developed countries, Chinese investment in Europe is at record levels. With 153 separate investments worth \$18bn in 2014, Europe has emerged as one of the top destinations for Chinese foreign investment globally. Italy has been China's biggest target in Europe with a surge of investment in the first half of the year. Close to half of the \$7bn Chinese investment in Italy was made in 2014 alone. Portugal as well saw a jump in 2011 and in 2014. The UK has had two years of soaring Chinese activity. Since the debt crisis,

6 Ibid.

7 European Commission Justice, 'EU and Roma', at http://ec.europa.eu/justice/discrimination/roma/index_en.htm (Accessed January 21, 2015).

8 European Union External Action Service, Press Release, '33rd EU-China Dialogue on Human Rights', at http://eeas.europa.eu/statements-eeas/2014/141209_04_en.htm (Accessed January 19, 2015).

Spain has experienced steady increases.⁹ During the EU-China Summit in November 2013, the two parties launched negotiations on a bilateral investment agreement with the first round of negotiations taking place in January 2014. The agreement is intended to increase investor protection and market access for companies wishing to do business in both blocs. The EU's objective would be to negotiate a level playing field for foreign investors in China in return for simpler access for Chinese investment to the EU. For the EU that means moving from a situation with 26 separate investment protection agreements to a single set of standards across the Union.¹⁰

The survival of the Euro is also politically crucial for China's multi-polar strategy. China has supported plans for a European single currency since the beginning as part of its desire to create an international currency system where the dollar would be less dominant.¹¹

For 2014 China was the EU's No. 1 supplier of goods and its third largest export market.

9 Jamil Anderlini, 'Chinese Investors Surged into EU at Height of Debt Crisis', *Financial Times*, at <http://www.ft.com/intl/cms/s/2/53b7a268-44a6-11e4-ab0c-00144feabdc0.html#axzz3SeKIX1xb> (Accessed February 23, 2015) and Baker & McKenzie, 'Chinese Investment into Europe Hits Record High in 2014', at <http://www.bakermckenzie.com/news/Chinese-investment-into-Europe-hits-record-high-in-2014-02-11-2015/> (Accessed February 23, 2015).

10 European Parliamentary Research Service, 'Chinese Investment in EU', Briefing 23/05/2014, at http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2014/140512/LDM_BRI%282014%29140512_REV1_EN.pdf (Accessed February 24, 2015).

11 Nicola Casarini, 'China's Approach to US Debt and the Eurozone Crisis', at <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR012/casarini.pdf> (Accessed February 23, 2015).

During Chinese President Xi Jinping's visit to Europe, the EU committed to opening bilateral talks on a free trade agreement (FTA). A formal start of negotiations depends on a successful outcome of current talks on a bilateral investment agreement, in the framework of the EU-China 2020 Strategic Agenda agreed upon in November 2013. In particular, European firms are pushing to improve business practices which they view as putting them at a disadvantage in obtaining local funding and local contracts in China. Bilateral trade between the EU and China already exceeds EUR 1 billion a day. Simply extrapolating the trend of the past decade suggests that the value of bilateral trade in goods and services could reach EUR 660bn in a decade's time.¹² The EU is committed to open trading relations with China. However, the EU wants to ensure that China trades fairly, respects intellectual property rights and meets its WTO obligations. They have common interest in being able to enjoy the maximum access to each other's markets, with trade flows going over \$1 trillion in recent years. The EU, even after the economic crisis of 2008 remains a vast market for Chinese goods, and China remains hugely important as a place where EU companies have to do better in terms of goods that they sell and services they are seeking to supply. For China, the EU is a counterbalance to the US market. The Chinese economy is exporting a major part of its products to the US market; the availability of the EU provides China with an alternative market along with the US. But the relationship with EU has been beneficial to China in helping it build its economy as well. The

12 Deutsche Bank Research, 'China-EU Relations: Gearing Up for Growth', at https://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000339508/China-EU+relations%3A+Gearing+up+for+growth.pdf (Accessed March 18, 2015).

EU has provided China with access to markets of all EU member states. However, EU companies are still barred from many important government procurement contracts and they suffer a number of barriers to enter into China through national treatment protocols and other impediments. But more difficult than this is the unexpected fragmentation of the Chinese market. The EU has refused to grant China market economy status, a major sticking point, because of the role of government support in state-owned enterprises (SOEs). Europe claims that China's SOEs receive unfair subsidies from the government and easy access to capital getting an unfair advantage against European industries. China and the EU therefore enjoy a strong but contentious trading relationship.

The EU strongly supports China's swift participation in Trade in Services Agreement (TiSA) negotiation. The EU and China consider participation of China in the negotiation as an important stepping stone towards the future multi-lateralisation of TiSA. Both sides agreed to increase their efforts, together with other parties to work towards the

conclusion of the negotiations on the review of the Information Technology Agreement.¹³

The EU and China held their fourth High Level Economic and Trade Dialogue (HED) on October 24, 2013 in Brussels. The overarching theme of the meeting was how the EU and China can address challenges and create opportunities through open economies and cooperation. Among the issues discussed were: the international economy and major economic developments within the two economies; future sources of growth; trade and investment; industrial policy and technology cooperation; and customs cooperation. In view of the great potential to improve their transport

13 European Commission, 'Joint Statement: Deepening the EU-China Comprehensive Strategic Partnership for mutual benefit', at file:///C:/Users/Lenovo/Downloads/STATEMENT-14-89_EN.pdf (Accessed February 7, 2015).

China and Europe now trade well over €1 billion a day. EU imports from China are dominated by industrial and consumer goods: machinery and equipment, footwear and clothing, furniture and lamps, and toys. EU exports to China are concentrated on machinery and equipment, motor vehicles, aircraft, and chemicals. Bilateral trade in services, however, only amounts to 1/10 of total trade in goods, and the EU's exports of services only amount to 20% of EU's exports of goods. As a result, the EU records a significant trade deficit with China. This is in part a reflection of global and Asian value chains, but in part also due to remaining market access barriers in China. Investment flows also show vast untapped potential, especially when taking into account the size of our respective economies. China accounts for just 2-3% of overall European investments abroad, whereas Chinese investments in Europe are rising. In view of the great potential to improve their transport relations, both sides decided to develop synergies between EU policies and China's "Silk Road Economic Belt" initiative and jointly to explore common initiatives along these lines.

Please see The European Commission, "Trade with China", at <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/> (Accessed January 12, 2015).

relations, both sides decided to develop synergies between EU policies and China's "Silk Road Economic Belt" initiative and jointly explore common initiatives along these lines.¹⁴ In March 2014, the EU announced that it would not pursue the anti-dumping investigation against mobile telecommunications networks from China and the Chinese wine industry.

In many ways, the EU and China are often seeking a unity in each other that is probably not there in the way they expect. The EU does not fully understand the complexity of provincial autonomy in China, and the Chinese often have great problems understanding where the EU is unified and where it is clearly a diverse and a much disunited entity.

People-to-People Contact

On September 6, 2014, the second meeting of the EU-China High-Level People-to-People Dialogue was held in Beijing. The meeting reiterated that while the strategic dialogue and the economic partnerships are the two pillars of the EU-China relationship, people-to-people contact is the third pillar and would play a vital role in strengthening the relationship. Therefore, the two sides agreed to seize this important opportunity—at the start of a new era in the EU-China relationship—to deepen their cooperation in education, research mobility, culture, media, youth and women. By thus expanding their High-Level People-to-People Dialogue, both the EU and China, aim to deepen mutual understanding and trust and give new momentum to the EU-China Comprehensive

14 European Commission, 'Joint Statement: Deepening the EU-China Comprehensive Strategic Partnership for mutual benefit', at file:///C:/Users/Lenovo/Downloads/STATEMENT-14-89_EN.pdf (Accessed February 7, 2015).

Strategic Partnership. To achieve this goal the two sides agreed to expand and encourage the exchange of students and scholars to collaborate with each other in the education sector and help expand mobility in research. Apart from education, the dialogue also stressed on the importance of cultural exchanges, and recognised the role played by the youth of the various countries in further strengthening the relationship. The stress was on intensifying youth exchanges and cooperation for long term development of a strong social and culturally integrated EU-China relationship.¹⁵

In October 2014, the second EU officials study tour was conducted. Speaking at the occasion to the gathered participants, Ambassador Yang Yanyi, head of the Chinese mission in EU stated, "provides a platform for our EU colleagues to interact with your counterparts and people from various circles in China to promote greater cross-cultural understanding and stronger bonds of friendship."¹⁶

Non-Military Security Relations

The EU and China are working together to achieve the goals set in the EU-China 2020 Strategic Agenda for Cooperation. With a view to achieve the goals of promoting peace, prosperity and

15 ----, 'Joint Communiqué of the Second Meeting of the EU-China High-Level People-to-People Dialogue', at http://ec.europa.eu/education/international-cooperation/documents/china/hppd-joint-communication_en.pdf (Accessed January 10, 2015).

16 Mission of People's Republic of China to EU, 'Remarks by H.E. Ambassador Yang Yanyi, Head of the Chinese Mission to the EU At the Reception for Participants of EU Officials Study Tour to China', at <http://www.chinamission.be/eng/mh/t1204073.htm> (Accessed February 8, 2015).

sustainable development, the two sides held a high level strategic dialogue in Brussels on January 27, 2014. The dialogue highlighted strategic and security issues, including the promotion of peace and security, sustainable green growth, climate change, nuclear non-proliferation and innovation.

A conference in Brussels on March 3-5, 2014 celebrated the success of China-EU cooperation in the field of aviation technology. Co-chaired by Rudolf Strohmeier, Deputy Director of the European Research and Innovation, and Li Benjian, Chinese Deputy Director of Ministry of Industry and Information Technology, the conference welcomed nearly 100 experts from more than 60 Chinese and European organisations including universities, research centres and enterprises. China and the EU have agreed to conduct a second round of bidding for R&D projects. The plan is to carry out a joint assessment of the bids in 2015 and officially launch the new aviation technology cooperation projects in 2016. The two sides have also agreed to further refine relevant working mechanisms, with the establishment of a China-EU aviation technology cooperation platform that is stable and long-term.¹⁷

As part of their joint collaborations the EU welcomed China's readiness to increase the frequency of escorts by the Chinese side of the World Food Programme vessels transporting food aid to Somalia, and both sides agreed to enhance

their cooperation to the benefit of partners in the African continent.¹⁸

Military Relations

China and the EU have seen thriving relations in the defence and security fields in recent years. Defence leaders of both sides have maintained exchanges and bilateral cooperation in security dialogue, personnel training, international peacekeeping missions and maritime escort—all of which have seen smooth progress. China stands ready to keep strengthening personnel exchange and pragmatic cooperation with the EU, so as to inject new connotations into the China-EU comprehensive partnership. Patrick de Rousiers, Chairman of the European Union Military Committee, said that he had fruitful exchanges with China during his China visit in October 2014 and is willing to promote mutual understanding through more channels. He looked forward to more progress in the defence field between the two sides and will keep deepening the bilateral exchange and cooperation.¹⁹

The 16th Chinese Escort Taskforce of the Navy of the Chinese People's Liberation Army (PLAN) and the EU Combined Task Force 465 (CTF-465) launched an anti-piracy joint military drill in the Gulf of Aden on March 20, 2014 as part of the EU operations ATALANTA. It's the first time that Chinese and European Navies launched a joint military drill in a bid to enhance the coordination

¹⁷ <http://www.chinamission.be/eng/ChinaEURelations/t1136195.htm>

¹⁸ European Union, 'Joint Statement: Deepening the EU-China Comprehensive Strategic Partnership for Mutual Benefit', at http://eeas.europa.eu/statements/docs/2014/140331_02_en.pdf (Accessed January 12, 2015).

¹⁹ <http://www.chinamission.be/eng/ChinaEURelations/t1200047.htm>

and cooperation between China and Europe in maintaining and strengthening maritime security and conducting anti-piracy action, embodying the will from both sides in expanding cooperation in non-traditional security fields. The exercise was with a view to improve organising and commanding capabilities, cooperation and tactical capabilities, and the ability in conducting escort operations.²⁰

Nonetheless, cooperation between the two sides is hampered by the EU's arms embargo. In 1989, following the use of the People's Liberation Army by the Chinese Government to suppress demonstrations in Beijing, several EU member states announced arms embargoes against China.²¹ The embargo was imposed to support the pro-democracy activists and later it was used as a tool which was broadly focussed on improving human rights conditions in China. Lastly, it was used to maintain balance between China and Taiwan.²²

China has over the years called for this embargo to be lifted. Within the EU also there has been growing support for the lifting of the embargo, but as yet no decision has been reached in this

regard. China has accused the EU of not being able to stand up to the pressures of the United States in lifting the embargo. The arms embargo does not allow Beijing to buy arms from the EU to augment its defence strategy.

In the international context where the global economic recession has caused military budgets to shrink, the EU needs China's arms markets to sustain its own military defence industry.

The EU has lifted the ban on military contact between the two sides but this has not translated into a military and defence policy with China. The reason for this is not that the EU does not consider China to be important but because the EU does not have a single defence policy.

Despite the embargo on October 10, 2014, Fang Fenghui, Chief of the General Staff of the People's Liberation Army held talks with Patrick de Rousiers, the visiting Chairman of the European Union Military Committee (EUMC). Acknowledging defence and security cooperation between China and the EU, Fang said China is willing to work with the EU to implement the consensus reached between their leaders and strengthen security dialogue and cooperation in personnel training, overseas peace-keeping missions and maritime escort missions. De Rousiers hoped his visit would promote bilateral practical cooperation and lift the defence dialogue to a new level. On October 11, Chang Wanquan, State Councillor and Chinese Defence Minister, met Patrick de Rousiers. Chang noted that since the establishment of diplomatic ties between China and the EU, Sino-EU relations have become one of the most influential bilateral relations in the world.

Both sides agreed to gradually raise the level of EU-China dialogue and cooperation on

20 Ministry of National Defence, People's Republic of China, 'Chinese and European Naval Forces Launch First Anti-Piracy Military Drill', at http://eng.mod.gov.cn/DefenseNews/2014-03/24/content_4499624.htm (Accessed January 11, 2015).

21 SIPRI, 'EU Arms Embargo on China', at http://www.sipri.org/databases/embargoes/eu_arms_embargoes/china (Accessed January 21, 2015).

22 Frans Paul van der Putten, 'The EU Arms Embargo, Taiwan and Security Interdependence between China, Europe and the United States', at http://www.clingendael.nl/sites/default/files/20070700_cscp_art_putten.pdf (Accessed January 21, 2015).

defence and security and to conduct high-level exchanges.²³

Conclusion

EU-China relations have been on a steady path of growth. The frequent exchanges between leaders have led to a better understanding between the two which will further enhance mutual trust and cooperation. The close cooperation between the EU and China emphasises that they both view each other as important partners as well as important players in fighting for international stability and peace. By far the most important aspect of EU-China relations is the economic cooperation which allows them to work together for material benefit, but differences in political regimes and value systems has given rise to some differences in the bilateral relationship over issues such as Human Rights in China. The EU has placed enormous emphasis on the issue of Human Rights whereas China has not been welcoming of interference in its internal matters which includes Human Rights and how the government deals with dissent in China. It is hoped that both the EU and China would be able to continue with the dialogue process on mutual respect and understanding.²⁴

23 European Union, 'Joint Statement: Deepening the EU-China Comprehensive Strategic Partnership for Mutual Benefit', at http://eeas.europa.eu/statements/docs/2014/140331_02_en.pdf (Accessed January 12, 2015).

24 Ministry of Foreign Affairs of the People's Republic of China, 'China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation', at http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wjzcs/t1143406.shtml (Accessed March 18, 2015).

For China, enhancing the China-EU Industrial Dialogue and Consultation Mechanism, increasing mutual understanding, resolving differences, expanding common ground for mutually beneficial industrial development and promoting sustainable industrial development and industrial prosperity in both China and the EU are the aims of its partnership with the EU.²⁵ A stable and united Europe is in the interest of China as is a prosperous China in the interest of Europe. As was mentioned by President Xi Jinping:

China and Europe may seem far apart geographically, but we are in fact in the same time and the same space. I even feel that we are close to each other, as if in the same neighborhood. Both China and Europe are in a crucial stage of development and facing unprecedented opportunities and challenges. For that, we need to build four bridges for peace, growth, reform and progress of civilisation, so that the China-EU comprehensive strategic partnership will take on even greater global significance.²⁶

Thus, the future of EU-China relations is bright and the areas of cooperation between the two can only grow. The EU and China are committed to developing a robust relationship. The year 2015 is an important year for both China and the EU—together, they will celebrate the 40th anniversary of diplomatic ties, commemorate with the rest of the world the 70th anniversary of the victory against fascism and shape the post-2015

25 Ibid.

26 The European Commission, 'EU-China High-Level People-to-People Dialogue: Speech of President Xi Jinping', at http://ec.europa.eu/education/international-cooperation/documents/china/xi-jinping-speech_en.pdf (Accessed January 10, 2015).

development agenda.²⁷ It is hoped that in 2015, the EU and China would continue to maintain close consultation and coordination on issues of global importance such as climate change and sustainable development.

Chronology of Important Events in the Year 2014

January 2014

27: The fourth EU-China High-Level Strategic Dialogue in Brussels

March 2014

20: Navy of the Chinese People's Liberation Army part of anti-piracy drill ATALANTA

March-April 2014

March 22-April 1: Xi Jinping attends the Nuclear Security Summit in the Netherlands, and visits France, Germany, Belgium and the European Union Headquarters in Brussels.

June 2014

16-21: Chinese Premier Li Keqiang on official visits to Britain and Greece.

July 2014

6-9: Chancellor Angela Merkel visits China

September 2014

6: The second EU-China High-Level People-to-People Dialogue in Beijing

October 2014

9-15: Premier Li Keqiang visits Germany, Russia and Italy

9: The first EU-China Dialogue on Defence and Security in Beijing

16-17: Premier Li Keqiang attends the 10th Asia-Europe Meeting in Milan

11: Chang Wanquan, state councilor and Chinese Defense minister, meets Patrick de Rousiers, the visiting chairman of the European Union Military Committee (EUMC) in Beijing.

December 2014

8-9: The 33rd EU-China Human Rights Dialogue in Brussels

16: Chinese Premier Li Keqiang on official visit to Serbia

27 H.E. Ambassador Yang Yanyi, 'China-EU Relations: Broader, Higher and Stronger', at <https://euobserver.com/stakeholders/127497> (Accessed March 18, 2015).

Section III: China and Global Governance

10

China and the United Nations

Arpita Anant

The UN continues to be an important actor in global governance. China, which is emerging as an important player in international affairs, is also increasing its multilateral engagement with global governance on various issues. It is therefore interesting to focus on China's engagements within the United Nations in the year 2014. This study analyses the stand taken by China on matters of peace and security, social and humanitarian issues, and international political economy. It argues that China's engagement with various issues in 2014 is indicative of an ongoing trend of engaging with the multilateral system when it has the scope to influence it, developing alternatives to it and preventing the system from constraining its behaviour when it concerns territorial issues.

UN and China in Global Governance

The UN and China have been multilateral actors much before the term global governance came into vogue in the 1990s. The UN has emerged as the largest and highest inter-governmental multilateral forum. Despite the multiplicity of actors, and regional and cross-regional forums since the end of the Cold War, it remains the epitome of global governance. It continues to play an important role in two of the three issues that have been the focus of debates on global

governance since then. These are matters relating to peace and security, and social and humanitarian affairs.¹ In the third important arena, namely matters of international political economy, the UN has not been able to play the role envisaged for it. Since the creation of the Bretton Woods institutions and the formation of the select grouping of leading economies of the world in the form of the G7, this order has largely been shaped by forces outside of the UN forum.

China's multilateralism evolved since it joined the UN in 1971. It is argued, that it changed as China has moved from being an 'outlier', to a 'perceived

¹ This assertion is based on the author's survey of contents of the journal *Global Governance* since 1995.

victim' to a 'system maintaining power'.² In the 1990s, its strategy of global governance sought to counter the "China threat" theory that was prevalent in the 1990s.³ Meanwhile, academic writings on global governance in China appeared in 1997⁴, nearly simultaneous to the beginning of the global discourse on the subject.⁵ Even till

date, there is diversity of views on the concept of global governance among analysts in China; some view it as benign and others as a source of neo-liberal forces and intervention.⁶ As in case of the UN, multilateralism in diplomacy is what one largely studies when it comes to China in global governance.⁷

China's principles of global governance are related to the three determinants of its foreign policy— internal development and stability, defence of sovereignty and integrity, and transforming China into a great power.⁸ Its norms of global governance are believed to be articulated

2 (a) Hongying Wang and James N. Rosenau, 'China and Global Governance', *Asian Perspective*, 33 (3), 2009, pp. 5-39. (b) Also see Lin Hongyu, 'From Passive to Active', September 24, 2014, at <http://blog.chinadaily.com.cn/blog-1057682-22826.html>, (Accessed January 19, 2015). China's engagement with the international system of global governance has been divided into four phases. Owing to systemic characteristics the 'preliminary period' from 1919-49 was characterised by passivity and negativity. The 'embarrassing period' from 1949-71 saw China 'shackled' domestically due to the left orientation and the desire to export revolution and externally due to non-recognition. This was followed by a 'formal period' from 1971-2001, when internally China began to focus on peace and development and started socializing itself into the existing order which was dealing increasingly with trans-national issues. The final period starting 2001, which saw China's accession to the WTO, saw China engaging in global economic governance and since 2008, with other issues in global governance. The 18th CPC replaced the phrase 'global economic governance' with 'global governance', thus extending it to issues beyond the economic.

3 Lai-Ha Chan, Pak K. Lee and Gerald Chan, 'Rethinking Global Governance: A China Model in the Making?', *Contemporary Politics*, 14 (1), 2008, pp. 3-19.

4 Leizhen Zang, 'Global Governance: How Fine, How Fast, and How Far? - A Perspective of China', *Global Policy Journal*, at <http://www.globalpolicyjournal.com/projects/global-audit/global-governance-how-fine-how-fast-and-how-far-perspective-china>, (Accessed January 12, 2015).

5 Lai-Ha Chan, Pak K. Lee and Gerald Chan (2008), Note 3. Among those who have contributed to the Chinese discourse on globalization and global governance in the new millennium are Cai Tuo, Yu Zhengliang, Wang Yizhou and Yu Keping.

6 (a) Hongying Wang and James N. Rosenau (2009), Note 2 (a). (b) See Charles Grant, 'Russia, China and Global Governance', *Centre for European Reform*, February 2012, at http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2012/rp_072_km-6279.pdf, (Accessed January 12, 2015). He suggests that in China, there are two schools of thought on global governance; there are the realists and nationalists who believe in staying away from multilateralism and there are the internationalists or multilateralists who would like China to engage with external institutions.

7 (a) China initially canvassed for multipolarity and then made a gradual shift to multilateralism. For a review of this shift see Jean Pierre Cabestan, 'Introduction: China's New Diplomacy: Old Wine in New Bottle', in Shaun Breslin (ed.), *Handbook of China's International Relations*, Routledge: London, 2010, pp. 1-10. (b) Jenny Clegg, *China's Global Strategy: Towards a Multipolar World*, Pluto Press, London and New York, 2009. The author contends that China began to tone down the language of multipolarity and emphasize multilateralism in the years 2003-2005.

8 Henrique Altemani de Oliveira and Alexandre César Cunha Leite, 'Chinese Engagement for Global Governance: Aiming for a Better Room at the Table?', *Revista Brasileira de Política Internacional*, 57 (special edition), 2014, pp. 265-285, 268.

in its concept of “harmonious world”⁹ which underscores the importance of dialogue and consultation, cooperation for development and cross-cultural exchanges.¹⁰ The concept contains four principles for the reform of global governance: democratization of the system, justice and common prosperity, diversity and tolerance of development models and political systems and peaceful resolution of international conflicts.¹¹ In the Chinese discourse on global governance there is primacy of the sovereign state¹² with flexibility on sovereignty in economic matters, but not on security matters. And there is a taboo on humanitarian interventions and imposing of any conditionality of good governance.¹³

In its practice of global governance, China, it is observed, prefers not to destabilise relations with other great powers, especially the United States, and be assertive, rather than being status quoist or revisionist. China has maintained a low profile in global governance—due to limited capacity— personnel, financial and ideational—and limited demand from the international community that is sceptical of China’s rise.¹⁴ In addition, its interdependence with the United States¹⁵ and the rest of the world, the identity dilemma of being both developing and developed and pragmatism define China’s non-confrontationist approach to global governance.¹⁶ More recently, in addition to engaging actively in global, regional and cross-regional forums, China is seen to have contributed new ideas to reshape the world such as “Harmonious World”, “New Model of Major Power Relations”, “China Dream”, “Community of Shared Destiny” and “Outlook on Righteous

9 Hongying Wang and James N. Rosenau (2009), Note 2 (a). It means a world order based on a ‘win-win’ strategy, peaceful development, respect for diversity, cooperation and coordination and peaceful coexistence.

10 Wang Youming, *The EU’s Global Governance Versus China’s Harmonious World*, *Real Instituto Elcano/ARI*, 133/2010, September 10, 2010, at http://www.realinstitutoelcano.org/wps/wcm/connect/699e2f8043e6b5808406b78f038e2cc0/ARI133-2010_WangYouming_EU_Global_Governance_China_Armonious_World.pdf?MOD=AJPERES&CACHEID=699e2f8043e6b5808406b78f038e2cc0, (Accessed January 12, 2015).

11 Hongying Wang and James N. Rosenau (2009), Note 2 (a).

12 Lai-Ha Chan, Pak K. Lee and Gerald Chan (2008), Note 3.

13 (a) *Ibid.* (b) For China’s views on the importance of sovereignty and non-interference in the case of the responsibility to protect, environment and climate change see, Henrique Altemani de Oliveira and Alexandre César Cunha Leite (2014), Note 8, p. 272. (c) A slight change in attitude to non-interference is seen in its support to multilateral measures to deal with Iran and North Korea and the intervention in Libya. For this see Charles Grant (2012), Note 6 (b).

14 (a) Hongying Wang and Erik French, ‘China’s Participation in Global Governance from a Comparative Perspective’, *Asia Policy*, No.15, January 2013, Preview, at http://www.nbr.org/publications/asia_policy/Preview/AP15_E_China_p.pdf, (Accessed January 12, 2015) (b) Also see Hongying Wang and James N. Rosenau (2009), Note 2 (a) for a succinct analysis of the limitations of China as an actor in global governance. (c) For its limited role in the financial crisis of 2008 see Amitav Acharya, ‘Can Asian Lead?: Power, Ambitions and Global Governance in the Twenty-first Century’, *International Affairs* 87:4 (2011), pp. 851–869, 859-860.

15 China’s view of global governance is shaped by its view of the U.S.- sceptical of U.S. exercise in the seas, and dominance in international forums. See Charles Grant (2012), Note 5 (b).

16 Jing Gu, John Humphrey, Dirk Messner, ‘Global Governance And Developing Countries: The Implications of the Rise of China’, *World Development*, 36 (2), 2008, pp. 274–292.

and Profits”.¹⁷ There are aspects of trade, finance, climate change and social development regimes where the Chinese have indeed become “rule makers”.¹⁸ Its ‘diverse multilateralism’ has been seen as a combination of status quo (watching and engaging) and revisionist (circumventing and

shaping) strategies.¹⁹ China, it is argued, has also moved from economic to security multilateralism, giving importance to institutional involvement over actual policy coordination, prioritising regional over global multilateralism, and engaging in “selective multilateralism”, meaning a deliberate choice of multilateral strategy where it already wields influence.²⁰

From the foregoing analysis it may be gathered that the debate on global governance in China acknowledges both state-centricity and the contemporary need to transcend it. The principles of global governance espoused by China are

17 (a) Ibid. (b) It is argued that Ji Jinping’s ‘The Governance of China’ seems to suggest that in addition of economic competition, globalisation will also be contest for forms of governance. See, Nathan Gardels, ‘How to Turn Audacity into Effective Action: China’s Xi Jinping Challenges the Western Model of Governance’, *The Huffington Post*, October 8, 2014, at http://www.huffingtonpost.com/nathan-gardels/how-to-turn-audacity-into-effective-action-chinas-xi-jinping-challenges-the-western-model-of-governance_b_5952794.html?utm_hp_ref=world&ir=India, (Accessed January 19, 2015).

18 Scott Kennedy and Shuaihua Cheng, ‘From Rule Takers to Rule Makers: Role of Chinese in Global Governance’, *Research Center for Chinese Politics & Business*, Indiana University and International Centre for Trade & Sustainable Development, Geneva, Switzerland, September 2012, at <http://www.indiana.edu/~rccpb/pdf/Chinese%20Rule%20Makers%20RED%20Sept%202012.pdf>, (Accessed January 12, 2015).

19 Joel Wuthnow, Xin Li and Lingling Qi, ‘Diverse Multilateralism: Four Strategies in China’s Multilateral Diplomacy’, *Journal of Chinese Political Science/Association of Chinese Political Studies*, 17, 2012, pp. 269–290. Watching (for example China in UNSC from 1971-81, China and ICJ arbitration), engaging (for example China in UNSC since 1980s, less abstentions, more robust since end of cold war, participation in PKOs and China in UNHRC), circumventing (for example aid policy countering DAC/OECD norms, against sanctions on Sudan and Zimbabwe, cheap loans to SCO countries) and shaping (for example, involvement in G20 and not G7 and working with BRICs in G20 to push for a FSB including all G20 countries, a five percent push in voting share of emerging economies at IMF). (b) Also, contrary to western understanding of soft power, through initiatives such as the FOCAC or China-ECLAC Forum, the idea of anti-hegemonism in the concept of Chinese dream, the normative neutrality of the concept of Beijing Consensus, and the purpose of Confucius Institutes being promotion of understanding of Chinese culture rather than the culture *per se*, China’s soft power strategy has served its interests well. Timo Kivimäki, ‘Soft Power and Global Governance with Chinese Characteristics’, *The Chinese Journal Of International Politics*, 2014, pp. 1–27.

20 Guoguang Wu and Helen Lansdowne, ‘International Multilateralism with Chinese Characteristics’, in Guoguang Wu and Helen Lansdowne (ed.), *China Turns to Multilateralism: Foreign Policy and Regional Security*, Routledge, Oxon, 2008, pp. 1-17.

state-centric, while underscoring the importance of creating an egalitarian world. And that China's practice is a fair reflection of these principles. In this context, this paper studies China's engagement with various issues at the United Nations during 2014. First it identifies these issues and then analyses how China's behaviour compares with the principles and practice hitherto followed.

China in the United Nations

China's engagement with the UN began as early as 1948, when the Republic of China became a founding member of the UN. In 1971, the People's Republic of China replaced it. China's engagement with the UN remained limited from 1971–77 under Mao Zedong's influence.²¹ In the post-Mao years, China's engagement with the UN increased rapidly from 1980. For China the UN today is a useful forum to demonstrate its 'responsible great power' behaviour.²² It is an 'anchor' for developing its multilateral engagements.²³ Presently, China is contributing to peacekeeping, peacebuilding, and development in the UN and is also looking to play a greater role in peace making through mediation. It seeks a greater role for the UN and the Security

Council in multilateral diplomacy and maintenance of peace.²⁴

In 2014, the Under-Secretary-General for Political Affairs of the UN, affirmed that China will be critical in shaping global governance and managing the 21st century world. He underlined that in a world where preventive diplomacy and mediation will be critical, early engagement, skill, partnerships and leverage will also be crucial. China, which has vast experience of these and has the weight too, will be an important partner for the UN.²⁵ Therefore, the manner in which China engaged with the UN system in 2014 makes for an interesting study.

China and World Conflict

As a permanent member of the Security Council, China's position regarding various conflicts across the world reflects its understanding and perspective on threats to world peace and security.

In the case of the Crimean decision to secede from Ukraine, China, along with Russia did not support the sanctions against those who enabled the military intervention in Ukraine. It maintained that it was against the use of sanctions and at the same time respected Ukraine's sovereignty and territorial integrity. It regarded the Crimean decision to join Russia as an internal matter to

21 Lowell Dittmer, 'China's New Internationalism', in *Ibid*, pp.21-34.

22 Rosemary Foot, 'Doing Some Things' in the Xi Jinping Era: the United Nations as China's Venue of Choice', September 12, 2014, at <http://www.chathamhouse.org/publication/%E2%80%98doing-some-things%E2%80%99-xi-jinping-era-united-nations-china%E2%80%99s-venue-choice>, (Accessed January 22, 2015).

23 Gerald Chan, 'China joins Global Governance: The 10 Conundrums', in Wang Gungwu and Zheng Yongnian, *China and the New International Order*, Routledge, Oxon, 2008, pp. 168-184.

24 (a) Henrique Altemani de Oliveira and Alexandre César Cunha Leite (2014), Note 8, p. 272. (b) For the contrast between the 'General Assembly China' and the 'Security Council China' see Charles Grant (2012), Note 6 (b).

25 Jerry Feltman, 'UN China Natural Partners in Peace', January 23, 2014, at <http://pakobserver.net/detailnews.asp?id=231228>, (Accessed January 19, 2015).

be resolved through dialogue.²⁶ Abstaining on the UNSC resolution on use of sanctions, China's permanent representative to the UN Liu Jieyi said that 'external interference' was the cause of unrest on the streets of Ukraine.²⁷ China recommended that an international coordinating mechanism consisting of all the parties be established to explore possibilities of a political settlement of the Ukrainian crisis and in the meanwhile international financial institutions should explore how to help maintain economic and financial stability in Ukraine. China also stayed away from an informal meeting with the Tatar minority of Crimea who were invited by some members of the Security Council to discuss the state of human rights and media freedom in Crimea.²⁸

Again in the context of Syria, China along with Russia vetoed a French resolution to refer the Syrian case to the International Criminal Court for the fourth time, stating that this would only

complicate matters further.²⁹ Explaining its decision, the Chinese representative said:

First, China believes that any action to seek recourse to the International Criminal Court (ICC) to prosecute the perpetrators of serious violations should be conducted on the basis of respect for State judicial sovereignty and the principle of complementarity. Secondly, efforts to seek a political settlement to the question of Syria are encountering difficulties. The international community must shore up its confidence, remain patient and be steadfastly committed to the overall direction of the political settlement. Thirdly... At a time when seriously diverging views exist among the parties concerning the draft resolution, we believe that the Council should continue holding consultations, rather than forcing a vote on the draft resolution,...

However, China did vote in favour of a UNSC resolution for humanitarian relief work on Syria.³¹

26 'China Says Sanctions Won't Help Ukraine Crisis', *Reuters*, March 7, 2014, at http://www.moneycontrol.com/news/world-news/china-says-sanctions-wont-help-ukraine-crisis_1051578.html?utm_source=ref_article, (Accessed January 21, 2015).

27 'China Makes Proposals on Political Solution to Ukraine Crisis', *Xinhua*, March 16, 2014, <http://en.people.cn/90777/8567805.html>, (Accessed January 21, 2015). Also see Statement by Ambassador Liu Jieyi at the Security Council Briefing on the Situation in Ukraine, April 16, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1155681.htm>, (Accessed January 24, 2015).

28 'Russia Boycotts UN Meeting with Ukraine's Tatars', *AP*, April 1, 2014, at http://www.business-standard.com/article/pti-stories/russia-boycotts-un-meeting-with-ukraine-s-tatars-114040100071_1.html, (Accessed January 21, 2015).

29 'Russia, China Veto UN Bid to Refer Syria to International Court', May 23, 2014, at http://zeenews.india.com/news/world/russia-china-veto-un-bid-to-refer-syria-to-international-court_934231.html, (Accessed January 21, 2015).

30 For the Chinese reasons for this see Explanatory Remarks by Ambassador Wang Min after Security Council Voting on Draft Resolution on the Referral of the Situation of the Syrian Arab Republic to the International Criminal Court, May 22, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1161566.htm>, (Accessed January 24, 2015).

31 Statement by Ambassador Liu Jieyi, Permanent Representative of China to the United Nations after Security Council Voting on Draft Resolution on Humanitarian Situation in Syria, July 14, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1190381.htm>, (Accessed January 24, 2015).

As the prime arena for conflicts, the continent of Africa with whom China has substantial economic interactions is also high on the UN agenda. China announced that it would strive for a bigger role for African nations in the UN.³² China supported an asset freeze and travel ban on three leaders of the Central African Republic (CAR), including former President Francois Bozize, Nourredine Adam, a Muslim Seleka leader and Levy Yakete, an anti-Balaka Christian militia leader who were responsible for instigating anti-Muslim violence, as part of the sanctions regime that has been in place since December 2013.³³ In addition, for the first time ever, China announced that it would be sending 700 combat troops as part of the UNMISS in Sudan.³⁴ It was unequivocal in maintaining that the Security Council must have the lead in maintaining peace and security, though the importance of the African Union

and its coordination with the UN system was highly desirable.³⁵

In West Asia, in consonance with other countries in the Security Council, China supported UNSC resolution 2170 (2014) expressing concern regarding the acquisition of territory in Iraq and Syria by the Al-Qaeda linked Islamic State of Iraq and the Levant (ISIL) and the al-Nusra Front and banning the sale of arms to these groups.³⁶ It urged the need to tackle terrorism with sound coordination, multi-pronged approach and consistent standards, with the UN and UNSC in the lead.³⁷ Having provided a four-point proposal for settling the issue of Palestine in

32 Enoch Wambua, 'China to Push for Africa to Get Bigger Roles in UN Organs', April 27, 2015, http://www.standardmedia.co.ke/?articleID=2000110346&story_title=china-to-push-for-africa-to-get-bigger-roles-in-un-organs/, (Accessed January 21, 2015). Statement by Ambassador Liu Jieyi, Permanent Representative of China to the United Nations at the High-level Thematic Debate of the UN General Assembly on 'Promotion of Investment in Africa in Achieving Africa's Development Objectives', July 17, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1177015.htm>, (Accessed January 24, 2015).

33 Michelle Nichols, 'U.N. blacklists Ex-C. African Republic President, Militia Leaders', May 10, 2014, at <http://in.reuters.com/article/2014/05/09/us-centralafrica-un-sanctions-idINKBNODP1L120140509>, (Accessed January 21, 2015).

34 'South Sudan Rebels Downplay Deployment of Chinese Troops', *Sudan Tribune*, September 6, 2014, at <http://www.sudantribune.com/spip.php?article52308>, (Accessed January 22, 2015).

35 Statement by Ambassador Liu Jieyi, Permanent Representative of China to the United Nations at Security Council Open Debate on the United Nations and Regional Partnerships in Peacekeeping Operations, July 28, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1186941.htm>, (Accessed January 24, 2015).

36 Explanatory Remarks by Ambassador Liu Jieyi after Security Council Voting on Draft Resolution on Combating the Islamic State in Iraq and the Levant, August 15, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1186615.htm>, (Accessed January 24, 2015). Also see, Staff Reporters, 'Xi Jinping calls for unity in Iraq, confers with Ban Ki-moon on Middle East, Ebola, Ukraine', August 17, 2014, at <http://www.scmp.com/news/china/article/1575248/xi-jinping-calls-unity-iraq-confers-ban-ki-moon-middle-east-ebola-ukraine>, (Accessed January 22, 2015).

37 'Wang Yi: the United Nations and Its Security Council Have to Play a Leading Role in the Global War on Terrorism', September 25, 2014, at <http://www.china-embassy.org/eng/zgyw/t1194525.htm>, (Accessed January 22, 2015).

2013,³⁸ China, in sync with the US, UN and EU, welcomed the formation of the Fatah-Hamas unity government in Palestine and said that such internal reconciliation is important to find a solution to the longstanding problem.³⁹

On two important issues that have a bearing on conflicts, China made statements that reflected a mature attitude. First on the subject of security sector reform, China emphasised the importance of ownership of the concerned countries for the reform process, greater UN support in the planning of the process and coordinating the efforts of various parties, including regional and sub-regional organisations.⁴⁰ Second, on post-conflict peacebuilding, it again reiterated the importance of ownership of the process by the concerned countries, addressing the root causes,

capacity-building and better coordination among the agencies involved.⁴¹

Interestingly, on more than one occasion, China was on the wrong side of things in relation to situations of conflict. First, the Philippines approached the Hague-based Permanent Court of Arbitration for settlement on an issue regarding the South China Sea (Panatag Shoal). The process of arbitration commenced in March.⁴² Then it raised an objection to China reclaiming land in the Mabini Reef, which would help China extend its claim to the area around the reef.⁴³ In June, China rejected the court's directive of responding to the Philippines claim.⁴⁴ Second, a shipment of arms from China to the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) in Mali that transited through the Ivory Coast was discovered as having some missing tonnage. Since Ivory Coast is under

38 Statement by Ambassador Liu Jieyi at the Security Council Open Debate on the Situation in the Middle East, April 29, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1155687.htm>, (Accessed January 24, 2015). The four-point proposal was peaceful coexistence between Palestine and Israel is the right direction to take to settle the issues between Palestine and Israel; peace talks represent the only realistic path to peace; the principle of land-for-peace is an important basis for promoting the Middle East peace process; and international support constitutes an important guarantee of progress in the peace talks.

39 'European Union, United Nations, US, China Agree to Work with Fatah-Hamas Government, Despite Israeli Criticism', June 5, 2014, at LAYLITV.COM, at <http://laylitv.com/2014/06/05/european-union-united-nations-us-china-agree-to-work-with-fatah-hamas-government-despite-israeli-criticism/>, (Accessed January 21, 2015).

40 Statement by Ambassador Liu Jieyi at the Security Council Open Debate on Security Sector Reform, April 28, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1155626.htm>, (Accessed January 24, 2015).

41 Statement by Ambassador Liu Jieyi, Permanent Representative of China to the United Nations at Security Council Meeting on Post-Conflict Peacebuilding, July 15, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1190378.htm>, (Accessed January 24, 2015).

42 Amando Doronila, 'Centrist Bloc Backs PH in Row with China', *Philippine Daily Inquirer*, March 24, 2015, at <http://opinion.inquirer.net/72909/centrist-bloc-backs-ph-in-row-with-china#ixzz3PRXkzV2f>, (Accessed January 21, 2015).

43 Tarra Quismundo, 'China's Land Reclamation 'Jeopardizes' PH Case in UN, Says DFA', *Philippine Daily Inquirer*, May 17, 2014, at <http://globalnation.inquirer.net/104610/chinas-land-reclamation-jeopardizes-ph-case-in-un-says-dfa/#ixzz3PStArO6O>, (Accessed January 21, 2015).

44 'UN Gives China until December to Answer Complaints Filed by Philippines on Overlapping Claims in the South China Sea', *Gulf News*, May 3, 2014, at <http://gulfnnews.com/news/world/philippines/un-gives-china-until-december-to-answer-complaints-filed-by-philippines-on-overlapping-claims-in-the-south-china-sea-1.1343116>, (Accessed January 21, 2015).

an arms embargo, the Security Council noted with concern the disappearance of the tonnage, though China denied any mishap.⁴⁵ Third, Vietnam protested the continuing work of the Chinese oil rig *Haiyang Shiyou 981* and its guarding vessels near the Hoang Sa archipelago. Its note of protest to the Chinese Foreign Ministry was also requested to be circulated at the 68th session of the General Assembly as a diplomatic note.⁴⁶ A second note was presented five days later.⁴⁷ On June 9, China in turn raised an issue at the UN, claiming that anti-Chinese protests in Vietnam had resulted in the death of four Chinese nationals.⁴⁸

China and Non-Proliferation

The fifth in the series of non-proliferation conferences being hosted by the P5 since 2009 was hosted by China in 2014. The Chinese Vice Foreign Minister Li Baodong, identified nuclear disarmament, non-proliferation and peaceful use of nuclear energy as the three major pillars of the nuclear domain. He also said that in addition

to governments, “international and regional organizations, NGOs and civil society should also be mobilized to maximize (our) synergy”.⁴⁹ China reiterated its commitment to non-proliferation, nuclear-weapon-free zones in the Middle East, Southeast Asia and Central Asia, Iran and the Korean peninsula.⁵⁰ China, which has signed but not ratified the CTBT, like the US, Egypt, Iran, Israel and India, was urged to do so by the Secretary General.⁵¹

China and Internet Governance

The governance of the Internet has largely been a private affair with the US-based ICANN

45 Joe Bavier, ‘UN should Halt Arms Shipments via Ivory Coast after China Breach: Panel’, April 16, 2014, *Reuters* at <http://af.reuters.com/article/topNews/idAFKBN0D204020140416?sp=true>, (Accessed January 21, 2015).

46 ‘Vietnam Urges UN to Circulate Diplomatic Note Protesting China’s Incursion’, *Thanh Nien News*, June 2, 2014, at <http://www.thanhniennews.com/politics/vietnam-urges-un-to-circulate-diplomatic-note-protesting-chinas-incursion-26811.html>, (Accessed January 21, 2015).

47 ‘Vietnam Sends 2nd Diplomatic Note Protesting China to UN’, *TUOITRENEWS* June 7, 2014, at <http://tuoitrenews.vn/politics/20156/vietnam-sends-2nd-diplomatic-note-protesting-china-to-un>, (Accessed January 21, 2015).

48 ‘China Goes to U.N. in Row with Vietnam over Drilling Rig in Contested Waters’, *The Asahi Shimbun*, June 10, 2014, at <http://ajw.asahi.com/article/asia/china/AJ201406100016>, (Accessed January 21, 2015).

49 ‘Global Powers Discuss Nuclear Governance in Beijing’, *Xinhua*, at <http://www.ecns.cn/military/2014/04-15/109389.shtml#comment>, (Accessed January 19, 2015).

50 Statement by Chinese Delegation at the Third Session of the Preparatory Committee for the 2015 NPT Review Conference on the Issue of Non-proliferation of Nuclear Weapons, Nuclear-Weapon-Free Zones and the Nuclear Issues in the Middle East, May 1, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1153146.htm>, (Accessed January 24, 2015).

51 PTI, ‘UN Chief Ban Ki-moon Appeals India, 7 Others to Ratify Nuclear Test Ban Treaty’, *Daily News and Analysis*, August 26, 2014, at <http://www.dnaindia.com/world/report-united-nations-chief-ban-ki-moon-appeals-india-7-others-to-ratify-n-test-ban-treaty-2013760>, (Accessed January 21, 2015).

in the lead. China, a cyber-nationalist state⁵² contests this as well as US primacy in the governance of the Internet due to the contract between ICANN and the US Department of Commerce. At the 50th conference of ICANN in June 2014, Lu Wei, chairperson of China's State Internet Information Office highlighted the seven principles being followed by the Central Internet Security and Informatisation Leading Group set up in 2014, namely, observing domestic laws and regulations, the socialist system, national interests, the legitimate interests of citizens, social order, morality and information authenticity.⁵³ In September, China spelt out the principles that ought to form the basis of information security, in the General Assembly—peace, sovereignty,

co-governance and universal benefit.⁵⁴ China took over as the Chair of the 193-member International Telecommunication Union (ITU) in October 2014.⁵⁵ Subsequently, following the UK, Hungary and South Korea, China hosted the World Internet Conference in November 2014. The Cyberspace Administration of China (formerly named the State Internet Information Office) organised the conference.⁵⁶

China and Climate Change

Given China's position as one of the highest emitters of greenhouse gases owing to its rapid pace of development, the year was heartening from the perspective of climate change. Chinese officials explained that the current thinking in China is to focus on 'quality growth', which means bringing down the growth rate to around seven per cent while ensuring that it is more

52 'It strives mightily to reorder the Internet by filtering content and by licensing and regulating the providers of Internet services in order to make them conform to national policy. Therefore, it supports a traditional, sovereignty-based communications governance regime in the international arena. The Great Firewall of China (GFW) is but one aspect of this; more important than the filtering of external information are the licensing requirements, extensive state ownership, and entry controls that can be imposed upon domestic Internet intermediaries and service providers, as well as the growing identification and surveillance of users and potential for severe, arbitrary punishment that can be imposed on them domestically. This leads to extensive self-regulation and self-censorship.'

Milton Mueller, 'China and Global Internet Governance: A Tiger by the Trail', <http://access.opennet.net/wp-content/uploads/2011/12/accesscontested-chapter-09.pdf>, (Accessed January 16, 2015), pp. 177-194, 181, (Accessed on January 16, 2015).

53 Staff Reporter, 'Double 7' Strategy may Give China More Control over Internet: Duowei', *Want China Times*, June 26, 2014 at <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20140626000136&cid=1101>, (Accessed January 19, 2015).

54 Statement by Xiao Yue of Chinese Delegation at the Thematic Debate on Information Security at the First Committee of the 69th Session of the UNGA, October 28, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1206928.htm>, (Accessed January 24, 2015).

55 'China's Zhao Houlin elected as secretary-general of ITU', *Xinhua*, October 23, 2014, at http://www.chinadaily.com.cn/world/2014-10/23/content_18790932.htm, (Accessed January 19, 2015).

56 Adam Segal, 'Can China's New Internet Conference Compete with the West in Defining Norms of Cyberspace?', October 22, 2014, *Forbes*, at <http://www.forbes.com/sites/adamsegal/2014/10/22/can-chinas-new-internet-conference-compete-with-the-west-in-defining-norms-of-cyberspace/>, (Accessed January 19, 2015).

environmental-friendly⁵⁷ At a meeting of the UN climate change forum in March, China said that poorer countries would require financial help to have lifestyles that support low-carbon emissions. It made a case for the renewal of such aid, \$10b per year, which was given for 3 years until 2012 and then stopped.⁵⁸

China acceded to the “Instrument of Acceptance of the Doha Amendment to the Kyoto Protocol” which will enjoy it to reduce carbon emission by about 40 per cent by 2020.⁵⁹ China is attempting to convert its projects registered under the UN Clean Development Mechanism credits to its own domestic Chinese Certified Emissions Reduction, thus transferring the credits to offset its domestic offset programme under the Chinese Development and Reform Commission.⁶⁰

57 See speech of the Chinese Vice Finance Minister H. E. Guanyao Zhu at the Peterson Institute in Patrice Hill, ‘China Presses Congress for Progress on Stalled IMF Reform’, October 8, 2014, at <http://www.washingtontimes.com/news/2014/oct/8/china-presses-congress-for-action-on-stalled-imf-r/>, (Accessed January 19, 2015).

58 Mathew Carr and Stefan Nicola, ‘Poor Nations Need Financing to Cut Carbon Emissions, China Says’, March 12, 2014, *Bloomberg Business*, at <http://www.bloomberg.com/news/articles/2014-03-11/poor-countries-can-t-cut-emissions-without-financing-china-says>, (Accessed January 21, 2015).

59 ‘China deposits acceptance document of Doha Amendment to Kyoto Protocol with UN’, *Xinhua*, June 3, 2014, <http://en.people.cn/n/2014/0603/c90883-8735954.html>, (Accessed January 21, 2015).

60 Alessandro Vitelli and Mike Anderson, ‘China Wants to Feed UN Projects into its New CO2 Market’, *Bloomberg Business*, June 9, 2014, at <http://www.bloomberg.com/news/2014-06-09/china-s-new-co2-offset-market-set-for-conversion-of-un-projects.html>, (Accessed January 21, 2015).

China and Global Economic Governance

The Economic and Social Council (ECOSOC) is the lead agency of the UN dealing with issues of development. In the ECOSOC, the Chinese Government emphasised that poverty eradication must be the central aim of the post-2015 development agenda.⁶¹ To quote the Chinese envoy to the UN on the subject, “(F)irst, poverty eradication must continue to be the core of our efforts and inclusive development must be our goal. Second, the global partnership for development should be strengthened. Third, technological innovation should be used as a means to promote sustainable development. Fourth, the concept of sustainable development should be further disseminated and implemented.”⁶² It also participated in the celebrations of the 50th anniversary of the G77 (now 130) at the summit in June 2014 where the UN Secretary General urged countries to work towards the Millennium Development Goals (MDGs) and subsequently the Sustainable Development Goals.⁶³ China lent its support to the voice of the Landlocked Developing Countries (LLDCs) regarding their

61 ‘Chinese UN Envoy Stresses Poverty Eradication in Post 2015 Development Agenda’, *Xinhua*, February 26, 2014, at http://news.xinhuanet.com/english/china/2014-02/27/c_133145810.htm, (Accessed January 21, 2015).

62 Statement by Ambassador Liu Jieyi, Permanent Representative of China to the United Nations at the General Debate of the High Level Segment of ECOSOC, July 8, 2014, at <http://www.china-un.org/eng/lhghyywj/smhwj/2014/t1172666.htm>, (Accessed January 24, 2015).

63 ‘UN urges G77+China to Unite on Combating Poverty, Climate Change’, June 15, 2014, at <http://www.un.org/apps/news/story.asp?NewsID=48053#.VL-4wNKUcpQ>, (Accessed January 21, 2015).

development concerns at the tenth review of the Almaty Programme of Action.⁶⁴

China is playing a large role in global governance of agriculture. It is not only an active participant in the World Trade Organisation (WTO) and attempting to protect its farmers but is also active in the Food and Agriculture Organisation (FAO) by contributing to national food security programmes, especially in Africa, and contributes food as aid to East Asia and ASEAN countries.⁶⁵ In the WTO, it is opposing a key agreement on information technology as it will impact the fledging Chinese technology industry.⁶⁶

However, as noted earlier, the UN has not been the leader in matters of economic governance. In the existing institutions of global economic governance, China continued to be

marginal.⁶⁷ Also, in line with its position thus far, China emphasised the importance of reform of the International Monetary Fund (IMF) and a greater say for developing countries, including itself, in the working of the IMF.⁶⁸ Also much of China's action on the economic front was seen outside the UN, with the BRICS New Development Bank and the Asian Infrastructure Investment Bank (AIIB) rolling off.⁶⁹ The setting up of the AIIB was much appreciated by UNESCAP, which hopes that it would be an important institution for overcoming infrastructure deficits in the Asia-Pacific region.

Moreover, continuing its practice of using the G20 forum to bring about reform of global economic governance in consonance with other developing countries, China hoped that the G20 will be able to promote growth to overcome the economic downturn, reform global economic governance, enhance energy cooperation, push for an open global economy and protection of the multilateral trading system, and develop a post-

64 Statement on Behalf of the Group of 77 and China by Ms. Pamela G. Luna, Minister Counsellor in the Permanent Mission of the Plurinational State of Bolivia to the United Nations, at the First Session of the Intergovernmental Preparatory Committee for the Second United Nations Conference on Landlocked Developing Countries, New York, June 12, 2014, at <http://www.G77.Org/Statement/Getstatement.Php?Id=140612>, (Accessed January 21, 2015).

65 Jo Cadilhon, Céline Laisney and Catherine Rivoal, 'The Role of China in the Global Governance of Agriculture', *Mouvement pour une Organisation Mondiale de l' Agriculture*, at http://www.momagri.org/UK/focus-on-issues/The-role-of-China-in-the-global-governance-of-agriculture_1085.html, (Accessed January 12, 2015).

66 Patrice Hill (2014), Note 57.

67 "France has 4.29 per cent voting power at IMF, while China has only 3.81 per cent. China's voting share at the World Bank was only increased from 2.8 per cent to 4.2 per cent in 2010 after years of haggling. This still left it trailing Japan at 6.8 per cent and the US on 15.8 per cent." Peter Cai, 'We Need China inside the Global Economic Tent', November 11, 2014, *Business Spectator* at <http://www.businessspectator.com.au/article/2014/11/11/china/we-need-china-inside-global-economic-tent>, (Accessed January 19, 2015).

68 Patrice Hill (2014), Note 57.

69 'UN ESCAP chief highlights China's integral role in Asia-Pacific regional connectivity', *UN Press Release*, June 7, 2014, at <http://thejetnewspaper.com/2014/06/07/un-escap-chief-highlights-chinas-integral-role-in-asia-pacific-regional-connectivity/>, (Accessed January 21, 2015).

2015 development agenda.⁷⁰ Finally, in the lead up to its presidency of the G20 in 2016, China pushed hard for a Free Trade Area (FTA) of the Asia Pacific Economic Community (APEC), BRICS New Development Bank, and the AIIB.⁷¹

China in the UN: An Analysis

Peace and Security

China has been a staunch supporter of sovereignty and non-intervention in internal affairs. It abstained on a UNSC resolution that sanctioned the use of force in Iraq and the first Gulf War in 1991.⁷² Again, as president of the UNSC in 2003, it did not authorise war against Iraq in the second Gulf War, though later it legitimised the US-led occupation of Iraq, to curtail US unilateralism and restore the primacy of the UNSC in matters of peace and security. Its voting pattern in the UNSC reflects a preference for abstentions, 85 per cent of which until 2010 were for preserving the sanctity of national sovereignty. Among the six times that China exercised the power of veto until 2010, twice it was in defence of the concerned state's sovereignty.⁷³ Continuing this trend in 2014, it remained steadfast in opposing intervention in

Ukraine and a referral of the Syrian case to the ICC. In both cases it supported international action to arrive at political solutions without resort to force.

Its concern regarding terrorism came to be voiced more strongly as it unequivocally supported the international condemnation of Al-Qaeda linked groups. China's contribution to peacekeeping has increased since it first joined the UN Special Commission on Peacekeeping Operations in December 1988. Most of China's peacekeeping has been in Africa, including some missions in Liberia and Cote d'Ivoire, where the role of the UN mission was one of social engineering.⁷⁴ In Africa, China has increased its 'security' footprint by contributing not only material, but for the first time ever, fighting troops to the UN mission in South Sudan. Also, it has a history of having an open mind in case of humanitarian crises as in Kosovo.⁷⁵ This year too, in the CAR where civilian populations have suffered, it supported sanctions against guilty individuals.

China has played an important role in the arms control and disarmament regime of the UN; in the First Committee of the General Assembly as well as the Conference on Disarmament, especially in the area of preventing non-weaponisation of space. It has done so in support of the concerns of developing countries and to build its image as a responsible power.⁷⁶ It has also played a

70 'China Expects G20 Summit to Achieve Results in Four Areas', *Xinhua*, November 13, 2014, at <http://en.people.cn/business/n/2014/1113/c90778-8808655.html>, (Accessed January 19, 2015).

71 Hugh Jorgenson, 'China, the G20 and Global Economic Governance', December 1, 2014, *Business Spectator*, at <http://www.businessspectator.com.au/article/2014/12/1/china/china-g20-and-global-economic-governance>, (Accessed January 12, 2015).

72 Jenny Clegg (2009), Note 7 (b), pp. 179-80.

73 Giovanni B. Andornino, 'China and Global Governance: Status Quo of Challenge to Global Order', in Shaun Breslin (2010), Note 7 (a), pp. 94-105.

74 For a history of China in peacekeeping see Shogo Suzuki, 'Integrating into the International Community? Chinese Peacekeeping Operations', in Shaun Breslin (2010), Note 7 (a), pp.106-113.

75 Ibid.

76 Jing-dong Yuan, 'The New Player in the Game: China, Arms Control and Multilateralism', in Guoguang Wu and Helen Lansdowne (2008), Note 20, pp.51-72.

constructive part in international efforts at dealing with the issue of proliferation in the case of Iran and North Korea. Considering these, 2014 was not very significant from the perspective of China's contribution to disarmament.

Social and Humanitarian Affairs

Climate change has been an important issue for the social and humanitarian affairs aspect of global governance. China's policy on climate change issues has so far been akin to that of other emerging powers, with an emphasis on national level programmes for reducing emissions. In this regard, China took an important step within the UN set-up towards mitigating the climate change impact of its development by acceding to the "Instrument of Acceptance of the Doha Amendment to the Kyoto Protocol" for a limited cap on its emissions by 2020. However, a major step forward was the Sino-US bilateral agreement which came about in December 2014. This agreement is likely to propel several other countries to do so.

Under the broad rubric of using ICT technologies for the benefit of humankind, matters of Internet governance, in which private transnational actors play a leading role, are remotely on the agenda of UN-related bodies such as the ITU and its Internet Governance Forum (IGF). China has taken the lead in promoting a state-centric governance regime, to the detriment of other stakeholders, wherein it represents the views of several developing countries.⁷⁷ Over the years, China supported the ITU over the ICANN, though there has been some rapprochement with the ICANN since 2009. China has played a key role in bringing the IGF of the ITU under the UN, thus making it

⁷⁷ Milton Meuller (2011), Note 52.

more intergovernmental. It also supports ITU to compete with private Regional Internet Registries (RIRs) in allocation of IP addresses. It continued its efforts for the same in 2014.

Among its humanitarian assistance was a contribution of \$120 million to the international community's fight against the Ebola epidemic in Africa as well as supplied food to the Ebola affected people through the World Food Programme.

International Political Economy

China had been vocal about the reform of the financial system especially since the 2008 financial crisis (dollar dominated markets), opening of western markets to developing countries and more South-South cooperation.⁷⁸ In the Doha round of negotiations, China took the lead in pushing for reform in WTO governing bodies such as the Trade Negotiation Committee to have the Chair by rotation and the sub-committees to take up issues thrown up by deliberation rather than as dictates by the Chairs.⁷⁹ China also pushed for the reform of the Dispute Settlement Mechanism (DSM) to make it softer on developing countries. In addition, it recommended changes in anti-dumping rules to prevent their misuse by developed countries and favoured special and differentiated treatment for developing countries.

⁷⁸ Hongying Wang and James N. Rosenau (2009), Note 2.

⁷⁹ For a good overview of the study of China's engagement with two forums in Global Governance See Hongsong Liu, 'China's Proposing Behavior in Global Governance: The Cases of the WTO Doha Round Negotiation and G-20 Process', *Revista Brasileira De Política Internacional*, 57 (Special Edition), 2014, pp. 121-137.

While China's WTO policy is more within the bounds of existing rules, the development policy goes against existing OECD-DAC rules.⁸⁰ China provides an alternate view of development and regional engagement with Asia, Africa and Latin America. Especially for Africa and Latin America, China is a trading partner, a source of loans and investment and a political partner in multilateral arrangements.⁸¹ In continuation of this trend, the contours of the economic aspects of China's global governance practice emerged more clearly in 2014, with China being successful in the setting up the AIIB and the BRICS New Development Bank. The setting up of the AIIB, though outside of the UN system, has been perceived by some as the first revisionist step by China in the international economic order.⁸²

China sees the G20 as a forum that gives it scope to increase its role in global coordination, to adapt and learn global governance, to represent China's views and build its image and facilitate domestic restructuring.⁸³ In the G20 China has made several proposals for reform of global economic

governance concerning international financial regulation, international financial institutions, and international monetary system. It continued this trend of working with developing countries, though its push for an FTA among the APEC nations is perceived as an attempt to dilute, if not to stall completely, upcoming initiatives such as the US-Japan led Trans-Pacific Partnership. Also, China's engagement with the G20 and G77 are a testimony to its continuing balancing act between its 'developing' and 'developed' identity.

Conclusion

A study of China in 2014 is indicative largely of continuing trends in its multilateral behaviour and principles of global governance. With some significant escalations, trends that stand out in the three realms are:

- The decision to send combat troops as part of the UN peacekeeping mission, making it the first P5 country to do so, and its acceptance of further cuts in the carbon emissions.
- The assent to sanction against specific individual/s known to have abetted atrocities against minorities in the Central African Republic.
- The aggressive countering of attempts by Vietnam and the Philippines to raise issues of territorial waters' disputes at the UN.
- The push to make Internet governance more intergovernmental.
- The ability to lead the way in the setting up of alternate lending institutions such as the BRICS New Development Bank and the AIIB, though much smaller in scale compared to

80 Dirk Messner and John Humphrey, 'China and India in the Global Governance Arena', November 1, 2008, at <http://www.alternative-regionalisms.org/wp-content/uploads/2009/07/messner-humphrey.pdf>, (Accessed January 12, 2015).

81 Henrique Altemani de Oliveira and Alexandre César Cunha Leite (2014), Note 8. pp. 273.

82 Lee Jong Wha, 'China's New World Order', *Project Syndicate*, November 12, 2014, at <http://www.project-syndicate.org/commentary/china-global-governance-by-lee-jong-wha-2014-11>, (Accessed January 12, 2015).

83 Wei Huang, 'Global Governance under the G20: A Chinese Perspective', in Wilhelm Hofmeister (ed.), *Perceptions and Perspectives for Global Governance*, pp. 41-50, at http://www.kas.de/upload/dokumente/2011/10/G20_E-Book/chapter_5.pdf, (Accessed January 12, 2015).

the IMF and World Bank, and still outside of the UN system where it could, along with other powers, set the agenda and frame the rules.

China's engagement with various issues in 2014 is indicative of an ongoing trend—to engage with the multilateral system when it has the scope to influence it, developing alternatives to it and preventing the system from constraining its behaviour when it concerns territorial issues. As China takes over the presidency of the Security Council, the ITU and the lead in the BRICS New Development Bank and AIIB, 2015 will be an interesting year to follow through on its morphing in the arena of global governance.

Chronology of Important Events in the Year 2014

February 2014

15: China hosts the P5 meeting on Global Nuclear Governance

March 2014

15: China abstains on the UNSC resolution for imposing sanctions on Ukraine

May 2014

21: China rejects a French resolution to refer the Syrian case to the ICC

June 2014

14: China participates in the G77 summit celebrating 50 years of the grouping

22-26: China participates in ICANN's 50th conference on Internet governance

October 2014

23: China takes over as Chair of the ITU

November 2014

15-16: China participates in the G20 meeting in Brisbane, Australia

Section IV: China and the Regions

11

Relations between China and the Korean Peninsula in 2014: Dilemma over Engagement and Estrangement

Pranamita Baruah

In 2014, while North Korea's belligerency and provocative behaviour kept China-North Korea relations largely tenuous, China-South Korea bonhomie reached a new height with regular high-level interactions and conclusion of the bilateral free trade agreement (FTA). The weakening of ties between China and North Korea can be largely attributed to factors like Chinese President Xi Jinping's visit to Seoul (July 2014) before Pyongyang, public purge of Jang Song Thaek—a principal ally of Beijing in Pyongyang—by the North Korean leadership, Pyongyang's growing relations with Moscow, etc. However, the ongoing debate over the possible abandonment of North Korea by China seems to be a little far-fetched. China is not in a mood to abandon North Korea yet, as it would like to continue maintaining its leverage over the latter in order to have a say in security matters of the Korean Peninsula. The future course of China-Korea relations will be largely determined by China's South Korea policy, its overtures towards North Korea and North Korea's own relations with China and other regional powers especially South Korea, Russia, the US, etc.

Introduction

The changing dynamics in China-Korea relations in recent years have come to be seen as one of the most consequential changes in the East Asian

region. Since South Korean President, Park Geun-hye's "trip of heart and trust"¹ to China in June 2013, the bilateral relationship has witnessed an increasingly 'diversified and interactive'² relationship. However the same bonhomie seems to be clearly missing in case of China's relations with its long standing ally—North Korea. In fact, since the time Kim Jong-un assumed office as the Supreme Leader of North Korea following the demise of his father and former North Korean Leader Kim Jong-il in December 2011, China-North Korea relations seem to be on the rocks.

The strategic and political dimension of the China-South Korea partnership became particularly evident with the July 2014 summit meeting between Chinese President Xi Jinping and his South Korean counterpart Park in Seoul.

1 Jaeho Hwang, 'The ROK's China Policy under Park Geun-hye: A New Model of ROK-PRC Relations', The Brookings Institution, August 2014, p. 4, at <http://www.brookings.edu/~media/research/files/papers/2014/08/south-korea-china-policy-hwang/south-korea-china-policy-hwang-working-paper> (Accessed January 10, 2015).

2 Jonathan D. Pollack, 'The Strategic Meaning of China-ROK Relations: How Far will the Rapprochement Go and with What Implications?', Brookings Institute, September 29, 2014, p. 3, at <http://www.brookings.edu/research/articles/2014/09/strategic-meaning-china-south-korea-relations-pollack> (Accessed March 1, 2015).

President Xi's visit to Seoul was largely symbolic that indicated repositioning of alliances and adversaries to meet the new challenges and opportunities of the changing security and economic realities in East Asia.³ Political factors played an important role in boosting Beijing-Seoul ties in 2014, as evident from the coordination between the two countries over issues ranging from North Korea's nuclear proliferation to Japan's historical revisionism and remilitarisation.

As for China-North Korea relations, the very fact that President Xi Jinping decided to break away from tradition and paid a state visit to Seoul, instead of Pyongyang, clearly indicated China's growing irritation with North Korea's erratic and provocative behaviour. Pyongyang expressed its displeasure over the visit by launching two missiles just one day ahead of President Xi's Seoul visit. The subsequent months did not see much improvement in China-North Korea relations. The friction between the two countries became all the more clear as neither Kim nor Xi paid a visit to each other's country.

China-South Korea Relations

Impact of High Level Interactions on the Bilateral Relationship

Since President Park's visit to China in June 2013, the two countries have exchanged their views on issues of mutual concern through regular high level interactions. Throughout 2014, both sides interacted with each other on several occasions at the bilateral, regional as well as international fora.

3 Jojin V. John, 'South Korea-China Relations and the Northeast Asian Strategic Puzzle', *ICS Analysis*, No. 15, July 2014, p. 2, at <http://www.icsin.org/ICS/ICSAnalysispdf/17.pdf> (Accessed January 12, 2015).

On March 23, 2014, Chinese President Xi and South Korean President Park held talks in The Hague (Netherlands), on the sidelines of the Nuclear Security Summit.⁴ In that meeting both sides agreed to move towards the non-use of nuclear weapons and the realisation of a denuclearised North Korea. The March meeting was followed by another bilateral meeting between Chinese Premier Li Keqiang and South Korean Prime Minister Jung Hongwon on the sidelines of the Boao Forum in Asia held in Hainan.⁵ On May 26, 2014, President Park held talks with Chinese Foreign Minister Wang Yi to discuss issues pertaining to China-South Korea relations and the Korean Peninsula. In that meeting, President Park expressed hope that the two countries would boost their relationship further in order to create a new Korean peninsula as well as a new Northeast Asia. Wang, on his part, attributed the close ties between the two countries to the direct leadership and efforts adopted by their respective leaderships. While emphasising that President Xi's "Chinese dream" is similar to President Park's "second Miracle on the Han River", Wang appreciated Park's vision to open a new era of happiness for the Korean people.⁶

However it was Chinese President Xi Jinping's visit to South Korea in July 2014 that took China-South Korea Strategic Cooperation to a new

4 Scott Snyder and See-won Byun, 'China-Korea Relations: China's Red Line on the Korean Peninsula', *Comparative Connections*, p. 1, at http://csis.org/files/publication/1401qchina_korea.pdf (Accessed March 30, 2015).

5 Ibid.

6 'President Meets Chinese Foreign Minister', Korea.net, May 27, 2014, at <http://www.korea.net/Special/Foreign-Affairs/view> (Accessed July 13, 2014).

level. It was the fifth meeting between the two leaders since they assumed office. President Xi was accompanied by seven high-ranking government officials and several hundred leading business leaders of China.⁷ During Xi's visit, both sides committed to "respect the other's social system, development model and core interests."⁸ In the joint statement, both sides agreed to make greater efforts towards concluding a bilateral FTA, by the end of 2014.

On October 16, 2014, President Park held summit level talks with Chinese Premier Li Keqiang and discussed with him issues pertaining to their bilateral relationship as well as the security situation in the Korean Peninsula. During the talks, both the leaders agreed on the necessity to strengthen economic cooperation in a diverse range of fields that could help in bringing a paradigm shift in securing sustainable economic growth. They also reaffirmed to solidify their cooperation on the issue of North Korea's denuclearisation in the future. While expressing China's support for security and peaceful reunification of the Korean peninsula, Premier Li averred that China would play a constructive role in improving relations between the two Koreas.⁹

Later on, in November 2014, the foreign ministers of both the countries held talks in Beijing in order to fine-tune the agenda for the upcoming bilateral

summit between President Park and Xi. They also discussed North Korea's nuclear programme.¹⁰ In November itself, President Park visited Beijing and held a summit with Xi Jinping on the sidelines of the APEC meeting. During that summit, both sides concluded the much awaited free trade agreement (FTA) between the two countries.

The regular interactions between the officials of China and South Korea throughout 2014 undoubtedly helped in enhancing their understanding over issues of mutual concern. The 'comprehensive upgrading' of bilateral ties has led to the evolution of an environment that can be termed as "hot in economy, warm in politics".¹¹

Beijing-Seoul Economic Partnership

Economic partnership continues to be one of the key components of the China-South Korea relationship. China is the largest trade partner of South Korea. It is also South Korea's largest overseas market.¹² At present, China's trade with South Korea is around forty times the level of trade between China and North Korea. South Korea's trade with China has already surpassed its combined trade with Japan and the US¹³ According to statistics available so far, South Korea's total trade with China by December 2014 was \$235.37 billion while it was \$228.92 billion in 2013. Even though the balance of trade between the two countries continues to favour South

7 Victor D. Cha, Ellen Kim, 'President Xi Jinping's State visit to Republic of Korea', CSIS, July 3, 2014, at <http://csis.org/publication/president-xi-jinpings-state-visit-republic-korea> (Accessed August 14, 2014).

8 Jonathan D. Pollack, no. 2, p. 3.

9 'President Park Holds Summits with China, France', South Korean Ministry of Foreign Affairs (MOFA), October 17, 2014, at <http://www.korea.net/Special/Foreign-Affairs/view> (Accessed October 18, 2014).

10 'Korea, China Hold Talks on Summit', *The Korea Herald*, November 7, 2014, at <http://www.koeherald.com/iew.php?ud=20141107000769> (Accessed November 10, 2014).

11 Jonathan D. Pollack, no. 2, p. 3.

12 Jojin V. John, no. 3, p. 2.

13 Ibid.

Korea, it declined to \$55.21 billion in December from \$62.82 billion in 2013.¹⁴

The China-South Korea economic partnership is expected to increase further with the conclusion of the bilateral FTA on November 10, 2014 in Beijing. However they might require another year in order to fine-tune the details of the agreement. The FTA, composed of twenty two chapters, deals with all major economic sectors such as goods and services, investment, finance, and communication. The FTA is to immediately remove tariffs worth \$8.7 billion imposed on South Korea's traded goods in China. It needs to be noted that China has for the first time incorporated finance, communications and e-commerce in the FTA deal.¹⁵

It is hoped that the new FTA will offer an important turning point for both countries. It is likely to facilitate bilateral trade and investment appreciably. The implementation of the agreement would help South Korea save \$ 5.44 billion, which is reportedly 5.8 times larger than the Korea-US FTA and 3.9 times larger than the Korea-EU FTA.¹⁶

14 'Korea-China Trade Summary (2014.12)', South Korean Ministry of Foreign Affairs (MOFA), at http://www.mofa.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?typeID=12&boardid=8110&seqno=315009&c=&t=&pagenum=1&tableName=TYPE_ENGLISH&pc=&dc=&wc=&lu=&vu=&iu=&du=(Accessed on July 1, 2015).

15 'Korea, China Strike Free Trade Pact', South Korean Ministry of Foreign Affairs (MOFA), November 10, 2014, at <http://www.korea.net/NewsFocus/Policies/view?articleId=122781> (Accessed December 13, 2014).

16 Ibid.

Coordination on North Korea

Since Kim Jong-un's demise, China's relations with North Korea have gone through some rough phases. Even though China is not yet ready to jeopardise its alliance with the North, it has started treating an open and globalised South Korea as an important economic partner. China also no longer reflexively takes side with the North on issues of regional and international concern. This has certainly helped China in exploring its long-term possibilities with South Korea more vigorously.

As mentioned earlier, President Xi Jinping's state visit to South Korea before his visit to North Korea clearly demonstrates South Korea's growing significance in China's strategic calculus. Since Xi assumed office, China has consistently maintained that it would work closely with South Korea on issues pertaining to North Korea. This was reiterated by the Chinese officials on several occasions throughout 2014. In the joint statement issued in the wake of Xi Jinping's visit to Seoul in July 2014, both Park and Xi reiterated their 'firm opposition to the development of nuclear weapons on the Korean Peninsula'.¹⁷ South Korea also urged China to use its economic leverage over North Korea in realising a denuclearised North Korea.¹⁸

However, unlike South Korea, China is hesitant to take punitive action against North Korea for its nuclear programme and its aggressive attitude towards the South and the US. Instead

17 'After the Summit: Seoul, Beijing Need to Push More for Nuke-Free N.K.', *The Korea Herald*, July 4, 2014, at <http://www.koreaherald.com/view.php?ud=20140704000513> (Accessed July 10, 2014).

18 Jojin V. John, no. 3, p.3

China insists that engagement with North Korea could propel the latter to give up its nuclear programme. As for Korean reunification, President Xi has maintained that China will support it, if it is achieved through 'an independent and peaceful' process.¹⁹

South Korean President Park, during her Presidential Campaign, put forward a new policy that would "assume a tough line against North Korea sometimes and a flexible policy open to negotiations at other times."²⁰ She emphasised on a step-by-step trust-building process with North Korea that was "premised on the underpinnings of unshakable security."²¹ As part of this strategy, Park has initiated certain engagement measures towards North Korea. In this context, President Park's 'Dresden Declaration'²² at Dresden during her visit to Germany in March 2014, can be rightly cited. Since February 2014, high-level dialogue between the two Koreas was stalled. On October

4, a high level North Korean delegation led by Hwang Pyong-so, Director of the North Korean Military's General Political Bureau, visited South Korea to attend the closing ceremony of the Asian Games at Incheon, where both sides agreed to resume reconciliation talks between late October and early November that year.²³ Even though talks did not take place as decided, in November 2014 South Korea proposed to hold a three-way talk with the foreign ministers of the two Koreas and China in order to enhance cooperation among neighbours.²⁴ Later, on December 11, 2014, South Korean Unification Minister Ryoo Kihl-jae insisted on making greater efforts towards engaging North Korea. He averred that dialogues and cooperation are necessary to make pressure on North Korea more effective.²⁵

The recent developments largely indicate that the Park Administration seems to be eager to deepen inter-Korean ties through an engagement strategy. This aligns with China's advocacy for engagement with North Korea. However, it is not to suggest that both Beijing and Seoul are on the same page on all issues concerning North Korea. It became evident as the UN Security Council (UNSC) voted on December 22, to incorporate North Korea's

19 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking Alignment on North Korea Policy', *Comparative Connections*, May 2013. p. 3, at http://csis.org/files/publication/1301qchina_korea.pdf (Accessed January 13, 2014).

20 Bruce Klingner, 'The US should Support New South Korean President's Approach to North Korea', The Heritage Foundation, April 11, 2013, at <http://www.heritage.org/research/reports/2013/04/the-us-should-support-new-south-korean-presidents-approach-to-north-korea> (Accessed January 11, 2015).

21 Ibid.

22 South Korean President Park Geun-hye, in her speech at Dresden (Germany) on March 29, 2014, laid out steps for inter-Korean prosperity. In that speech, she insisted that joint economic development project, the creation of the Northeast Asia Development Bank and cultural and educational exchanges with North Korea as a step towards the peaceful reunification of the Korean Peninsula.

23 Ju-min Park, 'Inter-Korean Dialogue to Resume after Top Northern Envoys' Surprise Visit', *Reuters*, October 4, 2014, at <http://www.reuters.com/assets/print?aid=USKCN0HT00H20141004> (Accessed October 7, 2014).

24 'Seoul Offers FM Meeting with N. Korea, China', *The Korea Herald*, November 23, 2014, at <http://www.koreaherald.com/view.php?ud=20141123000264> (Accessed November 24, 2014).

25 'Unification Minister Calls for North Korea Engagement', *The Korea Herald*, December 11, 2014, at <http://www.koreaherald.com/view.php?ud=20141211000888> (Accessed December 13, 2014).

human rights issue to its agenda. The move was supported by 11 out of 15 member states in the UNSC. However both China and Russia voted against it, arguing that North Korea's human rights issue was inappropriate for the UNSC.²⁶ Ahead of the vote, China's permanent representative to the UN- Liu Jieyi-urged the Council to refrain from doing anything that might cause an escalation of tensions in the region. He also argued that issues like North Korea's denuclearisation, maintaining stability in the Korean Peninsula, etc., remain primary objectives for the global community. However any involvement in the North's human rights issue would not only go against such objectives, but could also deteriorate the situation.²⁷

Interestingly, 2014 witnessed strong coordination between South Korea and China on Japan as well. Both the countries' involvement in territorial disputes with Japan, their strong resentment against Japanese Prime Minister Shinzo Abe's Yasukuni Shrine visit and shared concern over Japan's possible intention to remilitarise itself have largely helped South Korea and China in shaping their joint stance on Japan. In fact on President Park's request, China established a memorial hall for An Jung-geun, a Korean independence activist who in 1909, assassinated the then Japanese Prime Minister Ito Hirobumi in the city of Harbin, China. While delivering a speech at Seoul National

University in July 2014, President Xi Jinping reminded South Korea of the Japanese atrocities on its colonies in the past and the two countries' joint struggle against it. He also emphasised on the need to be united against any future militarisation of Japan.²⁸ He even proposed that China and South Korea jointly commemorate the 70th anniversary of Japan's defeat in World War II in 2015.²⁹ Thus, in 2014 the Japan factor played a key role in bringing China and South Korea closer politically and diplomatically.

China on the South Korea-US Security Alliance

For long, China has treated US's security alliance with both South Korea and Japan as relics of the Cold War and repeatedly raised questions over its continued relevance. President Xi Jinping's visit to South Korea in July 2014 was seen by many security analysts as part of China's strategy to weaken the South Korea-US alliance.³⁰ During that visit, both sides reiterated their commitment to deepen cooperation in the economic, political and strategic spheres. Factors like China's decision to permit South Korea to settle its bilateral trade accounts in renminbi (China's currency) and China's invitation to South Korea to join the new Asian Infrastructure Investment Bank (AIIB)—that excludes both Japan and the US, clearly indicates China's growing desire to bolster the Beijing-Seoul partnership. In 2014, an MoU was also signed to establish a direct telephone link between the Defence Ministries of China and

26 Ankit Panda, 'North Korean Human Rights Abuses on the Agenda at UN Security Council', *The Diplomat*, December 23, 2014, at <http://thediplomat.com/2014/12/north-korean-human-rights-abuses-on-the-agenda-at-un-security-council/> (Accessed January 15, 2015).

27 'UN Security Council Discusses Referring North Korea to ICC', *Deutsche Welle*, December 23, 2014, at <http://www.dw.de/un-security-council-discusses-referring-north-korea-to-icc/a-18147370> (Accessed December 26, 2014)

28 Jojin V. John, no. 3, p.3.

29 Park Cheol-hee, 'Principles in Sustaining Korea Ties', *Korea Focus*, September 2014, at http://www.koreafocus.or.kr/design2/layout/content_print.asp?group_id=105488 (Accessed December 23, 2014).

30 Ibid.

South Korea. It was a significant step given that so far South Korea has a direct high level military hotline only with the US.³¹

While President Park has been emphatic about bolstering South Korea-China relations, she has also been equally emphatic about the South Korea-US alliance being a major pillar of South Korea's foreign and security policy. During US President Barack Obama's visit to Seoul on April 25-26, 2014, the White House too insisted that the South Korea-US alliance is the "linchpin of peace and security in the Asia-Pacific region and an increasingly comprehensive global partnership."³² Later on both South Korea and the US, along with Japan, signed in December 2014 a trilateral information sharing pact that could help them in dealing with the growing nuclear and missile threat from North Korea more effectively.³³

It needs to be noted that the South Korean people still seem to be supportive of the security alliance with the US. It is evident from a survey conducted by the Asan Institute of Policy Studies in Seoul after Xi Jinping's visit to Seoul in July 2014. The survey indicated that in 2014, even though the South Koreans had a more favourable view of

China than the previous year, the US remained the most popular foreign country and the most important ally.³⁴

In 2014, China's critical stance on the South Korea-US security alliance became evident with China's fierce stance against the possible deployment in South Korea of a Terminal High-Altitude Area Defense (THAAD) battery, an integral part of the US missile defense system. The US insisted that a THAAD battery is a purely defensive mechanism designed to counter the growing missile threats from North Korea. China however, argued that the THAAD battery had a range of around 2,000 kilometer which would go beyond the goal of countering missiles from North Korea.³⁵ China also expressed strong concern that the radar system of THAAD could help the US in monitoring military facilities in China.³⁶ In November 2014, Chinese Ambassador to South Korea, Qiu Guohong, warned that if South Korea

31 'After the Summit: Seoul, Beijing Need to Push More for Nuke-Free N.K', *The Korea Herald*, July 4, 2014, at <http://www.koreaherald.com/view.php?ud=20140704000513> (Accessed July 10, 2014).

32 'Joint Fact Sheet: The U.S.-Republic of Korea Alliance: A Global Partnership', Embassy of U.S. in Seoul, April 25, 2014, at http://seoul.usembassy.gov/p_rok_042514d.html (Accessed March 23, 2015).

33 'US Agrees Trilateral Intelligence Sharing Pact with South Korea and Japan', *Deutsche Welle*, December 26, 2014, at <http://www.dw.de/us-agrees-trilateral-intelligence-sharing-pact-with-south-korea-and-japan/a-18152169> (Accessed January 1, 2015).

34 In the survey, 59.6% of the respondents want South Korea to strengthen cooperation with the U.S. compared with 24.9 per cent who thought cooperation should be boosted with China. A clear majority believes that China's economic rise (69.9 per cent) and military rise (63.6 per cent) are threats to South Korea. (Source: Asan Institute of Policy Research. 2014, 'Asan Survey on Korea-China Relations', at <http://en.asaninst.org/contents/64-7-positively-assess-korea-china-summit/> (Accessed January 21, 2015). It is also available at Jojin V. John, no. iii, p.4.

35 'China's Envoy Opposes Possible THAAD Deployment in South Korea: Lawmaker', *Yonhap News*, November 26, 2014, at <http://english.yonhapnews.co.kr/national/2014/11/26/57/0301000000AEN20141126008900315F.html> (Accessed December 11, 2014).

36 '(Lead) S. Korea Keeps Strategic Ambiguity over THAAD Missile Defense System', *Yonhap News*, March 11, 2015, at <http://english.yonhapnews.co.kr/national/2015/03/11/25/0301000000AEN20150311002551315F.html> (Accessed March 13, 2015).

allowed the US to deploy the THAAD battery on its soil, it could strain the Beijing-Seoul Relationship. As far as South Korea is concerned, it seemed to take an ambiguous stance on THAAD deployment. It abstained from accepting the THAAD deployment offer and started working on developing its own Korea Air and Missile Defense System (KAMD). However, Seoul maintained that it would not really oppose the US plan to deploy THAAD battery in order to provide protection to its troops.³⁷ South Korea would undoubtedly need to take a stance on the issue eventually and that decision will impact its relations with both China and the US

China-North Korea Relations

Xi Jinping's Policy towards North Korea

Under Xi Jinping's leadership, the relationship between China and North Korea reached an all time low. Very few high level interactions between Beijing and Pyongyang were witnessed in 2014. Even though in early February, Chinese President Xi Jinping met with Chairman of the Presidium of the North Korea's Supreme People's Assembly—Kim Yong-nam on the sidelines of the Sochi Winter Olympics,³⁸ they did not come out with anything substantial. Nevertheless, throughout the year, factors like President Xi's visit to Seoul before visiting Pyongyang, China's failure to invite North Korean leader Kim Jong-un to China, etc., reflected Beijing's frustration over Pyongyang's belligerent attitude. The strained bilateral relationship seemed to be equally evident from the lack of involvement of Politburo Standing Committee member, Zhang Dejinag in policy

³⁷ Ibid.

³⁸ Scott Snyder and See-won Byun, no. 4, p. 1.

making towards North Korea. He is well known for his outstanding knowledge on North Korea and his previous experience in the North reportedly far exceeds that of any senior Chinese official. Zhang's involvement in the politburo at present is reportedly largely ceremonial.³⁹

As for North Korea, it was clearly disturbed by China's growing relations with South Korea. In fact on July 2, 2014, North Korea fired two ballistic missiles in order to express its displeasure over Xi Jinping's visit to Seoul. While criticising growing China-South Korea relations, North Korea averred: "Some spineless countries are blindly following the stinking bottom of the US also struggling to embrace Park Geun-hye, who came to a pathetic state of being."⁴⁰ North Korea expressed its irritation with China by not inviting the Chinese leadership to the third death anniversary of North Korean leader Kim jong-il in December 2014.⁴¹

However, despite China's critical stance on North Korea's belligerency and reservation over North Korea-Russia relations, Beijing has too much at

³⁹ Jonathan D. Pollack, 'Is Xi Jinping Rethinking Korean Unification?', Brookings Institute, January 20, 2015, at <http://www.brookings.edu/research/presentations/2015/01/20-xi-jinping-korean-unification-pollack> (Accessed March 2, 2015).

⁴⁰ 'North Korea Slams 'Spineless' China', *Chosun Ilbo*, July 22, 2014, at http://english.chosun.com/site/data/html_dir/2014/07/22/2014072201653.html (Accessed August 3, 2014).

⁴¹ 'In North Korea, Different Recollections of Kim Jong-il on the Third Anniversary', *The Washington Post*, December 17, 2014, at <http://www.washingtonpost.com/blogs/worldviews/wp/2014/12/17/in-north-korea-different-recollections-of-kim-jong-il-on-the-third-anniversary-of-his-death/> (Accessed March 12, 2015).

stake to sever its ties with Pyongyang completely. In fact China opposed a February 2014 UN report that detailed human rights atrocities in North Korea.⁴² Then in December, China along with Russia vetoed the UN Security Council's move to incorporate North Korea's human rights violation in its agenda. While there was not much high level interaction between China and North Korea in 2014, Chinese Foreign Minister Wang Yi and his North Korean counterpart Ri Su-yong held talks on August 10, at Naypitaw (Myanmar) on the sidelines of the ASEAN Regional Forum. The one-sentence statement released after the meeting said that the two sides held "an in-depth exchange of views on bilateral relations and issues of mutual concern."⁴³

The Execution of Jang Song Thaek

In December 2013, the execution of Jang Song Thaek, once mentor to North Korea's young leader Kim Jong-un and the country's second-in-command, also hurt China-North Korea relations to some extent, as Jang was seen as a key connection between North Korea and China.⁴⁴ While some argued that Jang's execution might have been orchestrated by his rivals in North

Korea's resurgent military,⁴⁵ his public purge raised question regarding the possible dissent and loss of control by the ruling Kim dynasty.⁴⁶ As for China, it did not show much outrage publicly (unlike South Korea and many European states) over the execution and termed it as North Korea's internal matter.⁴⁷ However Beijing urged North Korea to "maintain national stability".⁴⁸

Still the signs of uncertainty were largely evident from the personnel reshuffle in North Korea at that time, which might have raised some concerns among the Chinese leadership.⁴⁹ Beijing seemed to be also concerned about how the unpredictable regime in Pyongyang would deal with China's stance of nuclear disarmament and economic reform of North Korea. Above all the Chinese leadership might have been concerned that Jang's execution could reduce China's leverage over North Korea's current regime even further. Recently China's attempts to persuade

42 Beina Xu and Jayshree Bajoria, 'The China-North Korea Relationship', *CFR Backgrounder*, August 22, 2014, at <http://www.cfr.org/china/china-north-korea-relationship/p11097> (Accessed January 22, 2015).

43 '(LEAD)Top Diplomats of N. Korea, China Discuss Ties: Beijing', *Yonhap News*, August 11, 2014, at <http://english.yonhapnews.co.kr/national/2014/08/11/51/030100000AEN20140811002700315F.html> (Accessed January 11, 2015).

44 'Kim Jong-un's Executed Uncle Was Eaten Alive by 120 Hungry Dogs: Report', *NBS News*, January 3, 2015, at http://worldnews.nbcnews.com/_news/2014/01/03/22156917-kim-jong-uns-executed-uncle-was-eaten-alive-by-120-hungry-dogs-report?lite (Accessed March 31, 2015).

45 Ralf Sanchez, 'North Korea Executes Kim Jong-un's Uncle As a Traitor', *The Telegraph*, December 12, 2015, at <http://www.telegraph.co.uk/news/worldnews/asia/northkorea/10515047/North-Korea-executes-Kim-Jong-uns-uncle-as-a-traitor.html> (Accessed March 23, 2015).

46 'North Korea's Kim Jong-un Says Elimination of 'Factionalist Filth' Strengthened Nation', *NBC News*, December 31, 2013, at http://worldnews.nbcnews.com/_news/2013/12/31/22127997-north-koreas-kim-jong-un-says-elimination-of-factionalist-filth-strengthened-nation?lite (Accessed March 31, 2015).

47 Damien McEloroy, "'Empire of Horror' North Korea Worldwide Condemnation for Execution", *The Telegraph*, December 13, 2015, at <http://www.telegraph.co.uk/news/worldnews/asia/northkorea/10517024/Empire-of-horror-North-Korea-faces-worldwide-condemnation-for-execution.html> (Accessed March 31, 2015).

48 Ralf Sanchez, no. 45.

49 Damien McEloroy, no. 47.

the Kim Jong-un administration to rejoin the Six-Party Talks have not been successful.⁵⁰ Now the absence of Jang might make the North ignore China all the more.

It needs to be noted that while Jang was primarily accused of “attempting to overthrow the state”,⁵¹ he was also found guilty of underselling North Korean mineral resources to China. His ties with China were severely criticised due to his ‘treachery’ in 2011 in selling off the land of Rason special economic zone to China for a period of fifty years.⁵² The execution of Jang, while citing his act of treachery in relation to China (as one of the reasons) might have put the Chinese leadership in an uncomfortable situation.

The Russia Factor

Given its strained relations with China, North Korea seemed to explore the possibility of improving its ties with other Northeast Asian states, such as Russia and Japan. As for Russia, in the wake of the Ukraine crisis, Moscow’s relations with the West have largely been tenuous. It has recently started looking eastwards for economic and political collaboration. As part of that strategy, Russia started taking steps towards improving its relations with North Korea.

The year 2014 witnessed a relatively high number of high-level visits between Russia and North Korea. In February 2014, Chairman of the Presidium of the North Korea’s Supreme People’s Assembly-Kim Yong-nam visited Russia to attend the Winter Olympics at Sochi. In the next two months, Russia’s Deputy Prime Minister and Presidential envoy to Far East-Yuri Trutnev and Minister of Development in the Far East-Alexander Galushka-visited North Korea.⁵³ On September 30, 2014, North Korea’s Foreign Minister Ri Su yong embarked on a ten-day long visit to Russia. It was reportedly the first visit by a North Korean Foreign Minister to Moscow in the last four years.⁵⁴ During Ri’s visit, he visited Russia’s far-eastern regions in order to explore the possibility of boosting bilateral cooperation between North Korea and Russia, especially in the agriculture sector.⁵⁵ However the most significant visit occurred in November, as North Korea sent its special envoy Choe Ryong-hae to Russia on November 17, 2014 in order to improve Pyongyang-Moscow ties. During Choe’s meeting with Russian President Vladimir Putin, both sides agreed to improve bilateral political, economic and military exchanges in 2015. They also decided to step up efforts towards resuming the Six-Party Talks (SPT) without any precondition. Choe held talks with Russian Foreign Minister Sergey Lavrov

50 Christopher Bodeen, ‘The Execution of Kim Jong un’s Powerful Uncle Leaves China in a Very Delicate Position’, *Business Insider India*, December 14, 2013, at <http://www.businessinsider.in/The-Execution-Of-Kim-Jong-Uns-Powerful-Uncle-Leaves-China-In-A-Very-Delicate-Position/articleshow/27333127.cms> (Accessed March 31, 2015).

51 ‘Kim Jong-un’s Executed Uncle Was Eaten Alive by 120 Hungry Dogs: Report’, no. 44.

52 Christopher Bodeen, no. 50.

53 Richard Weitz, ‘Moscow and Pyongyang: From Disdain to Partnership’, *The Diplomat*, February 18, 2015, at <http://thediplomat.com/2015/02/moscow-and-pyongyang-from-disdain-to-partnership/> (Accessed March 30, 2015).

54 North Korean Foreign Minister Visits Russia’, *NKNews.org*, September 30, 2014, at <http://www.nknews.org/2014/09/north-korean-foreign-minister-visits-russia/> (Accessed March 30, 2015).

55 Richard Weitz, no. 53.

as well and they agreed to cooperate closely on the global stage.⁵⁶

North Korea-Russia rapprochement might upset China in the long run, especially in the economic and political fronts. It needs to be noted that Moscow has already started a pilot project using a North Korean cargo terminal to ship Russian coal to South Korea. It is also planning to connect Russia's Trans-Siberian railway to the Tans-Korean railway linking Russia with the Koreans. North Korea on its part is considering a Russian proposal to build a gas pipeline and power line from Russia to South Korea via North Korean territory. As Pyongyang-Moscow ties are reaching a new level, it might also indicate China's declining economic and political leverage over North Korea in the coming years.⁵⁷

China's Stance on Six-Party Talks (SPT)

China has been a strong proponent of the SPT from the start. Throughout 2014 on various occasions, China reiterated its support towards the resumption of the SPT. In February 2014, Chinese Vice Foreign Minister made back-to-back trips to both Pyongyang and Seoul. At that time while stating that the SPT were part of China's foreign policy agenda for the Korean peninsula, Chinese Foreign Ministry spokesman Hua Chunying added, "We will continue to make

positive efforts in our own way to press ahead with the resumption of the six party talks".⁵⁸ In March and April, Chinese Chairman for SPT—Wu Dawei held talks with North Korea, South Korea and the US to discuss North Korea's nuclear issue.⁵⁹ However, those talks failed to make any progress towards renewing negotiations on the issue.⁶⁰ In March, during Xi Jinping's meeting with US President Barack Obama in The Hague on the sidelines of the Nuclear Security Summit, the North Korean nuclear issue was raised. Xi insisted that restarting the SPT was the only correct way to resolve the issue.⁶¹

Later on, the joint statement signed by Chinese President Xi Jinping and his Russian counterpart Putin on May 20, 2014 in Shanghai expressed hopes for renewed efforts towards resumption of the SPT. They also agreed that there should be no room for any 'scenarios of force' in the Korean Peninsula.⁶² On October 14, 2014, Xi Jinping

56 'N. Korea, Russia Agree to Push for Six-Way Nuclear Talks: KCNA', *Yonhap News*, November 25, 2014, at <http://english.yonhapnews.co.kr/northkorea/2014/11/25/74/0401000000AEN20141125009800315F.html> (Accessed November 27, 2014).

57 Shannon Tiezzi, 'The Renaissance in Russia-North Korea Relations', *The Diplomat*, November 22, 2014, at <http://thediplomat.com/2014/11/the-renaissance-in-russia-north-korea-relations/> (Accessed March 30, 2015).

58 Ankit Panda, 'The Long Road Back to the Six Party Talks', *The Diplomat*, February 28, 2014, at <http://thediplomat.com/2014/02/the-long-road-back-to-the-six-party-talks/> (Accessed January 12, 2015).

59 Scott Snyder and See-won Byun, no. 4, p. 3.

60 'Russia, China Express Hopes for the Six Party Talks in Official Statement', *N K News*, May 20, 2014, at <http://www.nknews.org/2014/05/russia-china-express-hopes-for-six-party-talks-in-official-statement/> (Accessed January 2, 2015).

61 'Chinese President Calls for Restarting Six Party Talks Promptly', *CNTV News*, March 25, 2014, at <http://english.cntv.cn/20140325/100528.shtml> (Accessed March 29, 2014).

62 'Russia, China Express Hopes for the Six Party Talks in Official Statement', *N K News*, May 20, 2014, at <http://www.nknews.org/2014/05/russia-china-express-hopes-for-six-party-talks-in-official-statement/> (Accessed January 2, 2015).

held talks with South Korean ruling Saenuri Party Chairman Kim Moo-sung at Beijing and insisted on the need to resume talks, as according to him, it was the best framework for proceeding with the peace process on the Korean Peninsula.⁶³ In November, North Korea's special envoy to Russia Choe Ryong Hae stated, that the North was ready to resume the talks without any preconditions. China then urged all the member states of the SPT to create a conducive environment in order to realise that goal.⁶⁴

Despite China's repeated attempts throughout 2014, it failed to close the gap with North Korea. North Korea insisted on resuming the talks without any precondition in the face of the South Korea-US joint stance that the North needed to back up its verbal commitment towards denuclearisation with concrete action. The Chinese Ambassador to the US, Cui Tinkai, described US expectations from China in acquiring that kind of commitment from North Korea as "mission impossible".⁶⁵ Even though many speculated that the Obama Administration under China's pressure might decide to lower the bar and come forward to revive the SPT with North Korea without any

precondition,⁶⁶ no concrete steps were taken towards that end.

North Korea, on its part expressed mixed signals on the resumption of the SPT. A tweet from China's *Xinhua News* agency noted North Korean Ambassador to China, Choe Jin Su's call for restarting the talks. However around the same time, North Korean Ambassador to Russia, Kim Yong Jae expressed hopelessness over the revival of the talks and held the US responsible for it.⁶⁷ However, towards the end of the year, North Korea's stance seemed to become clearer as it expressed its willingness to resume the SPT without any precondition.

China-North Korea Economic Interaction

China is North Korea's principal economic benefactor. It provides the latter with most of its food and energy supplies comprising over 60 per cent of North Korea's total trade volume. Energy from China constitutes nearly 90 per cent of the North's energy imports. At present North Korea reportedly has a trade deficit worth \$1.25 billion with China.⁶⁸

According to the statistics made available by the Beijing unit of South Korea's Trade and Investment Promotion Agency (KOTRA), in 2014, North Korea's total trade with China was \$6.39 billion. It indicated a slight decline from \$6.54 billion trade between the two countries in the previous year. The trade figures indicated that the strained bilateral relationship had an impact on the

63 'Xi Calls for Six-Party Talks to Resume', *The Korea Joongang Daily*, October 15, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2996072> (Accessed October 19, 2014).

64 'China Urges to Pave Way for Six Party Talks', *The China Daily*, November 21, 2014, at http://www.chinadaily.com.cn/world/2014-11/21/content_18956922.htm (Accessed December 1, 2014).

65 Scott Snyder, 'North Korea's Fourth Nuclear Test and the Future of Six Party Talks', *Forbes*, May 15, 2014, at <http://www.forbes.com/sites/scottasnryder/2014/05/15/north-koreas-fourth-nuclear-test-and-the-future-of-six-party-talks/> (Accessed January 20, 2015).

66 Ibid.

67 Ankit Panda, no. 58.

68 Beina Xu and Jayshree Bajoria, no. 42.

bilateral trade. In 2014, China reportedly made no shipment of crude oil to North Korea.⁶⁹ However, the South Korean diplomatic sources in Beijing cautioned against reading too much into China's official trade figures, as China had provided the North with crude oil in the form of grant aid and such shipments were not recorded on paper.⁷⁰

Way Forward

While the year 2014 continued to witness an upward trajectory in China-South Korea relations, China's long standing alliance with North Korea seemed to weaken considerably. Recently a debate has started brewing within China that given the declining value of North Korea as China's buffer zone, the growing significance of Beijing-Seoul relations in China's strategic calculus, the emergence of North Korea as a troublemaker for China and East Asia stability, etc., China could wash its hands off North Korea and focus on deepening its ties with South Korea further. However to the Chinese leadership, this does not seem to be a valid option. Beijing is not ready to abandon Pyongyang yet. Instead it would like to explore the possibility of mending its ties with the North, primarily because China would still like to maintain leverage over North Korea in order to have a say in the Korean Peninsula security affairs and play the role of a responsible regional player. The growing relations between North Korea

and Russia might push China further towards improving ties with the North.

Recently China has been trying to bolster its ties with South Korea primarily because of its frustration and disappointment with North Korea. While their political and economic bonhomie has been quite astounding, China still does not seem to see eye to eye with South Korea on issues pertaining to the North Korean nuclear issue, resumption of the SPT, North Korea's human rights issue, South Korea-US security alliance, etc.

The future course of China-Korea relations will still be largely determined by China's South Korea policy, its overtures towards North Korea in the future, North Korea's own attitude towards China and other regional powers including Russia, Japan and the US. It remains to be seen how all these factors will play out eventually.

69 'DPPRK-China Trade in 2014', *North Korean Economy Watch*, January 26, 2015, at <http://www.nkeconwatch.com/category/organizaitons/korea-trade-investment-promotion-agency-kotra/> (Accessed January 30, 2015).

70 'China Sold No Crude Oil to N. Korea in 2014', *The Korea Herald*, January 29, 2015, at <http://www.koreaherald.com/view.php?ud=20150129000533> (Accessed February 15, 2015).

Chronology of Important Events in the Year 2014

February 2014

7: Chairman of the Presidium of the North Korea's Supreme People's Assembly-Kim Yong-nam visits Russia to attend the Winter Olympics at Sochi. He meets Russian President Vladimir Putin and Chinese President Xi Jinping.

12: The two Koreas abruptly initiate a senior-level dialogue followed by a shorter meeting two days later on 14.

18: Chinese Vice Foreign Minister Liu Zhenmin visits Pyongyang as a regular exchange of the two foreign ministries.

20: Chinese Vice Foreign Minister Liu Zhenmin visits Seoul to hold talks with his South Korean Counterpart Lee Kyung-soo on North Korea's denuclearisation.

March 2014

----- Alexander Galushka, Russian Minister of Development for the Far East visits North Korea⁷¹ (The exact date not specified).

17-21: Chinese Chairman for SPT, Wu Dawei visits Pyongyang.

23: Chinese President Xi and South Korean President Park hold summit level talks in The Hague on the sidelines of the Nuclear Security Summit.

April 2014

10: Chinese Premier Li Keqiang and South Korean Prime Minister Jung Hongwon meet on the sidelines of the Boao Forum in Asia held in Hainan.

11: Chinese Chairman for SPT, Wu Dawei holds bilateral consultations with South Korean counterpart Hwang Joon-kook.

14: Chinese Chairman for SPT, Wu Dawei holds bilateral consultations with his American counterpart Glyn Davies.

25-26: US President Barack Obama visits Seoul.

28-30: Russia's Deputy Prime Minister and Presidential Envoy to the Far East, Yuri Trutnev visits North Korea.

May 2014

20: Chinese President Xi Jinping and his Russian counterpart Putin meet in Shanghai and express hopes for renewed efforts towards resumption of the SPT.

26: President Park Geun-hye holds talks with Chinese Foreign Minister Wang Yi.

June 2014

---- Ahn Dong Chun, the Deputy Chairman of North Korea's Supreme People's Assembly, visits Moscow to participate in the Third Inter-Parliamentary Forum⁷² (The exact date not specified).

July 2014

2: North Korea fires two ballistic missiles in order to express displeasure over Xi Jinping's visit to Seoul.

⁷² Interview by the official representative of the Russian Ministry of Foreign Affairs, Alexander Lukashevich, to "Russia Today" information agency regarding the visit of the Minister of Foreign Affairs of North Korea, Ri Su Yong, to Russia", Ministry Of Foreign Affairs (MFA) of Russia, September 29, 2014, at http://www.mid.ru/brp_4.nsf/0/27D7FC2137562A5E44257D630056DF03 (Accessed on March 31, 2015)

⁷¹ Richard Weitz, n. liii.

3: Chinese President arrives at Seoul for a two-day visit.

23: China and South Korea sign an MoU to set up a direct telephone link between the defence chiefs of the two countries.

August 2014

10: Chinese Foreign Minister Wang Yi and his North Korean counterpart Ri Su-yong hold talks at Naypitaw (Mynamar) on the sidelines of the ASEAN Regional Forum (ARF) meeting.

September 2014

30: North Korea's Foreign Minister Ri Su yong embarks on a ten-day long visit to Russia.

October 2014

4: A high level North Korean delegation led by Hwang Pyong-so, Director of the North Korean Military's General Political Bureau, visits South Korea to attend the closing ceremony of the Asian Games at Incheon. During that visit, both the Koreas agree to resume reconciliation talks.

14: Xi Jinping holds talks with South Korean ruling Saenuri Party Chairman Kim Moo-sung at Beijing and insists on the need to resume the SPT.

16: President Park holds summit level talks with Chinese Premier Li Keqiang.

November 2014

7: The foreign ministers of China and South Korea hold talks in Beijing. South Korean Foreign Minister proposes to hold a three-way dialogue among the foreign ministers of the two Koreas and China.

9-12: President Park visits Beijing to attend the APEC summit. She holds talks with Xi Jinping and discusses issues involving the Korean Peninsula and the bilateral FTA between South Korea and China.

10: The conclusion of China-South Korea Bilateral FTA in Beijing.

17: North Korea's Special Envoy Choe Ryong-hae visits Russia.

27: Chinese Ambassador to South Korea, Qiu Guohong, opposes the deployment of THAAD on South Korean territory.

December 2014

11: South Korean Unification Minister Ryoo Kihl-jae states that dialogues and cooperation are necessary to make the pressure on North Korea more effective.

17: North Korea marks third death anniversary of their former leader Kim Jong-il. However it does not invite the Chinese leadership to the ceremony.

22: UN Security Council (UNSC) votes in favour of incorporating North Korea's Human Rights Issue to its agenda. Both China and Russia vote against it.

29: South Korea, US and Japan sign a trilateral information sharing pact to deal with the security threat posed by North Korea more effectively.

12

Maintaining the Status Quo: China in Southeast Asia

Sampa Kundu

China's relations with Southeast Asian countries are interesting, often unstable, and mostly, significant. In 2014, China's relations with a few Southeast Asian countries deteriorated as Philippines filed a case against China at the Permanent Court of Arbitration at The Hague in end 2013 and China deployed a huge oil rig in disputed waters causing much anxiety and resentment in Vietnam. In the given context, this chapter focuses on the major developments that have taken place in 2014 regarding China's assertive behaviour in the South China Sea. It also gives a brief account on the involvement of a few extra-regional powers in the scenario and the economic relations shared between China and Southeast Asia, which helps China in portraying an image of being a good neighbour and shifts the world's attention from its aggressive behaviour on the waters. Till now, this policy has helped China and ASEAN in maintaining the status quo in the region.

Introduction

China shares a diverse relationship with Southeast Asian countries. Neither do all Southeast Asian countries have the same perception about China nor can one define China-Southeast Asia relations through one or two indicators. Contemporary China-Southeast Asia relations depend on various aspects with a focus on disputes in the South

China Sea and economic cooperation shared between them. In the given context, this chapter deals with the recent uneasiness between China and few Southeast Asian countries, especially Vietnam and Philippines and how China manages the Association of Southeast Asian Nations (ASEAN) members through economic cooperation and linkages so that large-scale disputes can be avoided. Southeast Asian countries, which are benefitting immensely from the economic linkages with China, of course do not want any direct large-scale confrontation with China. At the same time, individual Southeast Asian countries are obviously not inclined towards losing ground to China. In order to maintain equilibrium, they often invite extra-regional powers, which goes against China's interests.

In the post-Cold War period, especially during and after the financial crisis of 1997-1998, China's economic rise, its 'good neighbour policy' and assistance to ASEAN countries in recovering from financial losses helped it gain a considerable goodwill in Southeast Asia.¹ Trade and investment, developmental assistance and confidence-building measures have been widely

1 Zhao Hong, 'The South China Sea and China-ASEAN Relations' ISEAS Trends, No. 6, ISEAS, Singapore, 2014 at http://www.iseas.edu.sg/documents/publication/TRS6_14.pdf (Accessed December 10, 2014).

used by China to make Southeast Asia a region to showcase its goodwill and potential as a regional leader.² The China-ASEAN Free Trade Agreement (CAFTA),³ ASEAN+3 Free Trade Agreement (FTA), ASEAN+6 FTA prove China's willingness to mirror its image as a good and responsible neighbour. At a time when China's economic ties with Southeast Asian countries—both bilateral and multilateral—are steadily increasing, the issue of the South China Sea has never been off the screen. As China has been pursuing an assertive foreign policy, Southeast Asian countries too, especially the affected ones are increasingly working hard not to allow China to be the only decision-maker when it comes to territorial claims and maritime disputes in the South China Sea. The complexity grew further when countries like the US, India and Japan started taking interest, both directly and indirectly, in the South China Sea events. As the last decade was coming to an end, these countries began considering the South China Sea as a vital component of their respective foreign policies. In contemporary international political affairs, the South China Sea disputes are significant components of the US 'rebalancing strategy', India's 'Look East/Act East Policy' and Japan's 'counter China strategy'.⁴

In sum, the end of 2013 was hopeful for Southeast Asia as President Xi Jinping talked

about 'good neighbourliness' in October 2013 during his visit to Indonesia.⁵ Premier Li Keqiang talked about a 'diamond decade' (2014-2024) in China-ASEAN relationship along with a Treaty of Good Neighbourliness, Friendship and Cooperation between China and ASEAN.⁶ In the mentioned decade, efforts would be maintained to improve areas of practical cooperation and regional economic integration. Diamond Decade may be considered a continuation of Golden Decade (2003-2013) when the China-ASEAN strategic partnership was initiated. Premier Li also suggested the 2+7 Cooperation Framework at the 16th China-ASEAN Leaders Meet in 2013. In this framework, '2' refers to two political consensus namely strategic trust and good-neighbourly relationship, and economic development including mutual benefits.⁷ Premier Li focused on seven key areas of cooperation such as politics, economy and trade, inter-connection and mutual trust, finance, ocean, security, and humanity.⁸ The China-ASEAN Free Trade Area, construction of the 21st Century Maritime Silk Route, and the Asian Infrastructure Investment Bank were some of the projects taken under the 2+7 Cooperation Framework. These efforts were perhaps the outcome of a review in policy. The Southeast Asian countries have been enthusiastic towards China's cooperation framework in general.

2 Ibid.

3 In November 2002, China and ASEAN signed the Framework Agreement on China-ASEAN Comprehensive Economic Cooperation at the sixth China-ASEAN Summit. Two years later, in November 2004, China and ASEAN signed the Agreement on Trade in Goods which came into force in July 2005. The Agreement on Trade in Services came into force in July 2007. Finally, Agreement on Investment was signed in August 2009.

4 Zhao Hong, no. 1.

5 Nguyen Hung Son, 'China's Oil Rig Move: Casting Doubt on Neighbourliness', RSIS Commentaries, 087/2014, May 14, 2014, at <http://www.rsis.edu.sg/rsis-publication/rsis/co14087/#.VMn1yCyhTGg> (Accessed January 5, 2015).

6 Wang Yuzhu, 'Premier Li Improves Prospects of China-ASEAN Relationship', November 18, 2014, at <http://english.cntv.cn/2014/11/18/ARTI1416299817197110.shtml> (Accessed January 9, 2015).

7 Ibid.

8 Ibid.

However, on the political cooperation front, China's proposed treaty of good neighbourliness was seen with certain scepticism by a few member countries. Instead, perhaps, they would prefer a wider Asia-Pacific or maybe Indo-Pacific friendship and cooperation treaty which would also include countries other than China and the ASEAN countries. Their concern was specifically prominent on the front of maritime security. In the following paragraphs, a brief is sketched on key developments in the South China Sea (between China and few Southeast Asian nations) that happened in 2014.

Key Developments in the Waters

In the 1990s, China in general followed a low-profile policy and avoided confrontations with Southeast Asian countries and the US. As China was paying most of its attention to its modernisation programmes, in all probability it did not want to complicate its foreign relations. However, post-2000, a drastic change was seen and by the end of the decade, China's assertion over the South China Sea became prominent.

The beginning of 2014 was not pleasant. In November 2013, Hainan's People's Congress passed a law which came into effect on January 1, 2014. According to that law, foreign vessels could be fined up to 500,000 Yuan (\$91,800) if prior permission for fishing in that region has not been obtained from relevant local authorities.⁹

9 Richard Javad Heydarian, 'China Casts Red Tape in South China Sea', *Asia Times Online*, January 14, 2014, at <http://www.atimes.com/atimes/China/CHIN-02-140114.html> (Accessed December 20, 2015).

Article 35 of the law said,

..foreigners or foreign fishing ships entering sea areas administered by Hainan and engaged in fishery production or fishery resource surveys should receive approval from relevant departments of the State Council.¹⁰

While declaring this new regulation, China mentioned that this new law was nothing but a second amendment to the 1993 and 1998 fishery laws as well as in line with other laws including the 2004 amendment of the PRC's Fisheries Law which aimed at imposing China's jurisdiction over the adjacent waters. The laws of 1993 and 1998 stated that foreign fishing vessels need to take prior permission from Hainan's legislature before operating in the province's waters. In 1986, the PRC Fisheries Law was adopted, with amendments in the year 2000 and 2004. Article 35 of the 2014 law used almost the same language as used in Article 8 of the 2004 amendment of the Fisheries Law.

Hua Chunying, China's Foreign Ministry spokesperson mentioned in a statement that "[China] has the right and responsibility to regulate the relevant islands and reefs as well as non-biological resources."¹¹ He further said, "The goal is to strengthen the security of fisheries resources and to openly and reasonably utilize and protect fisheries resources."¹² In response,

10 Taylor Fravel, 'Hainan's New Fishing Rules: A preliminary Analysis', *The Diplomat*, January 10, 2014, at <http://thediplomat.com/2014/01/hainans-new-fishing-rules-a-preliminary-analysis/>, (Accessed March 17, 2015).

11 Richard Javad Heydarian, no. 9

12 Ibid.

Vietnamese media reports came out with news about confiscation of a Vietnamese vessel by China within two days of the announcement. Philippines, on the other hand, politely asked for an explanation from China, a noteworthy departure from its previous stand when Manila decided to approach the Permanent Court of Arbitration against China's assertive posture. After an initial hesitancy, Manila again decided to criticise China for its actions and in line with the US, condemned China's action as an infringement of international law.

In continuation of its aggressive stance, on March 14, 2014, China stopped two Filipino boats going towards the second Thomas Shoal (in the disputed Spratly Island). Second Thomas Shoal lies within the Exclusive Economic Zone of the Philippines and falls under the nine-dash line of China which claims most of the South China Sea as its own territory. Philippines reacted to this act sharply saying, Ayungin Shoal (as the second Thomas Shoal is called by the Filipinos) comes under its jurisdiction.¹³ On the other hand, China claimed that the Filipino boats were carrying construction materials and the China Coast Guard stopped them, since any kind of construction in the disputed islands is a clear violation of the Declaration of Code of Conduct (DOC) signed in 2002 between China and the ASEAN.¹⁴

According to Zhao Hong, energy security and maritime development are two major causes behind China's recent hostility in the South China

13 Darshana M. Baruah, 'South China Sea: Beijing's 'Salami Slicing' Strategy', *RSIS Commentaries*, 054/2014, March 21, 2014, at <http://www.rsis.edu.sg/rsis-publication/rsis/2179-south-china-sea-beijings/#.VMn2xiyhTGg> (Accessed January 5, 2014).

14 Ibid.

Sea. In view of the challenges in importing oil from the crisis-ridden Middle East, Hong's claims seem relevant. China has an aim to produce oil and gas worth of 1 million bpd (barrels per day) of oil equivalent by 2020 and in order to achieve that goal, China is now focusing on deep-water drilling in the seas and oceans. In May 2014, China deployed drilling platform Hai Yang Shi You 981 in disputed waters of the South China Sea which caused much annoyance in Vietnam. The oil rig deployment by China was perhaps the biggest concern by Southeast Asia in 2014 in regard to the South China Sea disputes. A few scholars have argued that the oil rig deployment by China in Vietnam's EEZ indicates that China is not interested in the status quo of the South China Sea; rather, it wants regional hegemony in Southeast Asia.¹⁵ In a direct clash with the Chinese, a few Vietnamese personnel were injured and some vessels damaged. While deploying the oil rig, China violated the international law of sea that says no country can extract natural resources in disputed water.¹⁶ China's act was in clear contradiction to the DOC (2002), which maintains that involved countries would not engage themselves in any action that can spiral tension in the region.¹⁷ However, on June 8, 2014, Chinese Foreign Ministry issued a statement along with five supporting documents claiming sovereignty

15 Nguyen Hung Son, 'China's Oil Rig Move: Casting Doubt on Neighbourliness', *RSIS Commentaries*, 087/2014, May 14, 2014, available at http://www.rsis.edu.sg/rsis-publication/rsis/co14087/#.VSSzjo6_SVo (Accessed January 5, 2015).

16 Ibid.

17 Nguyen Thi Lan Anh, 'The Paracels: Forty Years On', *RSIS Commentaries*, 109/2014, June 9, 2014, at <http://www.rsis.edu.sg/rsis-publication/rsis/the-paracels-forty-years-on/> (Accessed January 5, 2015).

and jurisdiction over Xisha Islands (Paracels).¹⁸ In a meeting between China's State Councilor Yang Jiechi and the Prime Minister of Vietnam on June 18, China accused Vietnam of being intrusive in its internal affairs. On the other hand, Vietnam said that China has dishonoured regional and international agreements by deploying the oil rig. However, in July, China withdrew its oil rig from the disputed water adjacent to Vietnam. In the meantime, Vietnamese people had showed their anger against China's assertive behaviour by attacking Chinese people inside the country and also attempted to enter the Chinese embassy in Hanoi. By November 2014 reports were published regarding China's construction of artificial islands in Spratly to station military aircraft. The end of the year saw China's refusal to participate in the arbitration process at The Hague and instead on December 7, it produced and published documents in support of its claims. China mentioned that the Tribunal has no jurisdiction to consider the case filed by Philippines on the South China Sea and Manila should maintain the bilateral agreements as well as the 2002 DOC in this regard. In continuation of the ongoing disagreement, Vietnam lodged another submission at the Tribunal challenging China's position paper.

Role of the Extra-Regional Powers

In order to counter-balance China's aggression, a few Southeast Asian countries have favoured the strong roles played by the extra-regional

powers including the US, Japan and India. In general, the US believes that territorial disputes should be resolved through international law, i.e., the 1982 UN Convention on the Law of the Sea (UNCLOS). In July 2014, U.S. Secretary of State John Kerry stated that China needs to uphold regional and international laws and regulations in order to mitigate regional tensions. This is in stark variance with the interests of China, as under the UNCLOS clauses, the claims of the Southeast Asian countries will get preference. The US also wants China to resolve the disputes multilaterally and wants ASEAN to take a front seat in the negotiations. But the fact remains that some islands are simultaneously claimed by Malaysia, Brunei and the Philippines, and the Southeast Asian nations are clearly divided on South China Sea issues. While one can bracket countries like Laos and Cambodia as considerate to China; Vietnam, Philippines, Singapore and Thailand can be bracketed as supportive towards US in this regard. On the other hand, Indonesia and Malaysia want only a limited role for the US in the regional disputes.¹⁹ Myanmar, which has been regarded as a China-supporter until recently, has adopted a shift in its policy, followed by its national-level democratic election in late 2010 and subsequent economic liberalisation efforts. After an ASEAN Summit in Nay Pyi Taw in November 2014, Myanmar stated that developments in the South China Sea are of a serious nature, however, the statement did not mention China's name. Besides the US, Japan too has adopted a pro-ASEAN stand when it comes to South China Sea disputes against China by providing capacity building training and other assistance.

Vietnam is particularly interested in having a stronger role for India in the region. Though India

18 Li Jianwei, 'China, Vietnam and the Paracels: Time for a Way Out?', *RSIS Commentaries*, at http://www.rsis.edu.sg/rsis-publication/rsis/china-vietnam-and-the-paracels-time-for-a-way-out/#.VSS0a46_SVo, *RSIS Commentaries* (Accessed January 8, 2014).

19 Zhao Hong, no. 1.

has maintained a safe distance from territorial disputes flaring up in the region, some initiatives taken in 2014 have been noteworthy. Prime Minister Narendra Modi's announcement of Acting East instead of just Looking East has definitely satisfied his Southeast Asian friends, as has his statement at the ASEAN-India Summit at Nay Pyi Taw about the importance of maintaining international maritime law.²⁰ Earlier, Indian External Affairs Minister Mrs. Sushma Swaraj had visited Vietnam and announced the new shift in the Look East Policy. The Army Chief General Dalbir Singh Suhag's visit to Vietnam at the end of the year marked a significant gesture of India's commitments towards enhancing defence ties with countries like Vietnam. During 2014, ONGC Videsh Ltd (OVL) agreed to invest in two more oil blocks in Vietnam despite China's repeated objections. During the visit of Vietnam Prime Minister Nguyen Tan Dung to India in October 2014, India agreed to help Vietnam with a credit line of US\$ 100 million which will be used to buy new vessels from India.²¹ The mention of freedom of navigation and maritime security regarding the South China Sea in the joint statements issued during PM Modi's September visit to the US and Vietnamese Prime Minister's visit to India raised concerns in China as internationalisation of the dispute is the last thing China needs.²²

China's Economic Cooperation with Select ASEAN Countries

20 Darshana M. Baruah, 'South China Sea: Time for India to Mark Its Presence', RSIS Commentaries, at <http://www.rsis.edu.sg/rsis-publication/rsis/co14225-south-china-sea-time-for-india-to-mark-its-presence/> (Accessed January 8, 2015).

21 Ibid.

22 Ibid.

China has for long, favoured doing business with ASEAN and increasing its economic cooperation with Southeast Asia. Since the 1970s, China has concentrated on cooperation and integration with Southeast Asian countries primarily through commerce.²³ This bonhomie between China and Southeast Asian nations was perfectly visible during and after the 1997 financial crisis. The past decade, often referred to as the 'golden decade' resulted in rapid development of China-ASEAN economic relationship as the China-ASEAN Free Trade Area was implemented.²⁴ Premier Li proposed that the 'diamond decade' would definitely add more flavours to enriching the China-ASEAN relationship. China is now ASEAN's largest trade partner with US\$ 443.6 billion trade in 2013.²⁵ As the economy of China is booming and its bilateral trade and investment with ASEAN countries is increasing, the smaller Southeast Asian economies definitely receive much encouragement to maintain deeper economic relations with China. In November 2014 when Premier Li Keqiang visited Nay Pyi Taw, a loan of US\$ 20 billion was promised to Southeast Asia for regional infrastructure development in addition to US\$ 3 billion for the China-ASEAN Investment Cooperation Bank to fund infrastructure and energy investments in

23 Odd Arne Westad, 'ASEAN's Challenge: A Swaggering China', *LA Times*, April 7, 2014, at <http://www.latimes.com/opinion/op-ed/la-oe-adv-westad-china-asean-south-china-sea-20140407-story.html> (Accessed January 9, 2015).

24 Wang Yuzhu, no. 6

25 David Gitter, 'China's Friendship Treaty: A Distraction from South China Sea Diplomacy', *The Diplomat*, November 26, 2014, at <http://thediplomat.com/2014/11/chinas-friendship-treaty-a-distraction-from-south-china-sea-diplomacy/> (Accessed January 9, 2015).

the region and US\$ 480 million to fight poverty.²⁶ Under CAFTA, China has also promised to give preferential treatment to the ASEAN investors.

**Table 1: China's Imports and Exports
with Select ASEAN Countries**

Unit: \$ 10,000

China's Imports from Cambodia, Lao PDR, Myanmar Vietnam (CLMV Countries)				
Year	Cambodia	Laos	Myanmar	Vietnam
2000	5,949	642	12,482	92,915
2005	2,731	2,555	27,440	255,284
2010	9,363	60,149	96,655	698,454
2012	21,532	78,663	129,823	1,623,129
2013	36,364	101,008	285,687	1,689,189
China's Exports to Cambodia, Lao PDR, Myanmar Vietnam (CLMV Countries)				
2000	16,406	3,442	49,644	153,726
2005	53,603	10,338	93,485	564,390
2010	134,734	48,362	347,552	2,310,154
2012	270,811	93,414	567,371	3,420,811
2013	340,951	172,258	733,869	4,858,630

Source: ASEAN-China Centre (for data of 2000, 2005, 2010 and 2012) and National Bureau of Statistics of China (for data of 2013)²⁷

26 Shannon Tiezzi, 'China Offers \$20 Billion in Loans to ASEAN', *The Diplomat*, November 15, 2014, at <http://thediplomat.com/2014/11/china-offers-20-billion-in-loans-to-asean/> (Accessed January 9, 2015).

27 'ASEAN-China Centre, China's Imports from ASEAN Countries', at http://www.asean-china-center.org/english/2014-06/03/c_133380198.htm, 'China's exports to ASEAN Countries', at http://www.asean-china-center.org/english/2014-06/03/c_133380286.htm, (Accessed January 9, 2015). Data for 2013 Obtained from China Statistical Yearbook 2014, Data compiled by National Statistical Bureau of China, at <http://www.stats.gov.cn/tjsj/ndsj/2014/indexeh.htm>, (Accessed March 25, 2015).

Conclusion

China argues that its claims on South China Sea islands are based on historical facts.²⁸ Its assertiveness is however only one aspect of China's relations with the Southeast Asian region. China's dual approach comprises of diplomacy (including economic engagement) and assertiveness (with regard to South China Sea) and it is indeed compelling as it helps in retaining the existing reticence in the region. It can be said that China's softer attitude towards Southeast Asia as seen in 2014 is not a sudden development; rather, it is considered and calculated, and has evolved over the years. For the moment, China successfully portrays an image of a country that prefers economic cooperation over territorial disputes. In fact, trade with China and investments coming from Chinese companies are of major economic benefit for the ASEAN countries. So this existing status quo serves everybody's interests. In fact, it is often argued that China's Silk Road Economic Belt and Maritime Silk Road will eventually benefit the smaller nations including those in Southeast Asia. In order to distract the world from the territorial disputes hovering around the South China Sea, China has declared 2015 as the 'ASEAN-China Year of Maritime Cooperation'.²⁹ Under this plan, China has pledged to support ASEAN in maritime infrastructure, search and rescue operations as well as maritime research. Though the ASEAN countries consider economic and financial ties with China an inevitable component of their

28 Lim Kheng Swe, 'China-ASEAN Relations: Hamstrung Soft Power in South China Sea?', RSIS Commentaries, at <http://www.rsis.edu.sg/rsis-publication/rsis/co14174-china-asean-relations-hamstrung-soft-power-in-south-china-sea/#.VMn4vSyhTG5> (Accessed January 8, 2015).

29 Shannon Tiezzi, no. 26

relationships with China, they are also worried about China's assertive behaviour at sea. ASEAN Secretary General, Le Luong Minh stated that the gap between promises and implementation has been widened at sea.³⁰ Countries like Singapore and Indonesia too have put emphasis on resolving the maritime disputes and adopting a legally binding code of conduct. Recently, China has shown a little softness as Premier Li proposed a 'dual track approach' to solve the maritime disputes with Southeast Asian countries where on the one hand, territorial claims will be sorted out bilaterally and on the other, ASEAN as a collective will be given voice to maintain peace and stability in the region.³¹ China hopes to maintain the status quo by these steps. ASEAN on the other hand still favours a multilateral approach to solve the disputes. The efforts of Southeast Asian countries' to bring extra-regional powers to keep a balance on China are also part of this status quo. Henceforth, to what extent China and Southeast Asia will be able to maintain the status quo is something that will be unwrapped in future. As seen in the first few months of 2015, China continues its land reclamation in Spratly Island which is opposed by the Southeast Asian countries, especially Vietnam and Philippines. The Vietnamese Prime Minister Ngyuen Tan Dung mentioned that countries involved in South China Sea disputes need to maintain self-restraint in order to maintain peace and tranquillity in the region.³² The ASEAN Secretary General, Mr. Le Luong Minh has commented that the nine-

dash line as promulgated by China cannot be maintained and in reply, China sharply criticised the ASEAN Secretary General.³³ At the same time, the fact also exists that half of China's top-ten trade partners are from Asia and its trade with East and Southeast Asia is even more than its combined trade with the US and EU.³⁴ Henceforth, in conclusion, one may argue that tension seen in the South China Sea will continue to linger in the region.

30 Ibid.

31 Ibid.

32 'Vietnam Calls for 'Self-Restraint' in Disputed South China Sea', *Reuters*, March 18, 2015, at <http://uk.reuters.com/article/2015/03/18/uk-southchinasea-vietnam-australia-idUKKBN0ME09B20150318> (Accessed March 25 2015).

33 'China Slams ASEAN Chief for South China Sea Comments', *Reuters*, March 11, 2015, at <http://uk.reuters.com/article/2015/03/11/uk-china-southchinasea-idUKKBN0M70SI20150311> (Accessed March 25 2015).

34 Timothy Heath, 'China's Big Diplomacy Shift', *The Diplomat*, December 22, 2014, <http://thediplomat.com/2014/12/chinas-big-diplomacy-shift/> (Accessed March 25, 2015).

Chronology of Important Events in the Year 2014

January 2014

10: China's fishing permit rule in South China Sea imposed

February 2014

18: China participates in Cobra Gold joint military exercises for the first time along with Japan, South Korea, Indonesia, Singapore and Malaysia

March 2014

11: Chinese Coast Guard expels two Filipino vessels from Ayungin Shoal/Second Thomas Shoal

April 2014

29: US and Philippines sign a 10-year defence pact which will allow US to station troops at Filipino bases

May 2014

2: Vietnam and China's vessels engage in skirmishes after China's oil rig deployment

10: Philippines jails 11 Chinese fishermen in the disputed Half Moon Shoal in the Spratly Islands

26: Vietnamese fishing boat sunk by China near the oil rig

June 2014

18: China's State Councilor Yang Jiechi meets the prime minister of Vietnam, both accuse each other

July 2014

15: China withdraws its oil rig Hai Yang Shi You 981 from the disputed waters adjacent to Vietnam

August 2014

10: ASEAN members do not agree with the joint US-Philippines call for a 'freeze' on all confrontational acts in the South China Sea

September 2014

29: US and Philippines initiate joint military exercise in the midst of huge tensions with China in Palawan, near the disputed waters

October 2014

24: The signing ceremony of the Asian Infrastructure Investment Bank (AIIB) conducted in Beijing, China

November 2014

23: Reports surface about China's construction of artificial islands in Spratly to station military aircraft

December 2014

7: China publishes its Position Paper which says the tribunal has no jurisdiction to consider the case filed by Philippines regarding the South China Sea, and Manila should maintain the bilateral agreements as well as the 2002 DOC in this regard

December 2014

15: China's deadline to comment on its position on the South China Sea, at The Hague. China refuses to participate in the arbitration process

13

China and West Asia in 2014: Linking Together

Neha Kohli

Continuing from 2013, the year 2014 witnessed the growth and diversification of China's relations with West Asia as a whole, and with the Gulf in particular. China is slowly, but surely, playing a larger diplomatic role here, both bilaterally and multilaterally. Energy security, new markets and avenues for investment in growing economies have driven China to look at and engage more closely with the region. Towards the end of 2013, China surpassed the United States to become the world's largest importer of crude oil—importing 5.6 million barrels per day (bpd)—with the Gulf region accounting for around half this amount. This figure shot up to around 7.4 million bpd of crude in early 2015. Thus, the Gulf remains important for China as it continues to import much of its energy requirements from there.

At the same time, there has been a clear move on the part of West Asia's leaders to seek stronger ties with China. Its vision of the Land Silk Road and Maritime Silk Road projects, and the vast potential for trade along these proposed economic highways is shared by many countries in West Asia. This, in turn, is making for a stronger relationship. The region's disenchantment with its traditional economic and security partners in the West, especially the US, is increasing. This has coincided with West Asian countries looking eastwards for new partners and China's interest

in looking and connecting westwards in the same vein.

This chapter examines China's political, diplomatic and military engagement with the West Asian region in 2014. It also provides an overview of trade and energy ties. The chapter highlights China's deepening relations with Iran, and Israel in particular, as there was considerable (and reciprocated) interaction with these countries in the year.

Politics and Diplomacy

Diplomatic Engagement

In 2014, China hosted a number of regional dignitaries, including the then Crown Prince and now King Salman bin Abdul Aziz Al-Saud of Saudi Arabia in March, with the visit being seen as a boost for bilateral ties. The previous Saudi monarch Abdullah bin Abdul Aziz had visited Beijing in 2006. In April 2014, Israeli President Shimon Peres arrived in Beijing for a three-day state visit. This followed Israeli Prime Minister Binyamin Netanyahu's visit to China in May 2013, a reflection of the renewed interest in Israel in stronger Israel-China ties. Peres stated Israel's interest thus: 'given China's rising world status, and its growing interest in the Middle East,

strengthened China-Israel ties are in the best interest of both countries.’¹

In May 2014, Iranian President Hassan Rouhani paid a state visit to Beijing and also attended the fourth summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), which was held in Shanghai. The Iranian President’s visit followed Xi Jinping’s meeting with him in September 2013, and is an outcome of both countries perception of each other as ‘natural allies’. Not only is Iran a key energy supplier to China, the latter has for decades ‘been a critical source of technology, both civilian and military, for...Iran...’²

In June, Kuwaiti Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah made his first official trip to China in a decade. During this visit, both sides ‘agreed to cooperate in building the economic belt along the Silk Road and the 21st-century Maritime Silk Road, push forward negotiation on a free trade zone between China and the GCC [Gulf Cooperation Council], and further cooperation in such areas as infrastructure

construction and logistics.’³ Kuwait held the rotating presidency of the GCC in 2014.

Egyptian President Abdel-Fattah Sisi visited China in December, his first visit to the country since assuming office earlier in the year. In the ensuing talks with Xi Jinping, both countries decided to elevate their bilateral ties to a comprehensive strategic partnership.⁴ Earlier in August, Chinese Foreign Minister Wang Yi visited Egypt and offered his country’s ‘firm support for Egypt’s efforts to maintain social stability, and promote economic growth...’⁵ Jordan too is seeking closer ties with Beijing, which the latter reciprocates. In November 2014, China’s top political advisor Yu Zhengsheng met Jordan’s King Abdullah, and both sides agreed to ‘deepen all-round cooperation and work together to promote the peace process in the Middle East...[furthermore] China would like to join Jordan in enhancing bilateral political mutual trust, accommodating each other’s core interests...and support respective efforts to maintain national security and stability and

1 Shannon Tiezzi, ‘As China Turns Toward Middle East, China and Israel Seek Closer Ties’, *The Diplomat*, April 9, 2014, at <http://www.thediplomat.com/2-14/04/as-china-turns-toward-middle-east-china-and-israel-seek-closer-ties/> (Accessed January 29, 2015).

2 Richard Javad Heydarian, ‘Reconfiguring Iran-China Relations’, *Al Jazeera*, at <http://www.aljazeera.com/indepth/opinion/2014/12/reconfiguring-iran-china-relati-201412154327397122.html> (Accessed January 23, 2015).

3 ‘President Xi Meets Kuwaiti PM in Beijing’, *CRIEnglish.com*, June 4, 2014, at <http://english.cri.cn/6909/2014/06/04/2702s829978.htm> (Accessed March 3, 2015)

4 ‘Year-end: China’s Diplomacy wit the Middle East in 2014: Sharing Responsibility, Deepening Cooperation, and Looking to the Future’, *CCTV.com*, December 29, 2014, at <http://english.cntv.n/2014/12/29/ARTI1419846162685634.shtml> (Accessed January 23, 2015).

5 ‘China Supports Egypt to Promote Stability, Economic Growth: FM’, *Xinhua*, August 4, 2014, at http://news.xinhuanet.com/english/china/2014-08/04/c_133528890.htm (Accessed January 24, 2015).

promote economic and social development.⁶ China's former Special Envoy to the Middle East, Wu Sike visited Iraq in July and met then Prime Minister Mouri al-Maliki as well as other important officials, and thereafter visited Turkey and Iran.

Israel, Palestine and the Gaza Conflict

As was seen in 2013, China is looking to play a larger role in the affairs of West Asia. This is evident from its efforts to engage with the region on a variety of issues, ranging from trade and energy to its involvement in the Iranian nuclear issue, and especially its attempts to aid the resumption of the Arab-Israeli Peace Process, one of most contentious and long-running conflicts in West Asia. China's endeavour to bring both parties to the table once again had been well received by them in 2013. However, 2014 saw conflict once again in the Gaza Strip as Israel launched Operation Protective Edge that aimed at stopping rocket fire from Gaza into Israel. This came a month after the murder of three Israeli teenagers in the West Bank.⁷ The military operation lasted some seven weeks and resulted in the deaths of over 1,777 Palestinians and 68 Israelis.⁸ China condemned the actions leading to civilian casualties and advocated the ceasing of fire at the earliest, even extending its support

to the Egypt-led cease fire initiative. According to Wu Sike, China

...welcomes and supports the cease-fire initiative put forward by Egypt and urges all relevant parties from both Israel and Palestine to focus on the safety of the two peoples and the overall situation of regional peace and stability, to actively cooperate with and respond to the cease-fire initiative and the mediation efforts of the International community, and to cease fire immediately.⁹

Sike reiterated China's support to the Palestinian cause and also its commitment to 'work with the international community to...promote a fair and reasonable settlement to the Palestinian issue.'¹⁰

Iran Nuclear Negotiations

On the Iranian nuclear issue, China was part of the P5+1 negotiations during 2013 where some of the sanctions against Iran were eased, but the November 2013 talks were postponed to July 2014. A peaceful settlement between Iran and the P5+1 would improve prospects for regional security, including uninterrupted energy supplies from the region. This is in China's interest since it needs to ensure an uninterrupted supply of energy to its shores. Iran is viewed as a natural ally, given its oil resources, and as a counterbalance to the US and its regional allies in West Asia. The Chinese have worked to facilitate a dialogue between the West and Iran, and lobbied the

6 See 'China, Jordan on Track to Deepen All-round Pragmatic Cooperation', *Xinhua*, November 10, 2014, at http://news.xinhuanet.com/english/china/2014-11/10/c_133776858.htm (Accessed March 6, 2015).

7 'Why did Israel and Hamas Go to War in July 2014', *Vox.com*, November 21, 2014, at <http://www.vox.com/cards/israel-palestine/gaza-israel-hamas-2104> (Accessed April 6, 2015).

8 Ibid.

9 Ministry of Foreign Affairs, 'China's Special Envoy on the Middle East Issue Wu Sike Gives Exclusive Interview to Al-Arabiya Television', July 22, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1177773.shtml (Accessed January 29, 2015).

10 Ibid.

latter to 'participate in talks with flexibility and pragmatism....'¹¹

China has welcomed the framework nuclear deal that was reached between the P5+1 and Iran on April 2, 2015. Wang Yi reiterated China's commitment to further negotiations towards a final deal with Iran, saying: 'In a bid to finalise a comprehensive deal as scheduled, China will maintain close coordination with all parties concerned, including the United States, and continue to play a constructive role during the process.'¹² The April 2015 interim deal on Iran's nuclear programme was further extended by a week to 7 July (30 June was the original deadline) among strong indications from all sides that a deal is 'within reach'. 'The negotiations, which have been going on for the past three months, have focused on Iran suspending a portion of its nuclear activities in return for relief from Western sanctions.'¹³

Syrian Crisis

Though China adheres to the principle of non-intervention in other states' affairs, and is seeking to cultivate cordial relations with all states in the region, as its involvement grows there would be

greater pressure on it to take sides, as it did in the case of Syria in 2013.¹⁴ On Syria, 'China has adopted a moderate position and advocated for a political solution supplemented by its humanitarian efforts to help build hospitals in Jordan for Syrian refugees.'¹⁵ China, however, continues to assert that regional 'issues should be resolved by its own people.'¹⁶ In the United Nations Security Council, China voted in favour of Resolution 2170, which advocated the cutting off of 'funds for extremist groups in Iraq and Syria [Islamic State, Jabhat al-Nusra], stop in flow of armed militants and impose sanctions on the people involved.'¹⁷ In short, China has followed a consistent and pragmatic policy on Syria since the conflict began.

The events in Iraq and Syria resonate in Beijing given the ethnic Uighur population in the country's western Xinjiang region. It has been estimated that around 300 Chinese members of the East Turkestan Islamic Movement have moved to Iraq and Syria to fight alongside the Islamic State

11 Yun Sun, 'Iran and Asia 1: China is the Quiet Giant', USIP Primer, January 29, 2014, at <http://iranprimer.usip.org/blog/2014/jan/29/iran-and-asia-1-china-quiet-giant> (Accessed January 23, 2015).

12 'China Says Iran Deal Good for Sino-US Relations', *Reuters*, April 4, 2015, at <http://in.reuters.com/article/2015/04/04/iran-nuclear-china-usa-idINKBN0MV00J20150404>, (Accessed April 6, 2015).

13 See 'Iran, P5+1 World Powers Extend Nuclear Talks Deadline by a Week', *RT.com*, June 30, 2015, at <http://rt.com/news/270763-iran-vienna-nuclear-deal/> (Accessed 1 July 2015).

14 'China's Military Presence in the Gulf', *Wall Street Journal*, September 26, 2014, at <http://blogs.wsj.com/washwire/2014/09/26/chinas-military-presence-in-the-gulf/> (Accessed January 30, 2015).

15 Abbās Varij Kāzemi & Xiangming Chen, 'China and the Middle East: More than Oil', *The European Financial Review*, February 28, 2014, at <http://www.europeanfinancialreview.com/?p=355> (Accessed January 29, 2015).

16 'Middle East Issues Should be Resolved by its Own People: China's Envoy', *Xinhua*, September 24, 2-14, at <http://www.globaltimes.cn/content/883129.shtml> (Accessed January 30, 2015).

17 'Year-end: China's Diplomacy wit the Middle East in 2014: Sharing Responsibility, Deepening Cooperation, and Looking to the Future', *CCTV.com*, December 29, 2014, at <http://english.cntv.n/2014/12/29/ARTI1419846162685634.shtml> (Accessed January 23, 2015).

there.¹⁸ A spate of attacks in China over the past year or so—in Tiananmen Square in Beijing, Kunming, Urumqi, and elsewhere—have been attributed to returning jihadists from Syria.

Military and Security

Turkey Missile Deal

In 2013, Turkey, a member of the North Atlantic Treaty Organization (NATO), indicated that it was going to purchase a \$3.4 billion Chinese FD-2000 missile defence system, preferring it to similar systems from Western companies. The deal is yet to be formally inked, and 2014 saw the bidding process being re-opened owing to pressure from the West. There were also concerns raised about the integration of a Chinese designed and built missile system with existing NATO infrastructure as these are seen to be incompatible. However, in early 2015, Turkey indicated that it did not plan to integrate the new system with NATO infrastructure and that the deal with China continued to remain under consideration.¹⁹

Anti-Piracy Operations and Bilateral Military Exercises

China has been part of the anti-piracy operations in the Gulf of Aden, where it is part of a multi-nation coalition working to ensure free movement

of ships through the Bab-el-Mandeb strait. In particular, in September 2014, China sent a submarine to the Gulf of Aden to help with counter-piracy operations. The Song class diesel attack submarine's moving into the Gulf of Aden via the Indian Ocean was a first for the People's Liberation Army-Navy (PLAN) submarine fleet.²⁰ Later, in December, the 18th Taskforce of PLAN conducted a joint anti-piracy exercise with the US Navy in the Gulf of Aden, off the Horn of Africa. The Chinese flotilla included the guided missile frigate Yuncheng and the supply ship Chaohu, which conducted the exercises with the US Navy guided missile destroyer Sterett.²¹

In September, the Chinese also dispatched two ships to the Persian Gulf for a joint exercise with the Iranian Navy.²² The Chinese missile destroyer Changchun and the missile frigate Changzhou of the 17th Naval Fleet took part in a five-day joint training drill at the Iranian port of Bandar Abbas.²³

18 'About 300 Chinese Said Fighting Alongside ISIS in Middle East', *The Daily Star*, December 15, 2014, at <http://www.dailystar.com.lb/News/Middle-East/2014/Dec-15/281091-about-300-chinese-said-fighting-alongside-isis-in-middle-east.ashx> (Accessed March 9, 2015).

19 Tulay Karadeniz, 'Turkey Eyes Deal with China on Missile Defense Despite NATO Concern', *Reuters*, February 19, 2015, at <http://reuters.com/article/2015/02/19/us-turkey-china-defence-idUSKBN0LN0W220150219> (Accessed April 6, 2015).

20 Sam LaGrone, 'Chinese Submarine Headed to Gulf of Aden for Counter Piracy Operations', *USNI News*, September 30, 2014, at <http://news.usni.org/2014/09/30/chinese-submarine-headed-gulf-aden-counter-piracy-operations> (Accessed January 28, 2015).

21 See 'Chinese, U.S. taskforces to conduct joint anti-piracy drill in Gulf of Aden', *China Military Online*, December 11, 2014, at http://english.chinamil.com.cn/news-channels/china-military-news/2014-12/11/content_6267884.htm (Accessed April 10, 2015).

22 Mustafa Salama, 'Navy Exercises Bring Iran, China Closer', *Al Monitor*, October 19, 2014, at <http://www.al-monitor.com/pulse/originals/2014/10/iran-china-navy-persian-gulf-us.html#> (Accessed January 23, 2015).

23 Ibid. Also see 'First China-Iran joint military exercise attracts attention', *China Military Online*, September 23, 2014, at http://eng.chinamil.com.cn/news-channels/china-military-news/2014-09/23/content_6150590.htm (Accessed April 10, 2015).

The exercise assumes significance as it is the first time that Chinese warships have sailed into the Gulf. Moreover, the 'exercises signal a boost in Iran's position in the Gulf and the region.'²⁴

The US has been the primary external player and security provider to the countries of the Gulf region for decades, and continues to be so. However, there is clearly a sense of fatigue in the region's relations with it and an increasing willingness to accommodate China, albeit more in the realm of trade and commerce at present. Whether the China-Iran joint naval exercise would lead to interest among the GCC countries to further conduct such exercises remains to be seen. It would be an interesting space to watch, especially since the US military presence in the region continues to be dominant despite the Pivot to Asia.

Envisioning New Asian Security Architecture

China also called for a new security pact with Russia and Iran, creating 'a new Asian structure for security cooperation based on a regional group that includes Russia and Iran and excludes the United States.'²⁵ Speaking at a meeting of the Conference on Interaction and Confidence-building Measures in Shanghai, Xi Jinping spoke of the 'need to innovate...security cooperation (and) establish new regional security cooperation architecture.'²⁶ The call fits in with Beijing's increasing attempts to limit or offset western,

especially American, influence in international affairs. The inclusion of Iran in China's vision of an alternate Asian security order when the former is grappling with sanctions over its nuclear programme, yet also working with the US towards reaching a deal on the issue, reflects how China views the US as a strategic rival in Asia.

Energy

China's demand for energy continues to grow at a rapid rate and it is expected to import over 60 per cent of its annual requirement in the next few decades. China's dependence on oil from West Asia continued on an upward trajectory in 2014 as well and it remained the largest oil importer for the region. Most of this oil passes through two choke points: the Strait of Hormuz and the Strait of Malacca. This fact drives much of its push of the Silk Road Initiative—of a modern Land Silk Road via its western province of Xinjiang and a Maritime Silk Road via the Indian Ocean, which would co-opt its neighbouring countries and other interested parties on to a vast economic highway stretching from Asia to Europe as well as ensure its own energy security.

GCC and Iraq

The Gulf region remained China's top energy supplier in 2014, and within the Gulf, Saudi Arabia continued to maintain its number one spot. Yet, both countries seek to diversify the energy relationship beyond oil. In August 2014, Saudi Arabia and China signed a new energy agreement to help the Kingdom generate power from domestic nuclear and renewable energy sources. China's 'state-owned Chinese National Nuclear Corporation (CNNC) and Saudi Arabia's energy research centre...King Abdullah City for Atomic and Renewable Energy (KA CARE)

24 Ibid.

25 'China Calls for New Security Pact with Russia, Iran', *CBS News.com*, May 21, 2014, at <http://www.cbsnews.com/news/china-calls-for-new-security-pact-with-russia-iran/> (Accessed January 23, 2015).

26 Ibid.

agreed to cooperate on developing and producing nuclear and renewable energy to meet Saudi domestic demand.²⁷ The new agreement builds 'on a nuclear cooperation agreement reached by the two countries in 2012.'²⁸

China's crude imports from Iraq '...rose in the first ten months of the year [2014] to 23.49 million tonnes (566,387 bpd)...' and 'Chinese companies will keep the amount of crude they buy from Iraq unchanged in 2015, for the first time in almost a decade...'²⁹ The crisis in Iraq (and Syria) with the Islamic State overrunning Mosul, an oil producing province of the country, however, has had an impact on Chinese oil/energy investments there. The China National Petroleum Corporation (CNPC) operates 'four projects' in the south of the country, 'making it the single biggest foreign investor in Iraq.'³⁰

Kuwait and China's Sinopec Corp signed a 10-year cost-and-freight deal worth around \$120 billion under the terms of which the '[s]tate-run Kuwait Petroleum Corp will export 300,000

barrels per day (bpd) of crude oil...'³¹, up from 160,000 bpd under an older, lapsed agreement. The deal would account for '15 per cent of Kuwaiti petroleum exports...'³² China has sought to diversify its oil import sources over the past few years, and an example of this was Sinopec's purchase of a 33 per cent stake in Apache Corp's Egyptian oil and natural gas business in 2013.

Iran

The stringent sanctions regime that has been imposed on Iran over the development of its nuclear programme has driven away most western investors and companies from Iran. Consequently, Iran's economy has become increasingly reliant on China, especially since 2011. Chinese state-owned companies have expanded their stakes in Iran's vast energy sector.³³ At the same time, the Iranians have hauled up Chinese state-owned companies for excessive delays in projects in the energy sector and twice terminated contracts. In May 2014, Iran terminated a 'US \$ 2.5 billion buyback contract with...CNPC to develop the South Azadegan oil field.'³⁴ Earlier in February 2014, Iranian Foreign Minister Bijan Zaganeh,

27 Geoff Hiscock, 'China, Saudi Arabia Sign New Energy Agreement', *The Australian*, August 15, 2014, at <http://www.theaustralian.com.au/business/mining-energy/china-saudi-arabia-sign-new-energy-agreement/story-e6frg9df-1227025276198> (Accessed March 2, 2015).

28 Ibid.

29 'China Ends Near Decade of Rising Iraq Crude Oil Orders—Sources', *Reuters*, December 18, 2014, at <http://in.reuters.com/article/2014/12/18/iraq-china-crude-idINL3N0U22PN20141218> (Accessed March 9, 2015).

30 Dexter Roberts, 'Iraq Crisis Threatens Chinese Oil Investments', *Bloomberg Business*, June 17, 2014, at <http://www.bloomberg.com/bw/articles/2014-06-17/iraq-crisis-could-threaten-chinese-oil-investments> (Accessed January 28, 2015).

31 'Kuwait Nearly Doubles Supplies in 10-yr Oil Deal with China's Sinopec', *Reuters*, August 18, 2014, at <http://www.reuters.com/article/2014/08/18/energy-kuwait-china-idUSL5N0QO1AC20140818> (Accessed April 9, 2015).

32 Ibid.

33 Richard Javad Heydarian, 'Reconfiguring Iran-China Relations', *Al Jazeera*, at <http://www.aljazeera.com/indepth/opinion/2014/12/reconfiguring-iran-china-relati-201412154327397122.html> (Accessed January 23, 2015).

34 'Iran Terminates Chinese Oil Contract', *The Economist Intelligence Unit*, May 8, 2014, at <http://eiu.com/industry/article/1141793498/iran-terminates-chinese-oil-contract/2014-05-09> (Accessed January 25, 2015).

gave CNPC a three-month ultimatum to speed up work on the project. The termination of contract is the second time CNPC has been removed from an Iranian energy sector development project: in 2013, Iran indigenised the South Pars development, 'kicking out CNPC from Phase 11 of the project' owing to lack of progress made by the Chinese in the South Pars project.³⁵ Yet, Iran continues to remain one of China's top oil suppliers. In the first half of 2014 alone, 'China imported 630,000 barrels a day [from Iran], up 48 per cent from the same period last year.'³⁶

Trade and Commerce

Iran

Financial sanctions on Iran's banking sector have forced it to 'engage in an unfavourable barter trade with China, which has flooded the...country with commodity exports.'³⁷ In March 2014, Iran and China agreed on increasing the annual bilateral trade between the two countries to \$200 billion per annum over the next 10 years.³⁸ Iran sees greater potential for Chinese investments in various areas, including steel, transportation, mines, agriculture, oil, gas and the petrochemical

35 Ibid.

36 Wayne Ma, 'China Imports Record Amount of Iranian Crude', *The Wall Street Journal*, July 21, 2014, available at <http://www.wsj.com/articles/china-imports-record-amount-of-iranian-crude-1405946504> (Accessed April 7, 2015).

37 Richard Javad Heydarian, 'Reconfiguring Iran-China Relations', *Al Jazeera*, at <http://www.aljazeera.com/indepth/opinion/2014/12/reconfiguring-iran-china-relati-201412154327397122.html> (Accessed January 23, 2015).

38 'Iran, China Set Up to Trade \$200 Bn: Official', *Press TV*, March 3, 2014, at <http://www.presstv.in/detail/2014/03/03/353028/iran-china-set-200bn-trade-target/> (Accessed January 23, 2015).

industry.³⁹ This is an ambitious target, given that the annual bilateral trade between China and Iran in 2013 stood at \$40 billion. China continued to be Iran's largest trading partner in 2014 as well with energy being a large component of bilateral trade.

Israel

In 2014, China sought to deepen its economic and trade linkages with Israel. The expanding Sino-Israeli relationship focuses on trade and economic cooperation, in keeping with China's approach to West Asia as a whole. According to China, it 'is Israel's third-largest trading partner, and bilateral trade between the two countries was worth over \$10 billion in 2013'⁴⁰, an increase of '200-fold'.⁴¹ China underscores 'advancing technical cooperation' with Israel, especially in the fields of 'agriculture, natural resources, environmental protection, education and healthcare.'⁴² In furtherance of the interest in technological cooperation, a 'flagship [Israeli] "Water City" project' was launched in 'the Chinese city of Shougang in the Shandong province [as] the focus of Israel's water-related activities in the country.'⁴³

39 Ibid.

40 Ibid.

41 Tova Cohen, 'Israel Welcomes Tech-hungry Chinese Investors', *Reuters*, May 22, 2014, at <http://www.reuters.com/article/2014/05/22/us-china-israel-investment-idUSBREA4L0Q920140522> (Accessed January 23, 2015).

42 Ibid.

43 'Israeli "Water City" Launched in China', Israeli Ministry of Foreign Affairs, November 24, 2014, at <http://mfa.gov.il/innovativeisrael/economy/pages/israeli-water-city-launched-in-china-24-november-2014.aspx> (Accessed January 28, 2014).

China is also looking to further its investment in Israel's economy, part of a broader trend to invest in markets that are 'largely tethered to Western markets'.⁴⁴ In 2014, Chinese state-owned Bright Food Group purchased a 56 per cent stake in Israeli dairy company Thuva, in a deal which 'gives China access to Israel's high-tech expertise...'⁴⁵ China is now at second position after the US in terms of joint projects between Israel and foreign firms.⁴⁶ This follows China's interest to focus on innovation and technology development, an area in which Israel is far ahead, and '[m]ost of the [Chinese] investments [being seen] are strategic investments and not purely financial ones.'⁴⁷ The Chinese are not only investing independently but also using Israeli funds to invest. According to Israeli Ministry of Economy estimates, Chinese investment in Israel 'has grown from zero to \$ 4 billion' in the past three years alone.⁴⁸ Additionally, in May 2014, Tel Aviv University and Tsinghua University, Beijing 'launched a \$300 million joint center for innovative research and education.'⁴⁹

44 Tova Cohen, 'Israel Welcomes Tech-hungry Chinese Investors', *Reuters*, May 22, 2014, at <http://www.reuters.com/article/2014/05/22/us-china-israel-investment-idUSBREA4L0Q920140522> (Accessed January 23, 2015).

45 Ibid.

46 Ibid.

47 'Growing Chinese VC Investment in Israel', *Israel Trade Commission Australia*, October 1, 2014, at <http://www.israeltrade.org.au/growing-chinese-vc-investment-in-israel/> (Accessed January 24, 2015)

48 Tova Cohen, 'Israel Welcomes Tech-hungry Chinese Investors', *Reuters*, May 22, 2014, at <http://www.reuters.com/article/2014/05/22/us-china-israel-investment-idUSBREA4L0Q920140522> (Accessed January 23, 2015).

49 'TAU and Tsinghua University Launch \$300M Research Center', May 27, 2014, at http://english.tau.ac.il/news/xin_center (Accessed April 9, 2015).

'Three agreements promoting bilateral research and Israeli companies' participation in innovation parks in China' were also signed.⁵⁰

Along with pushing through a free trade agreement (FTA) with the GCC, which has been in the works for over a decade now, China has also declared its intention to begin free trade talks with Israel in 2015. Currently, Israel 'runs a deep merchandise-trade deficit with China...[having] imported some \$ 5.52 billion of Chinese goods' from January to November 2014, as against '\$5.21 billion in the year-earlier period.... [Israeli] exports to China [were] \$2.59 billion, up from \$2.55 billion' in the previous year.⁵¹ Both Israel and China see bilateral trade doubling in the next five years. 'Israel's commercial exports to China have grown 180 [per cent] in recent years, from \$878 million in 2009 to \$2.47 billion in 2013.'⁵² Tourist services export from Israel to China grew from '\$30 million in 2009 to \$65 million in 2013.'⁵³

In March 2014, China signed a deal with Israel to develop a new freight rail link from the port of Eilat on the Red Sea to Ashdod on the Mediterranean

50 Tova Cohen, 'Israel Welcomes Tech-hungry Chinese Investors', *Reuters*, May 22, 2014, at <http://www.reuters.com/article/2014/05/22/us-china-israel-investment-idUSBREA4L0Q920140522> (Accessed January 23, 2015).

51 The Marker and Ben Blanchard, 'China to Begin Free Trade Negotiations with Israel in 2015', *Haaretz*, December 31, 2014, at <http://www.haaretz.com/business/1.634428> (Accessed February 5, 2015)

52 Shimon B. Lifkin, 'China-Israel Trade to Double in 5 Years', *Hamodia*, May 21, 2014, at <http://www.hamodia.com/2014/05/21/china-israel-trade-double-5-years/> (Accessed January 24, 2015).

53 Ibid.

Sea, a distance of 300 kilometres.⁵⁴ The link is estimated to cost ‘upwards of \$2 billion’ and will take around five years to complete.⁵⁵ There is a view that Israeli Prime Minister Netanyahu’s interest in developing the link is ‘less about economic benefits and more about developing a strategic alliance with China...’⁵⁶ Not only does this showcase the fast-growing nature of Israeli-China relations, it is also indicative of how China is looking to make more high-value investments in the Middle East and beyond. In September 2014, the China Harbour Engineering Company (CHEC) won a contract to build a new port in Ashdod,⁵⁷ which lies at the Mediterranean end of the proposed freight rail link from Eilat. The port will consist of a 1,000 m pier and 2,80 m breakwater, built 1 km north of the current Ashdod port, and is estimated at \$930 million.⁵⁸ The same company is ‘a candidate to build the cross-Negev railway, which will begin in Eilat and/or neighbouring Aqaba in Jordan and terminate in Ashdod—at the new port.’⁵⁹

54 ‘China Seeks Strategic Foothold in Israel’, *DW.de*, March 24, 2014, at <http://www.dw.de/china-seeks-strategic-foothold-in-israel/a-17507052>, (Accessed February 2, 2015).

55 *Ibid.*

56 *Ibid.*

57 Angela Yu, ‘Chinese Company Wins Israel Port Construction Deal’, *IHS Maritime 360*, September 26, 2014, at <http://www.ihsmaritime360.com/article.14742/chinese-company-wins-israel-port-construction-deal> (Accessed February 2, 2015).

58 *Ibid.*

59 David Shamah, China Firm to Build New Ashdod “Union Buster” Port’, *Times of Israel*, September 23, 2014, at <http://www.timesofisrael.com/china-firm-to-build-new-ashdod-union-buster-port/> (Accessed February 2, 2015).

GCC

On January 17, 2014, the third round of the Strategic Dialogue between China and the Gulf Cooperation Council was held in Beijing.⁶⁰ The co-chairs of the Dialogue were Chinese Foreign Minister Wang Yi and First Deputy Prime Minister and Foreign Minister of Kuwait, Sabah Al-Khalid Al-Hamad Al-Sabah. Kuwait held the rotating presidency of the GCC for 2014. Both sides stressed on accelerating the Sino-GCC Free Trade Agreement negotiating process that began in 2004 and has since seen several rounds of negotiations. The push for the early signing of the FTA has come from the Chinese President Xi Jinping as well.⁶¹

The central banks of Qatar and China signed a currency swap deal worth ‘35 billion Yuan (\$5.7 billion)...equal to a three-year currency swap agreement inked between China and the UAE in 2012.’⁶² Qatari-China bilateral trade was around \$11.5 billion in 2013, with ‘petroleum gases accounting for over 60 per cent...’⁶³ China also supplanted the US to become the top exporter to Qatar in May 2014, with ‘Qatar Riyal 0.9 billion,

60 ‘China and Gulf Cooperation Council Reach Consensus on Accelerating Free Trade Area Negotiation Process’, January 17, 2014, at <http://www.chinaembassy.hu/hu/zgyw/t1122097.htm> (Accessed January 30, 2015).

61 Li Xiaokin and Zhang Fan, ‘Xi Calls for Early Signing of China-Gulf FTA’, *China Daily.com*, January 18, 2014, at http://www.chinadaily.com.cn/china/2014-01/18/content_17242935.htm (Accessed January 30 2015).

62 ‘Qatar to Become First Middle East Clearing Hub for China’s Yuan’, *Reuters*, November 4, 2014, at <http://www.reuters.com/article/2014/11/04/china-offshore-yuan-idUSL4N0SU3KV20141104> (Accessed January 29, 2014)

63 *Ibid.*

a share of 10.3 per cent of [Qatar's] total imports during the month.'⁶⁴

The UAE is looking at a 30 per cent jump in bilateral business with China in the next two years, according to the UAE Ambassador to Beijing, Omar Al Bitar, to around \$60 billion in 2015.⁶⁵ Within the UAE, Sharjah has seen its trade with China grow by 11 per cent during 2014 to reach \$5 billion (AED 18 billion).⁶⁶ In early 2015, Air Arabia, the Sharjah-based low cost airline began flights to Urumqi in China.⁶⁷

Chinese investment in the GCC countries is not a one-way street; in fact, Gulf investment in China is a growing strand of the China-GCC partnership. GCC investment in China is wide-ranging and has entered into many non-petroleum sectors, including finance, hospitality, textiles, agriculture, logistics and aviation (see Table 1).⁶⁸ 'The

64 'China becomes Biggest Exporter to Qatar in May', *The Peninsular Qatar*, July 3, 2014, at <http://thepeninsulaqatar.com/business/qatar-business/290172/china-becomes-biggest-exporter-to-qatar-in-may> (Accessed February 5, 2015).

65 Saibal Dasgupta, 'UAE Envoy Sees 30 Per Cent Jump in China Trade', *Khaleej Times*, 7 June 2014, available at http://www.khaleejtimes.com/kt-article-display-1.asp?xfile=data/uaebusiness/2014/June/uaebusiness_June89.xml§ion=uaebusiness (Accessed 29 January 2015).

66 'Air Arabia to launch direct flights to China', *Sharjah Update.com*, 22 January 2015, available at <http://www.sharjahupdate.com/2015/01/air-arabia-to-launch-direct-flights-to-china/> (Accessed January 22, 2015).

67 Ibid.

68 Mei Zhang, 'Gulf Investment in China: Beyond the Petroleum Sector', *Middle East Institute*, October 3, 2014, at <http://www.mei.edu/content/map/gulf-investment-china-beyond-petroleum-sector/> (Accessed January 31, 2015).

trend has three noticeable features: diversified investment, concentration in the service sector and movement to second-tier cities.'⁶⁹

Table 1: Gulf Investment in China

Sector	Details of Investment
Finance	Gulf Sovereign Wealth Funds—Abu Dhabi Investment Authority (ADIA), Kuwait Investment Authority (KIA) and Qatar Holding (QH)—approved to enter China's bonds and securities market.
Hospitality	Dubai-based hotel group Jumeirah to construct luxury hotels in Guangzhou, Hainan, Zhejiang provinces and Macau.
Textiles	Saudi private investment firm Ajlan and Brothers Co. has invested in 20 factories worth 4 billion Yuan (\$630 million) in synthetic fabrics, cotton textiles, shimag, shoes and accessories.
Agriculture	Dubai-based supermarket operator Al Futtaim is considering investing in China's agricultural sector by partnering with a Singaporean company.
Aviation	Emirates, Etihad and Qatar Airways launched routes to Shanghai, Beijing as well as to second-tier cities such as Chengdu. Sharjah-based Air Arabia has started flights to Urumqi.

Source: Derived from information provided in Mei Zhang, 'Gulf Investment in China: Beyond the Petroleum Sector', *Middle East Institute*, October 3, 2014 at <http://www.mei.edu/content/map/gulf-investment-china-beyond-petroleum-sector/> (Accessed January 31, 2015).

In particular, Gulf investors have also started to explore markets in western China, which ties into

69 Ibid.

the latter's own push to link with West Asia and onwards to Europe through its land-based Silk Road initiative. As a reflection of the importance of GCC-China trade, three UAE-based banks—Union National Bank, National Bank of Abu Dhabi and Emirates NBD—established representative offices in China.⁷⁰ In light of this, a speedy conclusion of the FTA is in the interest of both China and the GCC countries.

Culture and Education

Alongside growing diplomatic and economic ties, China is also pushing for greater cultural connect between the region and itself. The 6th Ministerial Conference of the China-Arab States Cooperation Forum was held in Beijing in June 2014, where both sides 'decided to designate 2014 and 2015 as Years of China-Arab Friendship...build the "One Belt One Road", increase the scale of art festivals, encourage mutual exchanges of more young students and strengthen cooperation in tourism, aviation, press and publication.'⁷¹ By 2018, China '...would share [with the Arab states] experience in development, poverty reduction, and advanced applicable technologies.'⁷²

70 Ibid.

71 'Year-end: China's Diplomacy wit the Middle East in 2014: Sharing Responsibility, Deepening Cooperation, and Looking to the Future', *CCTV.com*, December 29, 2014, available at <http://english.cntv.n/2014/12/29/ART11419846162685634.shtml> (Accessed January 23, 2015); Also see, Ministry of Foreign Affairs, 'Xi Jinping Attends Opening Ceremony of Sixth Ministerial Conference of China-Arab States Cooperation Forum and Delivers Important Speech Stressing to Promote Silk Road Spirit and Deepen China-Arab Cooperation' June 5, 2014, available at http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1163554.shtml (Accessed April 29, 2015).

72 Ibid.

Conclusion

China and West Asian trade and economic ties are steadily increasing and there are attempts to take it beyond a mere oil demand/supply relationship. China is now clearly seeking closer and enhanced security ties with the region, which also ties into its bid to connect to the West via the Maritime and Land Silk Roads. Participation in this endeavour is being viewed positively in the region and China's efforts to connect in the economic realm are being reciprocated. For all parties—China and the many countries in the West Asian region—this is a relationship that brings mutual benefits. While China ensures its energy supply and security, and new markets for its products and investment, West Asian countries obtain access to a vast energy consuming market and also an alternate option to traditional (Western) security partnerships.

China is conscious of its growing acceptance as an alternate and more impartial mediator in regional affairs as compared with the US, especially when it concerns the Israel-Palestine issue.⁷³ Its forging ahead on the economic relations front with almost all countries of West Asia, will only aid in this endeavour. Moreover, enhanced relations with the Arab states as well as with Israel and Iran will further boost China's standing on the world stage. China's approach to Israel and Iran in particular shows how it negotiates the West Asian geopolitical quagmire, maintaining ties with Iran while investing in a deeper relationship with Israel. This is reflective

73 "Give China a Chance a Middle East Peace", *South China Morning Post*, July 18, 2014, at <http://www.scmp.com/comment/insight-opinion/article/1555877/give-china-chance-middle-east-peace?page=all> (Accessed January 23, 2015).

of China's general approach towards the region where it seeks to build ties with those who stand at diametrically opposite ends of the spectrum. That Israel too is looking for new partners in the changing geo-political and geo-economic situation in the region is evident from its growing interaction with China. In the case of Iran, China has become its largest trading partner as well as the biggest consumer of its energy products, and Iran has become a virtual captive market for Chinese products.

China will continue to build its relations with West Asia surely and steadily in the years to come. Its energy dependence on the region will increase along with its efforts to secure (and diversify) energy supply. Growing economic ties will ensure its importance for the region and vice versa. It will also involve itself more in regional affairs, while adhering to the non-interventionist principle, as its economic, trade and security relations with the region deepen. China has already indicated its commitment to seeing through a final nuclear deal with Iran.

In 2015 too, China is moving forward in its endeavour to expand its ties with West Asia, both in terms of trade (including energy) as well as diplomatically. It is clear that China cannot ignore West Asia in its bid to connect to Europe and Africa. Therefore, '[c]ouched with a historical nostalgia, the concept of a "New Silk Road" [is being] used by China as a grand politico-economic strategy to (re)build a modern grid of pipelines and roads for energy supplies and trade ties from its own region through Central Asia to

the Middle East and farther beyond.⁷⁴ Its 'march west' therefore will continue on a well-thought out and practical course, connecting with parties that lie at opposite ends of the contested geo-political spectrum in the region. In effect, China's approach in the region is to look 'for the Middle in the Middle East'.⁷⁵

Chronology of Important Events in the Year 2014

January 2014

17: Third Round of the Strategic Dialogue between China and the Gulf Cooperation Council held in Beijing.

March 2014

3: Iran and China agree on increasing the annual bilateral trade to \$200 billion per annum over the next 10 years.

13-15: Saudi Arabia's Crown Prince (now King) Salman bin Abdul Aziz al-Saud undertakes a three-day official visit to China.

24: China and Israel sign deal to develop a new freight rail link from the port of Eilat on the Red Sea to Ashdod on the Mediterranean Sea.

74 Abbās Varj Kāzemi & Xiangming Chen, 'China and the Middle East: More than Oil', *The European Financial Review*, February 28, 2014, at <http://www.europeanfinancialreview.com/?p=355> (Accessed January 29, 2015).

75 Ibid.

April 2014

9-11: Israeli President Shimon Peres undertakes a three-day official visit to China.

4: Iran terminates a \$2.5 billion buyback contract with CNPC to develop the South Azadegan oilfield.

May 2014

20-22: Iranian President Hassan Rouhani pays a state visit to China and attends the 4th Conference on Interaction and Confidence Building Measures in Asia (CICA) Summit in Shanghai.

27: The Tel Aviv University, Israel and The Tsinghua University, Beijing launch a \$300 million joint centre focussed on technological research and collaboration.

June 2014

4: Kuwait Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah makes his first official trip to China in a decade

5: 6th Ministerial Conference of the China-Arab States Cooperation Forum held in Beijing.

August 2014

3-4: Wang Yi pays a two-day visit to Egypt.

10: China, Saudi Arabia sign nuclear cooperation agreement between Chinese National Nuclear Corporation (CNNC) and Saudi Arabia's King Abdullah City for Atomic and Renewable Energy (KA CARE).

18: Kuwait and China's Sinopec Corp sign 10-year cost-and-freight deal worth \$120 billion.

September 2014

20-25: The 17th escort taskforce of the Chinese People's Liberation Army Navy (PLAN), including the guided missile destroyer Changchun and the guided missile frigate Changzhou, arrives in Iran for a China-Iran joint maritime exercise.

December 2014

11-12: The 18th escort taskforce of PLAN, including guided missile frigate Yuncheng and the supply ship Chaohu, conducts a joint anti-piracy exercise with the US Navy in the Gulf of Aden.

22-25: Egyptian President Abdel-Fattah Sisi visits China, his first visit to the country since assuming office earlier in the year.

14

Dragon's Footprints in Africa: Diplomacy and Dilemmas

Pranav Kumar

Backed by the slogans of 'south-south cooperation' and 'all weathered friendship', China's footprints have been deep and intense in Africa.¹ Since 2009, China has been the single largest trading partner of Africa continuously for the fifth year. The year 2014 has proved to be yet another important year that consolidated China's position in the second largest continent that accounts for a greater number of countries than any other continent. The year marks the 50th anniversary of the first visit to Africa by Premier Zhou Enlai.² China, apparently, is willing to join hands with Africa to fulfill the dream of rejuvenation, seek common development and

promote peace and security.³ To symbolise Africa's importance in China's foreign policy, the Chinese Foreign Ministers have chosen Africa as the first destination of their foreign visits every year.⁴ Apart from a number of track one level visits from both the sides, the high profile visit of Chinese Premier Li Keqiang to four African countries (Ethiopia, Nigeria, Angola and Kenya) and the African Union in the month of May remains to be the most important visit to the continent. This was the first foreign visit by the new government's Premier.⁵ The visit, following President Xi Jinping's visit to Africa in 2013, was

1 'Li Keqiang, Deepening China-Africa Friendly and Cooperative Relations of Common Destiny, Common Development and Mutual Learning Between Civilizations', Official Website of the Foreign Ministry of the People Republic of China (hereafter FMPRC), May 5, 2014 at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/fzs_663828/xwlb_663830/t1152975.shtml (Accessed March 5, 2015).

2 'Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Journalists on Visits Premier Li Keqiang Will Pay to Ethiopia, the African Union Headquarters, Nigeria, Angola and Kenya', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/fzs_663828/xwlb_663830/t1152977.shtml (Accessed March 4, 2015).

3 'Wang Yi: China is Willing to Join Efforts with Africa to Fulfill the Dream of Rejuvenation, to Seek Common Development and to Promote Peace and Security', January 7, 2014 FMPRC, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/fzs_663828/xwlb_663830/t1119939.shtml (Accessed March 1, 2015).

4 'Wang Yi: China is Willing to Join Efforts with Africa to Fulfill the Dream of Rejuvenation, to Seek Common Development and to Promote Peace and Security', FMPRC, January 7, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/fzs_663828/xwlb_663830/t1119939.shtml, (Accessed March 1, 2015).

5 'Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Journalists on visits Premier Li Keqiang Will Pay to Ethiopia, the African Union Headquarters, Nigeria, Angola and Kenya', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/fzs_663828/xwlb_663830/t1152977.shtml (Accessed March 4, 2015).

to commemorate 50 years of the first visit by a Chinese Premier to Africa.

The 'Normative' Framework

China, like some other western countries, has been blamed to be sailing on a neo-colonial boat as a part of its diplomatic adventure to the African Continent. Hence, during the recent past, China has been enunciating its foreign policy objectives in a more idealistic manner than earlier years. Chinese Foreign Minister Wang Yi admits that it is only in the year 2013, that Chinese President Xi Jinping enunciated the right concept of morality and benefits as guiding principles of China's diplomacy in Africa. Wang Yi, during his visit to Senegal on January 10, 2014, reiterated that China is committed to earnestly applying its guiding principles to its foreign policy. China, according to him, insists on equality, sincerity, friendship and commitment with African countries.⁶ It has been propagated by various top leaders of Africa during 2014 that strengthening unity and cooperation with African countries is an important cornerstone of China's foreign policy, and this is there to stay. In cooperation with Africa, China, arguably, upholds the right concept of morality and benefits, focused on "teaching people the way of fishing", and assists Africa in "building nests to attract phoenixes,"⁷

6 'Wang Yi: The Right Concept of Morality and Benefits is a Banner of China's Diplomacy', FMPRC, January 11, 2014, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1119520.shtml (Accessed March 3, 2015).

7 'Xi Jinping Meets with Prime Minister Hage Geingob of Namibia', FMPRC, April 8, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1145658.shtm, April 8, 2014, (Accessed March 4, 2015).

and adheres to solidarity, mutual trust, and equal treatment.⁸

Regional and Continental Approach

China, apart from intensifying bilateral ties, has been embracing Pan-African and regional strategies for engaging Africa. China has widened its engagements at continental and regional levels during 2014. The Chinese Foreign Minister Prime Wang Yi, during his visit to Ethiopia during the first week of January visited the African Union Conference Center (AUCC), situated in Addis Ababa, Ethiopia.⁹ He expressed that the spiritual essence of Pan-Africanism, which resulted into formation of the African Union (AU), has been self-confidence, self-reliance and self-improvement with the objectives of achieving solidarity, development and rejuvenation.¹⁰

Later, Premier Li Keqiang, during his first visit to AU Headquarters, had a meeting with Nkosazana Dlamini Zuma, the Chairperson of the

8 'Li Keqiang: Deepening China-Africa Friendly and Cooperative Relations of Common Destiny, Common Development and Mutual Learning Between Civilizations', FMPRC, May 5, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152975.shtml (Accessed March 5, 2015).

9 'Wang Yi: Let the African Union Conference Center – a Monument for China-Africa Friendship Always Stand in the Hearts of the Chinese and African People', FMPRC, January 7, 2015, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1116519.shtml (Accessed March 2, 2015).

10 'Wang Yi: Pan-Africanism is the Direction for Africa and in Tune with the Times', FMPRC, January 9, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1118333.shtml (Accessed March 2, 2015).

Africa Union Commission (AUC), and sketched the emerging contours of the China-Africa cooperation framework.¹¹ The main emphasis in the meeting was to comprehensively deepen cooperation in various fields, including that of communication, agriculture, industrialisation, poverty reduction, healthcare, infrastructure, human resources development, personnel training, etc. Both the leaders inked a number of bilateral cooperative agreements in the fields of economy, technology and infrastructure.¹² The major areas of cooperation between China and the African Union include, industrial projects, trade (bilateral trade has reached \$400 billion), investment (Chinese investment in Africa has touched \$100 billion), financial sector (total amount of promised credit to Africa is \$30 billion), poverty reduction (AU released the *Program for Strengthening China-Africa Cooperation on Poverty Reduction*), ecological and environmental protection, cultural and people-to-people exchanges, enhancement of peace and security, inclusive development, innovation in practical cooperation, strengthening the Forum on China-

Africa Cooperation (FOCAC), etc.¹³ FOCAC is considered to be an important forum paving the way for Sino-Africa engagements. The 10th Senior Officials' Meeting of the Forum on China-Africa Cooperation was held in Pretoria, South Africa on December 9-10, 2014.¹⁴

China has been also engaging various regional and sub-regional organisations in various fields. Recently, BRICS has been fashioned as a new trans-regional framework that China has been using to engage with developing countries including those in Africa. The Fortaleza BRICS Summit held during 2014 proved China's intention.¹⁵

Track One Bilateral Interactions

During 2014, China engaged itself bilaterally with more than two dozen African countries in almost all sectors.

Horn of Africa: The Horn of Africa attracts special attention in Chinese foreign policy making. Ethiopia received one of the highest priorities

11 'Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Journalists on visits Premier Li Keqiang Will Pay to Ethiopia, the African Union Headquarters, Nigeria, Angola and Kenya', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152977.shtml (Accessed March 4, 2015).

12 'Li Keqiang Meets with Chairperson Nkosazana Dlamini-Zuma of the African Union Commission', FMPRC, May 5, 2014, May 5, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1153027.shtml (Accessed March 5, 2015).

13 'Li Keqiang: Deepening China-Africa Friendly and Cooperative Relations of Common Destiny, Common Development and Mutual Learning Between Civilizations', FMPRC, May 5, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152975.shtml (Accessed March 5, 2015)

14 'The 10th Senior Officials' Meeting of the Forum on China-Africa Cooperation Held in Pretoria, South Africa', FMPRC, December 11, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1219116.shtml (Accessed March 12, 2015).

15 'New Departure, New Vision and New Impetus', FMPRC, July 16, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1186274.shtml (Accessed March 7, 2015).

this year.¹⁶ China recognises Ethiopia's pivotal role in stabilising the Horn of Africa and East Africa, including flaring South-Sudan conditions and unstable Somalia. Similarly, China considers Djibouti, yet another tiny country located in the Horn of Africa as a strategically important gateway for Chinese commodities to enter into East Africa.

Western Africa: 2014 saw an upswing in China's engagements with the Western African region. Ghana, Senegal and Nigeria have received special attention from China during the year. Infrastructure construction, healthcare, science and technology, education, energy, security, and defence were identified as major fields of cooperation between China and Ghana.¹⁷ It is worth mentioning that Sino-Ghana diplomatic ties have completed 50 years. China and Senegal signed an agreement for establishing a mechanism of consultations between the foreign ministries of the two countries.¹⁸ During the visit of the Senegal President to China, Senegal raised a three-point agenda. Firstly, to intensify track one and track two interactions; secondly, to enhance economic and developmental cooperation; and finally, to cooperate on regional and international

affairs. Nigeria is the most populous and one of the most influential countries in Africa. China has been wooing Nigeria as it has been recognised as the most powerful country in West Africa.

Eastern Africa: On account of its geographical location and its geo-strategic importance for Chinese ambitions in the Indian Ocean, the Eastern African region has received substantial Chinese attention. During 2014, special Chinese attention was received by Tanzania, Zanzibar, Uganda, Mozambique, and Madagascar. The year also happened to be 50th year of China's diplomatic ties with Tanzania, an important country of the region. Uganda has been recognised by China as an important regional power in East Africa.¹⁹ China has also signed an agreement with Kenya to enhance all-round, wide-ranging and multi-tiered mutually beneficial cooperation.²⁰

Central Africa: The resource rich Central Africa scores high on China's geo-economic radar. During 2014, China endeavoured to consolidate its strong ties with its traditional ally in Africa²¹,

16 'President of Ethiopia Mulatu Teshome Meets with Wang Yi', FMPRC, January 7, 2014, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1117888.shtml (Accessed February 28, 2015).

17 'Ghanaian President Meets Chinese FM, Hails China inspiration to Africa', FMPRC, January 10, 2014, at http://news.xinhuanet.com/english/africa/2014-01/10/c_133032766.htm (Accessed March 3, 2015).

18 'Wang Yi Holds Talks with Foreign Minister Mankeur Ndiaye of Senegal', FMPRC, January 11, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1118789.shtml (Accessed March 3, 2015).

19 'Yang Jiechi Meets with Foreign Minister Sam Kutesa of Uganda', FMPRC, March 19, 2015, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1139432.shtml (Accessed March 4, 2015).

20 'Li Keqiang Holds Talks with President Uhuru Kenyatta of Kenya, Stressing Equality, Mutual Trust, Mutual Benefit and Win-win Results to Promote China-Kenya Relations and Cooperation for Greater Development', FMPRC, May 10, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1154995.shtml (Accessed March 5, 2015).

21 'Li Keqiang Holds Talks with President José Eduardo dos Santos of Angola, Stressing to Promote China-Angola Relations for Greater Development', FMPRC, May 10, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1155456.shtml (Accessed March 5, 2015).

Angola. Angola, apart from catering to the resource security of China, is home to 260,000 Chinese diaspora²² who account for around 25 per cent of the total number of Chinese living in Africa.²³ On a side note, detention of Chinese nationals under the charges of involvement in various illegal activities in Angola has drawn diplomatic attention of China. On this issue, the Director-General of the Department of African Affairs of the Foreign Ministry of China, Lin Songtian has made a number of representations to Angola. China, also celebrated the 40th anniversary of diplomatic ties with yet another resource rich Central African country, Gabon, in April 2014.

Southern Africa: During 2014 China's engagements in Southern Africa was mainly focused on South Africa, Zimbabwe, Namibia, and Malawi. South Africa is one of the most developed and influential countries in Africa. China's Foreign Policy, hence, has been giving special attention to groom its relationship with South Africa. The year 2014 was celebrated as China Year in

South Africa and South Africa Year in China²⁴ to commemorate the 20th anniversary of South Africa's liberation from the Apartheid regime.²⁵

Economic and Developmental [Co] Operation

China was the largest trading partner to 128 countries in the world. Contrastingly, Africa's position at global political and economic forums has remained marginal. The developmental models imposed by Britton Woods institutions and western donors have had political conditionality attached to it leading to an economic slump that the countries witnessed during 1980s and early 1990s. China is conscious of the nightmarish experiences that Africa has undergone by subscribing to western models. This consciousness is conspicuous in Chinese Foreign Minister Wang Yi's statement during his visit to Africa in 2014, wherein he argues that China would firmly support African countries, to choose their development paths conforming to their own national conditions, expedite the integration process, resolve existing problems in their own way, and obtain its deserved status and dignity and to play a bigger role in the international

22 'Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Journalists on Visits Premier Li Keqiang Will Pay to Ethiopia, the African Union Headquarters, Nigeria, Angola and Kenya', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152977.shtml (Accessed March 4, 2015).

23 'Li Keqiang Stresses to Pay More Attention to Construction of Livelihood Projects for Chinese Community and Safeguard Legitimate Rights and Interests of Overseas Chinese Enterprises and Nationals at Symposium on Livelihood of Chinese Community Held in Angola', FMPRC, May 9, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1155445.shtml (Accessed March 5, 2015).

24 'Year of South Africa in China Grandly Launched in Beijing', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152422.shtml (Accessed March 4, 2015).

25 'Xi Jinping and President Jacob Zuma of South Africa Exchange Letters of Congratulation on Launch of China Year in South Africa and South Africa Year in China', FMPRC, April 27, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1150794.shtml (Accessed March 4, 2015).

arena.²⁶ China transpires to support 'self-driven development' in Africa that can 'benefit their people,' and 'realize mutual benefit and win-win development, jointly fulfilling the dreams of development and revitalization.'²⁷ China is focusing on strengthening mutually-beneficial cooperation in the fields of infrastructure, agriculture and manufacturing, which are most needed in Africa.²⁸

The New Partnership for African Development (NEPAD) is being implemented in Africa to catapult economic growth, to achieve regional security and stability, and to promote multinational and multiregional intercommunication and interconnection. African leaders have shown willingness to learn from China's experiences to consolidate execution of the NEPAD agenda.²⁹

The Forum on China-Africa Cooperation (FOCAC) has been termed as yet another 'effective mechanism for China and Africa to strengthen collective dialogue and practical cooperation.' The FOCAC was given special attention during 2014, which can be seen as a continuation of China's emphasis on engaging with Africa through FOCAC since the year 2000, when the initiative was first unveiled by China.

China has termed its development cooperation with Africa as "Forging Inclusive Growth, Creating Jobs".³⁰ Apart from being the largest trading partner of Africa³¹, by the end of 2013, China's direct investment stock in Africa had "reached US \$ 25 billion, with over 2,500 Chinese enterprises investing in Africa."³² This year, China has shown keen interest in building the Mombasa-

26 'Wang Yi: China is Willing to Join Efforts with Africa to Fulfill the Dream of Rejuvenation, to Seek Common Development and to Promote Peace and Security', FMPRC, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1119939.shtml, (Accessed March 1, 2015).

27 'Xi Jinping Meets with Prime Minister Hage Geingob of Namibia', FMPRC, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1145658.shtml, April 8, YEAR, (Accessed April 4, 2015).

28 'Wang Yi: China is Willing to Join Efforts with Africa to Fulfill the Dream of Rejuvenation, to Seek Common Development and to Promote Peace and Security', FMPRC, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1119939.shtml, (Accessed March 1, 2015).

29 'Xi Jinping Holds Talks with Senegalese President Macky Sall to Build China-Senegal Long-term Friendly and Cooperative Partnership and Promote China-Africa Common Development and Prosperity', FMPRC, February 20, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1131455.shtml (Accessed March 4, 2015).

30 'Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Journalists on visits Premier Li Keqiang Will Pay to Ethiopia, the African Union Headquarters, Nigeria, Angola and Kenya', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152977.shtml (Accessed March 4, 2015).

31 'Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Journalists on Visits Premier Li Keqiang Will Pay to Ethiopia, the African Union Headquarters, Nigeria, Angola and Kenya', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152977.shtml (Accessed March 4, 2015).

32 'Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Journalists on visits Premier Li Keqiang Will Pay to Ethiopia, the African Union Headquarters, Nigeria, Angola and Kenya', FMPRC, April 30, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1152977.shtml (Accessed March 4, 2015), also see, 'Work Together to Scale New Heights in African Development', FMPRC, May 9, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1157616.shtml (Accessed March 5, 2015).

Nairobi Railway, and showcase it as a Model of Interconnection in East Africa Sub-region.³³

At bilateral levels as well, 2014 is seen as the landmark year in terms of economic and developmental cooperation. China struck economic and developmental bilateral deals with a number of countries. Ethiopia³⁴ (China has become Ethiopia's largest trade partner³⁵) has accepted China's important role in enhancing its economic competitiveness.³⁶ During his visit to East Africa,³⁷ Chinese premier, Li Keqiang visited China's "Bright Journey" programme, which has benefitted about 2,000 cataract patients across Africa by providing free surgery

since 2010³⁸. He also visited the China-Ethiopia Economic and Trade Cooperation Zone, which is funded and constructed by Chinese enterprises, and along with the Ethiopian Prime Minister, jointly inaugurated the Addis Ababa-Adama Expressway, the first of its kind in East Africa.³⁹

Similarly, China pledged its help to Djibouti in the construction of infrastructure and livelihood projects,⁴⁰ education, health, and use of water resources.⁴¹ China extended economic and developmental cooperation to Ghana, Senegal, Madagascar, Uganda, Namibia, Gabon, Nigeria, Angola, and Kenya.

Some parts of West Africa were marred by the Ebola epidemic in 2014. China extended cooperation to Sierra Leone which had been disastrously ravaged by the epidemic, by providing

33 'Li Keqiang and African State Leaders Jointly Meet the Press, Stressing to Build Mombasa-Nairobi Railway into Model of Interconnection in East Africa Sub-region', FMPRC, May 12, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1155492.shtml (Accessed March 5, 2015).

34 'President of Ethiopia Mulatu Teshome Meets with Wang Yi', FMPRC, January 7, 2014, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1117888.shtml (Accessed February 28, 2015).

35 'Wang Yi Holds Talks with Foreign Minister Tedros Adhanom of Ethiopia', FMPRC, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1117889.shtml (Accessed February 28, 2015).

36 'Wang Yi Holds Talks with Foreign Minister Tedros Adhanom of Ethiopia', FMPRC, January 7, 2014 at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1117889.shtml, (Accessed February 28, 2015).

37 'Li Keqiang Visits Light Railway Project in Addis Ababa, Stating to Forge the 'Highland' for Chinese Equipment Going Global', FMPRC, May 6, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1153463.shtml (Accessed March 5, 2015).

38 'Li Keqiang Visits Ethiopian Beneficiaries of 'Bright Journey' Program, Pointing out to Bring Great Love to Africa and Jointly Create a Bright Future for China and Africa', FMPRC, May 6 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1165075.shtml (Accessed March 5, 2015).

39 'Li Keqiang and Ethiopian Prime Minister Jointly Attend Inauguration Ceremony of Ethiopia's First Expressway and Visit Eastern Industry Zone', FMPRC, May 6, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1165076.shtml (Accessed March 5, 2015).

40 'Wang Yi Holds Talks with Foreign Minister Mahamoud Ali Youssouf of Djibouti', FMPRC, January 8, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1117885.shtml (Accessed March 2, 2015).

41 'Wang Yi Holds Talks with Foreign Minister Mahamoud Ali Youssouf of Djibouti', FMPRC, January 8, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1117885.shtml (Accessed March 2, 2015).

cash grant, food, mobile bio-safety laboratories, and by sending 60 Chinese anti-epidemic experts and medical workers in support.⁴²

Restructuring the Global Order and Strategic Ties

Premier Li Keqiang underlined the importance of Africa in the United Nations in his statement, "Africa occupies a quarter of the United Nations seats and plays an important role in maintaining peace and stability in the world."⁴³ China's leadership has often proclaimed that China is willing to raise Africa's issues at various international forums, including the UN Security Council. China has also shown willingness to be a more active participant in the UN peacekeeping missions in Africa,⁴⁴ and in addressing the root causes of problems and conflicts in the continent.⁴⁵

42 'Wang Yi Met with Minister of Foreign Affairs and International Cooperation Samura Kamara of Sierra Leone', September 27, 2014, FMPRC, September 27, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1195562.shtml (Accessed March 9, 2015).

43 'Bring About a Better Future for China-Africa Cooperation', FMPRC, May 6, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1154397.shtml (Accessed March 5, 2014).

44 'Wang Yi: China is Willing to Join Efforts with Africa to Fulfill the Dream of Rejuvenation, to Seek Common Development and to Promote Peace and Security', FMPRC, January 7, 2014 at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1119939.shtml (Accessed March 1, 2015).

45 'Le Keqiang Meets with Chairperson Nkosazana Dlamini-Zuma of the African Union Commission', FMPRC, May 5, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1153027.shtml (Accessed March 5, 2015).

Nevertheless, at times the Chinese position seems to be more rhetoric than reality. China's quest for pushing alternative arrangements like BRICS seems to be more concerned with rebalancing the global order rather than assisting African countries with their developmental concerns. Similarly, on the international forums it has been more interested in garnering support from African countries than supporting the continent's cause.

China, apparently, has emerged as a major extra-regional player in safeguarding the peace and tranquility of the waters and ensuring the safety of navigation around the African continent and in securing internal conflicts.⁴⁶

Conclusion

During 2014, China has had track one level interaction with more the two dozen African countries, including Ethiopia, Angola, Djibouti, Ghana, Senegal, Tanzania and Zanzibar, Mozambique, Madagascar, Uganda, Namibia, Gabon, Sierra Leone, South Africa, Nigeria, Benin, Togo, Mali, Kenya, The Republic of Congo, Equatorial Guinea, Burundi, Zimbabwe, Malawi, Cape Verde, and Morocco. Unlike India, China's interaction with Africa during the year was high octane. As far as regional and continental level engagements of China in Africa are concerned, the African Union and ECOWAS are the channels through which China made inroads into the African continent during 2014. The growing importance of FOCAC and BRICS in shaping China-Africa relations continued this

46 'Wang Yi: China is an Active Participant in Africa's Peace and Security Affairs', FMPRC, January 8, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/fzs_663828/xwlb_663830/t1119938.shtml (Accessed March 2, 2015).

year. China actively participated in fighting against non-traditional security challenges, including West Africa's fight against the Ebola epidemic, particularly Sierra Leone.

India has to learn from China to take Africa more seriously. Unlike India, China is engaging with Africa seriously. As a matter of fact, India postponed the India-Africa Forum Conference

during 2014 citing the Ebola epidemic as a cause. China on the other hand, chose to maintain momentum and kept a business-as-usual scenario. Hence, India has to learn from China, without imitating it, to engage with new geopolitical geo-economic space rather than only wooing the developed countries and hyphenating itself to the Indian sub-continental dilemma.

Table 1: Important Bilateral Chinese Engagements in Africa During 2014

Country	Region	Major Engagements	Month
Ethiopia	Horn of Africa	Chinese Premier Li Keqiang arrives in Ethiopia	May
		Ethiopia's President Mulatu Teshome visits China	July
Djibouti	Horn of Africa	Prime Minister Abdoukader Kamil Mohamed of Djibouti visits China	August
Ghana	West Africa	Foreign Minister Wang Yi visits Ghana*	January
Senegal	West Africa	Foreign Minister Wang Yi meets Prime Minister Aminata Toure and President Macky Sall	January
		Foreign Minister Wang Yi and Vice Foreign Minister Zhang Ming pay visits to Senegal	February
		President Macky Sall visits China	February
Nigeria	West Africa	Premier Li Keqiang visits Nigeria**	May
Benin and Togo	West Africa	Premier Li Keqiang meets with the Presidents of Benin, Togo and Mali during his visit to Nigeria	May
Mali	West Africa	President Ibrahim Boubacar Keita visits China	September
Sierra Leone	West Africa	Vice Foreign Minister Zhang Ming meets Deputy Minister of Foreign Affairs and International Cooperation Egun Adebola Strasser-King	April
Tanzania and Zanzibar		Jiang Weixin, Special Envoy of President Xi Jinping, visits Zanzibar	January
		The Tanzanian Foreign Minister Bernard Kamillius Membe visits Beijing	April
		Premier Li Keqiang meets President Jakaya Mrisho Kikwete of Tanzania	May
		President Xi Jinping holds talks with visiting President Jakaya Kikwete of Tanzania	October

*Foreign Minister Wang Yi visits Ethiopia, Djibouti, Ghana and Senegal from January 6 to 11, 2014.

**Premier Li Keqiang visits Ethiopia, Nigeria, Angola and Kenya from May 4 to 11, 2014.

Mozambique	Eastern Africa	Deputy Minister of Foreign Affairs and Cooperation Eduardo Koloma visits China	February
		Spokesman of Committee for International Relations of Assembly of Mozambique visits China	April
Madagascar	Eastern Africa	Vice Foreign Minister Zhang Ming visits Madagascar	February -March
		Premier Li Keqiang meets visiting Prime Minister Roger Kolo	August
Uganda	Eastern Africa	Foreign Minister Sam Kutesa visits China	March
Kenya	Eastern Africa	Premier Li Keqiang visits Kenya	May
Burundi	Eastern Africa	President Pierre Nkurunziza visits China	August
Angola	Central Africa	Vice Foreign Minister Zhang Ming visits Angola	April
		Premier Li Keqiang arrives in Angola	May
Gabon	Central Africa	President Xi Jinping sends congratulatory message to President Ali Bongo Ondimba	April
Republic of Congo	Central Africa	President Denis Sassou-Nguesso visits China	June
Equatorial Guinea	Central Africa	Vice Foreign Minister Zhang Ming visits Equatorial Guinea	June
Namibia	Southern Africa	Prime Minister Hage Geingob visits China	April
South Africa	Southern Africa	President Xi Jinping meets President Jacob Zuma in Fortaleza, Brazil	July
		China-South Africa Inter-Ministerial Joint Working Group on Cooperation held in Beijing	September
		President Jacob Zuma visits China	December
Zimbabwe	Southern Africa	President Robert Mugabe visits China	August
Malawi		Vice Foreign Minister Zhang Ming visits Malawi	October

Source: The Official Website of the Foreign Ministry of People's Republic of China (FMPRC)

15

China-Australia Relations in 2014: An Assessment

Rahul Mishra

In 2014, China-Australia successfully completed 42 years of diplomatic ties. Since 1972, China-Australia relations have come a long way. China views Australia as an important economic partner and a huge market. Overcoming the tyranny of geography, both countries have been closely linked, and since the establishment of diplomatic relations 42 years ago, China-Australia relations have traversed an extraordinary journey. This mutually satisfying relationship of being good friends has brought real benefits to both. The year gone by demonstrates that the China-Australia economic relationship is not only chugging along comfortably but also scaling new heights as evidenced by the much-awaited China-Australia Free Trade Agreement (ChAFTA) which concluded on November 17, 2014. On strategic issues, however, Australia's position seems firmly tilted towards the US, which is not in harmony to China's interests in the Asia-Pacific region. These aspects will be deliberated upon in subsequent sections of the chapter.

This chapter attempts to give an account of the China-Australia relationship in 2014, from an Australia watcher's perspective, and attempts to analyse the developments that took place in the foregoing year against a broader picture of China-Australia relations.

High-Level Diplomatic Visits

In the year 2014, Australian Prime Minister Tony Abbott paid two high-level visits to China, in April and November 2014 (to attend the APEC Summit). Two high-level visits in a year indicate Australia's reassurance of its continuing friendship and support towards China. The Chinese President, Xi Jinping, also paid a state visit to Australia in November 2014 to participate in the 2014 G20 Summit which was hosted by Australia. Substantive as they were, these two visits added much-needed warmth to the relationship and gave it diplomatic impetus. In addition to giving a boost to China-Australia relations, these visits also helped alleviate the mutual suspicion which was looming large. Prior to 2014, their relations were clouded by Prime Minister Abbott's Japan statement and China's naval exercise close to Australian waters. It may be recalled that in October 2013, Abbott had a bilateral meeting with Japanese Prime Minister, Shinzo Abe on the sidelines of the eighth East Asia Summit. On the same occasion, Abbott termed Japan as Australia's "best friend in Asia"; thereby, ruffling China's feathers. The public proclamation of Australia-Japan bonhomie was not well received by China as the country is at loggerheads with Japan over a maritime dispute

in the East China Sea. Notably, Australia and Japan have elevated their relationship to the level of 'strategic partnership'. Secondly, the Chinese naval exercise in the Sunda Strait, an area very close to the northern side of Australia was seen as a Chinese signal to 'alter' the existing regional security equilibrium. The exchange of high-level diplomatic visits also proved crucial in removing suspicions between the two countries.

One may argue that while 2013 was the year of "Aussie frankness towards China", 2014, showed a considerable amount of restraint, display of diplomatic calculations and pragmatism on part of Australia in dealing with China. It may be added that the subtle shift in Australia's policy towards China was not imposed on Australia—it was a conscious decision on Canberra's part which was seen as a part of Australia's rejuvenated interest in engaging with China. In fact, Australia's engagement with China in the year 2014 was complemented by exchange of high level visits.

Australian Prime Minister Tony Abbott's China Visit

As a part of his Northeast Asia tour in April 2014, Australian Prime Minister Tony Abbott paid a high-level state visit to China from April 7–12, 2014. It was his first visit to China as Australia's Prime Minister. He brought along a strong delegation of 30 Australian CEOs, along with the Australian Foreign Minister, Julie Bishop and Trade Minister, Andrew Robb. The deliberations were aimed at strengthening China-Australia economic relations and enhancing prospects for Chinese investments in Australia. During his China visit, Prime Minister Abbott and his delegation members participated in the Boao Economic Forum as well. Describing his China visit as "most important

visit ever undertaken by an Australian leader", Abbott stated:

Team Australia is here in China to help build the Asian Century. China, after all, has taken to heart Deng Xiaoping's advice that "to get rich is glorious". Australia is not in China to do a deal, but to be a friend. We do not just visit because we need to, but because we want to. Our region and our world need peace and understanding based on international law and mutual respect.¹

Though as per the official statement, the agenda of the visit did not include conclusion of negotiations on the China-Australia FTA, the visit indeed laid down the foundations of the FTA that was agreed upon later in the year. During the meeting, it was also agreed that both countries would conduct a series of high-level defence exchanges in the near future.² In fact, in one of the most interesting moves, on April 14–15, 2014, China and Australia held the Asia-Pacific Economic Cooperation (APEC), G20 (Group of Twenty) symposium in Shanghai, China. For the purpose of brainstorming in these symposia, an additional 500 Australian delegates visited Shanghai. A symposium was hosted by the Shanghai Institute of International Studies and

1 'Tony Abbott Says China Visit is Most Important Trip by Australian Prime Minister', April 10, 2014, at <http://www.news.com.au/national/tony-abbott-says-china-visit-is-most-important-trip-by-australian-prime-minister/story-fncynjr2-1226880051323> (Accessed December 20, 2014).

2 'Tony Abbott Discusses Free Trade Deal and Military Exchanges with China's Premier Li Keqiang', April 10, 2014, at <http://www.abc.net.au/news/2014-04-09/tony-abbott-arrives-in-china-on-north-asia-tour/5378906> (Accessed December 20, 2014).

the Australian National University, and attended by the APEC Ambassadors, G20 Sherpas and a few academicians from China and Australia, and a number of other regional economies.³ Reflecting their close cooperation, both sides endeavoured to explore opportunities for synergies between the two forums in the pursuit of regional and global economic growth and resilience.⁴

Though the FTA could not be signed during Abbott's China visit in April, it was apparent that both sides wanted to fast track the process which would augment Chinese investments in Australia. China's approach can be seen in the light of the fact that while Abbott also visited Japan and South Korea in April, concluding FTAs with the two countries, negotiations on an FTA with China which started in 2005, were still continuing. It has been argued that the visit was not a great success as no substantial agreements were signed during Abbott's April visit, however, one cannot deny the fact that the visit was timely and crucial in strengthening bilateral ties and also for pushing talks for the FTA. In addition to that, both countries were in agreement for bolstering cooperation in areas other than economic—military, culture and dealing with transnational issues, to name a few in the long list. In fact, it seems that the visit was undertaken to assuage China's apprehensions about Australia's relations with other countries of the Asia-Pacific region, particularly Japan. The main aim of the visit was to strengthen mutual trust and boost cooperation for future prospects.

3 'China-Australia Joint Media Statement', April 16, 2014, at <http://www.g20australia.org/sites/default/files/documents/news/16%20April%202014%20China%20Australia%20Media%20Statement.pdf> (Accessed December 25, 2014).

4 Ibid.

As mentioned earlier, the year was significant in a sense that Abbott made two high-level visits to China. The first was a state visit, while the second was on the sidelines of the 2014 APEC summit. Though Abbott visited China to attend the APEC summit, the possibility of finalising the FTA during Xi's forthcoming visit to Australia was hinted at.

Chinese President Xi Jinping's Visit to Australia

On a different note, the year 2014 was significant for Australia due to the fact that the 2014 G20 Summit was held in Brisbane, Australia. During the G20 Leaders' Summit in November 2014, Chinese President Xi Jinping paid a visit to Australia. It was Xi's fifth Australia visit and first visit as the President of People's Republic of China (PRC). Xi also addressed the Australian Parliament, which made him the second Chinese leader to be accorded this honour. In his speech at the Australian Parliament, President Xi "laid out an image of China's growing strength and reassured Australians that they will be secure and prosperous in Asia as China's power grows".⁵ He highlighted the importance of the relations by stating that, "China and Australia need to be harmonious neighbours who stick together in both good times and bad times. Australia is an influential country in the Asia-Pacific, and China welcomes Australia playing a more constructive role in the region". He further appreciated Australia's innovation and global influence by stating that "Australia was no longer just a country "on the sheep's back" or sitting on mineral deposits. More importantly, Australia is a country

5 'Interview: President Xi's Australia Visit Significant Success: Australian Expert', *Xinhua*, November 27, 2014, at http://news.xinhuanet.com/english/china/2014-11/27/c_133817316.htm (Accessed November 28, 2014).

of dynamism and innovation”.⁶ Explaining the nature of China-Australia relations, Xi suggested four points.⁷

- First, China and Australia should respect each other’s core interests and major concerns and appropriately handle the prevailing differences;
- Secondly, these two countries should deepen result-oriented cooperation and be close partners of mutual benefit. China and Australia have lots to offer to each other economically, and development strategies employed by both the countries complement each other in many ways;
- Thirdly, both countries should intensify people-to-people contacts and be friends who open their hearts to each other; and
- Fourthly, strategic dialogue should be enhanced.

Xi’s praise of the FTA and the pledge to strengthen cooperation was amplified by his comment that China is willing to resolve territorial disputes with its neighbours through diplomatic means—a stand that Australia would like China to take on the South China Sea and East China Sea

6 ‘Chinese President Xi Jinping Praises Australian Innovation’, November 17, 2014, at <http://www.sbs.com.au/news/article/2014/11/17/chinese-president-xi-jinping-praises-australian-innovation> (Accessed November 28, 2014).

7 ‘Full text of Chinese President Xi Jinping’s Address to Australia’s Parliament’, *The Straits Times*, November 19, 2014, at <http://www.stasiareport.com/the-big-story/asia-report/china/story/full-text-chinese-president-xi-jinpings-address-australias-par> (Accessed November 28, 2014).

disputes. Appreciating President Xi’s Australia visit, Abbott said, “not only did we sign a historical trade agreement but President Xi made one of the most magnificent speeches ever heard in the Australian parliament”.⁸

The major takeaway of the visit was the consensus regarding the text of the agreement to implement the China-Australia FTA. Xi announced the conclusion of the negotiations on the FTA while addressing the Australian Parliament on November 17. The final agreement on the FTA would be signed sometime in 2015.

Abbott’s Northeast Asia Tour

During the year, Tony Abbott visited three of Australia’s largest trading partners, namely: China, Japan and South Korea. He also visited India in September, thus making it the year devoted to high-level visits with giant Asian powers. Visibly, these visits played an important role in shaping Australia’s relations with the major countries in Asia, however, these visits made the Chinese suspicious of Australia’s intentions. In fact, the Chinese leadership closely watched Abbott’s visit to Japan.

Japan

As a part of his three-legged Northeast Asia tour, Tony Abbott started a state visit to Japan on April 7, 2014. While most visits of foreign leaders to Japan only gets designated as an “official visit”, which is a strictly government-to-government visit

8 ‘Chinese President Xi Jinping in Sydney: ‘Team China is here to meet Team Australia’’, *Sydney Morning Herald*, November 19, 2014, at <http://www.smh.com.au/nsw/chinese-president-xi-jinping-in-sydney-team-china-is-here-to-meet-team-australia-20141119-11px0x.html> (Accessed November 30, 2014).

and involves little ceremony, Abbott's visit was accorded the highest tribute of a "state visit".⁹ Both sides discussed a wide range of possible areas of cooperation, ranging from economic issues to security and defence cooperation. In the Asia-Pacific region, Japan-Australia ties stand out as a remarkable relationship premised on the principle of partnership and friendship based on long-term strategic interests coalesced by the US. In fact, as mentioned earlier in the paper, in December 2013, Tony Abbott went to the extent of designating Japan as Australia's best friend in Asia and its strongest ally. The major development of the visit was the finalisation of the Australia-Japan FTA that actually made China hurry up with the China-Australia FTA. In July 2014, Japanese Prime Minister Shinzo Abe reciprocated the visit. On the aspect of defence cooperation, Australia and Japan are cooperating with each other. However, the much-awaited submarine deal is yet to be concluded, which will allow both the countries to develop submarine technology jointly. Clearly, exchange of diplomatic visits between Australia and Japan can be regarded as a landmark development in their bilateral relations. However, their burgeoning relationship is not perceived positively by China as Japan's relationship with China has been going through a rough phase for the past few years.

South Korea

On April 8, 2014, Tony Abbott visited South Korea. The main purpose of the visit was to foster Australia's economic ties with South Korea. The

two sides finalised the Australia-South Korea FTA during the visit. Australia is the top provider of natural resources to South Korea and is also its largest outbound investment destination for resource development.¹⁰ Additionally, both sides pledged to strengthen their defence cooperation. It was agreed that Australia and South Korea would strengthen defence ties and seek a closer strategic relationship in the region considering North Korea's aggressive posture towards South Korea.¹¹

In 2014, Abbott visited Japan, China, South Korea and India, the four biggest Asian powers, within a short span of around six months. As many of these host countries are uncomfortable with Australia visiting China, Japan and South Korea together as they are undergoing a rough patch in their relationship with each other, Australia treaded a balanced path, steering clear of controversies. One may argue that for Australia, the purpose of the high-level visits was to inject a new life in its economic relations with the major countries of the Asian region. Australia's finalised FTA with Japan and South Korea are testimonies to this. In fact, economic motives top Abbott's agenda in Asia in the year 2014, but in case of China, the purpose of Abbott's visit was two-fold. First, to take advantage of China's burgeoning economic rise by speeding up the negotiations for FTA, and Second, to reassure China of Australia's neutrality

9 'Tony Abbott in Japan: PM Greeted with Full Pomp and Ceremony in Tokyo', April 7, 2014, at <http://www.abc.net.au/news/2014-04-07/prime-minister-tony-abbott-afforded-full-27state-visit27-cere/5372508> (Accessed November 30, 2014).

10 Prime Minister of Australia, 'Joint Press Conference, Seoul, South Korea', April 8, 2014, at <https://www.pm.gov.au/media/2014-04-08/joint-press-conference-seoul-south-korea> (Accessed April 8, 2014).

11 'Tony Abbott Arrives in Seoul to Sign Free Trade Agreement with South Korea', April 8, 2014, at <http://www.news.com.au/national/tony-abbott-arrives-in-seoul-to-sign-free-trade-agreement-with-south-korea/story-fncynjr2-1226877940461> (Accessed April 8, 2014).

in the region. Nevertheless, Abbott's visit to these countries indicates that Australia is endeavouring to engage all the big economies of Asia, trying as much as possible to avoid the hassles of their rivalry. That Australia attaches importance to China is evident.

China-Australia Economic Cooperation in 2014

No country is untouched and unaffected by China's economic diplomacy. In fact, it is primarily its economic diplomacy that has largely refuted the "China Threat Theory" and led to the rise of the believers in China's "Peaceful Development". So as to reap economic benefits from China's rise, most of the Asian countries promote bolstering economic ties with China leading to rising economic interdependence. Australia is conscious of the fact that more than one-fifth of its exports go to China, which is also one of the biggest investors in the Australian economy. While, Australia is China's export market, it also strives to set up a market for its service sector in China. The two-way trade between the two countries is the highest in Australia's foreign trade basket, and almost double the bilateral trade volume with the second biggest partner, Japan. China has not only been Australia's largest trading partner for the past few years, but the largest export market and also the largest source of imports. Almost nine years back, China surpassed Japan to become Australia's largest trading partner. At the turn of the 21st Century, trade between China and Australia was around AUD 6 billion annually. Since then, it has exploded by more than fifteen times to AUD 93 billion in 2013. This AUD 88 billion increase constitutes more than half the AUD 151 billion total gain in exports that Australia has made so

far this century.¹² Iron-ore, coal, gold and copper are four of the most exported items from China to Australia; while Chinese imports from Australia include clothing, telecommunication equipment parts, computers, furniture and prams and toy.¹³ Interestingly, bilateral trade has expanded 1,500-fold in the past 42 years; for every 100 tonnes of iron ore imported by China, 54 tonnes come from Australia.¹⁴

Australia's keen attempts to finalise the bilateral FTA and attempts to work closely with China at APEC, Boao economic Forum and EAS substantiate that Australia is striving to engage China in economic terms. A few days before the G20 Summit, it was stated by the Australian Prime Minister that, "China's remarkable economic development has propelled it to becoming our largest trading partner and a significant investor".¹⁵ During the Boao Economic Forum and

12 'Asia's Next Big Story: China, India and Australia's Economic Dance', *The National Interest*, August 12, 2014, at <http://nationalinterest.org/blog/the-buzz/asias-next-big-story-china-india-australias-economic-dance-11062> (Accessed November 25, 2014).

13 'Australia- China FTA', Department of Foreign Affairs and Trade, Government of Australia, at <http://www.dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx> (Accessed November 25, 2014).

14 'China's Xi Jinping Talks of Deeper Australian Ties Ahead of G20', *Financial Review*, November 14, 2014, at http://www.afr.com/p/special_reports/opportunityasia/china_xi_jinping_talks_of_deeper_I0G48w0aSBvYf7ixp0u2r1 (Accessed November 20, 2014).

15 Prime Minister of Australia, 'Australia to Welcome World Leaders', October 28, 2014, at <https://www.pm.gov.au/media/2014-10-28/australia-welcome-world-leaders> (Accessed December 26, 2014).

the APEC Summit, China and Australia pledged to cooperate on economic issues. During the APEC Summit, China proposed the Free Trade Area of the Asia-Pacific (FTAAP), which was supported by Australia.

Australia and the Asian Infrastructure Investment Bank (AIIB)

The question whether Australia should join the AIIB, which was proposed by China and set up just a week before 2014 APEC Summit with China in the driver's seat, is a classic example of Australia's dilemma regarding relations with China. The AIIB issue has indeed "gone beyond the realm of economic development and investment to hit at the core of Australia's apparent security dilemma."¹⁶ It has been argued by a few scholars that, "by seeing the AIIB purely 'an instrument of China's national interest' (and therefore not in our national interest), Australia has lost a valuable opportunity to participate alongside other Asian nations and influence the direction of China's financial engagement."¹⁷

Abbott is clear on the issue and has stressed that Australia would join the AIIB if China addresses concerns about governance, security and transparency. He has also stressed that the US and Japan should also be invited to join. Abbott states, "We want to join a multilateral institution,

not a unilateral one."¹⁸ A signing ceremony for AIIB was held in Beijing, to formally recognise the establishment of the bank. Australia did not participate. However, Australia did promise to reconsider its stand provided, China makes amendments in the provisions. It may be mentioned that in August 2014, Australia gave China "nine provisions that it believes mirror the Asian Development Bank and World Bank governance provisions, which it would like to see included in the new AIIB regime."¹⁹ With respect to roping in Australia in AIIB, China has put in a little more effort as Australia's stand on the issue depicts that even on economic matters that have far reaching strategic consequences, it would prefer to side with the US.

China-Australia Free Trade Agreement

On November 17, 2014, after ten years of negotiation, Australia and China decided upon the China-Australia Free Trade Agreement (ChAFTA), aimed at lowering the tariffs on goods and also the existing restrictions on labour and investment between the two countries. While the negotiations on FTA have been finalised, the two sides are likely to ink the final agreement by the end of 2015, after draft agreements, in both Chinese and English languages, are approved by their respective parliaments. Tony Abbott

16 'Australia and the AIIB: A Lost Opportunity', *Business Spectator*, November 3, 2014, at <http://www.businessspectator.com.au/article/2014/11/3/china/australia-and-aiib-lost-opportunity> (Accessed November 20, 2014).

17 *Ibid.*

18 'Australia Offered Top Role in China's \$57b Infrastructure Bank', *Financial Review*, November 3, 2014, at http://www.afr.com/p/special_reports/opportunityasia/australia-offered_top_role_in_china_o7ATw7ydjWD132gTYGSW3H (Accessed November 20, 2014).

19 'Australia will Join Asian Infrastructure Investment Bank', *The Australian*, December 8, 2014, at <http://www.theaustralian.com.au/business/australia-will-join-asian-infrastructure-investment-bank/story-e6frg8zx-1227147756958> (Accessed December 8, 2014).

and Xi Jinping agreed on the FTA in principle on the sidelines of the ninth G20 Summit, held in Brisbane. The agreement would lead to greater Chinese investments as under the terms of the FTA agreement Chinese companies will be allowed to 'make single investment of up to AUD 1 billion (around \$ 950 million), in Australia without needing a governmental review'²⁰ and prior approval by the Foreign Investment Review Board (FIRB). The FTA also seems to be good news for Australian households, as they will be able to procure cheaper household items from China.

Australian exports such as meat, dairy products, wine, and agricultural products are likely to have unprecedented access to China's markets. This is particularly good news for the dairy industry as it was losing out to the New Zealand dairy products, which have greater access to the Chinese markets.

For Australian service providers, particularly in the sectors of health, aged care services, tourism, telecommunications, banking, legal, tertiary education, etc., the FTA is likely to accrue benefits. It is also believed that the agreement would have a positive impact for Australian workers in terms of employability beyond Australian borders.

However, like any other agreement, not all sectors stand to gain from ChAFTA. Products such as canola, cotton, maize, rice, sugar, and wheat, do not stand to gain anything from this agreement as China's stand was non-negotiable on these items. The Abbott Government is facing strong criticism from the opposition parties and farmers on this

issue. Additionally, the Australian unions believe that by allowing the import of labour, Australia has opened the 'Pandora's Box', as China will now be able to import Chinese people for projects run by Chinese enterprises.

Nevertheless, ChAFTA in totality seems promising as it will allow the Australian service sector and dairy industry to have deeper access to Chinese markets. While the real impact of ChAFTA will be felt at least five years after it is implemented, it is believed that its benefits would be greater for Australia in the long run. Australia has already signed FTAs with Japan and Singapore, and is working towards similar agreements with the US and India also.

Strategic Issues

The year started on a suspicious note in China-Australia relations, on the strategic front, when China conducted its first military exercise close to Australia's northern waters. The incident led to a series of debates in the Australian media regarding China's motives for such an action. One of the leading voices for a balanced approach came from Michael Fullilove, stating,

Given the uncertainty about China's future behaviour, it makes good sense for us to invest in our alliance with the United States and encourage it "rebalance" towards Asia. But this does not mean we should run down our relationship with China; on the contrary, we should thicken it.²¹

20 'China Bolsters Economic Ties with Australia', *The New York Times*, November 17, 2014, at http://www.nytimes.com/2014/11/18/business/pact-with-china-eases-way-for-australian-exports.html?_r=0 (Accessed November 20, 2014).

21 Michael Fullilove, 'Are Australia and China frenemies?', *The Guardian*, June 6, 2014, at <http://www.theguardian.com/commentisfree/2014/jun/06/are-australia-and-china-frenemies> (Accessed November 18, 2014).

However, after the April visit of Prime Minister Abbott, the situation improved significantly. The unfortunate incident of MH370, a Malaysian Airlines plane carrying more than 200 persons, which went missing on March 8, 2014, brought the countries of the region together in search for the missing plane which had more than 150 Chinese passengers on it. Australia led the operation from the front which also had a salutary effect on China-Australia relations.

Chinese President Xi Jinping's visit and Prime Minister Abbott's second China visit provided the leaders significant opportunities to move the bilateral engagement forward.

The China-Australia relationship crossed another milestone with successful completion of the first-ever Australia-China-United States trilateral exercise named KOWARI 14, which was conducted in the Northern Territory from October 7–25, 2014. According to the official statement,

Exercise KOWARI 14 will provide participants with an understanding of the basic principles, procedures, techniques and equipment that can enhance survival prospects in the harsh Australian environment.²²

In the tri-lateral exercise, 10 soldiers each from the Australian Army and Chinese PLA, and five each from the United States Army and United States Marine Corps took part, which was also attended

by 100 military personnel providing support in roles including liaison and logistics.²³

The move, though on a small scale, has the potential to become a major Confidence Building Measure (CBM) amongst Australia, China and the US. In fact, it may provide a new dimension to the China-Australia relationship which was elevated to the 'strategic partnership' in 2013.

Concluding Observations

Prime Minister Tony Abbott took decisive steps to develop bilateral ties with China by visiting the country twice in 2014. Deviating from its approach adopted in previous years, and focussing on convergent ideas and areas of mutual interests, Australia, under Tony Abbott, moved forward to come closer to China. Interestingly, Australia's China policy in 2014 was well complemented by China's reciprocal approach. As far as economic relations are concerned, hassles in finalising the FTA, bilateral trade and investments are the challenges facing the relationship. However, now with the finalisation of the FTA, economic relations are likely to strengthen, eventually enabling the relationship to reach new heights.

Nevertheless, debates on how to deal with China are still prevalent in the Australian policy circles, with no decisive long-term solutions in sight. The politico-diplomatic component of China-Australia relations falls way too short of the economic component, a situation that is in contrast with the US. Australia's economic dependence on the US is less than that of China, which has been influencing Australia's foreign policy now, especially in the context of the Australia-China-US Triangle. However, as Australia's stand on AIIB

²² Ministry of Defence, 'Minister for Defence – Australia, China and the United States start first trilateral land exercise', Government of Australia, October 7, 2014, at <http://www.minister.defence.gov.au/2014/10/07/minister-for-defence-australia-china-and-the-united-states-start-first-trilateral-land-exercise/> (Accessed November 15, 2014).

²³ Ibid.

indicates, Australia still looks at the US for big-ticket economic issues that also have strategic significance. Like most of the US allies in Asia, Australia too seems ambivalent on how to engage with China. The year 2014 proved it yet again—it is unlikely that Australia will find the solution to this strategic dilemma anytime soon.

Chronology of Important Events in the Year 2014

February 2014

2: Chinese warships conduct their first military exercises in the waters close to Australia's northern boundary.

20: The Australia-China Human Rights Dialogue takes place in Beijing, China on February 20, 2014. During the dialogue, a wide range of issues including Tibet and major domestic issues such as the freedom of expression, freedom of religion, treatment of political prisoners and ethnic minorities and civil rights activists are raised.

April 2014

9: The Australian Prime Minister Tony Abbott visits China. During his visit, he meets Chinese Premier Li Keqiang and holds the second leaders meeting in Sanya, China. During the visit, the Prime Minister leads a delegation of high-profile Australian ministers, state premiers and business leaders. The Minister for Trade and Investment Andrew Robb also leads a delegation of more than 700 representing over 500 organisations to Beijing, Chengdu, Guangzhou and Shanghai as part of the largest ever trade mission to leave Australia. He also attends the BOAO Economic Forum Meeting.

May 2014

5: Australia, China and Malaysia hold talks to find the Malaysian Airlines carrier MH370.

June 2014

3: Minister Andrew Robb meets Chinese Commerce Minister Dr. Gao Hucheng, at the Joint Ministerial Economic Commission meeting in Canberra, Australia. The Ministers discuss the progress on bilateral Free Trade Agreement, the G20 and APEC.

September 2014

7: Australian Foreign Minister Julie Bishop and Chinese Foreign Minister Wang Yi hold the second Foreign and Strategic Dialogue.

October 2014

7: KOWARI 14, the first Tri-lateral land exercise by Australia-China-US launched.

24: Signing ceremony for Asian Infrastructure Investment Bank (AIIB) held in Beijing to formally recognise the establishment of the bank. Australia does not participate citing several reasons.

November 2014

15: Chinese President Xi Jinping visits Australia for the G20 Summit in Brisbane. During the visit, he holds bilateral meetings with Abbott. The two sides also announce the conclusion of negotiations for the China-Australia Free Trade Agreement (ChAFTA).

10: Prime Minister Abbott visits Beijing for the APEC Leaders' Summit, where, among other things, he discusses ways to further liberalise

trade and better integrate the Chinese and Australian economies.

12: Abbott arrives in Myanmar to participate in the East Asia Summit and ASEAN meetings.

December 2014

3-4: The inaugural Australia-China High-level Dialogue is held. The Trade and Investment Minister, Mr Andrew Robb, leads the government representatives.

16

China's Relations with Latin America and the Caribbean

Prashant Kumar Singh

Economic liberalisation in Latin America in the 1970s and China's reform and opening up process in 1979 brought the two sides closer. From the Chinese perspective, engagement with Latin America and the Caribbean regions was an extension of its "good neighborly diplomacy" introduced in the 1990s, though the two regions are not China's geographical neighbours. As time has elapsed, the good neighbourly diplomacy in Latin America has evolved into becoming part of China's great power diplomacy. However, in the context of the two regions, China's great power diplomacy is more about increasing its presence befitting its great power status, and fostering its national interests, which are predominantly economic with special focus on quest for energy resources. China's approach of ensuring international balance of power vis-à-vis the United States (US), as is being seen elsewhere, is not a characteristic of its engagement with these regions. A few countries in Latin America and the Caribbean continue to recognise the Republic of China (ROC, Taiwan), therefore, implementing its One-China policy has been an objective of China's engagement with the regions. However, rapprochement and diplomatic truce in cross-

strait relations after 2008 has put this objective on the backburner.¹

China's relations with the regions are relatively recent and still evolving. China brought out its first position paper on Latin America and the Caribbean late in 2008. The author notes in his contribution on the regions in *China Year Book 2012* that the Sino-Latin America relationship was essentially trade and investment driven without serious strategic political and security contours. The review of the years 2013 and 2014 would reiterate the same broad points. The relationship by and large remains business—trade, investment and loan-oriented.² The available data and information does not support speculations about any serious strategic moves by China in the region with implications for its relations with the US, which has historically considered Latin America

1 Adrian H. Hearn and Jose Luis Leon-Manriquez (ed.), *China Engages Latin America: Tracing the Trajectory*, Lynne Rienner Publisher, 2011. This paragraph draws on the Forward written by David Shambaugh to the book (pp. ix-xviii) and Adrian H. Hearn and Jose Luis Leon-Manriquez's chapter 'China and Latin America: A New Era of an Old Exchange': pp.1-20 in the book.

2 Prashant Kumar Singh, 'China across the Geographies in 2012', in Rukmani Gupta (ed.), *China Yearbook*, Magnum Books, New Delhi: pp.75-87. The section on China-Latin America relations is on page 80-82.

and the Caribbean its zone of influence under the Monroe Doctrine.

This review of relations aims at giving snapshots of China's economic relations with the regions in 2013 and 2014. It also briefs about China's bilateral relations with three major regional countries—Brazil, Venezuela and Mexico. Although Mexico is geographically part of North America, it is a key constituent of Latin America.

China's Economic Relations with Latin America and the Caribbean

As underlined in the previous section, Sino-Latin American relations are essentially economic in nature. The following section provides an overview of economic relations of the two sides in the years 2013 and 2014.

Trade

A comparison of the 2014 trade figures with those for 2013, 2012, 2011 and 2010 indicate that China's trade with the Latin American countries has continued to rise during the year. China registered US\$ 255.78 billion trade with the Latin American countries in 2014, with imports totaling \$ 125.03 billion and exports accounting for \$ 130.75 billion. The comparative figures for 2013 were a total of \$ 254.92 billion, in which China imported commodities worth \$ 125.33 billion and exported commodities worth \$ 128.58 billion. The corresponding figure for 2012 was \$ 252.57 billion, including \$ 123.75 billion imports and \$ 128.83 billion exports. In 2011, the bilateral trade was \$ 233.12 billion and \$ 176.52 billion in 2010 (see Map 1 and 2). It is obvious that the bilateral trade grew and remained largely unaffected by the global economic recession of 2008, with

total trade volume for the year being \$ 143 billion. Considering that the total trade volume was around \$ 12 billion in 2000, the latest figures reveal a remarkable story of growth in bilateral trade, which has showed more than 20 times growth.³

Brazil, Mexico, Chile, Venezuela, Peru, Argentina, Columbia and Panama were China's top eight trading partners in 2014. China had more than \$ 10 billion trade with each of these countries in 2013. Except Panama, China's trade with the other seven crossed \$ 10 billion in 2014. Brazil, Mexico, Chile, Venezuela—China's top four regional trading partners in that order—retained their ranks in 2014 too. The ranks of the other four countries have seen fluctuations as difference between their trade figures with China is generally narrow. Brazil retained the top slot as the biggest trading partner, though the bilateral trade registered around \$ 4 billion decline in 2014. Brazil-China bilateral trade for 2013 was worth \$ 90.18 billion, while that for 2014 was \$ 86.54 billion. The decline was seen in Brazil's share in the region's total trade with China also. It commanded 35.37 per cent share in China's trade with the region in 2013, whereas this share decreased to 33.83 per cent in 2014. Among the top four partners, Venezuela too saw decline in the bilateral trade in 2014 by \$ 2.21 billion. However, Mexico and Chile registered an increase. Mexico's bilateral trade with China was worth \$ 39.19 billion in 2013. In 2014, it registered an increase of \$ 4.23 billion and touched \$ 43.42

3 First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring Opportunities for Cooperation on Trade and Investment, United Nations, Economic Commission for Latin American and the Caribbean (ECLAC), pp. 23, at http://repositorio.cepal.org/bitstream/handle/11362/37578/S1421103_en.pdf?sequence=1 (Accessed March 1, 2015).

billion. Likewise, Chile-China bilateral trade too recorded an increase, though marginal. It was \$ 34.02 billion in 2014 as opposed to \$ 33.80 billion in 2013. With this fluctuation, the four countries together commanded 70.74 per cent of China's total trade with Latin America in 2014 as opposed to 71.53 per cent in 2013.

In 2014, China had a trade surplus with 14 out of 20 countries in the region. However, a majority out of these 14 countries are small Central American and other South American countries. China had around or less than \$ 4 billion trade volume with 10 of these 14 countries. In the case of Guyana and Belize, the figures are miniscule.

China's trade relations with the top eight trading partners in the region, which are relatively bigger economies, are comparatively balanced. China has been consistently incurring a trade deficit with Brazil, Chile, Venezuela and Peru, and it has seen a trade surplus with Mexico, Argentina, Panama and Colombia. While it maintains a large trade surplus with Mexico and Panama, the trade surplus with Argentina and Colombia is relatively small. Incidentally, the majority of the region's trade deficit was accounted for by Mexico's trade deficit with China.⁴ The aforementioned figures for the years 2014 and 2013 also underline that, on the whole, China does not have a lopsided trade surplus with the Latin American region (see Map 3).

4 First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring Opportunities for Cooperation on Trade and Investment, United Nations, Economic Commission for Latin American and the Caribbean (ECLAC), pp. 25, at http://repositorio.cepal.org/bitstream/handle/11362/37578/S1421103_en.pdf?sequence=1 (Accessed March 1, 2015).

The years 2013 and 2014 continued the pattern of China-Latin America bilateral trade: Latin American countries' exporting primary commodities to China and the latter exporting back mid-level consumer goods. This pattern explains the trade deficit many regional countries have with China. On the other hand, while some countries export primary commodities to China, their import mainly comes from the US and the European Union (EU)—the two largest trading partners of the region. This explains China's trade deficit with them.⁵

5 The commodity exports primarily cater to China's quest for energy and other mineral resources required for its economic growth. Iron ores and crude petroleum oils and oils obtained from bituminous minerals cover 46 per cent of Brazil's export to China. In Chile's export basket for China, 88 per cent commodities are refined copper and copper alloys, unwrought, copper ores and concentrates, unrefined copper and copper anodes for electrolytic refining, chemical wood pulp, soda or sulphate, and iron ores. In Venezuela's export to China, crude petroleum oils and oils obtained from bituminous minerals have 77 per cent share and iron ores have 4 per cent share. In case of Colombia, the share of crude petroleum oils and oils obtained from bituminous minerals is even higher. It is 84 per cent. Peru is primarily a copper ores supplier. Copper ores and alloys constitute 46 per cent of export to China. Iron ores, pyrites and zink ores and concentrates provide 15 per cent of the export. Panama supplies 42 per cent copper waste and scrap in its export to China. Crude petroleum has 13 per cent share in Argentina's export to China. The only exception is Mexico in big eight trade partners of China. Its export basket is diverse. It exports 21 per cent motor cars and other motor vehicles, 18 per cent copper ores and concentrates, 10 per cent crude petroleum oils and oils obtained from bituminous minerals, 8 per cent electric apparatus for line telephony or line telegraphy, 6 per cent copper waste and scrap in its export to China. Incidentally, soya beans are another important item that China buys from Latin America. Brazil and Argentina are its main suppliers. First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring Opportunities for Cooperation on Trade and Investment, United Nations, Economic Commission for Latin American and the Caribbean (ECLAC), pp. 31-33, at http://repositorio.cepal.org/bitstream/handle/11362/37578/S1421103_en.pdf?sequence=1 (Accessed March 1, 2015).

Another way of looking at China's trade relations with the region is how it has emerged as the number one trade partner of many countries. In 2013, China was the top export destination of two countries, Brazil and Chile, number two export destination of four countries, Argentina, Colombia, Peru and Venezuela, number three export destination of two countries, Panama and Uruguay, and number four destination of one country, Mexico. Thus, China straddles the top four places as export partner with nine regional countries. Similarly, China was top importing source for three countries, Brazil, Uruguay, Paraguay, number two importing source for nine countries, Mexico, Chile, Venezuela, Argentina, Peru, Colombia, Costa Rica, Honduras, and Ecuador, number three importing source for three countries, Guatemala, Nicaragua and Bolivia and number four importing source for two countries, Panama and El Salvador. Thus, China commands the top four positions as 17 regional countries' importing source (see Table 2).

The abovementioned improvement in ranks since 2000 has been remarkable. A report released by the First Forum of China and the Community of Latin American and Caribbean States (CELAC) has predicted that China may become the second largest trading partner of the region leaving the EU behind. However, it should be noted that China's ranking as an importing source has improved much more than as an export destination for the regional countries, thus reflecting an overall trade surplus in favour of China. The same holds true for the Caribbean countries (see Table 2).

Investment

The Chinese investment data shows that Foreign Direct Investment (FDI) in Latin America and the Caribbean has been on a significantly high

trajectory in recent years. Select countries shown in Table 3 received Chinese FDI worth \$ 7.34 billion from 1990 to 2009. The same countries received \$ 13.71 billion, \$ 10.17 billion and \$ 9.2 billion in 2010, 2011 and 2012 respectively. In 2013, China's investment in the region was \$ 9.62 billion. Brazil, Peru, Argentina, Colombia and Venezuela are the largest recipient of Chinese FDI. Normally, Brazil has led the pack in attracting Chinese investment. However, Peru surged ahead in 2013 attracting \$ 4.6 billion Chinese FDI alone. Around 90 per cent of the Chinese investment has gone into the primary commodity sector during these years, particularly in oil. This is huge as only 25 per cent of the total foreign investment goes to this sector in the region.⁶ Chinese investment is concentrated in the oil producing Latin American countries. Countries such as Chile, Mexico and Bolivia have not received the same amount of Chinese investment. Brazil is the only country where China has got considerable investment in the manufacturing sector, though Peru's mines have also attracted investment in the years since 2010. Despite all these developments, Chinese investment is still comparatively small constituting around only five per cent of total investment the region receives.⁷ Also, Latin American investment

6 First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring Opportunities for Cooperation on Trade and Investment, United Nations, Economic Commission for Latin American and the Caribbean (ECLAC), pp. 35, , at http://repositorio.cepal.org/bitstream/handle/11362/37578/S1421103_en.pdf?sequence=1 (Accessed March 1, 2015).

7 First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring Opportunities for Cooperation on Trade and Investment, United Nations, Economic Commission for Latin American and the Caribbean (ECLAC), pp. 34, , at http://repositorio.cepal.org/bitstream/handle/11362/37578/S1421103_en.pdf?sequence=1 (Accessed March 1, 2015).

in China has still a long way to go before finding a place in any discussion (see Table 3).

Loans

The third dimension of the two regions' economic relations with China is loans. It has been reported that since 2005 China has lent more money to Latin America than the World Bank, Inter American Bank and United States Export-Import Bank combined.⁸ Although the terms and conditions of Chinese loans are not very clear, in most cases, their repayment is in the form of oil. Chinese loans have become a very prominent feature in the country's relations with Latin America in recent years (see Map 4). In 2014, China gave 11 loans worth \$ 22.1 billion to Brazil (\$ 8.6 billion), Argentina (\$ 7 billion), Venezuela (\$ 5.7 billion) and Ecuador (\$.82 billion). However, it is Venezuela that has received the most in terms of loans in the period spanning 2005 to 2014, which stood at US\$ 56.3 billion via 16 loans.

Xi Jinping Reaches out Latin America and the Caribbean

Latin America and the Caribbean have enjoyed President Xi Jinping's sustained attention. As Vice-President, he visited Cuba, Uruguay and Chile in 2009. Xi went to Mexico, Jamaica, Colombia, Venezuela and Brazil in 2011.⁹ After becoming President in March 2013, he has been

to the region twice. He visited the Republic of Trinidad and Tobago, the Republic of Costa Rica, and Mexico from May 31 to June 6, 2013 soon after taking over as President.¹⁰ The choice of countries to visit was not without logic. Trinidad and Tobago is one of the countries in the region which recognised the PRC in the early 1970s. Mexico, under the Nieto Government, has started looking at its relations with China much more positively. Costa Rica is the only Central American country that recognises PRC, not the ROC.¹¹ The visits were the usual high-level political exchanges aimed at maintaining momentum in bilateral relations. Although no big ticket announcements were reported, the visits saw the signing of a total of 24 agreements between China and the three countries.¹² While in the Port of Spain, the capital of Trinidad and Tobago, Xi

8 Kevin P. Gallagher, Amos Irwin, Katherine Koleski, 'The New Banks in Town: Chinese Finance in Latin America', Inter America Dialogue Report, at <http://www.thedialogue.org/PublicationFiles/TheNewBanksinTown-FullTextnewversion.pdf> (Accessed March 5, 2015).

9 'Chinese Leaders' Visits to Latin America', *China Daily*, July 15, 2014, at http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/15/content_17778124.htm (Accessed March 3, 2015).

10 'The Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Media on President Xi Jinping's State Visits to Trinidad and Tobago, Costa Rica and Mexico, and China-US Presidential Meeting in the US', *FMPRC*, 30 May 2015, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1045652.shtml (Accessed March 3, 2015).

11 'Interview: President Xi's Visit to Promote Cooperation with Trinidad and Tobago: Chinese Ambassador', *Xinhua*, May 30, 2013, at http://news.xinhuanet.com/english/china/2013-05/30/c_132419278.htm (Accessed March 3, 2015); 'China's President Wants to Open the Floodgates Of Trade with Mexico', *Fox News Latino*, June 2, 2013, at <http://latino.foxnews.com/latino/money/2013/06/02/china-president-wants-to-open-floodgates-trade-with-mexico/> (Accessed March 3, 2013). The Fox News Latino report provides coverage on President Xi Jinping's visit to Costa Rica too.

12 'Foreign Minister Wang Yi on President Xi Jinping's State Visit to Trinidad and Tobago, Costa Rica and Mexico', *FMPRC*, June 6, 2013, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1049938.shtml (Accessed March 3, 2015).

met the President of Surinam, Desi Bouterse, as well as the Prime Minister of Barbados, Freundel Stuart.¹³ In Trinidad and Tobago, he commenced the work on Children's Hospital Complex in the city of Couva to be built by a Chinese company.¹⁴ In Mexico, Xi addressed the Mexican Senate and underscored the need for a China-Latin America cooperative mechanism in his meetings with the host leaders, while pushing for a China-Latin America Cooperation Forum.¹⁵

As President Xi paid these official visits on his way to the US for the China-US Presidential meeting, Foreign Minister Wang Yi reassured that although China and Latin American countries strive for a multipolar world, their relations are not directed against any third country, the obvious reference being the US.¹⁶

The sixth BRICS (Brazil, Russia, India, China and South Africa) Summit held in Brazil in July 2014 provided Xi Jinping an occasion to visit Latin America once again. He visited Brazil, Argentina, Venezuela and Cuba from July 14–24, 2014,¹⁷ and held high-level talks with Brazilian President Dilma Rousseff, Argentinian President Cristina Kirchner, Venezuelan President Nicolas Maduro, and Cuban President Raul Castro during his visits. The Summit gave him an opportunity to meet several other Latin American and Caribbean leaders.¹⁸ Incidentally, his first meeting with Indian Prime Minister Narendra Modi took place in Brazil at the Summit itself.

President Xi's visit to the region in July 2014 witnessed meaningful interactions and a host of concrete announcements for regional cooperation. He interacted with leaders and representatives from 11 regional countries at the BRICS Leaders-South America Dialogue Forum. The forum fosters BRICS' relations with South American countries. At the Forum, held at Brasilia on July 16, 2014, Xi remarked: "BRICS and South American nations should strengthen cooperation in all endeavors and jointly promote development of the international order in a more just and equitable direction," and advocated "for more active participation of South American

13 'President Xi Jinping Meets with State Leaders of Suriname and Barbados', *FMPRC*, June 3, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/lmzms_664952/xwlb_664954/t1048807.shtml (Accessed March 5, 2015)

14 'President Xi Jinping Meets with Trinidad and Tobago Senate President Timothy Hamel-Smith and House Speaker Wade Mark', *FMPRC*, June 2, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/lmzms_664952/xwlb_664954/t1046989.shtml (Accessed March 3, 2015).

15 'President Xi Jinping Delivers Speech at Mexico Congress of Union on China-Mexico, China-Latin America Relations Promote Common Development, Work Together for Bright Future', *FMPRC*, June 6, 2013, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/lmzms_664952/xwlb_664954/t1050211.shtml (Accessed March 3, 2015).

16 Foreign Minister Wang Yi on President Xi Jinping's State Visit to Trinidad and Tobago, Costa Rica and Mexico', *FMPRC*, June 6, 2013, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/lmzms_664952/xwlb_664954/t1049938.shtml (Accessed March 5, 2015).

17 'Xi Jinping Leaves Beijing for the Sixth BRICS Summit and Visits to Four Countries Including Brazil', *FMPRC*, July 13, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/lmzms_664952/xwlb_664954/t1174659.shtml (Accessed March 5, 2015)

18 'Xi Jinping Meets with Leaders of the 'Quartet' of CELAC', *FMPRC*, July 18, 2015, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/lmzms_664952/xwlb_664954/t1176620.shtml (Accessed March 5, 2015).

countries in economic cooperation with Asia-Pacific economies.”¹⁹

At the China-Latin America and the Caribbean Summit on July 17, 2014 in Brasilia, Xi declared that China aims at taking the two-way trade to \$500 billion in 10 years and increase Chinese investment to \$250 billion in the region.²⁰ At the Summit, Xi spoke about China's cooperation with regional countries and expressed encouragement for Chinese companies' investing in Latin America and the Caribbean to achieve this goal. He also put forward a “1+3+6” cooperation framework to “promote faster, broader and deeper cooperation between the two sides for real results”. The framework meant “one plan” [the Chinese-Latin American and Caribbean Cooperation Plan (2015–2019)], “three engines” (trade, investment and financial cooperation), and “six areas” (energy and resources, infrastructure building, agriculture, manufacturing, scientific and technological innovation, and information technologies). At the same forum, Xi also committed to the setting up of “the \$10 billion Special Loans for Chinese-Latin American and Caribbean Infrastructure”, and declared that China would “further increase the

credit line to 20 billion dollars.” He promised to give “\$10 billion in preferential loans to Latin American and Caribbean countries.” He pledged the setting up of “a Chinese-Latin American and Caribbean cooperation fund” and a contribution of \$5 billion. The fund would be “primarily for cooperation in energy and resources, agriculture, manufacturing, hi-tech, sustainable development and other areas”. In addition to these, Xi announced “a \$50 million special fund for agricultural cooperation” with the regional countries.²¹

Foreign Minister Wang Yi and the Region:

Separately, Foreign Minister Wang Yi was quite active on the Latin American and Caribbean front. He had a meeting with the leaders and representatives of the Community of Latin American and Caribbean States (CELAC), including Foreign Minister of Cuba, Bruno Rodríguez Parrilla, Foreign Minister of Costa Rica, Enrique Castillo, and Foreign Minister of Trinidad and Tobago, Winston Dookeran on September 25, 2013 at the UN Headquarters in New York. At the meeting, Wang remarked that the year 2013 could have been described as “a year of China-Latin America high-level exchanges.” He mentioned President Xi Jinping's 2013 visit to “three Latin American countries” as well as his meeting with “leaders of eight Caribbean countries”. He also informed that “heads of

19 ‘Xi Jinping Attends Dialogue between Leaders of BRICS Countries and South American Countries’, *FMPRC*, July 17, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjg_663340/ldmzs_664952/xwlb_664954/t1176221.shtml (Accessed March 5, 2015).

20 ‘Xi Jinping Attends China-Latin America and the Caribbean Summit and Delivers Keynote Speech, Comprehensively Expounding China's Policies and Propositions Toward Latin America, Announcing Establishment of China-Latin America Comprehensive Cooperative Partnership of Equality, Mutual Benefit and Common Development, and Establishment of China-CELAC Forum’, *FMPRC*, July 18, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjg_663340/ldmzs_664952/xwlb_664954/t1176650.shtml (Accessed March 15, 2015).

21 ‘Xi Jinping Attends China-Latin America and the Caribbean Summit and Delivers Keynote Speech, Comprehensively Expounding China's Policies and Propositions Toward Latin America, Announcing Establishment of China-Latin America Comprehensive Cooperative Partnership of Equality, Mutual Benefit and Common Development, and Establishment of China-CELAC Forum’, *FMPRC*, July 18, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjg_663340/ldmzs_664952/xwlb_664954/t1176650.shtml (Accessed March 15, 2015).

state or government of eight Latin American and Caribbean countries visited China successively.”

Wang Yi pushed “the establishment of the Forum on China-Latin America Cooperation, the development of sub-regional organizations in Latin America and international development agenda.”²² He also met with Brazilian Foreign Minister Luiz Alberto Figueiredo Machado at the 68th session of the UN General Assembly in New York in September 27, 2013.²³ Later, he paid visits to the countries in April 2014 in the run up to President Xi’s visits there in July 2014.²⁴

China’s Bilateral Relations with Select Latin American Countries

This section takes stock of China’s bilateral relations with Brazil, Venezuela and Mexico. While Brazil is China’s largest trading partner in the region, Venezuela is the number one destination of loans from China. Its relations with Mexico witnessed fresh impetus during the period under review. In 2013, China’s relations with the three countries moved against the backdrop of power transitions in China, Venezuela and Mexico. Xi

Jinping, who became the General Secretary of the Chinese Communist Party of China (CCP) in the 18th Party Congress in 2012, assumed the President office of China in March 2013. Venezuela also saw change of guard in March 2013. President Enrique Peña Nieto became Mexico’s President in December 2012. In October 2014, the incumbent Brazilian President Dilma Rousseff was elected President again. Thus, these important developments contributed to these countries intense reaching out to each other during the period under review. In fact, the flurry of bilateral visits and the activities was noticeably high in 2013.

China-Brazil Relations in 2013-2014

Presidents Xi Jinping and Dilma Rousseff met at the BRICS Summit in Durban, South Africa in March 2013. In the meeting, Xi remarked, “China-Brazil ties have exceeded the boundary of bilateral relations with increasing strategic significance and global influence”. He underlined that Brazil was “the first developing country to forge strategic partnership with China.”²⁵ Incidentally, China’s strategic partnership with Brazil, signed in 1993, is one of its earliest strategic partnerships. Again in June 2013, President Xi held telephonic talks with

22 ‘Wang Yi: Pushing for Unceasing Development of China-Latin America Comprehensive Cooperative Partnership’, *FMPRC*, September 26, 2013, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/ldmzs_664952/xwlb_664954/t1082837.shtml (Accessed March 15, 2015)

23 ‘Wang Yi Meets with Foreign Minister Luiz Alberto Figueiredo Machado of Brazil’, *FMPRC*, September 28, 2015, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/ldmzs_664952/xwlb_664954/t1084089.shtml (Accessed March 15, 2015).

24 For Wang Yi’s visit, see http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/ldmzs_664952/xwlb_664954/default_3.shtml (Accessed March 15, 2015)

25 ‘Xi Jinping Meets with His Brazilian Counterpart Rousseff, Stressing Boosting China-Brazil Cooperation Is a Firm Strategic Choice’, *FMPRC*, March 28, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/ldmzs_664952/xwlb_664954/t1026417.shtml (Accessed March 15, 2015).

President Dilma, at the latter's request.²⁶ During the conversation, he stressed on China, Brazil and other BRICS nations' role in addressing new and complex issues emerging in the international financial markets. Later in 2014, Xi Jinping "congratulated" Dilma Rousseff on winning the presidential election and again becoming Brazil's head of state. Xi assured her that China would continue to promote relations with Brazil.²⁷

The period under review saw continuation of normal dialogue and consultation between the two countries. The two sides held the meeting of the political subcommittee of the China-Brazil High-level Coordination and Cooperation Committee from October 30 to 31, 2013 in Brasilia. Chinese Assistant Foreign Minister Zhang Kunsheng and Brazilian Under-Secretary General Maria Edileuza Fontenele Reis led the meeting. The two sides deliberated as to how to further develop the China-Brazil comprehensive strategic partnership, and strengthen dialogue and cooperation between the two foreign ministries.²⁸ The third session of the China-Brazil High-level

Coordination and Cooperation Committee took place in Guangzhou, China in November 2013. Vice Premier of the State Council Wang Yang and Brazilian Vice President Michel Temer presided over this meeting. The two sides expressed satisfaction on the state of the bilateral relations and agreed to deepen their comprehensive strategic partnership.²⁹

Importantly, China and Brazil run a space cooperation programme. Their space programme successfully developed and launched the CBERS-4 (China-Brazil Earth Resources) Satellite. Xi Jinping described this programme as "a successful precedent for developing countries to conduct cooperation in space industries."³⁰ The two countries have cooperation in Long March-4B rocket programme too. In another instance of cooperation in high-technology area, a Chinese company Baidu Inc. launched Portuguese language search engine in Brazil in July 2014. The launch was one of 32 bilateral agreements signed by the two countries during China's President Xi's Brazil visit in 2014.³¹ Incidentally, around 5,000 Chinese went to Brazil to see the

26 'President Xi Jinping Holds Telephone Talks with President Dilma Rousseff of Brazil, Stressing to Enhance International Coordination and Cooperation, to Promote Sound Development of World Economy', *FMPRC*, June 25, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjg_663340/dmzs_664952/xwb_664954/t1053711.shtml (Accessed March 16, 2015).

27 'Xi congratulates Rousseff on reelection as Brazilian president', *China Daily*, October 27, 2014, at http://www.chinadaily.com.cn/china/2014-10/27/content_18810873.htm (Accessed March 12, 2015).

28 'Assistant Foreign Minister Zhang Kunsheng Attends the Fourth Meeting of the Political Subcommittee of the China-Brazil High-level Coordination and Cooperation Committee in Brazil', *FMPRC*, November 1, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1095941.shtml (Accessed March 12, 2015).

29 'Wang Yang Co-chaired the Third Session of the China-Brazil High-level Coordination and Cooperation Committee with Michel Temer, Vice President of Brazil', *FMPRC*, November 6, 2013, at <http://www.mfa.gov.cn/ce/ceil/eng/zgxw/t1097238.htm> (Accessed March 12, 2015).

30 'Chinese, Brazilian Presidents Pledge to Promote Science, Technology Cooperation', *China Daily*, December 7, 2014, at http://www.chinadaily.com.cn/china/2014-12/07/content_19038927.htm (Accessed March 12, 2015).

31 'Baidu's Portuguese Search Engine Strengthens Ties with Brazil', *China Daily*, July 18, 2014, at http://www.chinadaily.com.cn/business/2014-07/18/content_17841404.htm (Accessed March 12, 2015).

Football World Cup in 2014.³² In 2014, China and Brazil celebrated the 40th anniversary of the establishment of diplomatic relations.³³

The bilateral relationship had a smooth run in 2013–14 also. However, private concerns about China's economic influence in Brazil and business practices of Chinese companies doing business in Brazil emerged. The Chinese media maintained that although there was a positive perception about the Chinese investment in Brazil, some "misperception" emanating from cultural difference between the two countries about Chinese companies cannot be ignored. The case in point was that Brazilian companies, which prefer open communication and easy contact through their official spokespersons, found it strange that the Chinese companies did not have spokespersons. Even where spokespersons existed, they were reticent. This situation created misperception in the local Brazilian business community and particularly in the Brazilian media about the Chinese companies.³⁴

China-Venezuela Relations in 2013-2014

With the death of Venezuelan President Hugo Chavez Frias (1999-2013), a phase in China-

Venezuela relations ended in March 2013. He pushed a strategic perspective for Venezuela and China relations. Chavez's anti-US sentiments, socialist convictions and desire for a multipolar world, and China's quest for resources brought the two sides closer.

The China-Venezuela strategic partnership agreement was signed in 2001. Both countries set up a joint financing fund in 2008.³⁵ Venezuela under Chavez pushed for greater political contours for the strategic partnership in its bid to demonstrate freedom from US influence in Latin America, though China remained extremely cautious and kept the partnership economy-oriented. Weeks before Xi Jinping assumed Presidency in China, Venezuela bid its final farewell to its revolutionary leader Chavez, who lost his battle against cancer. Chavez's health was carefully followed in China as it had considerable interest in his successor. Chavez chose Nicolas Maduro Moros as his successor and the latter's ascendancy to the position of President after Chavez ensured a smooth continuity in China-Venezuela relations.³⁶

32 'More Chinese Set to Travel to Brazil', *Source*, at http://www.chinadaily.com.cn/china/2014-07/16/content_17794053.htm (Accessed March 12, 2015).

33 'Reception Held in Beijing to Celebrate 40th Anniv. of Establishment of Diplomatic Relationship between China and Brazil', *Xinhua*, August 15, 2014, at http://news.xinhuanet.com/english/photo/2014-08/15/c_133559367.htm (Accessed March 12, 2015).

34 'Chinese Investments Favored by Brazilian Media, but PR still Lacking', *China Daily*, July 9, 2014, at http://www.chinadaily.com.cn/world/2014-07/09/content_17692183.htm (Accessed March 12, 2015).

35 'Venezuela Holds High Expectation for Xi's Visit: Vice-FM', *China Daily*, July 21, 2014, at http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/21/content_17864930.htm (Accessed March 12, 2015); James Parker, 'China's Hugo Chavez Blues', *The Diplomat*, March 7, 2013, at <http://thediplomat.com/2013/03/chinas-hugo-chavez-blues/> (Accessed March 13, 2015); 'China, Venezuela Issue Joint Declaration on Upgrading Partnership', *China Daily*, July 22, 2015, at http://usa.chinadaily.com.cn/2014-07/22/content_17899803.htm (Accessed March 13, 2015).

36 James Parker, 'China's Hugo Chavez Blues', *The Diplomat*, March 7, 2013, at <http://thediplomat.com/2013/03/chinas-hugo-chavez-blues/> (Accessed March 13, 2015); James Parker, 'China's Venezuela Exposure', *The Diplomat*, October 29, 2013, at <http://thediplomat.com/2013/10/chinas-venezuela-exposure/> (Accessed March 13, 2015).

The year 2013 began with Venezuelan Foreign Minister Elias Jaua Milano's visit to China in February 2013.³⁷ Subsequently, Venezuela received condolences from President Hu Jintao and the CCP General Secretary Xi Jinping and official guests mourning Chavez's demise. Hu's words of condolence that "the Chinese people lost such a great friend, who promoted the China-Venezuela strategic partnership for common development and contributed to enhancing bilateral cooperation in a variety of areas and cementing friendship between the two peoples"³⁸ were an acknowledgment of Chavez's personal contribution to Venezuela's friendship with China. In April 2013, President Xi sent Arken Imirbaki as his special envoy to assure President Maduro about Chinese good-will and cooperation.³⁹

37 'Yang Jiechi Meets with Venezuelan Foreign Minister Elias Jaua Milano', FMPRC, February 2, 2013, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1011799.shtml (Accessed March 14, 2015).

38 'President Hu Jintao Sends Message of Condolences to Acting Venezuelan President over Chavez's Death', FMPRC, March 6, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1020199.shtml (Accessed March 14, 2015).

'Xi Jinping, General Secretary of the CPC Central Committee, Sends Message of Condolences to Acting Venezuelan President over Death of President Hugo Chavez', FMPRC, March 6, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1020155.shtml (Accessed March 14, 2015).

39 'Venezuelan President Maduro Meets with President Xi Jinping's Special Envoy Arken Imirbaki', FMPRC, April 21, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1034295.shtml (Accessed March 15, 2015); 'President Xi Jinping Congratulates Maduro on Presidential Election Win', FMPRC, April 16, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1032740.shtml (Accessed March 15, 2015).

Venezuelan Vice President Jorge Arreaza's visit to Beijing in July 2013 and President Maduro's visit in September 2013 underlined the priority the new Venezuelan Government attached to China.⁴⁰ The Chinese side reciprocated by paying high-level visits in 2014: Foreign Minister Wang Yi met with President Maduro and Foreign Minister Elias Jaua in April 2014 in Venezuela. He reassured them that China cherished "the traditional friendship with Venezuela"⁴¹, which was followed by President Xi's visit in July 2014.

During Xi's visit, China agreed to lend around \$5 billion to Venezuela. As per the loan arrangement, China would give \$4 billion as credit, and \$690 million as "a development loan for exploration for gold and copper." Venezuela would repay the credit line by sending oil shipments to China. Venezuelan Vice-Foreign Affairs Minister for Asia, Xoan Noya, underlined the importance of the Chinese assistance that will play "an important role in Venezuela's national development scheme for the next 10 years."⁴² Nicolas Maduro expressed

40 'Venezuela to Maintain Policies toward China', *China Daily*, July 19, 2013, at http://usa.chinadaily.com.cn/world/2013-07/19/content_16796440.htm (Accessed March 15, 2015); 'Xi Jinping Holds Talks with President Nicolas Maduro of Venezuela Stressing Sincerity, Friendship, Mutual Benefit and Win-win Outcomes to Unceasingly Promote China-Venezuela Strategic Partnership', FMPRC, September 22, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/lmzs_664952/xwlb_664954/t1079915.shtml (Accessed March 15, 2015).

41 'Wang Tells Venezuela that China Seeks Deeper Cooperation', *China Daily*, April 23, 2014, http://www.chinadaily.com.cn/world/2014-04/23/content_17458106.htm (Accessed March 16, 2015).

42 'Venezuela Holds High Expectation for Xi's Visit: Vice-FM', July 21, 2014, at http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/21/content_17864930.htm (Accessed March 16, 2015).

gratitude for China's generous loans that have supported more than 400 projects in Venezuela.⁴³ The figure is a quantum leap in comparison to 30 projects that China funded in 1999.⁴⁴

Chinese loans and Venezuelan oil remains the fulcrum of their strategic partnership, though, in 2013 and 2014, doubts were raised about cash-strapped Venezuela's ability to repay Chinese loans. The international media reported on the Chinese hesitation of giving more loans to Venezuela during President Nicolas's latest China visit in January 2015. However, Maduro announced in April 2015 that China had given "a new loan" of \$5 billion.⁴⁵ The media also reported on China's new stringent conditions for its fresh loans to Venezuela. The Hong Kong media took note of the buzz about Venezuela repaying its debt

by giving its island, Blanquilla, to China. However, the Chinese Foreign Ministry rejected the news as baseless and clarified that China has received "each repayment of capital and interest on" its loans in a normal manner so far.⁴⁶

Concerns about the implications of Sino-Venezuelan relations for Sino-US relations remained in circulation as well, as was the case in previous years. Any reports about China receiving Blanquilla island in the place of interest or capital would have strategic implications for China-US relations. Therefore, the official Chinese media reiterated that China's relations with Venezuela are not targeted against the US.⁴⁷

China and Venezuela held the 12th China-Venezuela High-level Mixed Committee meeting in Beijing in September 2013. Assistant Foreign Minister Zhang Kunsheng and Deputy Foreign Minister Davis Velasquez Caraballo co-chaired the event. This forum is one of the oldest forums between the two countries, which have been held regularly since 2001.⁴⁸ In July 2014, the 13th meeting of the China-Venezuela High-Level Joint Commission was held in Caracas. Presidents Xi and Maduro attended its closing ceremony. The high-level meeting, which facilitates agreements

43 'China, Venezuela Secure \$5 Billion in Financial Deals', *China Daily*, July 23, 2014, http://www.chinadaily.com.cn/world/2014-07/23/content_17902277.htm (Accessed March 17, 2015); 'Xi's Visit Lifts Venezuelan Ties', *China Daily*, July 21, 2014, at http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/21/content_17872188.htm (Accessed March 17, 2015);

'China, Venezuela Issue Joint Declaration on Upgrading Partnership', *China Daily*, July 22, 2014 at http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/22/content_17888905_2.htm (Accessed March 17, 2015).

44 'Venezuela Holds High Expectation for Xi's Visit: Vice-FM', July 21, 2014, at http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/21/content_17864930.htm (Accessed March 16, 2015).

45 Shannon Tiezzi, 'Will China Save Venezuela?', *The Diplomat*, January 7, 2015, at <http://thediplomat.com/2015/01/will-china-save-venezuela/> (Accessed March 17, 2015); Shannon Tiezzi, 'Maduro: China Gives \$5 Billion Loan to Venezuela: Is China bailing out Venezuela?', *The Diplomat*, April 1, 2015, at <http://thediplomat.com/2015/04/maduro-china-gives-5-billion-loan-to-venezuela/> (Accessed May 12, 2015).

46 'China Denies Report of Island-for-Debt Deal with Venezuela', *China Daily*, December 4, 2014, at http://www.chinadaily.com.cn/china/2014-12/04/content_19027124.htm (Accessed March 18, 2015).

47 'No Alarm for U.S. as China, Venezuela Cement Ties', *China Daily*, July 21, 2014, at http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/21/content_17864969.htm (Accessed March 18, 2015).

48 'China-Venezuela Ties Riding on Fast Track', *China Daily* July 20, 2014, at http://usa.chinadaily.com.cn/world/2014-07/20/content_17855603.htm (Accessed March 19, 2015).

between the two countries, has facilitated more than 200 agreements so far.⁴⁹ China and Venezuela also continued with exchanges of party and parliamentary delegations. In July 2013, the delegation of the United Socialist Party of Venezuela (PSUV) visited China.⁵⁰ In May 2013, President Diosdado Cabello of Venezuelan National Assembly and Venezuelan Vice President Jorge Arreaza met with the Vice President Li Yuanchao in Caracas.⁵¹ Arreaza conveyed President Xi's message that China-Venezuela relations have been developing remarkably since the two countries forged the strategic partnership of common development in 2001. He also conveyed that the first China-Latin America forum would convene in 2014.⁵²

In other instances of cooperation, the government-run China Development Bank (CDB) set up its

office in Caracas in Venezuela.⁵³ Zhejiang Yankon Group and some Chinese companies signed agreements with Venezuela in the electricity sector. The Chinese companies assured that with their technological help "Venezuela would save around 10 per cent of its electricity consumption."⁵⁴

Xi Jinping's Venezuela visit produced a total of 38 deals in which an agreement about a satellite project in Venezuela deserves special mention. Under the agreement, "Venezuelan scientists will participate in the design and testing process, which is an important development for Venezuela".⁵⁵ Incidentally, China has launched two satellites for Venezuela.

China-Mexico Relations in 2013-2014

The period under review saw new directions in China-Mexico relations. President Xi Jinping and President Enrique Peña Nieto met each other numerous times. Nieto met Xi at Boao Forum in Hainan province of China in April 2013.⁵⁶ Xi visited Mexico in his May-June 2013 tour of Latin America. They again met in St. Petersburg

49 'Xi Jinping and Nicolas Maduro Jointly Attend the Closing Ceremony of the 13th Meeting of the China-Venezuela High-level Mixed Committee', *FMPRC*, July 22, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/ldmzs_664952/xwlb_664954/t1177114.shtml (Accessed March 19, 2015).

50 'Vice President Li Yuanchao Meets with Guests from Venezuela', *FMPRC*, July 9, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/ldmzs_664952/xwlb_664954/t1062703.shtml (Accessed March 19, 2015).

51 'Venezuela to maintain policies toward China', *China Daily*, July 19, 2013, at http://usa.chinadaily.com.cn/world/2013-07/19/content_16796440.htm (Accessed March 19, 2015).

52 'Wang Tells Venezuela that China Seeks Deeper Cooperation', *China Daily*, April 23, 2014, at http://www.chinadaily.com.cn/world/2014-04/23/content_17458106.htm (Accessed March 19, 2015).

53 'China Development Bank Opens Office in Venezuela', *China Daily*, July 21, 2014, http://www.chinadaily.com.cn/world/2014-xibricssummit/2014-07/21/content_17864396.htm (Accessed March 19, 2015).

54 'Venezuela Signs Agreements with China to Boost Energy Sector', *China Daily*, December 9, 2014, http://www.chinadaily.com.cn/world/2014-12/09/content_19049511.htm (Accessed March 20, 2015).

55 'Beijing, Caracas Sign Multiple Agreements', *China Daily*, July 22, 2014, http://usa.chinadaily.com.cn/epaper/2014-07/22/content_17886822.htm (Accessed March 20, 2015).

56 'Chinese, Mexican Presidents Meet on Ties', *China Daily*, April 6, 2013, at http://usa.chinadaily.com.cn/2013-04/06/content_16378845.htm (Accessed March 21, 2015).

in Russia on the occasion of the G-20 Summit in September 2013.⁵⁷ In November 2013, President Nieto went to China to attend Asia-Pacific Economic Cooperation (APEC) Economic Leader's Meeting. Then, he paid a state visit to China too.⁵⁸ Frequent summit-level meetings under Xi and Nieto are a new development in China-Mexico relations. In fact, Mexico's opposition to China's entry into the World Trade Organization (WTO) in 2001, its concerns about huge trade deficit with China,⁵⁹ and the previous Mexican government's hosting of the 14th Dalai Lama in 2011 have tended to negatively impact bilateral relations. President Felipe Calderon "personally received the Dalai Lama during his September 2011 visit to Mexico."⁶⁰ The Dalai Lama again went to Mexico in October 2013. However, the Nieto government did not accord the same courtesy. Moreover, it pledged its

support to China on the Tibet issue.⁶¹ Mexico, a member of NAFTA and given its geographical location, has been more oriented towards the US and Canada. It is also closely integrated with the US in the security realm.

China's overtures are in keeping with its general policy of engaging the region for economic and energy resources. President Nieto's changing of Mexican attitudes towards China is guided by the need to diversify Mexico's economic relations.⁶² Various scholars have argued that instead of being obsessed with the trade deficit with China, Mexico should actively welcome Chinese investment, which is dismal at present.⁶³ During the visit, Xi called for enriching "the China-Mexico comprehensive strategic partnership" during his Mexico visit in 2013.⁶⁴ He identified the following as the main features of the proposed enrichment:

- A strategic and long-term perspective of the relationship and improved political mutual trust, which will be achieved by high-level leaders,

57 'Xi Meets Mexican President Ahead of G20 Summit', CCTV.COM, September 5, 2013, at <http://english.cntv.cn/program/newsupdate/20130905/100628.shtml> (Accessed March 21, 2013).

58 'Xi Jinping Holds Talks with President Enrique Peña Nieto of Mexico, Stressing Promotion of Development of China-Mexico Comprehensive Strategic Partnership', FMPRC, November 13, 2015, at http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1211381.shtml (Accessed March 21, 2015).

59 Theodore Kahn, 'Xi Jinping in Mexico: 'Relaunching' a Relationship', *The Diplomat*, June 4, 2013, at <http://thediplomat.com/2013/06/xi-jinping-in-mexico-relaunching-a-relationship/> (Accessed March 21, 2015).

60 'The China-Mexico Strategic Relationship and Its Impact on the U.S.', *The Manzella Report*, June 2, 2014, <http://www.manzellareport.com/index.php/world/854-the-china-mexico-strategic-relationship-and-impact-on-the-u-s> (Accessed March 21, 2015); 'China and Mexico: An Emerging Trans-Pacific Partnership?', Chin-US FOCUS, September 24, 2013, at <http://www.chinausfocus.com/foreign-policy/china-and-mexico-an-emerging-trans-pacific-partnership/> (Accessed March 21, 2013).

61 'The China-Mexico Strategic Relationship and Its Impact on the U.S.', *The Manzella Report*, June 2, 2014, <http://www.manzellareport.com/index.php/world/854-the-china-mexico-strategic-relationship-and-impact-on-the-u-s> (Accessed March 21, 2015)

62 'China's President Wants to Open the Floodgates of Trade with Mexico', Fox News Latino, June 2, 2013, at <http://latino.foxnews.com/latino/money/2013/06/02/china-president-wants-to-open-floodgates-trade-with-mexico/> (Accessed March 21, 2015).

63 Theodore Kahn, 'Xi Jinping in Mexico: 'Relaunching' a Relationship', *The Diplomat*, June 4, 2013, at <http://thediplomat.com/2013/06/xi-jinping-in-mexico-relaunching-a-relationship/> (Accessed March 21, 2015).

64 'Chinese President Awarded Key to Mexico City', CPC Website, June 7, 2013, at <http://english.cpc.people.com.cn/206972/206976/8276536.html> (Accessed March 21, 2015).

political parties and legislatures, and by making best use of the existing consultation and dialogue mechanisms.

- Improvement in practical cooperation in accordance with their development strategies, and increase in mutual investment in key areas such as energy, mining, infrastructure and high technology.
- Encouragement for art troupes, promote tourism and communication among students, academics, journalists and athletes.
- Enhancement in multilateral coordination based on their common interests and responsibilities on major international issues.⁶⁵

During Xi's visit to Mexico in 2013, the two countries agreed to open a Chinese cultural centre in Mexico City and a Mexican cultural centre in Beijing. China also agreed to "offer summer camp vacations to 100 Mexican children" in 2013 and to "provide 100 scholarships to Mexican students each year for the next three years."⁶⁶

China and Mexico conducted the third China-Mexico Strategic Dialogue and the 13th round of Political Consultations between their Foreign Ministries in October 2013. Assistant Foreign Minister Zhang Kunsheng of China and Undersecretary Carlos Alberto de Icaza Gonzalez

65 'China, Mexico Upgrade Bilateral Relationship', *Xinhua*, June 5, 2013, at http://www.china.org.cn/world/2013-06/05/content_29033628.htm (Accessed March 22, 2015).

66 'China, Mexico Boost Relations', *China Daily*, June 5, 2013, at http://www.chinadaily.com.cn/china/2013xivisit/2013-06/05/content_16573196.htm (Accessed March 22, 2015).

of Mexico represented their respective countries.⁶⁷ In November 2013, the two countries organised department-level foreign policy consultations in Beijing where Cai Run, Director-General of the Department of Policy Planning of the Chinese foreign ministry and Gonzalo Canseco Gomez, Director-General of Foreign Policy Planning of Mexican Secretariat of Foreign Affairs led the two sides.⁶⁸

China's Ambassador to Mexico, Qiu Xiaoqi's statement that, "the relationship between China and Mexico is at its best moment in history" reflects new found enthusiasm.⁶⁹ However, the reality is that Mexico has initiated 17 trade dispute settlement cases in the WTO against China. Therefore, Enrique Dussel's words that "we are completely "clueless" when it comes to China... we have no policy to speak of for China... There's no strategy that adequately reflects China's global importance and does justice to our second leading trade partner. We seem to have hit an all-time low. I don't think economic and trade relations can get

67 'Assistant Foreign Minister Zhang Kunsheng Visits Mexico for China-Mexico Strategic Dialogue and Political Consultations between the Two Foreign Ministries', the FMPRC Website, October 31, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1095549.shtml (Accessed March 23, 2015).

68 'China and Mexico Hold Foreign Policy Consultation between Departments of Policy Planning of Bilateral Foreign Ministries', the FMPRC Website, December 2, 2013, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjg_663340/zcyjs_663346/xgxw_663348/t1106073.shtml (Accessed March 23, 2015).

69 'China-Mexico Relationship at Best Moment: Chinese Ambassador', *People's Daily*, February 12, 2014, at <http://en.people.cn/90883/8533737.html> (Accessed March 24, 2015).

any worse”⁷⁰ come as a reality check on this new found enthusiasm. Dussel is the director of the Center for China-Mexico Studies of the National Autonomous University of Mexico.

Mexico’s cancellation of a joint Chinese-Mexican consortium’s contract to build a \$4.3 billion high-speed railway on account of some malpractice before Nieto’s China visit in 2013 came as a tough reality check for China-Mexico relations. China Railway Construction Corporation lost the contract after the decision.⁷¹

Conclusion

The review of the years 2013 and 2014 indicates that the progress and developments in China’s relations with Latin America and the Caribbean have been in keeping with past years. The focus remains on economy. China’s cooperation with the region in the three aspects of the economy—trade, investment and loans—showed further growth and intensification in 2013 and 2014. Quest for primary commodities and energy remained a determining feature of China’s economic relations with the region. However, the Chinese loans policy needs to be tracked, as this will lead to the future strategic contours of China’s relations with the region. As of now, China’s

political relations are by and large consultative and low-profile.

China’s developing multilateral engagement with the region also encompasses economic relations. The newly founded Forum of China and the Community of Latin American and Caribbean States (CELAC) in January 2015 is an example in this regard. The forum held its first ministerial meeting in January 2015.⁷² No specific Chinese interest in regional domestic politics, with the possible exception of Venezuela, was reported in 2013 and 2014. Similarly, despite private talks of implications which could arise from China’s engagement with the region for the US, no official reaction or response came from the US. China, on its part appeared cautious on this count, as in past years. These trends are likely to continue in the coming years.

70 ‘China-Mexico Ties Grow Thin’, Inter Press Service, at <http://www.ipsnews.net/2013/01/china-mexico-ties-grow-thin/>; Eric Farnsworth, ‘China and Mexico: An Emerging Trans-Pacific Partnership?’, September 24, 2013, at <http://www.chinausfocus.com/foreign-policy/china-and-mexico-an-emerging-trans-pacific-partnership/> (Accessed March 24, 2015).

71 ‘Mexico President Pushes Trade Ties in China while Protests Rage at Home’, November 13, 2013, at <http://america.aljazeera.com/articles/2014/11/13/mexico-china-trade.html> (Accessed March 24, 2015).

72 ‘Wang Yi: Forge the China-CELAC Forum and Establish a New Model for South-South Cooperation’, FMPRC, January 8, 2015, at http://www.fmprc.gov.cn/mfa_eng/wjlb_663304/zjzg_663340/ldmzs_664952/xwlb_664954/t1227302.shtml (Accessed March 25, 2015).

Chronology of Important Events in the Year 2014

January 2014

20: Vice President Li Yuanchao receives the visiting Ecuadorian Vice President, Jorge Glas Espinel.

February 2014

26: President Xi Jinping receives the visiting Prime Minister of Trinidad and Tobago, Kamla Persad-Bissessar.

April 2014

4: The visiting delegation of the "Quartet" of the Community of Latin American and Caribbean States (CELAC) calls on Foreign Minister Wang Yi in Beijing.

July 2014

16: President Xi Jinping meets Bolivia's President, Juan Evo Morales Ayma; Ecuadorian President, Rafael Correa Delgado; Costa Rican President, Luis Guillermo Solís; Peruvian President, Ollanta Humala Tasso; and Chilean President, Michelle Bachelet, in Brasilia, Brazil.

17: Chinese company Baidu Inc launches Portuguese language search engine in Brazil.

August 2014

26: Premier Li Keqiang meets the visiting Prime Minister of Antigua and Barbuda, Gaston Browne.

September 2014

22: Vice Premier Zhang Gaoli, Special Envoy of President Xi Jinping, meets Bolivia's President,

Juan Evo Morales Ayma. The two leaders met at the UN headquarters in New York.

29: Foreign Minister Wang Yi attends the sixth meeting of the China-Mexico Intergovernmental Standing Committee in Mexico City.

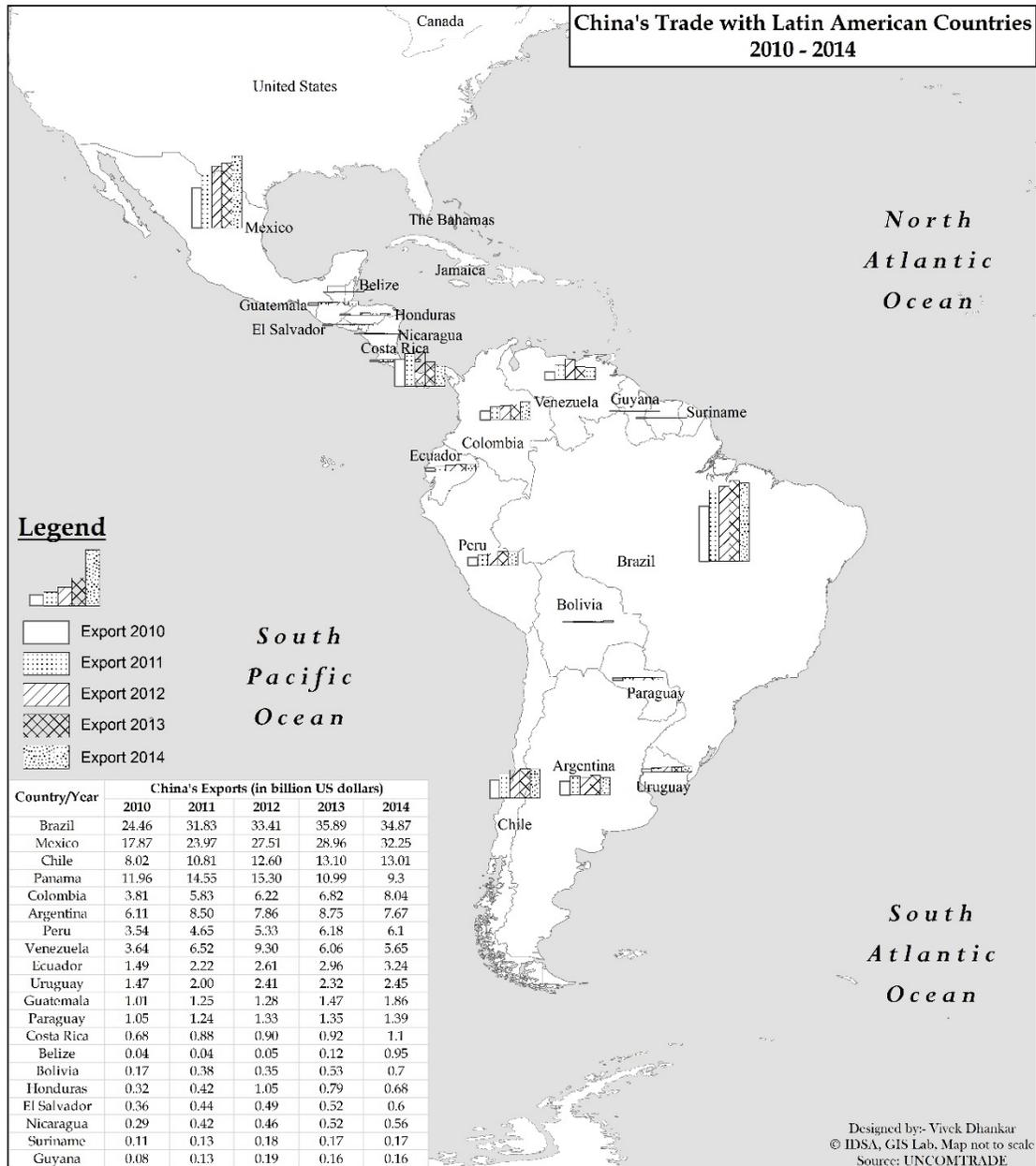
November 2014

12: Xi Jinping meets the visiting Peruvian President, Ollanta Humala Tasso.

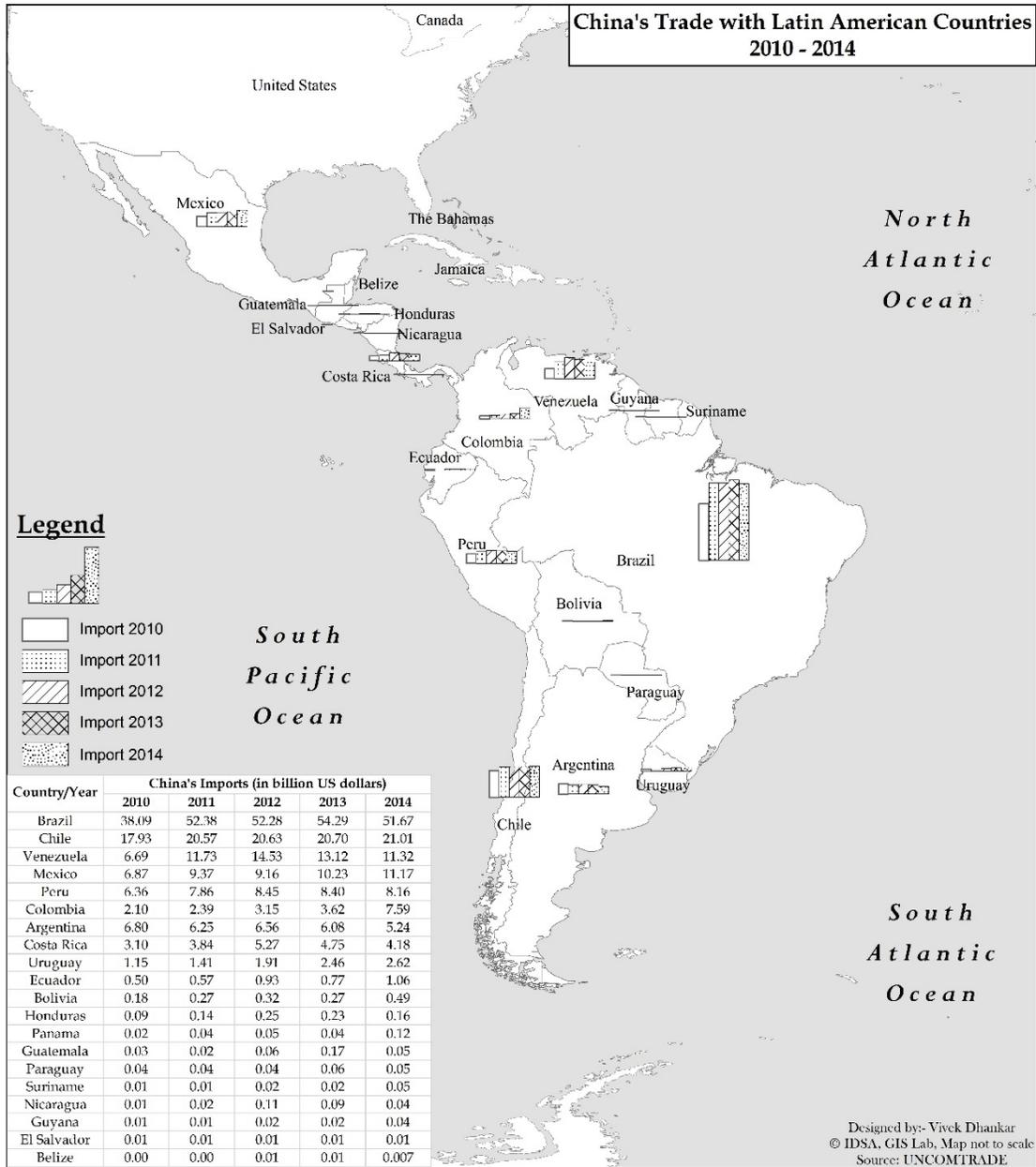
December 2014

7: The China-Brazil joint China-Brazil Earth Resources Satellite (CBERS)-4 Satellite is launched in Taiyuan, China.

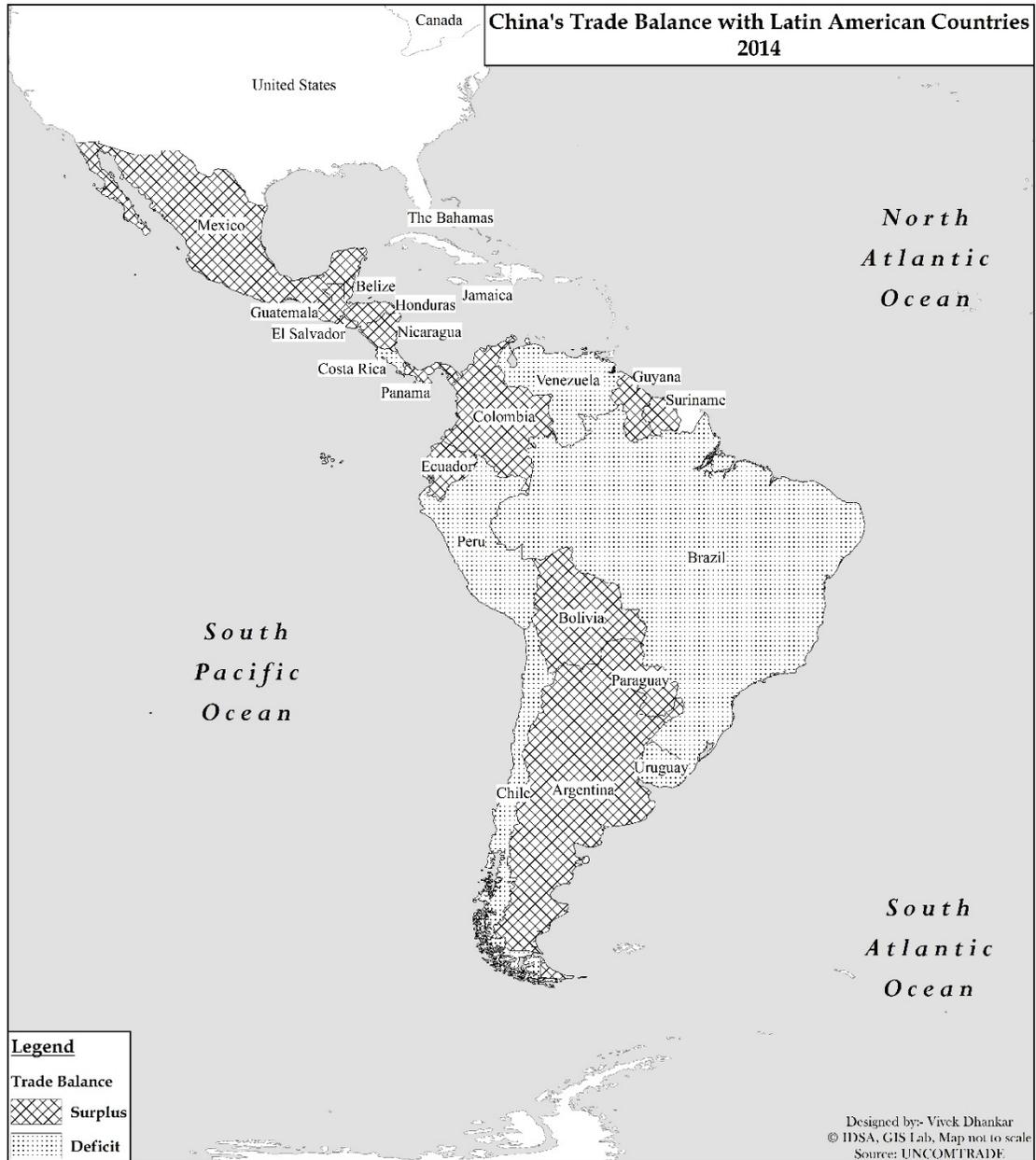
Map 1



Map 2



Map 3



Map 4



Table 1
China's Trade with Select Caribbean Countries (in \$ billion, as reported by China)

	2010			2011			2012			2013			2014				
	Imp.	Ex p.	Total	B	Total	Ex p.	Imp.	Total	Ex p.	Imp.	Total	B	Total	Ex p.	Imp.	Total	B
DR	.13	.90	1.03	+	1.25	.96	.29	1.42	1.0	.40	1.42	+	1.33	1.0	.27	1.54	+
Cuba	.76	1.0	1.82	+	1.94	1.0	.90	1.73	1.1	.56	1.73	+	1.87	1.3	.33	1.39	+
Jamaica	.0037	.23	0.2337	+	0.03	.37	.0039	0.81	.78	.030	0.81	+	0.6238	.62	.037	0.557	+
Haiti	.0059	.25	0.2559	+	.3073	.30	.0073	0.2899	.28	.0099	0.2899	+	0.335	.32	.014	0.404	+
Barbados	.003	.07	0.073	+	0.146	.14	.006	0.1	.09	.01	0.1	+	0.08	.07	.014	.085	+
T&T	.10	.29	.39	+	.62	.28	.34	.44	.31	.13	.44	+	.43	.32	.10	.52	+
Dominica	.0025	.04	0.0425	+	0.0203	.02	.00039	0.0211	.02	.0011	0.0211	+	0.0201	.02	.0005	0.037	+
A&B	.00005	.80	0.8000	+	0.6500	.65	.00005	0.7400	.74	.00007	0.7400	+	0.2403	.24	.0000	.1700	+
Grenada	.00000	.00	0.0051	+	0.0059	.00	.00000	0.0190	.01	.00000	0.0190	+	0.0075	.00	.0000	.014	+

Source: UNCOMTRADE at <http://comtrade.un.org/db/>
+ shows China has surplus and - shows China has deficit
Imp.: Import, Exp.: Export, B.: Balance, A & B: Antigua & Barbuda, DR: Dominican Republic, T & T: Trinidad & Tobago

Table 2
Latin America and the Caribbean: China's Rank as a Trading Partner

	Latin American Countries				The Caribbean Countries				
	Exports		Imports		Exports		Imports		
	2000	2013	2000	2013	2000	2013	2000	2013	
Brazil	5	1	4	1	Cuba	6	1	3	1
Uruguay	4	3	7	1	Dominican Republic	12	4	2	2
Paraguay	15	29	3	1	Antigua & Barbuda	NA	26	26	3
Mexico	19	4	7	2	Guyana	27	19	6	3
Chile	12	1	11	2	Jamaica	16	11	10	4
Venezuela	35	2	18	2	Belize	23	7	17	4
Argentina	6	2	4	2	Barbados	42	11	9	4
Peru	4	2	9	2	Dominica	NA	30	25	5
Colombia	36	2	9	2	Bahamas	29	13	28	6
Costa Rica	30	7	15	2					
Honduras	54	8	21	2					
Ecuador	18	9	10	2					
Guatemala	43	10	19	3					
Nicaragua	35	19	20	3					
Bolivia	18	8	7	3					
Panama	31	3	25	4					
Salvador	49	34	23	4					

Source: First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring Opportunities for Cooperation on Trade and Investment, United Nations, Economic Commission for Latin American and the Caribbean (ECLAC), pp. 28, at http://repositorio.cepal.org/bitstream/handle/11362/37578/S1421103_en.pdf?sequence=1 (Accessed March 1, 2015).

Table 3
Latin America and the Caribbean (10 Countries: Estimated FDI Flows from China, 1990-2013 (\$ millions)

Country	1990-2009	2010	2011	2012	2013
Argentina	143	3100	2450	600	120
Brazil	255	9563	5676	6067	2580
Chile	NA	5	0	76	19
Colombia	1677	6	293	996	776
Ecuador	1619	45	59	86	88
Guyana	1000	NA	15	NA	NA
Mexico	146	9	2	74	15
Peru	2262	84	829	1307	4626
Trinidad and Tobago	NA	NA	850	NA	NA
Venezuela	240	900	NA	NA	1400
Total	7342	13712	10174	9206	9624
Total (\$ US billions)	7.34	13.71	10.17	9.20	9.62

Source: First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring Opportunities for Cooperation on Trade and Investment, United Nations, Economic Commission for Latin American and the Caribbean (ECLAC), pp. 34, at http://repositorio.cepal.org/bitstream/handle/11362/37578/S1421103_en.pdf?sequence=1 (Accessed March 1, 2015).

Section V: China and South Asia

17

India-China Relations: Pointing to a Transitional Course?*

Jagannath Panda

Are India-China relations in transition? Considering the developments in the year 2014, partially as a continuum of the evolving course over the years, it would appear so.

The first meeting between Prime Minister Narendra Modi and President Xi Jinping at the BRICS (Brazil-Russia-India-China-South Africa) summit in Brazil, Xi's first visit to India as Head of State and tensions along the India-China border during his visit, the Chinese invitation to India to attend the Asia-Pacific Economic Cooperation (APEC) preparatory summit meeting in Beijing and India's decision to join the Asia Infrastructural Investment Bank (AIIB) are some highlights that indicate concurrent advances in India-China ties in 2014. Progressive trends were noticed in overall India-China relations, while mistrust enveloped security and the boundary dispute.

In 2014 the two sides signed a few agreements and memorandums of understanding (MoUs). These agreements and MoUs brought their provincial or state-level links and engagements closer and domestic communities nearer than earlier, prompting a new level of economic cooperation. This signified the emergence of a type of *partnership*, described as “developmental

partnership”. China's invitation to India to attend the APEC preparatory meeting, and India's joining the AIIB are also pointers to a new level of cooperation and *power politics* in their regional and global relationship. Repeated tensions along the India-China border did continue throughout the year with the presence of troops from both sides and the Indian media calling these incidents ‘PLA incursions’. It points to a type of *patrolling politics* between India and China. In other words, the year 2014 propelled *three* types of P's – *patrolling, partnership, and power politics*.

The Political Course

2014 was meant to be the Year of Friendly Exchanges between India and China. As a part of this course, several cultural, economic and social interactions and exchanges took place between the two countries. A wide range of exchange of visits at highest political levels was also witnessed. These exchanges over the years have acted as confidence-building measures (CBMs) between the two countries. But in 2014, such exchange of political visits did not boost the level of confidence that was required, essentially, perhaps, because the leadership in both countries were relatively new. Further, the remark concerning ‘One-China’ policy by the External Affairs Minister of India and repeated border tensions refers to the lack of confidence between the two sides in 2014.

* A revised version of this write-up will appear in a chapter of the author's forthcoming book on *India-China Relations*.

Soon after the new government in India under Prime Minister Narendra Modi took over, the Chinese Foreign Minister Wang Yi visited India during 8-9 June 2014 as the special envoy of President Xi Jinping to establish contacts with the new government. During June 26-30, Vice-President M. Hamid Ansari visited China. He held discussions with his Chinese counterpart Li Yuanchao and also attended the event to mark the 60th anniversary of *Panchsheel* in Beijing during June 28-29. But the biggest draw of the India-China exchange in 2014 was the state visit of President Xi Jinping during September 17-19. He was the third Chinese President to visit India after Jiang Zemin in 1996 and Hu Jintao in 2006. After that, Modi met Premier Li Keqiang in Nay Pyi Taw in November 2014. This exchange of visits and meetings indicates that despite the change of government in India, the political engagement between the two countries continues to flourish.

At the same time, political mistrust continued to prevail in the bilateral relations. Two concurrent developments highlighted this aspect. *One*, Indian and foreign media reported that the Chinese Foreign Ministry protested against the presence of the head of the Tibetan Government-in-Exile (TGIE), Lobsang Sangay, at Prime Minister Modi's swearing-in ceremony.¹ Even though it did not

openly express its displeasure,² the persistent sensitivities of the Chinese with regard to overall Tibetan affairs and the TGIE in India in particular were noticeable. *Two*, the "One-China" policy resurfaced in India-China affairs in 2014 after a gap. India's new Minister for External Affairs, Sushma Swaraj, went on record that "for India to agree to a one-China policy, China should reaffirm a one-India policy", that "China must appreciate India's sensitivities on Arunachal Pradesh when they raise matters like Tibet and Taiwan".³ This was surely a matter of opening up old matters regarding the sovereignty debate between the two countries. Obviously, old political mistrust continued to prevail.

Xi Jinping's India tour was one of those rare occasions where a Chinese President did not travel to Pakistan while touring India. Apart from Tajikistan, before coming to India, Xi Jinping visited the Maldives and Sri Lanka. In the course of Xi's visit, China strengthened its relations with the Maldives and Sri Lanka on a range of bilateral and regional matters that have strategic significance for India and the region. Notably, China's new maritime understanding with the Maldives and Sri Lanka were highlight stories. During Xi's visit both these countries expressed support for Beijing's Maritime Silk Road (MSR) project proposal. Later, the Maldives officially joined China's MSR

1 Indrani Bagchi, 'Tibetan Leader at Modi's Swearing in Irks China', *Times of India*, June 5, 2014, at <http://timesofindia.indiatimes.com/India/Tibetan-leader-at-Modis-swearing-in-irks-China/articleshow/36080500.cms> (Accessed January 8, 2015); Ellen Barry, 'China Complains about Guest at Narendra Modi's Swearing-in', *Sunday Morning Herald*, June 9, 2014, at <http://www.smh.com.au/world/china-complains-about-guest-at-narendra-modis-swearing-in-20140609-zs1w8.html> (Accessed January 8, 2015).

2 My in-person interaction with many experts and scholars at the CICIR, CIIS, CASS, and China Reform Forum (CRF) in Beijing and SIIS, SASS and Fudan University in Shanghai.

3 Indrani Bagchi, 'India Talks Tough on One-China Policy, Says Reaffirm One-India Policy First', *Times of India*, September 9, 2014, at <http://timesofindia.indiatimes.com/India/India-talks-tough-on-one-China-policy-says-reaffirm-one-India-policy-first/articleshow/42060331.cms> (Accessed January 3, 2015).

proposal.⁴ Greater bilateral understanding also emerged between China and Sri Lanka on the MSR and other strategic matters concerning maritime issues.⁵

India on its part has chosen to take its own stand on the MSR. China had invited India to join the MSR before Xi's tour, but India has not taken a call on the offer. Modi, nevertheless, breaking protocol, went on to receive Xi Jinping in Gujarat where India and China forged agreements that established a "sister state/provincial" level engagement between Gujarat and Guangdong. A point of view emerged that Modi's gesture of receiving Xi Jinping in Gujarat did create an opportunity to start a personal connect between the two. Nonetheless, the supposed personal rapport suffered a setback with tensions arising along the border regions, with confrontation of troops from both sides during Xi's India tour.

Patrolling Politics

In continuation with the past, the year 2014 witnessed constant tension on the border, predominantly in the Ladakh region. Conflicting reports appeared as regards from where exactly the situation intensified and which side really intensified the border tension during Xi's India tour. But it was reported that the Indian Army's presence and construction of a "small observation hut" along the India-China disputed region in

the Ladakh area triggered China's People's Liberation Army (PLA) to start building a road, which further aggravated the situation, and gradually witnessed substantial presence of soldiers on both sides.⁶ Tension was particularly high in the Chumur, Depsang and Chushul areas of the Ladakh region.⁷ In Chumur, around 1,000 Chinese soldiers were reported moving inside the Line of Actual Control (LAC) during Xi's tour.⁸ Responding to the situation, India deployed a large number of soldiers. Notably, India called this incident as "uncommon" and acknowledged that this kind of incident occurs normally due to "difference in perception on border".⁹ Prime Minister Modi expressed "serious concern over

4 'Maldives Officially Joins China's Maritime Silk Road Policy', *Xinhuanet*, December 18, 2014, at http://news.xinhuanet.com/english/china/2014-12/18/c_133864475.htm (Accessed January 8, 2015).

5 'China, Sri Lanka to Invest in Maritime Silk Road initiative', *China Daily*, December 16, 2014, at http://www.chinadaily.com.cn/business/2014-12/16/content_19099689.htm (Accessed January 8, 2015).

6 Sanjeev Miglani, 'Insight – with Canal and Hut, India Stands Up to China on Disputed Frontier', *Reuters*, September 25, 2014, at <http://in.reuters.com/assets/print?aid=INKCN0HJ2FU20140924> (Accessed January 8, 2015).

7 'Face-off between Indian and Chinese Armies along LAC Continues as Modi Meets Jinping in New Delhi', *Indian Express*, September 18, 2014, at <http://indianexpress.com/article/india/india-others/face-off-between-indian-and-chinese-armies-along-lac-continue-as-modi-and-jinping-meet-in-new-delhi/> (Accessed January 8, 2015).

8 'LAC Stand-off between Indian and Chinese Armies along LAC Continues as Modi Meets Jinping in New Delhi', *The Times of India*, September 18, 2014, at <http://timesofindia.indiatimes.com/india/LAC-stand-off-Nearly-1000-Chinese-soldiers-enter-India/articleshow/42774889.cms> (Accessed February 26, 2015).

9 'Chinese Incursion during Xi Visit Uncommon: ITBP chief', *Hindustan Times*, October 23, 2014, at <http://www.hindustantimes.com/india-news/chinese-incursion-during-xi-visit-uncommon-itbp-chief/article1-1278311.aspx> (Accessed January 8, 2015).

repeated incidents along the border”.¹⁰ Unlike previous such incidents, this incident continued for two to three weeks. China’s response to these tensions was rather muted, and the visiting Chinese President appeared defensive regarding the matter. The Indian strategic community was busy debating whether the Chinese troops’ presence in the Ladakh region—which is frequently called as “incursion”—happened with Xi Jinping’s knowledge of the matter. Xi was reported saying that ‘border is yet to be demarcated, and sometimes there might be certain incidents’.¹¹ Later, the spokesman of China’s Ministry of National Defense, Geng Yansheng, stated at a regular press conference that “The situation is currently under effective control”. He echoed Xi Jinping’s view that “... because the China-India border is not demarcated yet, it is sometimes inevitable that incidents happen”.¹² Some progress happened nevertheless throughout these border incidents in India-China bilateral consultations. For instance, India and China have now agreed to establish a hotline link between their military

headquarters and a telecommunication liaison between their two frontline forces.¹³

Both countries have also shown seriousness to resolve the boundary dispute. India appointed its new National Security Advisor (NSA), Ajit Doval, as its Special Representative (SR) to carry out the border talks with China. The 18th round of Special Representative level talk on the boundary issue took place in New Delhi in March 2015. But there is a continued apprehension in India that these contacts are virtually getting nowhere, especially with the continued Chinese incursions in the border region. The two countries did sign the Border Defence Cooperation Agreement (BDCA) that came into operation on 24 October 2013, after the Depsang Valley incident in April 2013.¹⁴ Most of the recent border incursions have taken place in the Ladakh region. In March 2014, an incursion by the PLA was reported in Chumur,¹⁵ which has witnessed repeated Chinese incursions. Chumur is strategically located, just 300 km east of Leh. India has a good infrastructure and army presence in this region.¹⁶ These types of incidents were noticed throughout the year: in June 2014

10 Shubhajit Roy, ‘Xi in India: Determined to Solve Boundary Question at An Early Date, Beijing Tells New Delhi’, *Indian Express*, September 19, 2014, at <http://indianexpress.com/article/india/india-others/need-to-clarify-lac-concerned-over-situation-on-border-modi-tells-chinese-president-xi/> (Accessed January 8, 2015).

11 Teddy Ng, Andrea Chen and Agencies, ‘Business Beats Border Dispute as Chinese and Indian Leaders Go Face to Face’, *South China Morning Post*, September 19, 2014, at <http://www.scmp.com/news/asia/article/1595620/business-beats-border-dispute-chinese-and-indian-leaders-go-face-face> (Accessed February 26, 2015).

12 *Defense Ministry’s regular press conference on September 25, 2014*, Ministry of Defense of the People’s Republic of China (PRC), September 25, 2014, at http://eng.chinamil.com.cn/news-channels/2014-09/25/content_6155068.htm (Accessed January 8, 2015).

13 Zhang Yunbi, ‘Beijing, New Delhi Establish Hotlines to Defuse Border Tensions’, *China Daily*, October 21, 2014, at http://www.chinadaily.com.cn/china/2014-10/21/content_18774107.htm (Accessed January 3, 2015).

14 Depsang Valley incident happened before the Chinese Premier Li Keqiang’s visit to India in May 2013.

15 ‘Chinese Troops Make Fresh Attempt to Violate Border’, *The Hindu*, March 18, 2014, at <http://www.thehindu.com/news/national/chinese-troops-make-fresh-attempt-to-violate-border/article5801171.ece> (Accessed January 9, 2015).

16 ‘Incursions along China Border due to Perception Difference about Boundary: Rajnath Singh’, *Economic Times*, July 17, 2014, at http://articles.economictimes.indiatimes.com/2014-07-17/news/51656862_1_chumar-chinese-troops-pla (Accessed January 9, 2015).

further incursion efforts were made by the PLA in Demchok and Chumur. It was reported that PLA soldiers made an attempt to reach Pangong Lake in Ladakh on June 27, 2014.¹⁷ Persistent tensions were noticed in July and September too. These incidents point to the fact that a kind of patrolling politics dictated the India-China bearings in the border region in 2014. More notably, these incidents happened after the acknowledgment by Modi and Xi in Brazil that there is a need to find a solution to the boundary dispute.

Since 2012, border incursions or what India officially calls “transgressions”, have been addressed under “border management” talks of the Working Mechanism for Consultation and Coordination (WMCC). Both India and China have held a few rounds of WMCC talks to discuss the reported incursions and matters related to the perceptual differences relating to patrolling along the border. Three rounds of WMCC talks were held in 2014: February (fifth round, in New Delhi); April (sixth round, in Beijing); and August (seventh round, in Beijing). Despite this, and the signing of the BDCA on October 24, border incursions still continue. The stand-off in Ladakh that occurred during Xi Jinping’s India visit does raise a serious question over the relevance of the BDCA.

Emergence of a ‘Developmental’ Partnership?

Notwithstanding persistent tensions along the border, India and China carried forward and signed a few agreements to enhance their bilateral

understanding. The *Joint Statement* released during President Xi’s visit to India termed India-China ties as a “developmental partnership”. Studying the variety of agreements and MoUs that have been signed between the two countries in 2014, it is clear that India-China ties are perhaps more of a “developmental cooperative partnership” for now, or “development-oriented partnership” than anything else. The *Joint Statement* noted that “developmental partnership” is central to the two countries’ “Strategic and Cooperative Partnership for Peace and Prosperity”.¹⁸ Xi Jinping, during his visit to India, contextualised India’s and China’s case as “express trains” for driving regional development. He further endorsed both countries as “twin anchors” of regional peace. Urging both countries to become “closer partners for development”, Xi expressed the view that this can be achieved while India and China pursue their own respective national interests at the same time.¹⁹

However, the same spirit was not observed in Indian political or official pronouncement during Xi’s visit to India. India has gone on record acknowledging the process of “developmental engagement” between the two countries, but the Indian elocution was not alike China’s interest of engaging with India in a developmental perspective. For China, forging a “developmental partnership” with other countries has been the crux of its foreign policy in the last decade, which

¹⁷ ‘Chinese Troops Make Bids to Enter Indian Waters in Ladakh: Reports’, *Times of India*, June 29, 2014, at <http://timesofindia.indiatimes.com/india/Chinese-troops-make-bids-to-enter-Indian-waters-in-Ladakh-Reports/articleshow/37468920.cms> (Accessed January 9, 2015).

¹⁸ ‘Joint Statement between the Republic of India and the People’s Republic of China on Building a Closer Developmental Partnership’, Ministry of External Affairs, Government of India, September 19, 2014.

¹⁹ ‘China, India should be Partners for Peace, Development: Xi’, *Xinhuanet*, September 19, 2014, at http://news.xinhuanet.com/english/china/2014-09/19/c_133653930.htm (Accessed January 5, 2015).

is also reflected in its approach towards India. Much of this credit goes to the Chinese economic success and supremacy. China under Xi Jinping and Li Keqiang is carefully carrying forward its external policy of “developmental partnership” in their foreign relations strategy.²⁰

During Xi Jinping’s tour to India, the two countries signed 16 agreements/MoUs, mainly: (i) opening of a new route for Indian pilgrims going for the Kailash Mansarovar Yatra located in the Tibetan Autonomous Region of China; (ii) action plan of enhancing and reinforcing cooperation in railways; (iii) five-year trade and economic cooperation development plan; (iv) cooperation agreement on customs matters; (v) forging cooperation in the peaceful use of space; and (vi) strengthening cooperation between cultural institutions.²¹ Each of these agreements/MoUs point to a new level of progressive understanding between the two countries. For instance, the new route for the Kailash Mansarovar Yatra (Gang Renpoche and Mapam Yun Tso Pilgrimage) through Nathu La in Sikkim expands the tourist capacity, reduces the risk and difficulty and is seen as a better route with regard to climate condition and time taken for pilgrims. This route is additional to the existing Lipulekh Pass, which points to a progressive aspect in India-China ties, particularly taking into account their unresolved boundary problem

and their continued mutual mistrust over the Tibet issue.

India-China MoUs to cooperate in the railway sector is another positive trait of their developmental partnership. The interest to enhance cooperation in increasing speed and high-speed railways, training of Indian railway personnel, renovation of railway stations in India and the interest to establish a railway university jointly in India are some aspects that point to this developmental aspect. Following this MoU, there is a discussion unfolding between the two countries to jointly develop India’s first high-speed railway and track to establish a high-speed railway link between Delhi and Chennai. Judgement on this MoU will have to wait, as there are media reports that Japan may offer better conditions and funding opportunity for this project.²²

Apart from these agreements and MoUs, the two main high points of India-China ties during Xi’s visit to India were: (a) agreements on sister-city and sister provincial or state-level ties; and (b) MoUs on establishing industrial parks in Maharashtra and Gujarat with collaboration between Chinese and Indian companies. Mumbai-Shanghai and Ahmedabad-Guangzhou have established “sister-city” relations; Gujarat and Guangdong have established “sister-state or province” partnership.²³ As per the new MoUs, a 1,250

20 There is currently a lot of discussion and debate in China on how to establish worldwide partnership. For instance, see Zhao Minghao, ‘Developing with global Vision’, *China Daily*, December 26, 2014, p. 8.

21 ‘List of Documents Signed during the State Visit of Chinese President Xi Jinping to India’, Ministry of External Affairs: Government of India, September 18, 2014, at <http://www.mea.gov.in/bilateral-documents.htm?dtl/24012/List-of-Documents-signed-during-the-State-Visit-of-Chinese-President-Xi-Jinping-to-India> (Accessed January 2, 2015).

22 There is apprehension in the Chinese strategic circles and in the media about the success of the India-China high-speed railway cooperation project. See, for example, Yu Ning, ‘Success of Sino-Indian Rail Pact to Set Stage for More Deals’, *Global Times*, November 27, 2014, at <http://www.globaltimes.cn/content/893868.shtml> (Accessed January 2, 2015).

23 ‘List of Documents Signed during the State Visit of Chinese President Xi Jinping to India’, MEA, n. 21.

acre Industrial Park near Pune in Maharashtra and an Industrial Park in Gujarat will be set up with the assistance of Chinese enterprises to generate employment in these regions and promote ground-level cooperation between the two business sides.²⁴ In the next five years, China will be investing US\$ 20 billion for infrastructure and industrial development projects in India. There was an interest expressed by both sides to forge a “broad-based and sustainable economic partnership”.²⁵ To develop a better partnership on economic and commercial matters, it is agreed that the two sides will establish a dialogue mechanism between the Department of Economic Affairs of the Indian Government and the Development Research Centre of the State Council of the PRC. These agreements and MoUs bring the domestic constituents in both countries closer to each other. But practically, trade imbalance, open market collaboration and border trade are some of the matters that need further deliberation on both sides. Media statistics suggest that even though the overall India-China bilateral trade in 2014 witnessed an increase of \$5.02 billion from 2013, their trade imbalance has been widening. Overall bilateral trade was estimated at \$70.59 billion in 2014; while in 2013, it was around \$ 65.57 billion.²⁶

²⁴ Ibid.

²⁵ ‘Joint Statement between the Republic of India and the People’s Republic of China on Building a Closer Developmental Partnership’, Ministry of External Affairs, Government of India, September 19, 2014.

²⁶ ‘India’s Trade Deficit with China Rose to \$37.8 Billion in 2014’, *Economic Times*, January 13, 2015, at <http://economictimes.indiatimes.com/news/economy/indicators/indias-trade-deficit-with-china-rose-to-37-8-billion-in-2014/articleshow/45873415.cms> (Accessed January 14, 2015).

Evolving Power Politics

The year 2014 witnessed both India and China advancing their regional and global relationship. There was an acknowledgement that they have a “shared interest” at the regional level.²⁷ Important strategic matters like Afghanistan, regional connectivity, Bangladesh-China-India-Myanmar (BCIM) economic corridor, maritime affairs, Asia-Pacific security and economic matters including discussion over Regional Comprehensive Economic Partnership (RCEP) negotiation did figure in their bilateral talks at different forums with regard to establishing cooperative ties at regional level. Most of these discussions were, nevertheless routine and representative in nature and explained a ‘limited partnership’. This ‘limited partnership’ was demonstrated aptly at regional multilateral forums. For instance, India signed the MoU for joining the Chinese-proposed AIIB,²⁸ which is an intergovernmental regional banking institution with its proposed headquarters in Beijing. India is expected to sign and ratify its Articles of Agreement (AOA) in 2015. This is an interesting development as the prime aim of AIIB is to facilitate, fund and promote infrastructure funding and connectivity at the regional level. China, under Xi Jinping’s leadership, has been pushing the idea of establishing the AIIB along with the Maritime Silk Road (MSR) and Silk Road Economic Belt (SREB) concurrently. India has

²⁷ ‘Press Statement by Prime Minister during the Visit of President Xi Jinping of China to India, September 18, 2014’, Ministry of External Affairs, Government of India, September 18, 2014.

²⁸ ‘21 Countries Sign MoU on Establishing Asian Infrastructure Investment Bank’, *xinhuanet*, October 24, 2014, at http://news.xinhuanet.com/english/business/2014-10/24/c_133740149_2.htm (Accessed January 2, 2015).

consented to join the AIIB but is dithering on joining MSR.

In 2014, there was greater understanding unfolding between China and Pakistan at the bilateral level, particularly in establishing an economic corridor. The high point of this understanding was infrastructure connectivity through roads and railway between the two particularly with regard to the SREB, which has caused concerns in India. The Chinese authorities have announced that they have raised funding for preliminary research on the idea of constructing an international railway which will run through Kashgar in Xinjiang and Gwadar port of Pakistan. This idea had been shaping up in the last few years. The proposed railway corridor project is supposed to be 1,800 km long.²⁹ For India, the China-Pakistan railway corridor which is a part of China-Pakistan economic corridor and eventually will enhance China's SREB has strategic implications as it runs through Pakistan Occupied Kashmir (POK).³⁰ The Chinese media report that this railway project will mostly pass through the Pamir Plateau and Karakoram mountain.³¹ The Chinese authorities have stated that India and Afghanistan may be part of this Chinese Silk Road linkage in future.³²

29 Cui Jia, 'China Studying New Silk Road Rail Link to Pakistan', *China Daily*, June 30, 2014, at http://usa.chinadaily.com.cn/business/2014-06/28/content_17621848.htm (Accessed January 14, 2015).

30 'China Launches Study to Build Rail Link to Pakistan Via Pakistan Occupied Kashmir', *Economic Times*, June 28, 2014, at http://articles.economictimes.indiatimes.com/2014-06-28/news/50929596_1_china-pakistan-economic-corridor-rail-link-gwadar-port (Accessed January 14, 2015).

31 Cui Jia, 'China Studying New Silk Road Rail Link to Pakistan', n. 29.

32 Ibid.

But this is of little bearing to India at the moment, as India perceives that China has carried out its connectivity proposals one-sidedly with Pakistan, ignoring India's sensitivity on the Kashmir matter. SREB has certainly enabled China to gain its footprint in POK, creating a doubt among the Indian strategic community over China's stance and perception on the Kashmir issue.

Likewise, China's MSR offer has added a new dimension to India's apprehensions regarding Beijing's Silk Road projects. The growing maritime power dynamics that both are currently engaged with in the South China Sea zone and the Indian Ocean region are two additional factors in this context. The year 2014 witnessed Chinese submarines and warships docking in the Indian Ocean, mainly in Sri Lankan coastal zone. India was worried over the "frequency" and types of the Chinese submarines that were travelling to the Sri Lankan coast.³³ India in turn forged greater energy cooperation and oil exploration deals with Vietnam in the South China Sea zone during President Pranab Mukherjee's tour to Vietnam. The Indian President's visit to Vietnam happened just ahead of President Xi Jinping's India tour. Expectedly, China kept a close eye on Indian President's visit to Vietnam. Talking to the Indian media over India's oil exploration deals with Vietnam in the South China Sea, the Chinese foreign ministry officials reported, "We hold no objection to legitimate and lawful agreement

33 'Sri Lanka Allows Chinese Submarine to Dock', *China Daily*, November 3, 2014, at http://www.chinadaily.com.cn/world/2014-11/03/content_18856943.htm (Accessed January 14, 2015); Rajat Pandit, 'India Suspicious as Chinese Submarine Docks in Sri Lanka', *Times of India*, September 28, 2014, at <http://timesofindia.indiatimes.com/india/India-suspicious-as-Chinese-submarine-docks-in-Sri-Lanka/articleshow/43672064.cms> (Accessed January 14, 2015).

between Vietnam and a third country...If such agreement involves waters administered by China or if such cooperation project is not approved by the Chinese Government, then we will be concerned".³⁴

Notwithstanding these regional maritime politics affecting their regular course of consultation on global affairs, India and China continued their bilateral discussions on a range of subjects relating to multilateral mechanisms. As the 2014 *Joint Statement* proposes, the two countries expressed an interest to cooperate and collaborate on a range of subjects like the UN reform, BRICS, G-20, climate change, countering international terrorism, etc. The passing year witnessed the creation of BRICS New Development Bank with headquarters at Shanghai and India retaining the Bank's Presidentship for five years. Importantly, the *Joint Statement* notes forging a mutual understanding on Asia-Pacific matters, and urges "stability and peace", where both sides talk about "common regional development".

With regard to Asia-Pacific, the most important development in 2014 was the Chinese invitation to India to attend the pre-APEC preparatory summit meeting in Beijing that was scheduled for November 2014. China offered this invitation during the first meeting between President Xi Jinping and Prime Minister Narendra Modi in Brazil, on the sidelines of sixth BRICS summit. The Chinese invitation did propel a case that China wants to see India as a possible partner in Asia-Pacific politics. Many nuances and motives

34 Sutirtho Patranobis, 'Just Ahead of Xi Visit, India-Vietnam Deal on China's Mind', *Hindustan Times*, September 17, 2014, at <http://www.hindustantimes.com/asiantigersmeet-on-eve-of-xi-visit-india-vietnam-deal-on-china-s-mind/article1-1264896.aspx> (Accessed February 26, 2015).

may be attached to this invitation; which came at a time when the power politics between the USA and China were at their peak in the Asia-Pacific region. The year 2014 also witnessed China envisaging a greater role and participation of India in the Shanghai Cooperation Organization (SCO), Xi Jinping verbally articulated during his visit to India that "China welcomes and supports India's SCO membership",³⁵ a reiteration of China's previously articulated stand. Media reports in China suggested that SCO may eventually induct India as a full member along with Pakistan,³⁶ and a political statement has been made with this regard in the recently concluded Ufa SCO summit in July 2015 in Russia that India and Pakistan will become new members of SCO now.

Summing Up

The year 2014 marked the 60th anniversary of the enunciation of *Panchsheel* between India and China. *Panchsheel* is a core determinant of Chinese foreign policy, and China promotes most of its foreign relations practices through *Panchsheel*. This was also noticed in China's approach to India. But in the overall India-China

35 'Xi Says China Backs India's Bid to Join SCO', *Xinhuanet*, September 1, 2014, at http://news.xinhuanet.com/english/china/2014-09/18/c_1133653560.htm (Accessed January 14, 2015); 'Chinese, Indian Presidents Pledge Cooperation', *english.eastday.com*, September 19, 2014, at http://english.eastday.com/auto/eastday/nation/u1ai16054_K3.html (Accessed January 14, 2015).

36 'China Backs India, Pakistan SCO Membership', *Xinhua*, September 18, 2014, at http://www.chinadaily.com.cn/china/2014-09/18/content_18623757.htm (Accessed on February 25, 2015); Wu Jiao and Zhang Yunbi, 'SCO Paves the Way for New Members', *China Daily*, September 13, 2014, at http://www.chinadaily.com.cn/world/2014xisco/2014-09/13/content_18592025.htm (Accessed February 25, 2015).

context events and ceremonies are becoming a normal course and key part and parcel of their bilateral discourse. There may be a continuation of these ceremonial proceedings, as the year 2015 has been designated as “Visit India Year”, and 2016 as “Visit China Year”. Likewise, the year 2014-15 marks the tenth anniversary of the India-China “Strategic and Cooperative Partnership of Peace and Prosperity”. To what extent these symbolic or commemorative occasions strengthen India-China relations is a matter that needs to be observed.

Under Modi and Xi, India-China ties have entered a phase of “developmental” partnership. With Prime Minister Modi’s visit to China in May 2015, the spotlight will be on how Modi and Xi will craft these bilateral ties ahead. If the last one decade of India-China relations mostly belonged to Manmohan Singh-Hu Jintao, the next few years will belong to Modi and Xi. Their personal approach to each other will matter in India-China relations. At the same time, *three* broad designs may be noticed in India-China ties at the moment. *First*, the economic and commercial ties between the two countries have been enhanced despite a governmental change in India. These economic engagements indicate a developmental partnership which could be the main basis of their bilateral relationship for the next few years. *Second*, the border incidents that happened during Xi’s India visit indicate that progress on the economic front has little impact on the security and strategic matters between the two countries. Advancing economic and people-to-people contact are undoubtedly liberal aspects in India-China ties, but that should not be confused with the core security and strategic matters where the two countries can hardly offer compromise. The challenge here will be, not only to find a solution to the boundary dispute but also on how to check

the rising tensions along the border which are on the rise. *Third*, if not a full-scale cooperative partnership, there is the possibility of ‘limited’ cooperative partnership, developing between India and China in Asia. Matters concerning BCIM economic corridor and Regional Comprehensive Economic Partnership (RCEP) negotiation have implied that India and China are open for regional level cooperation. Likewise, India-China talk on matters relating to Afghanistan and their continuous counter-terrorism exercise indicates to their open approach in establishing some level of regional cooperation concerning security issues. One needs to see how and where this “cooperative partnership” will be strengthened further. At the same time, it is important to note that this ‘limited but cooperative partnership’ is linked to the evolving regional and global power politics where both India and China are important factors.

Chronology of Important Events in the Year 2014

February 2014

10: Fifth Round of Working Mechanism for Consultation and Coordination (WMCC) on India-China Border Affairs held in New Delhi.

March 2014

16: Nine PLA soldiers reach near the Indian side of the border areas and 10 more PLA soldiers reach Chumar areas in Ladakh.

April 2014

28-30: Sixth Round of Working Mechanism for Consultation and Coordination (WMCC) on India-China Border Affairs held in Beijing.

June 2014

8-9: Chinese Foreign Minister Wang Yi visits India as the special envoy of President Xi Jinping.

26-30: India's Vice-President M. Hamid Ansari visits China.

27: The PLA troops attempt to intrude into Indian territory and waters at Pangong Lake in eastern Ladakh region, around 168 km distance from Leh.

July 2014

14: Prime Minister Narendra Modi meets Chinese President Xi Jinping during the sixth BRICS summit in Fortaleza, Brazil. It is Prime Minister Modi's first summit-level interaction with China.

17: PLA troops make two incursion attempts in Charding Nilu Nullah Junction in Demchok and Chumar areas.

August 2014

27: Seventh Round of Working Mechanism for Consultation and Coordination (WMCC) on India-China Border Affairs held in Beijing.

September 2014

17-19: The Chinese President, Xi Jinping, visits India. He is the third Chinese President to visit India.

October 2014

24: India signs the MoU to join as one of the founding members of the Asian Infrastructural Investment Bank (AIIB) in Beijing.

November 2014

13: Prime Minister Narendra Modi meets Chinese Premier Li Keqiang on the sideline of the East Asia summit at Nay Pyi Taw.

18

China's Attitude towards Pakistan

Sumita Kumar

China continues to bolster Pakistan's capabilities in diverse areas. The objective is to prevent India's ascendance as a major power, and to serve its own strategic interests in a geopolitically important region. In addition to the traditional areas of cooperation between the two countries, there is increasing emphasis on finding markets for their goods, investment for industrial growth, assured sources of energy, and infrastructure development in transport and communications. Peace and stability in the region are prerequisites for realisation of the vision of the leadership of the two countries. The chapter highlights the intense engagement between China and Pakistan in the political, economic and security spheres during the year 2014.

Political-Diplomatic Engagement

Both countries have indicated the importance that they attach to each other. Pakistan President Mamnoon Hussain's first official visit outside the country was to China in February 2014, as was Nawaz Sharif's after becoming Prime Minister the previous year. The Chinese Premier Li Keqiang was the first foreign leader to visit Pakistan after the elections in June 2013. In February 2015, Nawaz Sharif in his interaction with visiting Chinese Foreign Minister Wang Yi in Islamabad, stated that Pakistan is looking forward to a visit

by the Chinese President this year, a year which is also being celebrated as the China-Pakistan Year of Friendly Exchanges.¹

The Chinese leadership underscored the importance of their all-encompassing relationship with Pakistan by going a step further from the often used 'all weather friendship' phraseology and referred to China and Pakistan as 'iron friends', a relatively new nomenclature alluding to the strength and trustworthiness of the bond between the two countries. While there may be disagreement among various political circles in Pakistan on different policy issues related to the national security of Pakistan, there is a broad consensus about the importance of its strategic partnership with China. This sentiment was expressed by President Mamnoon Hussain during his meeting with Chinese President Xi Jinping in Shanghai, on the side-lines of the fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA) in May 2014, when he said that there is "across-the-board political and public agreement on maintaining a

1 'Pakistan, China Vow to Expedite Work on Economic Corridor', *People's Daily Online*, February 14, 2015 at <http://en.people.cn/n/2015/0214/c90883-8850780.html> (Accessed March 20, 2015).

strong equation with China”.² In a meeting with Sartaj Aziz, Pakistan’s National Security and Foreign Affairs Adviser, on the side-lines of the 14th summit of the Shanghai Cooperation Organisation in Dushanbe, in the second week of September 2014, President Xi Jinping evinced interest in visiting Pakistan, and expressed confidence in the ability of relevant parties in Pakistan to resolve differences and maintain stability.³ This was in the backdrop of the uncertain political and security situation prevailing in Pakistan, as a result of the long drawn out protests by the Tehrik-e-Insaf and the Pakistan Awami Tehrik and the existing stalemate. A significant visit by President Xi Jinping, scheduled for September 2014, which was to be a vital component of his trip to countries in the subcontinent, his first after taking over as President, was cancelled due to the circumstances in Pakistan.

Yet, China can be counted upon by Pakistan to help resolve its problems. Not only did the Chinese Government give assurances to Pakistan about its support in tackling the latter’s energy deficit during President Hussain’s visit to Beijing in February 2014⁴, a number of MoUs related to the energy sector were signed during Prime Minister Sharif’s visit in November 2014. This is bound to have bolstered the confidence of the

Pakistan Government, which had been grappling with multiple problems, ranging from a persistent power crisis, to a strained relationship with the military.

China expressed its desire for Pakistan’s relations with India to be less acrimonious and welcomed Prime Minister Nawaz Sharif’s visit to India for the swearing in ceremony of Indian Prime Minister elect Narendra Modi in May 2014. The belief was expressed that an improvement in the India-Pakistan relationship would promote peace in the region. There was hope that the momentum in the improvement of India-Pakistan ties would be maintained so that common development goals could be realised.⁵ During the meeting between President Xi Jinping and President Mamnoon Hussain in Beijing, in February 2014, the Chinese President expressed appreciation for Pakistan’s efforts to improve relations with India, and Pakistan’s President gave assurances that Pakistan would continue to communicate with India in an effort to improve ties.⁶ President Xi Jinping during his talks with Prime Minister Nawaz Sharif in Beijing, in the first week of November 2014, reiterated that China supports Pakistan in its attempts to improve relations with India.⁷ On

2 ‘Pakistan, China Sign Pact on Lahore Orange Line Metro Project’, *Dawn*, May 22, 2014 at <http://www.dawn.com/news/1107936> (Accessed March 20, 2015).

3 ‘Xi Meets Pakistan’s Top Security, Foreign Affairs Adviser’, *People’s Daily Online*, September 13, 2014 at <http://en.people.cn/n/2014/0913/c90883-8782151.html> (Accessed March 20, 2015).

4 ‘China, Pakistan Vow to Build “Community of Shared Destiny”’, *People’s Daily Online*, February 20, 2014 at <http://en.people.cn/90883/8541012.html> (Accessed March 20, 2015).

5 ‘China Eager to See Improved India-Pakistan Relations’, *People’s Daily Online*, May 26, 2014 at <http://en.people.cn/n/2014/0526/c90883-8732839.html> (Accessed March 20, 2015).

6 *People’s Daily Online*, no.4 and; Li Xiaokun and Mo Jingxi, ‘Neighbours Keen to Open Trade Corridor’, *China Daily*, February 20, 2014 at http://www.chinadaily.com.cn/china/2014-02/20/content_17292947.htm (Accessed March 20, 2015).

7 ‘Chinese, Pakistani Leaders Stress Friendship, Cooperation’, *People’s Daily Online*, November 8, 2014 at <http://en.people.cn/n/2014/1108/c90883-8806404.html> (Accessed March 20, 2015).

the whole, in the year under review, there was consistent warmth and recognition of mutuality of interests between China and Pakistan.

Economic Cooperation

China committed itself to help Pakistan in two major long-standing areas of concern—energy and infrastructure—due to which its economic development has been severely constricted. Towards this aim, in November 2014, China undertook to invest \$45.6 billion in Pakistan over a period of six years—out of which \$33.8 billion is allocated for the energy sector and \$11.8 billion for developing infrastructure.⁸

The proposed projects come within the ambit of the China-Pakistan Economic Corridor (CPEC) which was undertaken by both the countries in 2013. It is expected that energy projects costing \$15.5 billion will generate 10,400 MWe by 2017, with an additional output of 6,120 MWe to be added by 2021, at a cost of \$18.2 billion.⁹ This initiative by China holds immense importance for Pakistan, given that it has been facing an energy crisis for the last few years. This has hampered industrial growth, impacting all sectors of the economy. The proposed power projects include, coal fired power stations as well as projects that would augment the existing hydropower, wind and solar power production, which are all areas whose share the Pakistan Government hopes to increase in its energy basket. It is hoped that through the implementation of these projects,

8 'China Commits \$45.6 billion for Economic Corridor with Pakistan', *The Express Tribune*, November 21, 2014 at <http://tribune.com.pk/story/794883/china-commits-45-6-billion-for-economic-corridor-with-pakistan/> (Accessed March 20, 2015).

9 Ibid.

the need to mitigate the acute shortage of electricity, and the need for improvement of the country's transmission networks will be met. As energy projects can be expected to yield high returns, the projects are to be financed on a commercial basis.¹⁰ Chinese companies which are expected to invest in the energy sector include the Three Gorges Corporation and China Power International Development Ltd.

As the infrastructure projects would only give returns over a longer period of time, it is expected that they will be given concessional loans.¹¹ Chinese companies will be involved in building infrastructure, and banks including the China Development Bank and Industrial and Commercial Bank of China would provide financing. Earlier, in February 2014, China and Pakistan signed agreements to upgrade the Karakoram highway and to build an airport at Gwadar, as well as to establish research institutes for small-scale hydropower technology and to set up Confucius Institutes in Pakistan.¹² The links envisaged under the CPEC include roads, railways, cable, oil and gas pipelines which are to cover an area of 2,700 km from Gwadar in Balochistan province to Kashgar in Xinjiang.

The development of Gwadar port is eventually expected to make it possible for China to transport

10 Li Shen, 'Power Projects Prioritized in China-Pakistan Economic Corridor', July 9, 2014 at http://www.china.org.cn/business/2014-07/09/content_32901466.htm (Accessed March 20, 2015).

11 Ibid.

12 Ananth Krishnan, 'China Cautious on Pakistan Investment Deals', *The Hindu*, February 19, 2014 <http://www.thehindu.com/news/international/world/china-cautious-on-pakistan-investment-deals/article5706281.ece> (Accessed March 20, 2015).

oil supplies from the Gulf to China through an overland route, by-passing the Malacca Strait, opening up the possibility that the port may also be made use of by the Chinese as a naval facility. Transporting oil supplies through this route would drastically cut down the cost and time taken for oil supplies from the Gulf region to reach China. The corridor would also facilitate trade between China, West Asia and Africa.¹³ Such development efforts obviously give impetus to China's own desire to develop its western regions and are in alignment with its larger strategy of maintaining stability in its periphery. Infrastructure projects are aimed to facilitate bilateral trade and investment. For Pakistan, this would enable it to locate itself as an energy corridor between the Central Asian Republics, China and South Asia.¹⁴ There are hopes that that this corridor can play a major role in the regional integration of 'Greater South Asia' including China, Iran, and Afghanistan, stretching all the way till Myanmar.¹⁵ A large number of employment opportunities are expected to come up for the youth of Pakistan, given the sheer size of the Chinese investments. As people get employment, it would have a multiplier effect on

consumption, and possibly a beneficial effect on the quality of life of the Pakistani people. Special economic zones are slated to be established along the corridor, which will give space to Chinese companies to operate.

The seriousness of the intent on both sides is evidenced by the commencement of work on the following: Port Qasim thermal power plant in Sindh which was inaugurated in early May 2014; RuYi-Masood Textile Industrial Park in Punjab whose foundation stone was laid at the end of May 2014; Karakoram highway upgrading project in Khyber Pakhtunkhwa; and certain aspects of the Gwadar port project in Balochistan. A ground breaking ceremony was held on a section of the Hazara motorway in Havelian, at the end of November 2014, which is expected to reduce time taken to drive from Islamabad to Havelian, and in addition to providing a road to the Havelian Dry Port Project, will also link Kohistan, Batagram, Mansehra, Abbottabad and Haripur to the motorway.¹⁶ Work was initiated in December 2014, on a motorway from Havelian to Thakot as phase-I of the Islamabad-Riakot section of the CPEC.¹⁷

13 Sana Asghar, 'PakChina Economic Corridor a 'Fate Changer' for Pakistan', *Daily Times*, December 3, 2014 at <http://www.dailytimes.com.pk/business/03-Dec-2014/pak-china-economic-corridor-a-fate-changer-for-pakistan> (Accessed March 20, 2015).

14 'More Troubles Along the China-Pakistan Economic Corridor', *China US Focus*, October 16, 2014 at <http://www.chinausfocus.com/finance-economy/more-troubles-along-the-china-pakistan-economic-corridor/> (Accessed March 20, 2015).

15 Mushahid Hussain quoted in article by Pu Zhendong and Chen Peng, 'Pakistan, China to Step up Energy, Trade Projects', *China Daily*, February 17, 2014 at http://www.chinadaily.com.cn/china/2014-02/17/content_17285626.htm (Accessed March 20, 2015).

The security of Chinese workers in Pakistan has been under threat, and given Chinese concerns, the Pakistan Government has promised to do its best to ensure the safety of Chinese companies and workers, and has assigned the army to

16 'PM Performs Groundbreaking Ceremony of Hazara Motorway', *Geo TV*, November 29, 2014 at <http://www.geo.tv/article-167203-PM-performs-ground-breaking-ceremony-of-Hazara-Motorway> (Accessed March 20, 2015).

17 Sanaullah Khan, 'Cabinet Okays Pak-China Economic Corridor', *Dawn*, February 23, 2015 at <http://www.dawn.com/news/1165399> (Accessed March 20, 2015).

look after their security.¹⁸ Lack of stability within Pakistan and internal security issues can be obstacles to timely implementation of projects. Both the governments' attempts to circumvent such problems are apparent in the decision to re-route the CPEC through Punjab and parts of Sindh, in order to avoid difficult to secure areas in Khyber-Pakhtunkhwa (KP) and Balochistan. There is some uncertainty about the smooth progress of the CPEC given the protests by senators from KP and Balochistan in the face of the decision to make a change in the route. It is felt that the change in route could deprive areas in Khyber-Pakhtunkhwa and Balochistan opportunities for development.

The quantum of trade between China and Pakistan has gone up, in keeping with the pattern over the last few years. Bilateral trade between China and Pakistan amounted to \$11.5 billion from January-September 2014.¹⁹ However, the balance of trade is not in Pakistan's favour. Pakistan has been suffering losses due to tax exemptions given to imports from China. Also, China has not reduced duties on those items where Pakistani goods enjoy a competitive advantage. Pakistan industry feels that there has been insufficient utilisation of tariff concessions on their side, while the Chinese industry is getting duty free access into Pakistan.

18 Mushtaq Ghuman, 'China to Invest \$50 billion in Energy, Infrastructure Projects till 2017', *Business Recorder*, March 14, 2014, at <http://www.brecorder.com/fuel-a-energy/630/1162440:china-to-invest-50-billion-in-energy-infrastructure-projects-till-2017/?date=2014-03-14> (Accessed March 20, 2015).

19 Speech by Ambassador Sun Weidong at COMSATS Institute of Information Technology, Islamabad, Pakistan, Embassy of the People's Republic of China in Islamic Republic of Pakistan, November 20, 2014 at <http://pk.chineseembassy.org/eng/zb/gx/t1213264.htm> (Accessed March 20, 2015).

While it was agreed that both countries' banks would open branches in the other country, no headway has been made on this.²⁰ The margin of preference that Pakistan should have enjoyed over other countries also became diluted given China's Free Trade Agreements (FTAs) with other countries, especially the Association of South East Asian Countries (ASEAN).²¹ Negotiations on a second phase of the FTA between China and Pakistan are premised on the assumptions that the second phase is independent of the first one, tariff reduction rather than being reciprocal, will aim to provide more benefits to Pakistan, and that both countries will be able to impose quotas on particular products in case of a surge in exports from the other.²² The next round of talks on the second phase of the FTA are beginning on March 31, 2015. Trade continues to be an area of high potential which would be realised fully by the CPEC and President's Xi Jinping's vision of building a Silk Road Economic Belt.

Security and Defence Ties

China got involved in the peace and reconciliation process in Afghanistan, thus giving rise to the expectation that given its clout with the Pakistani

20 'Ministry to Start Talks on FTA with China from 31st', *The Nation*, March 24, 2015 at <http://nation.com.pk/business/24-Mar-2015/ministry-to-start-talks-on-fta-with-china-from-31st> (Accessed March 20, 2015).

21 Imaduddin, 'Pakistan, China Held Talks to Review Free Trade Agreement', *Business Recorder*, January 6, 2015 at <http://www.brecorder.com/top-news/109-world-top-news/215229-pakistan-china-held-talks-to-review-free-trade-agreement.html> (Accessed March 20, 2015).

22 'Maximising Benefits of Pak-China FTA II', *Business Recorder*, January 20, 2015 at <http://www.brecorder.com/br-research/44:miscellaneous/5103:maximizing-benefits-of-pak-china-fta-ii/> (Accessed March 20, 2015).

establishment, it would inveigle Pakistan to cooperate with the Afghan Government in their attempt to come to a peaceful settlement with the Taliban.²³ The United States' pulling out of Afghanistan has created space for China to involve itself there with the acquiescence of not only Pakistan but the United States as well²⁴. It is now playing an active role in negotiating with the Taliban.²⁵ While Chinese interest in investing in Afghanistan has been apparent for the last many years, the willingness on the part of China to get more involved in the peace and reconciliation process could be due to its fears that it would face the brunt of continued instability in that country. Its own security is at risk as it believes that militants belonging to the East Turkistan Islamic Movement (ETIM) which foments trouble in its Xinjiang province, have links with those based in the Pakistan-Afghanistan border region. Also, it is only when a semblance of stability is achieved in Afghanistan that it can hope to make progress towards achieving its economic objectives. Such intentions find resonance in the thinking of the Afghan leadership, who feel that the country's "development goals are closely aligned with China's promotion of regional cross-

23 'Anxious China Emerges as Diplomatic Player in Afghanistan', *The New York Times*, April 14, 2014 at <http://www.nytimes.com/reuters/2014/04/14/world/asia/14reuters-china-afghanistan-diplomacy.html> (Accessed March 20, 2015).

24 'United States Praises China's Growing Role in Afghanistan', *The New York Times*, October 30, 2014, at <http://www.nytimes.com/reuters/2014/10/30/us/30reuters-usa-china-afghanistan.html> (Accessed March 20, 2015).

25 'Top Official Says Chinese Security Depends on Afghan Stability', *The New York Times*, February 22, 2014 at <http://www.nytimes.com/reuters/2014/02/22/world/asia/22reuters-afghanistan-china.html> (Accessed March 20, 2015).

border economic development".²⁶ It is believed that through 2014, the National Directorate of Security in Afghanistan, brought to China's notice, evidence showing linkages of the numerous Uighurs that were caught within Afghanistan, to training camps in Pakistan.²⁷ China which was receptive to such information is believed to have persuaded Pakistan not to disregard the militants operating in the Afghan-Pakistan border area. According to some reports, a number of Uighurs based in North Waziristan left after the launching of Operation Zarb-e-Azb by the Pakistan Military.²⁸

That Pakistan has been under pressure from the Chinese for curbing militant presence within, is apparent from multiple reports suggesting that senior Pakistani political and military leadership have been regularly reporting to or updating the Chinese leadership about the outcomes of the

26 'Afghan President Seeks Chinese Investment', *The New York Times*, October 28, 2014, at <http://www.nytimes.com/aponline/2014/10/28/world/asia/ap-as-china-afghanistan.html> (Accessed March 20, 2015).

27 Matthew Rosenberg, 'China's Uighur Unrest Is Opportunity for Afghans', *The New York Times*, November 5, 2014 at <http://www.nytimes.com/2014/11/06/world/asia/chinas-uighur-unrest-is-opportunity-for-afghans.html> (Accessed March 20, 2015). According to Zalmay Khalilzad, terrorists in Xinjiang are getting trained in Pakistani camps and practising their military skills in Afghanistan. See Zalmay Khalilzad, 'Why Afghanistan Courts China', *The New York Times*, November 3, 2014 at http://www.nytimes.com/2014/11/04/opinion/why-afghanistan-courts-china.html?_r=0 (Accessed March 20, 2015).

28 'Afghans Arrested Chinese Uighurs to Aid Taliban Talks Bid', *The New York Times*, February 20, 2015 at <http://www.nytimes.com/reuters/2015/02/20/world/asia/20reuters-afghanistan-taliban-china.html> (Accessed March 20, 2015).

ongoing military offensive in North Waziristan.²⁹ Pakistan also recognised ETIM as a terrorist organisation, as was evident by the joint statement signed by President Mamnoon Hussain and his Chinese counterpart, during the former's visit to Beijing in February 2014.³⁰ While Pakistan's cooperation in bringing the Taliban to the negotiating table is meant to safeguard its own long-term strategic interests, it is also possibly a result of the increasing anxiety of the Pakistani leadership in the aftermath of the militant attack on the army school in Peshawar in December 2014, and the hope that the Afghans would help in tackling the Pakistani Taliban. In the context of Afghan President Ashraf Ghani's visit to China in November 2014, the Chinese Foreign Ministry spokesman, Hong Lei said that China would "continue to play a constructive role in improving"

relations between Afghanistan and Pakistan.³¹ Reports suggest that in late 2014, a meeting was held in Beijing to discuss a possible peace process. This included two Afghan Taliban officials who arrived with Pakistani officials.³² President Mamnoon Hussain reiterated his government's willingness to cooperate with China in promoting "reconciliation and reconstruction" in Afghanistan, during his discussions with Foreign Minister Wang Yi in Islamabad, in February 2015.³³

China continued to be a major arms supplier to Pakistan. This is in keeping with their traditional relationship over the decades, in which China has bestowed military munificence on Pakistan, in keeping with its attempts to countervail India. China was the largest arms supplier to Pakistan over a four year period from 2010 to 2014. China supplied 41 per cent of its total arms exports to Pakistan during this period, while Pakistan imported 51 per cent of its total arms from China, followed by 30 per cent from the United States. During the same time period, China transferred 16 per cent of its total arms exports to Bangladesh

29 For instance, during his visit to Islamabad in the first week of December 2014, Chinese State Councilor and Minister of Public Security Guo Shengkun met with the Pakistani military leadership who briefed him about the ongoing operations in the tribal areas. See Mateen Haider, 'Chinese Minister for Public Security Meets Pakistani Leadership', *Dawn*, December 8, 2014 at <http://www.dawn.com/news/1149555> (Accessed March 20, 2015). Also, visiting Chinese Foreign Minister Mr. Wang Yi met Pakistani Army Chief General Raheel Sharif at the General Headquarters in Islamabad, during the second week of February 2015. General Sharif briefed him about Operation Zarb-e-Azb, amongst other matters discussed. See Mateen Haider, 'Nawaz Hails Strong China-Pak Relations', *Dawn*, February 13, 2015 at <http://www.dawn.com/news/1163361> (Accessed on March 20, 2015).

30 Joint Statement between the People's Republic of China and the Islamic Republic of Pakistan on "Deepening China-Pakistan Strategic and Economic Cooperation", Ministry of Foreign Affairs of the People's Republic of China, February 19, 2014, at http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1130297.shtml (Accessed March 20, 2015).

31 'China Hopes for Improved Afghanistan-Pakistan Ties', *People's Daily Online*, November 18, 2014 at <http://en.people.cn/n/2014/1118/c90883-8810759.html> (Accessed March 20, 2015).

32 Edward Wong, 'Q and A: Barnett Rubin on China's Role in Afghanistan', Sinosphere Dispatches from China, *The New York Times*, February 20, 2015 at <http://sinosphere.blogs.nytimes.com/2015/02/20/q-and-a-barnett-rubin-on-chinas-role-in-afghanistan/> (Accessed March 20, 2015).

33 'Pakistan, China Vow to Further Strengthen Friendly Relations', *China Daily*, February 13, 2015 at http://www.chinadaily.com.cn/world/2015-02/13/content_19577820.htm (Accessed March 20, 2015).

and 12 per cent to Myanmar.³⁴ Such transfers to the neighbouring countries of India are in keeping with China's strategy to contain India and to constrain India's influence in the region and beyond. For instance, China has helped Pakistan to upgrade its military capabilities and both countries have co-produced the JF-17 Thunder fighters which are light weight, all-weather and multi-role combat aircraft.³⁵ Pakistan reportedly made some upgrades to these aircraft in 2014.³⁶ Efforts to market the jet were made and the joint sales team of the Pakistan Air Force (PAF) and the China National Aero-Technology Import and Export Corporation were in talks with 11 countries as per reports in November 2014.³⁷ An upgraded version of the JF-17 was showcased at the International Defence Exhibition and Seminar (IDEAS) event at Karachi in December 2014. The PAF also showed interest in procuring the fourth generation, FC-31 stealth fighter aircraft from China, and the Pakistan Minister for Defence

Production, Rana Tanveer Hussain admitted that talks were underway, in November 2014.³⁸

Conclusion

In the year under review, China consistently carried forward its agenda of further building up Pakistan as the most important element of its security architecture in the South Asian-Indian Ocean region. This was reflected in its multi-dimensional support to Pakistan in political, economic and security sectors. However, there are inherent constraints with regard to the fulfilment of Chinese objectives. For instance, while work on some of the projects under the CPEC has begun, and the desires of both the countries dictate quick action, timely implementation of projects could be a challenging proposition, given the security situation and other difficulties of doing business in Pakistan.

The multi-dimensional development efforts in Pakistan and Pakistan-occupied Kashmir (PoK) have strategic implications for India. Gwadar is going to be used as a part of the maritime silk route to boost trade and commerce. At the same time it will provide Beijing with a facility to monitor naval activity by the United States and India in the Persian Gulf and Arabian Sea, as well as any future maritime cooperation between India and the US.³⁹ The Chinese presence in terms of engineering and construction teams of the

34 Pieter D. Wezeman and Siemon T. Wezeman, "Trends in International Arms Transfers, 2014", SIPRI Factsheet, March 2015, at <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (Accessed March 20, 2015).

35 Mateen Haider, 'Pakistan Formally Inducts JF-17 Thunder in PAF Combat School', *Dawn*, January 26, 2015 at <http://www.dawn.com/news/1159587> (Accessed March 20, 2015).

36 Greg Waldon, 'AIRSHOW CHINA: Pakistan Outlines JF-17 Upgrade Activity', November 12, 2014 at <http://www.flightglobal.com/news/articles/airshow-china-pakistan-outlines-jf-17-upgrade-activity-405957/> (Accessed March 20, 2015).

37 'China-Pakistan Fighter Near First Foreign Deal', *China Daily*, Europe, November 21, 2014 at http://europe.chinadaily.com.cn/epaper/2014-11/21/content_18951848.htm (Accessed March 20, 2015).

38 'Pakistan Wants to Buy Chinese Stealth Aircraft: Minister', *Dawn*, November 22, 2014 at <http://www.dawn.com/news/1146104> (Accessed March 20, 2015).

39 'Zia Haider quoted in an article by Abdus Sattar Ghazali, 'India Alarmed as Chinese-built Gwadar Port of Pakistan becomes Operational', at http://www.opednews.com/articles/opedne_abdus_sa_080130_india_alarmed_as_chi.htm (Accessed March 20, 2015).

People's Liberation Army in Gilgit-Baltistan for 'developmental' projects is already known. The strategic purpose of China becomes obvious as the transportation links that emerge as a result of the implementation of the CPEC will enable China to deploy its forces faster to areas which are disputed between India and Pakistan.⁴⁰ The fact that the corridor will traverse through Gilgit-Baltistan, which is disputed territory between India and Pakistan, shows China's disregard for the Indian position on the matter.

Though Pakistan is facing pressure from China to crackdown on militants, whether its weight will be brought to bear on Pakistan with regard to militant groups like the Lashkar-e-Taiba which foment trouble in India is doubtful. While the outcome of negotiations with the Taliban is uncertain, the fact that Pakistan and China would be working closely with each other in Afghanistan could limit India's role in its immediate neighbourhood and impact its economic interests in the future.

Chronology of Important Events in the Year 2014

February 2014

February 18–21: The President of Pakistan Mamnoon Hussain visits China on a three day state visit as the guest of Chinese President Xi Jinping.

February 27: Chinese State Councilor and Defence Minister Chang Wanquan meets Pakistan's Defence Minister Khawaja Asif at Rawalpindi, Pakistan.

February 28: Chinese State Councilor and Defence Minister Chang Wanquan meets Pakistan's President Mamnoon Hussain in Islamabad and also calls on Prime Minister Nawaz Sharif. He is conferred the award of Hilal-e-Pakistan by the President.

April 2014

April 20: A two- week long Pakistan-China joint military exercise "Peace Angel 2014" commences near Rawalpindi.

May 2014

May 14: Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), Yu Zhengsheng meets visiting Pakistan Senate Chairman, Nayyar Hussain Bukhari in Beijing.

June 2014

June 3: Pakistan's Chief of Army Staff General Raheel Sharif goes to China on an official visit.

40 Gordon G. Chang, 'China's Big Plans for Pakistan', *The National Interest*, December 10, 2014 at <http://nationalinterest.org/feature/chinas-big-plans-pakistan-11827> (Accessed March 20, 2015).

June 5: Chairman of the Standing Committee of the National People's Congress (NPC), China, Zhang Dejiang meets visiting Pakistani Chief of Army Staff, General Raheel Sharif in Beijing.

July 2014

July 26: Special Envoy of the Chinese Foreign Ministry on Afghan Affairs, Sun Yuxi meets Pakistan's Foreign Secretary Aizaz Ahmad Chaudhry, in Islamabad.

November 2014

November 5: Vice Chairman of China's Central Military Commission (CMC) Xu Qiliang, meets Chairman of the Joint Chiefs of Staff Committee of Pakistan, Rashad Mahmood, in Beijing, ahead of Prime Minister Nawaz Sharif's visit.

November 7-9: Prime Minister Nawaz Sharif pays a three day official visit to China.

November 14: Defence Minister Chang Wanquan meets visiting Pakistani Chief of Air Staff Marshal Tahir Rafique Butt in Beijing.

December 2014

December 5-7: Chinese State Councilor and Minister of Public Security, Guo Shengkun, meets Pakistan's President Mamnoon Hussain, Prime Minister Nawaz Sharif, Chief of Army Staff, General Raheel Sharif, and other officials in Islamabad, during a three day visit.

19

China-Nepal Relations in 2014

Nihar R. Nayak

The Chinese engagement with Nepal in the year 2014 was similar to previous years, driven by its peripheral policy to manage its internal security, especially emanating from anti-China activities by Tibetan refugees on Nepalese soil. In the review period, China was very cautious about preventing further self-immolations by Tibetan Refugees to internationalise the issue, as had happened in 2013. In this regard, the number of political exchanges increased between both countries to address the concerns of China during the ongoing political transition in Nepal. Continuing to express its concern over political instability in Nepal, China expanded its political reach to major political parties and pushed forward its political and strategic agenda during high level political visits to Nepal. It also felt that political instability had severely affected the implementation of its mega projects and security interests in Nepal. Therefore, China reiterated that the proposed ethnic-based federalism by the Maoists and *Janajatis* could affect peace and stability in Tibet. The objective behind China's multi-sector engagements in Nepal has been to gather information on anti-China activities through diverse sources, in the belief that deeper engagement helps in collecting more accurate information. The Chinese stated position on Nepal—"no change in China's Nepal policy"—continued in the review period as well.

However, it is difficult to understand China's anxiety as it has successfully tackled anti-China activities by Tibetan refugees in Nepal since 1950 by engaging with Nepal through state-to-state relations in a sustained manner. Nepal has always adhered to the one China policy, and therefore, how would the many Chinese investments such as Lumbini development project, West Seti, Pokhara airport, Confucius institutes, etc., in central and Terai region of Nepal be useful in tackling anti-Chinese activities in Nepal? The review period witnessed diversification of China's presence in Nepal beyond the Tibetan refugees' issue. Chinese investments in the sub-Himalayan region focused on gaining a long term strategic edge keeping in mind the unresolved border with India and their competition at the global level.

Strategic

China's security-centric foreign policy towards Nepal is reflected when China emphasised on limited tourist permission in the upper mountainous region of Dolpa and Mustang districts in Nepal. Media reports indicate that there are around half a dozen restricted areas in Nepal, most of them bordering Tibet. The cost of trekking to these upper mountainous regions is very high due to restrictions on the Nepal side.

Interestingly, these areas receive large numbers of Chinese tourists, who travel at relatively cheaper prices by using Chinese territory into the same area. A Chinese recommendation stated, “Given the risks of undesirable activities in these areas, we decided to leave it to the political level to decide whether these places should be opened as common tourism destinations.”¹ As in previous years, Nepal continued its action on Tibetan refugees’ crossing over to Nepalese territory in 2014, under pressure from China.² This resulted in further decrease (roughly less than 200) of Tibetan refugee inflow into Nepal. Nepal also restricted the celebration of the 55th Tibetan National Uprising Day on March 10, 2014. China also declared special development assistance package for 11 northern districts of Nepal bordering China in 2014 in an effort to monitor the movement of Tibetan refugees in the region. In the review period, China continued its engagement with security forces (SF) in Nepal, especially with the Nepal Armed Police to curb the movement of Tibetan refugees in the bordering region.

Political

On the political front, around 25 Chinese delegations from various sectors—public security, tourism, border management, diplomacy, political, cultural, trade and investment—visited Nepal in 2014. On an average two delegations visited Nepal per month. The frequency of visits again indicates China’s growing concern towards

Nepal.³ Making their intention clear, the Chinese ambassador to Nepal, Wu Chuntai remarked, “We want to expand our mutual support in diverse fields to promote Chinese investments for skill development and economic well being of Nepalis besides the traditional sectors.”⁴ The diversification of bilateral relations is proposed because the relationship has remained trouble free and also, China has accepted Nepal as its strategic partner since 2009. As part of the strategic partnership programme, in October, Chairman of the Government of the Tibet Autonomous Region of the People’s Republic of China, Luosang Jiangcun, led a six-member delegation to Nepal. During the visit, Jiangcun, presented 100 desktop computers to the UCPN (Maoist) party.⁵

The Chinese President is scheduled to undertake an official visit to Nepal sometime in 2015. To begin the groundwork for the visit of President Xi Jinping to Kathmandu, Chinese Vice Minister for the International Department of the Communist Party of China (CPC), Chen Fengxiang, arrived in Kathmandu on December 14, 2014. His visit was followed by Chinese Foreign Minister, Wang Yi, on December 23. During the visits, the Chinese leaders emphasised that Nepal should not decide the name and boundaries of provinces

1 Navin Singh Khadka, “No go zone”, *The Kathmandu Post*, January 2, 2014.

2 Nepal stopped issuing and renewing refugee identification cards since 1994. Nepal is yet to ratify the 1951 UN Refugee Convention or the 1967 Protocol under Chinese pressure.

3 ‘China’s Interest in Nepal has been Growing Of Late’, *The Himalayan Times*, January 2, 2014.

4 ‘China-Nepal Relations in Priority: Ambassador Wu’, *The Kathmandu Post*, January 7, 2014. For more information see ‘China Speaks Out in Nepal: Prof. Dr. Upendra Gautam’, Gorkhapatra online.com, date is not mentioned, at <http://trn.gorkhapatraonline.com/index.php/op-ed/6884-nepal-prof-dr-upendra-gautam.html> (Accessed December 11, 2014).

5 ‘Visiting Tibetan Official Kicks up Controversy’, *The Himalayan Times*, October 28, 2014.

on the basis of single ethnicity and identity. They also expressed that China wanted to maintain a balanced relationship with all major political parties of Nepal.

During the review period, two former Prime Ministers of Nepal, Jhala Nath Khanal of the CPN (UML) and Baburam Bhattarai of the UCPN (Maoist) visited China. Both leaders met senior leaders of the CPC and government officials, and urged China to bring more investments to the hydro sector in Nepal and extend the Tibet railway line up to Kathmandu. Vice President of Nepal, Parmanand Jha, also visited Lhasa to take part in the first China-Tibet Tourism and Culture Expo in September. The Deputy Prime Minister, Bamdev Gautam, visited Beijing in October. During the visits, China reportedly urged early agreement on Bilateral Investment Promotion and Protection Agreements (BIIPA), signing of the extradition treaty, and strong action on Tibetan refugees.

China, SAARC and Nepal

China continued its effort to influence smaller SAARC members to support its candidature for membership. After seeking support of Pakistan, Bangladesh and Sri Lanka, China mobilised some influential political leaders cutting across party lines, journalists, media houses and academicians to lobby for its candidature during Kathmandu SAARC summit in 2014. These lobbyists tried their best to create an impression in Kathmandu that Nepal must remove the tag of a non-performer by supporting China to bring structural changes in the SAARC.

Nepal, a founding member of SAARC, earlier, had played a role in membership expansion of SAARC by inviting China as an observer in 2005 during the Dhaka summit. Nepal again took

the lead on the issue of China's membership in SAARC in 2014. China has been pushing strongly to become a full member of SAARC. In this regard, in June, China tried to influence Nepal to propose its name as a member. It is learnt that on the side-lines of the Kunming visit of Prime Minister Sushil Koirala in June 2014, there was a meeting with Chinese officials where financial support was requested to organise the SAARC summit to be hosted by Nepal in November. In the meeting, Chinese officials reportedly asked for a finalised checklist of assistance that Nepal expected for the SAARC summit. It is also learnt that at this meeting China pushed for a special role for itself in SAARC such as SAARC+ on similar lines with ASEAN+3. Indirectly, China asked Nepal to propose its name as a SAARC member. In February 2014, at a meeting with a visiting delegation of Nepali Parliamentarians, Liu Zhenmin, Chinese Vice Minister of foreign affairs, sought Nepal's constructive role in improving Sino-SAARC relations in view of Nepal hosting the 18th SAARC summit in November 2014.⁶ Interestingly, one day before the SAARC summit, the *Asia Pacific Daily* brought out a special issue on SAARC in which both ruling and opposition party leaders of Nepal demanded membership for China in SAARC. Later, during the seminars and conferences of the SAARC summit, some Nepalese scholars openly demanded SAARC membership for China. This truly reflected the deepening Chinese influence in Nepal.

6 'China Seeks Nepal's Role in Improving SAARC-China Ties', *Republica*, Kathmandu, February 26, 2014; Also see 'China Pledges to Assist in SAARC summit', *The Kathmandu Post*, June 5, 2014.

Economic

China continued to be the largest contributor of FDI (foreign direct investment) in Nepal. China has emerged as the largest FDI contributor since 2013 and bilateral trade touched Nepalese Rupees (NPR) 33.62 billion in the first four months of the 2014-2015 fiscal year. Despite that, Nepal's total trade deficit during the first four months of 2014-2015 grew by 27.4 per cent to NPR 227.36 billion compared to an increase of 17.1 per cent during the same period in 2013-2014.⁷ A report of Nepal's Department of Industry suggests that FDI from China reached \$174 million between July and December 2013. This was over 60 per cent of the total FDI commitment. This marked a three-fold rise from the same period in the 2011-12 fiscal year, where Chinese investment was just \$55 million.⁸ China has been dominating hydro, tourism and telecommunication sectors in Nepal. Nepalese business houses and trading associations expect increase in Chinese investments in garment and service sectors since many Chinese companies have been relocating some of their units to South Asian countries.

The cooperation in aviation sector significantly helped to increase the number of tourists coming to Nepal in the year 2014. A total 113,173 tourists had visited Nepal by August 2014. Both countries signed a revised bilateral air services agreement (ASA). The new agreement will facilitate operation of 56 flights per week between the two neighbours with any type of aircraft on a reciprocal basis. China also allowed the Nepal Airlines to fly to Xian, a new point for Nepal. Until this agreement, Nepal

Airlines is permitted to fly to seven different points in China—Chengdu, Lhasa, Beijing, Kunming, Shanghai and Guangzhou. Similarly, at present, three Chinese airlines—Air China, China Eastern and China Southern—operate scheduled flights to Nepal. The two countries signed the first ASA in 2003 and Air China opened a direct air link between China and Nepal in 2004.⁹ As per the ASA, two Nepali companies—Himalayan Infrastructure Fund (HIF), Aviation Investment and Yeti World Investment, and Tibet Airlines, a Chinese air service operator, signed a joint venture agreement for investing in Himalayan Airlines, which was formerly known as Yeti Air International. This was the biggest FDI of the year from China in the aviation sector. The airline will have initial investment of NPR 2.43 billion (\$25 million).¹⁰ In a step forward to strengthen bilateral trade and address Nepal's widening trade imbalance with China and also to increase the flow of Chinese tourists to Nepal, both the countries entered into an agreement on currency swap in December 2014.

Trade

China-Nepal trade through the land route was affected partially at Tatopani, Nepal, customs due to the sharp rise in customs duty (transportation fare and porter's fee) by Chinese customs agents and a Chinese transport company. Nepalese traders protested against the unilateral customs duty increase, from 600 and 900 to 1,702 and 2,500 yuan, for small and large vehicles respectively in January 2014. The protest continued for 12 days. The trade was resumed

7 'Export to China up 81.9 pc in Four Months', *Republica*, December 18, 2014.

8 'China is Largest FDI Source for Nepal, Overtakes India', *The Hindu*, January 26, 2014.

9 'Nepal, China Sign Revised ASA', *The Kathmandu Post*, February 24, 2014.

10 'Nepal, China Join Hands in Himalayan Airlines', *The Himalayan Times*, August 19, 2014.

through the Tatopani gate after China agreed to reduce the custom duty marginally. Expressing displeasure over the decision one trader said, "The Chinese were reluctant to accept our proposal and agreed to marginally decrease the charges."¹¹ The trading through Tatopani customs between both the countries was again disrupted due to a landslide in Jure region of the Arniko Highway in Sindhupalchowk district in August.

Responding to Nepal Rastra Bank's (NRB) request, the People's Bank of China allowed Nepal to double its investment in Chinese Government securities. Nepal will be allotted an annual quota of 2.4 billion renminbi for investment in instruments like renminbi-denominated bonds. Earlier, Nepal was allowed to invest up to 1.2 billion renminbi (approximately NPR 18.59 billion) in Chinese Government securities per year. Before this, NRB used to put money in government securities floated by countries like India and the United States, among others.¹²

China has been easing the process so that more Nepali goods can be exported to China. According to the official sources, China has been providing duty free access to 7,787 goods manufactured in Nepal. However, Nepal's export is affected due to complex product classifications. Nepalese traders feel that trade with China will increase since trading through Tatopani and Rasuwa borders will be permitted only through the a letter of credit. Both the countries opened the Kyirong-Rasuwadadhi trading route in November 2014 as a second trading point between China

and Nepal.¹³ Further, China agreed to increase the quota-free market access of Nepalese goods into Chinese markets to 8,030 by December 2015. In this regard, a bilateral agreement was signed on December 5, 2014 in Kathmandu.

In 2007, China, for the first time, provided the facility to 4,721 goods from least developed countries, including Nepal. The list was later expanded to 7,787 goods in 2012. Traders from Nepal feel that non-tariff barriers like strict provision of quarantine by Chinese authorities, lengthy procedures and language problems have discouraged exports to China. Moreover, Chinese authorities often reject the certificates of origin issued by the Federation of Nepalese Chambers of Commerce and Industry. According to the Trade and Export Promotion Centre, Nepal's exports to China increased to NPR 2.97 billion last year from a mere NPR 985.69 million in 2012-13 despite the non-tariff barriers. Over the period, imports rose to NPR 78.56 billion from NPR 52.92 billion. In the first quarter this fiscal year, Nepal's exports to China rose 93 per cent to NPR 889 million, NRB said.¹⁴

Both the countries also agreed to revive the secretary-level Economic and Technical Committee to solve bilateral economic and trade problems during Nepal finance minister's visit to Beijing in August 2014. The meeting will be held every year in the two countries alternatively.¹⁵ During the visit, Chinese Finance Minister Lou

11 'Imports Resume through Tatopani Customs Point', *The Kathmandu Post*, January 19, 2014.

12 'China Doubles Nepal's Quota for Investment', *The Himalayan Times*, June 25, 2014.

13 'China Positive on Easing Product Classification', *The Kathmandu Post*, July 25, 2014.

14 'China Extends Facility to 199 More Products', *The Kathmandu Post*, December 5, 2014.

15 'Economic and Technical Committee to Be Revived', *The Kathmandu Post*, August 8, 2014.

Jiwei, announced increase of financial assistance to Nepal. Media reports indicated that China has been providing financial assistance amounting to NPR 4 billion every year. Tatopani Inland Container Depot (ICD), Rasuwa ICD, Ring Road expansion project, Trishuli 3A hydropower project and Larcha-Barhabise road expansion projects are some of the major projects being constructed with Chinese assistance in Nepal.¹⁶

People-to-People Contact

In an effort to broaden people to people contact and in order to influence public opinion on Nepal, Xinhua news agency signed an agreement with Gorkhapatra Corporation of Nepal. According to the agreement, *Gorkhapatra* would directly receive and release news stories and photos by Xinhua. *Gorkhapatra* is a state controlled and oldest news daily in Nepal. Xinhua also publishes the Nepal edition of *Asia Pacific Daily (APD)*, a monthly newspaper, which is jointly operated by Asia-Pacific Regional Bureau and Kathmandu Bureau of Xinhua. Earlier, Nepal Television (NTV), controlled by the Nepal Government, signed an agreement with China's CCTV in April 2013 to air various programmes. As part of the understanding, CCTV opened its Nepal branch in Kathmandu.¹⁷ Although China has often reiterated that it does not have any turf war with India in Nepal, there have been occasions when it has mobilised Nepalese based think tanks,

academicians, journalists and media houses like Kantipur Publication Pvt. Ltd., The Telegraph Nepal, and The Weekly Mirror to shape and influence public opinion in Nepal against India to project itself as a benign neighbour.

Despite maintaining an image of a benign neighbour and improving bilateral relations, Chinese supported projects have faced some resistance as well, in the review period. For example, in a major blow to the Nepal-China cultural and people-to-people cooperation, the social welfare council blacklisted the Asia Pacific Exchange and Cooperation Foundation, a Chinese non-governmental organisation which proposed to invest in Lumbini development project, for lack of transparency and accountability. Further, the border trade between both the countries was affected as the Nepalese traders and truckers association, protested against harassment by Chinese Police and uncooperative behaviour of Chinese officials.

Final Observations

Readjustment in Chinese engagement with Nepal in the review period indicates that China might have felt that Nepal may not uphold its promises on security issues due to change in the political system and political instability in the Himalayan country since 2008. Secondly, the neighbourhood policy has received momentum due to President Xi Jinping's emphasis on security and stability in the external periphery. Third, China must be looking for gradual easy access to south of the Himalayas by adopting soft power diplomacy and through South Silk Road and railway connections both for trading and strategic purposes in case of conflict with India in future. A Nepalese scholar argues, 'When it comes to trade and territory, all countries, and our neighbours are no exception,

16 'China to Increase Assistance to Nepal', *Republica*, August 8, 2014, (Accessed February 25, 2015).

17 'Nepal, China Expand Media Cooperation', Ecns.cn, January 15, 2014, at <http://www.ecns.cn/2014/01-15/97004.shtml> (Accessed December 11, 2014). Also see 'Nepal, China Expand Media Cooperation', *Xinhua*, January 14, 2014, at http://news.xinhuanet.com/english/china/2014-01/14/c_133044873.htm (Accessed December 11, 2014).

would sacrifice trade for protecting territorial integrity and/or uphold national dignity. If we look at ourselves [Nepal] from China's strategic perspective, we can be a front against India in case of a war between the two Asian giants or in the best case scenario, we can be "traded" with India for Chinese interests somewhere else'.¹⁸ Four, China is also concerned about the nature of federalism to be adopted in Nepal. It feels that ethnic based federalism as demanded by the Maoists, Madhesis and *Janajati* groups might have political and security implications in the Tibet Autonomous Region. Fifth, China could be trying to neutralise the growing influence and presence of external forces in Nepal during the ongoing crucial political transition period, including that of India. China also wants to identify a reliable political partner in absence of the monarchy. Last but not least, China has been trying to gather support from smaller SAARC countries for membership of that organisation. It wants to make its case stronger by having multi-level presence in Nepal during the political transition.

Chronology of Important Events in the Year 2014

February 2014

26: At a meeting with a visiting delegation of Nepali parliamentarians, Liu Zhenmin, Chinese Vice Minister of foreign affairs seeks help from Nepal in further strengthening its relations with SAARC.

24: Nepal and China signed a revised bilateral air services agreement (ASA) permitting the operation of 56 flights per week.

June 2014

5: Prime Minister Sushil Koirala leads a 39-member delegation to Kunming, China, to take part in the inaugural session of China-South Asia Exposition.

November 2014

3: Ministry of Commerce and Supplies, Nepal, announces that China has expanded the duty free-quota free (DFQF) access facility to least developed countries, including Nepal, on an additional 199 products.

December 2014

1: China officially opens Gyirong Port on the Rasuwagadhi border, the second land route for bilateral trade with Nepal.

16: Chen Fengxiang, Vice Minister at the International Department of the CPC Central Committee during a visit to Kathmandu seeks strong relations with the major political parties of Nepal.

16: Nepal-China Intergovernmental Economic and Trade Committee (IETC) meeting held after a gap of seven years.

23: Nepal Rastra Bank and the People's Bank of China sign a currency swap deal.

25: Chinese Foreign Minister Wang Yi undertakes a three-day official visit to Nepal.

27: China and Nepal sign an MoU on media exchanges and cooperation.

18 Trailokya Raj Aryal, 'Missing Skepticism', *Republica*, January 28, 2015.

20

Bhutan-China Review 2014

Charisma M.S. Kundan

The purpose of this chapter is to highlight the major developments in Bhutan-China relations in 2014. The chapter does not seek to make an argument, but rather attempts to place these developments within broader trends, and to suggest what the future might hold for the relations between the two countries. Amongst some of the tentative conclusions, the author determines that in the medium-term, Bhutan's relations with China will continue to be India-centred due to Bhutan's economic and military dependence on India. The author, however, forewarns of the possibility of a Bhutan-China rapprochement based on the positive reports on the boundary negotiations between the two countries. As a result, the author identifies India's continued and deepening engagement with Bhutan as perhaps the only policy option left for India.

Strategic Relations

The most prominent feature of the strategic relationship between Bhutan and China has been the outstanding border dispute between the two countries. Bhutan shares a 470 kilometer border with China which represents 44 per cent of its total border length.¹ In July 2014, the two countries

held their 22nd round of boundary discussions. The boundary talks are guided by the principles outlined under the 1988 and 1998 'Agreement on the Maintenance of Peace and Tranquility in the Bhutan-China Border Areas'.² The 21st round of boundary discussions between Bhutan and China were held in August 2013. This round led to a Joint Technical Field Survey in the disputed region of Bayul Pasamlung during the same year. A meeting of the expert group was subsequently held in Beijing in March 2014.³ China has reportedly offered a package deal to Bhutan instead of dealing with each of the contested sectors separately. Some analysts believe that Beijing is pressurising Thimphu to cede some of its territory in the strategic Chumbi Valley, which is located in the north-western part of Bhutan.⁴

Since no grand revelations have been made by either the Bhutanese or Chinese governments

1 Mina Akrami, 'Pinning Bhutan against the Wall', *News Record*, September 18, 2014, at <http://www.newsrecord.co/pinning-bhutan-against-the-wall/> (Accessed March 18, 2015).

2 Royal Government of Bhutan, Ministry of Foreign Affairs: Department of Bilateral Affairs, Press Release on the 22nd Round of Boundary Talks with China, August 21, 2014, Thimphu, at <http://www.mfa.gov.bt/wp-content/uploads/2014/07/presdsss.pdf> (Accessed March 5, 2015).

3 Ibid

4 Rupak Bhattacharjee, 'The Chinese Shadow over India-Bhutan Relations', *Bhutan News Network*, July 30 2014, at <http://www.bhutannewsnetwork.com/2014/07/the-chinese-shadow-over-india-bhutan-relations/> (Accessed March 23, 2015).

on the progress of discussions on the border dispute, it is important to place China's current policy towards Bhutan within its historical context. Chinese intrusions into Bhutanese claimed territory are not new.⁵ Some of the initial intrusions were made by the Chinese in the early 1960s,⁶ and then in 1967, 1979, and 1983.⁷ Chinese intrusions into Bhutan were reported to have occurred in 2007 near the Siliguri Corridor where the three countries, Bhutan, China and India, meet.⁸ Although unconfirmed by government officials, an Indian news channel also reported incursions as late as 2013.⁹ And most recently, Victor Robert Lee, in a 2014 article in *The Diplomat*, wrote, "Bhutanese soldiers report that their usual task on the frontier is to intercept smugglers, but that the Chinese military sometimes crosses into Bhutanese territory via roads China has recently built all the way to the western Bhutanese border. When they come in, it's with 15 trucks or

nothing," says one Royal Bhutan Army officer."¹⁰ Incidentally, road constructions by China in the disputed territory were also observed in 2005 and 2009. Construction projects on disputed territory has often occurred in tandem with occasional border incursions by the People's Liberation Army (PLA).¹¹

Political / Diplomatic Relations

China's anxiety to establish formal diplomatic ties with Bhutan has been evident in several official statements. The Chinese Foreign Minister, Wang Yi in 2014 said, "China has always adhered to a good-neighbor policy towards Bhutan," in spite of not sharing formal diplomatic ties.¹² He further added that China was willing "to reach a fair, reasonable solution that is acceptable to both sides at an early date so as to push forward bilateral exchanges and cooperation in various fields."¹³ During a press conference in 2014, in response to a question on Indian Prime Minister Narendra Modi's visit to Bhutan, Foreign Ministry spokesperson, Juan Chunying, further clarified China's official position towards India-Bhutan

5 Matthew C. Joseph, 'China-South Asia Strategic Engagements - 2 Bhutan-China Relations', *Working Paper for the Institute for South Asian Studies*, National University Singapore, no. 157 (23), August 2012, p. 9.

6 Thierry Mathou, 'Bhutan-China Relations: Towards a New Step in Himalayan Politics', *International Seminar on Bhutan Studies* (2003), p.394.

7 Matthew C. Joseph, 'China-South Asia Strategic Engagements - 2 Bhutan-China Relations', *Working Paper for the Institute for South Asian Studies*, National University Singapore, no. 157 (23), August 2012, p. 9.

8 Harsh V. Pant, 'India Comes to Terms with a Rising China', in Ashley J. Tellis, Travis Tanner, and Jessica Keough, (ed.), *Strategic Asia 2011-12: Asia Responds to Its Rising Powers: China and India*, Washington D.C. : The National Bureau of Asian Research, 2012, p.116-17.

9 'After Ladakh, Now Bhutan', *Times Now*, June 27, 2013, Times Now YouTube channel, at <https://www.youtube.com/watch?v=rwUKAd5eRc0> (Accessed March 10, 2015).

10 Robert Victor Lee, 'Bhutan the Indian Army's Frontline', *The Diplomat*, November 6, 2014, at <http://thediplomat.com/2014/11/bhutan-the-indian-armys-front-line/> (Accessed March 20, 2015).

11 Matthew C. Joseph, p. 10-11

12 'Bhutan China Boundary Talks Termed Affirmative', *Security Risks*, August 2, 2014, at <http://www.security-risks.com/security-issues-south-asia/china-in-south-asia/bhutan-china-boundary-talks-termed-affirmative-3199.html> (Accessed March 15, 2015).

13 'China Says Ready for Fair Border Solution with Bhutan', *The Economic Times*, last modified July 28, 2014, at http://articles.economictimes.indiatimes.com/2014-07-28/news/52139128_1_thimphu-china-and-bhutan-boundary-issue (Accessed March 12, 2015).

relations as well as hopes for the future direction of Sino-Bhutanese relations. Juan Chunying stated:

“We welcome the development of friendly, cooperative and mutually beneficial relations between our neighbours and their neighbouring countries. China attaches great importance to developing relations with India. [...] As for China's relationship with Bhutan, despite the fact that China has yet to establish diplomatic ties with Bhutan, the two countries have maintained friendly exchanges. China respects Bhutan's independence, sovereignty and territorial integrity and is willing to move forward its good-neighborliness and friendship with Bhutan on the basis of the Five Principles of Peaceful Co-existence.”¹⁴

Although Beijing's official policy towards Bhutan's relations with India is by no means hostile, analysts readily acknowledge the continued importance of India's security concerns in Bhutan's own geopolitical calculations, which also affects Bhutan's relations with China.¹⁵ On the other hand, it appears that China's policy has not changed significantly since the years following the 1962 Sino-Indian war, when China tried to assuage Bhutanese concerns through offers of economic benefits along with diplomatic ties.

14 Government of the People's Republic of China, Ministry of Foreign Affairs, 'Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference', June 16, 2014, at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1165908.shtml (Accessed March 18, 2015).

15 'India Will Not Allow Us to Engage with Bhutan, Chinese Mouthpiece Says', *Times of India*, August 5, 2013, at <http://timesofindia.indiatimes.com/india/India-will-not-allow-Bhutan-to-engage-with-us-Chinese-mouthpiece-says/articleshow/21628140.cms> (Accessed March 20, 2015).

However, the Bhutanese have not responded with the same degree of enthusiasm that the Chinese have shown for diplomatic relations. There could be several reasons for this. First, Bhutan is careful in its foreign policy considerations due to Indian sensitivities. Second, Bhutan may perceive China as desirous of proceeding with formal diplomatic relations in tandem with border negotiations. But Bhutan may prefer a resolution of the border dispute as a precondition to establishing formal diplomatic ties. Third, Bhutan, being aware of its position as a small nation wedged between two rising powers, would want to maintain cordial relations with both countries. Lastly, it is crucial to remember that although Thimphu may not yet have formal diplomatic ties with Beijing, Bhutan has nonetheless supported China on major issues like Tibet and Taiwan.¹⁶ This is especially important because, in spite of Bhutan's long history of cultural and religious links with Tibet, Bhutan has chosen to support China on the matter.

Economic Relations

Bhutan's growth in gross domestic product (GDP) in the Fiscal year (ending June 2014) was estimated as 6 per cent, making a recovery from 4.2 per cent from the previous financial year.¹⁷ Meanwhile, Bhutan's hydropower sales grew by 9 per cent and earnings from tourism increased from the previous year. Tourism comprised 3.5 per cent of GDP in 2014.¹⁸ According to the Asian Development Bank (ADB), “barring any

16 Eric Hyer, *The Pragmatic Dragon: China's Grand Strategy and Boundary Settlements*, Vancouver: University of British Columbia Press, 2015, p.102.

17 'Bhutan: economy', Asian Development Bank Country Fact Sheet, 2014, at <http://www.adb.org/countries/bhutan/economy> (Accessed March 12, 2015).

18 Ibid

geological difficulties, the large programme of hydropower construction and the removal of credit and import restrictions from September 2014 are expected to boost consumption and trade and thereby support economic growth at 6.8 per cent in fiscal year 2015.¹⁹ India is Bhutan's most important trading partner, a major importer of Bhutan's hydropower and has, in the past year, inaugurated one major hydro-project and initiated several others. Bhutan's economy is by and large hugely dependent on India.

Based on UN data accumulated since 2003, a 2013 report prepared for the U.S. Government Office of South Asia Policy assessed China's export trends to Bhutan from 2003–2013. The long-term trends reveal that as compared to India, not only were China's exports to Bhutan increasing minimally over this period, but China's exports to Bhutan until 2020 were also not expected to increase substantially. The same report stated that, between 2003 and 2013, China had still managed to double its investment in Bhutan. The effects in Bhutan however appeared minimal, as trade between the two countries was very small to begin with. Nonetheless, the positive trend in their economic exchanges cannot be ignored. As of October 2014, according to the Bhutanese newspaper, *Kuensel*, Bhutan was importing Nu 1 billion from China and exporting Nu 1.5 million to China.²⁰ The figures suggest a large trade imbalance, with the export figure remaining small.

Bhutan's importance for China must also be understood in terms of China's objectives in the

19 Ibid

20 Tshering Dorjay, 'Trade Deficit Cross 2013 Level by Mid October', *Kuensel Online*, December 26, 2014, at <http://www.kuenselonline.com/trade-deficit-cross-2013-level-by-mid-october/#.VRo9ZfyUfpU> (Accessed March 23, 2015).

South Asian sub-continent. The most recent construction of a railway line between Lhasa and Shigatse, completed in 2014, is an extension of China's 'One Road, One Belt' initiative. The Deputy Director of the railway office in the Tibet Autonomous Region, Yang Yulin, announced the 13th Five-Year Plan (2016-2020), and the commencement of the construction of a railway connecting Shigatse with Kyirong,²¹ located in northern Nepal, and another connection with Yatung, located in the strategic Chumbi Valley between India and Bhutan.²² The chairman of the Tibet Autonomous Region (TAR) of China, Luo Sang Jiang Cun, has also assured Nepali officials that China would expand the rail service to Nepal once the Lhasa-Shigatse rail service comes into operation.²³ The Chinese government's official press agency, *Xinhua*, also published the document on the 'Road and Belt' policy, which states that, "we [China] should promote the border trade and tourism and culture cooperation between Tibet Autonomous Region and neighboring countries such as

21 Liu Sha, 'Sky rail' to Run from Lhasa to South Tibet', *Global Times*, July 24, 2014, at <http://www.globaltimes.cn/content/872318.shtml> (Accessed March 15, 2015).

22 Claude Apri, 'Xi Jinping's New Silk Road: India Needs to Be Wary', *Niti Central*, September 9, 2014, at <http://www.niticentral.com/2014/09/09/xi-jinpings-new-silk-road-india-needs-to-be-wary-237579.html> (Accessed March 15, 2015).

23 Purna Basnet, 'China will Expand Railway to Nepal after Shigatse is Linked to Beijing', *Pakistan Defence Forum*, September 8, 2013, at <http://defence.pk/threads/china-will-expand-railway-to-nepal-after-shigatse-is-linked-to-beijing.276385/> (Accessed March 15, 2015).

Nepal.”²⁴ This is important as it suggests that China may have similar plans of cooperation with other neighbours such as Bhutan, on matters relating to connectivity in the future. On the other hand, whilst some members of the South Asian Association for Regional Cooperation (SAARC) have expressed interest in joining the Maritime Silk Road, Bhutan is yet to respond.²⁵ In addition, Bhutan did not support China in its 2014 bid to join SAARC as a permanent member.

Socio-Cultural Relations

Although the Tourism Council of Bhutan is yet to publish its 2014 annual report, the 2013 report indicates a marked increase (26.65 per cent) over 2012 in Chinese visitors to Bhutan, representing 10.77 per cent of the 52,783 international visitors to Bhutan in 2013.²⁶ However, the US led with 15.65 per cent. India, Bangladesh and Maldives made up the 63,426 regional visitors, not included in the international category.

Cultural exchanges between China and Bhutan seem to have been modest, such as the Chinese cultural troupe, led by the Culture Counselor of the Embassy of China in New Delhi, officials of

the China International Culture Association, and the Henan Provincial Cultural Department, who visited Bhutan in September 2014 to perform Chinese Shaolin Kungfu to promote inter-cultural understanding and people-to-people contacts.²⁷

Concluding Remarks

It is important to recognise that Bhutan's relations with China cannot be examined in a vacuum. Rather, Bhutan's relations with India as well as India's relations with China will continue to shape Bhutan's relations with China. Whilst the revised Treaty of Friendship between India and Bhutan in 2007²⁸ gave Bhutan the freedom to pursue an independent foreign policy, Bhutan's economic and military dependence on India cannot be left out of its foreign policy calculus. India will have to form an important part of Bhutan's considerations when it pursues its foreign policy objectives. On the other hand, the nascent evolution of democracy in Bhutan has ushered the emergence of a pro-China lobby within the Bhutanese elite. The possibility of groups that are more sympathetic towards China coming into power in Bhutan therefore remains a possibility in the future.

Overall, China's relations with Bhutan are definitely taking an upward trajectory, even if somewhat slowly. Official statements on both Bhutanese

24 'Vision and Actions on Jointly Building Belt and Road', edited by Tian Shaohui, *Xinhua*, Government of China Press Release, March 28, 2015, at http://news.xinhuanet.com/english/china/2015-03/28/c_134105858_4.htm (Accessed March 21, 2015).

25 Madan Kumar Dahal, 'Reviving the Road', *Kathmandu Post*, March 9, 2014, at <http://www.ekantipur.com/the-kathmandu-post/2015/03/09/oped/reviving-the-road/274037.html> (Accessed March 21, 2015).

26 'Bhutan Tourism Monitor Annual Report 2013', Royal Government of Bhutan, *Bhutan Tourism Council Annual Report*, pp.17-22, at http://tcb.cms.ebizity.net/attachments/tcb_060514_bhutan-tourism-monitor-2013.pdf (Accessed March 21, 2015).

27 'Chinese Cultural Troupe to Perform Shaolin Kungfu in Thimphu', *Bhutan Observer*, September 26, 2014, at <http://bhutanobserver.bt/8393-bo-news-about-chinese-cultural-troupe-to-perform-shaolin-kungfu-in-thimphu.aspx> (Accessed March 18, 2015).

28 Government of India, *India-Bhutan Friendship Treaty 2007*, Government of India, *Ministry of External Affairs*, 2007, at <http://mea.gov.in/Images/pdf/india-bhutan-treaty-07.pdf> (Accessed March 5, 2015).

and Chinese sides indicate that the border talks are moving in a positive direction. Meanwhile, it is not entirely clear as to what extent India would influence the outcome of these border negotiations, although Bhutan had initially undertaken negotiations with India's consent. Information disclosed by the Bhutanese and Chinese governments on this issue has been scarce. Therefore, analysts must consider all possible outcomes, including the possibility that Bhutan may accept China's package deal, which would have major consequences for India's security. Meanwhile, official Bhutanese reports on China's road construction projects and the more recent unofficial reports on incursions in the border region indicate that such developments could have a negative impact on Bhutan's immediate border negotiations with China. This could influence Bhutan's long term diplomatic relations with China. It is also equally possible that whilst ground reports suggest incursions, the Bhutanese government may want to downplay such incidents in order to ensure the success of the boundary negotiations, in which case a resolved border dispute would allow Bhutan to start developing closer relations with China. Having drawn out these possible scenarios, it is still too early to tell where the triangular relationship between Bhutan, China and India is heading, but one can safely assume that in the medium-term, Bhutan's relationship with China will continue to be influenced by India's concerns.

Chronology of Important Events in the Year 2014

May 2014

1: The Indian newspaper, *The Economic Times*, reported that in an initiative to protect ecosystems, the Asia partnership was commenced to establish an agreement on trans-boundary protection of the environment. A meeting was held between 12 countries including Bhutan, China and India. The Asia Protected Areas Partnership will be co-chaired by the Government of Japan and the International Union for Conservation of Nature (IUCN).

June 2014

16: During a press conference, the Chinese Foreign Ministry spokesperson, Hua Chunying, was quoted saying that China welcomes India's friendly relations with Bhutan: "we welcome the development of friendly, cooperative and mutually beneficial relations between our neighbours and their neighbouring countries." The spokesperson also stressed China and India's strategic cooperative partnership for "peace and prosperity." On China's relationship with Bhutan, the spokesperson commented that whilst China is yet to establish diplomatic relations with Bhutan, it maintains friendly relations with Bhutan. Chunying further added, "China respects Bhutan's independence, sovereignty and territorial integrity and is willing to move forward its good-neighbourliness and friendship with Bhutan on the basis of the Five Principles of Peaceful Co-existence."

17: A day after Prime Minister Narendra Modi's visit to Bhutan, in an interview to the Indian news channel, *NDTV*, the Bhutanese Prime Minister

was quoted saying, “ [there was] no question of Chinese embassy in Bhutan.”

July 2014

22: According to Bhutanese newspaper, *Kuensel online*, between 24th and 25th July, Bhutan and China were to hold their 22nd round of boundary talks. A seven member delegation from Bhutan went to Beijing for the upcoming meeting. Between the 21st and 22nd round of boundary discussions, a joint technical survey was conducted in Basamlung area.

24: The Indian newspaper, *The Hindu*, reported China’s plan to construct two railway lines to Tibet which would extend up to the Indo-Chinese border, as well as Bhutan. The railway lines would run from Shigatse, which would also later be connected to the Qinghai-Tibet railway line, the latter line extending to Lhasa. A top official of the Tibet Autonomous Region confirmed that the railway line would be further extended during the 13th Five Year Plan (2016-2020), near Yatung, a trade centre close to Sikkim and Bhutan, with an additional link in Nyingchi near the Indian state of Arunachal Pradesh and Chinese border.

28: State Councillor, Yang Jiechi, met Foreign Minister Rinzin Dorje of Bhutan, who was in China for the 22nd round of China-Bhutan Boundary Talks. According to the Chinese Ministry of Foreign Affairs press release, the Councillor reaffirmed China’s commitment to resolve the border issue to reach “a just, reasonable, bilaterally acceptable and comprehensive solution to the boundary issue, so as to promote the bilateral friendly exchanges and cooperation in all fields for new and constant development.”

28: According to the Indian newspaper, *The Economic Times*, China made a “strong pitch to improve relations with Bhutan.” The Chinese government also expressed readiness to come up with a “fair” solution to the Bhutan-China border issue. State Councillor, Yang Jiechi, called for comprehensive solution to the China-Bhutan border issue when he met Bhutanese Foreign Minister Rinzin Dorje.

October 2014

11: The *Kuensel online* reported that since October 9, a delegation from China visited their Bhutanese counterpart in Thimphu to discuss the procedure for the joint technical survey of the disputed areas in the western region. The group was expected to make a resolution on how the joint survey teams would be formed and when the technical survey would be conducted. The Bhutanese team was led by Dasho Pema Wangchuk, the Secretary for International Boundaries. Meanwhile, the Chinese delegation was led by Huang Xilian, the Councillor of the Asian department of the Chinese Foreign Ministry. The Bhutanese Prime Minister highlighted that “the border talk was an important issue, as every decimal of land is important for [Bhutan...and] the quality and determination of the discussion is very important.” The Prime Minister also said that he was hopeful that the talks would yield a positive outcome.

6: *The Diplomat’s Asia-Pacific* reporter, Victor Robert Lee, published an article reporting Chinese incursions into Bhutan. His interview with a Royal Bhutan Army officer suggested recent border incursions into Bhutan. The article did not reveal the precise date(s) of the intrusion(s). The reports were also not confirmed by the Royal Government of Bhutan.

7: The Bhutanese Prime Minister was quoted by the *The Economic Times*, "China is not an elephant in the room" but a neighbour. He "expressed confidence that the border dispute with Beijing will be resolved through talks in a manner that is acceptable to the Bhutanese people."

21: According to *The Hindu*, the Bhutanese Prime Minister stated that India's high level visits to Bhutan were unrelated to worries over Bhutan-China relations. He also dismissed reports about alleged Chinese incursions into Bhutan and India's plan to establish helipads along the Bhutan border. The Prime minister did however, admit that the border talks with China were "going very well." Referring to visits in the past few months by Prime Minister Narendra Modi and President Pranab Mukherjee, Prime Minister Tshering Tobgay said India-Bhutan relations have reached an "unprecedented level of cooperation and understanding." He added "where there have been issues, we have raised them. Right now, the discussions are going very well with the Chinese."

December 2014

26: According to *Kuensel online*, in October 2014, Bhutan's trade with China was recorded at Nu 1 billion for imports from China, whilst Bhutanese exports to China were recorded at Nu 1.5 million.

21

Bangladesh-China Relations in 2014

Smruti S. Pattanaik

Bangladesh shares a close relationship with China, a relationship that has flourished since 1975, after the assassination of Sheikh Mujibur Rahman following which China recognised Bangladesh as a sovereign country. Diversification of Bangladesh's foreign policy was initiated under the military dictator General Zia ur Rahman who succeeded Mujib and successfully moved Bangladesh away from its excessive focus on India and Soviet Union that played vital roles during its liberation. Since then China has emerged as one of the important players in Bangladesh's foreign policy. China remains a major supplier of defence equipment to Bangladesh and the armed forces including many officers train in Chinese Military Academies. In 2014, Bangladesh's export of knitwear and woven garments to China saw a growth of 48.27 per cent compared to 2013 where India's growth for the same period was a mere 8.54 per cent.¹ China's exports to Bangladesh have surpassed that of India. Bangladesh and China are going to celebrate 40 years of their diplomatic relations in 2015. China continues to maintain good relations with both political parties in Bangladesh and there is bipartisan consensus on Bangladesh's relations with China. Some sections in Bangladesh argue

that China's close relations with Bangladesh act as a strategic counter to India and the United States. Beijing's engagement in infrastructure development has largely been perceived as a positive contribution to the development of Bangladesh. There are, however, some concerns regarding the more than \$10 billion trade between the two countries which favours China. China has assured Bangladesh that it would look into the lopsided trade more sympathetically to address the imbalance. Whereas Dhaka perceives its relations with China in terms of boosting its security and economic development, Bangladesh figures in China's Western Development strategy and its periphery diplomacy announced in October 2013 in which the Bangladesh China India Myanmar (BCIM) corridor is an important component even though the two countries do not share borders.² Yunan has emerged as a bridgehead in this connectivity. As President Xi Jinping said while elaborating on the periphery strategy in the 'Peripheral Diplomacy Conference', "We should sincerely treat peripheral countries to obtain more friends and partners. We should insist the principle of mutually beneficial when cooperating with peripheral countries to weave a closer network

1 Data available at Bangladesh Garment Manufacturers and exporters Association, at <http://bgmea.com.bd/home/pages/TradeInformation#.VQMMZyUeWO>, February 18, 2015

2 Wang Cungan, 'Neighborhood Diplomacy Follows Pattern of Chinese Word' '邻', *Chinese Social Science Net*, October 15, 2014, at http://english.cssn.cn/opinion/201410/t20141015_1363848.shtml (Accessed February 20, 2014).

bearing common benefits, enhance fusion of two-party benefits to a higher level, make peripheral countries benefit from China's development, and enable China to obtain interests and help from the development of peripheral countries.”³ Bangladesh President, Abdul Hamid who visited China in November last year to participate in a dialogue on strengthening connectivity and partnerships, defined Bangladesh's relations with China as, “Peaceful coexistence, mutual faith, respect towards each other's sovereignty and no interference in internal affairs are the basis of the relationship”.⁴ The important components of bilateral relations and emerging ties between the two countries in 2014 are analysed in this chapter and their implications are examined.

Defence Cooperation

Bangladesh China's relations in 2015 witnessed some significant developments. China continued to remain a major source of weapons for Bangladesh. Bangladesh and China also share close military ties which include training, capacity building, and supply of weapons. High level visits in 2014 boosted defence cooperation between the two countries. To take the relationship forward, Bangladesh signed four new agreements with China in May 2014. A fifteen member delegation headed by General Xu Qiliang, who is the Vice-Chairman of the Central Military Commission of

the Chinese Communist Party visited Bangladesh. Out of the four agreements that the two countries signed, three were signed with the Bangladesh Army and one with the Bangladesh University of Professionals which is managed by the armed forces. Both the countries agreed that the Chinese military would provide support to Bangladesh armed forces and provide training to its military personnel. Bangladesh is planning to induct two Chinese submarines into the Bangladesh Navy by 2015, which Prime Minister Sheikh Hasina has described as “a three dimensional force”. This was proposed in 2009 during Forces Goal–2020, presented by the Armed Forces Division which functions under the Prime Minister's Office for the consideration of the government. The \$203 million deal which has now been reduced to \$193 million, offers Bangladesh two Ming Class submarines.⁵ Bangladesh maintains that these submarines would be used by its Navy for training purposes. However, India fears that Bangladesh's proposal to develop the Sonadia and Kutubdia channels as its submarine base with proposed Chinese funding may lead to Chinese control over this area in the future and hence, access to the strategic Bay of Bengal. It is also proximate to India's Vishakhapatnam submarine base.⁶ However, in a last minute decision the government did not award the contract to China for developing a deep sea port at Sonadia fearing strong opposition from India and the strategic consequences an India-China stand-off may have on Bangladesh. Though India's Adani group has shown interest to build the port, the Bangladesh

3 'China Council for International Cooperation on Environment and Development', Important Speech of Xi Jinping at Peripheral Diplomacy Work Conference”, October 30, 2013, at http://www.cciced.net/enciced/newscenter/latestnews/201310/t20131030_262608.html, (Accessed January 16, 2015).

4 Saidul Haque, 'Bangladesh Seeks Chinese Investment', at <http://bdnews24.com/business/2014/11/08/bangladesh-seeks-chinese-investment> (Accessed January 16, 2015).

5 'Bangladesh Navy's Ming Class Sub Coming', April 18, 2014, at <http://www.security-risks.com/security-trends-south-asia/bangladesh/bangladesh-navys-ming-class-subs-coming-2595.html> (Accessed February 18, 2015).

6 Sandeep Unnithan, 'China's Submarine Noose around India', *India Today*, December 4, 2014.

Government may form a consortium of investors for developing the same. Some media reports suggest that the proposal to build a deep sea port may be shelved.⁷ According to other media reports, Bangladesh had expressed its willingness to buy submarines from India but given India's own shortage in this sphere, New Delhi suggested that Dhaka purchase the same from Russia.⁸ However, a decision in this regard is pending. In March this year two new frigates, 053H2-F-15 BNS Abu Baker and F-17 BNS Ali Haider were procured from China and were commissioned to strengthen the Bangladesh Navy's capacity.⁹

Political Dimension

China welcomed the controversial election conducted on January 5, 2014 that took place without the participation of the main opposition party, the Bangladesh Nationalist Party (BNP) led alliance, which saw Sheikh Hasina getting elected for the second time. China's support to the Hasina Government assumes political significance as most western countries have been critical of the January 5 election and have been asking the government to hold a re-election

after reaching an understanding with the main opposition party, the BNP. China's support to the Awami League government is significant as China is actively pursuing the BCIM corridor and Bangladesh forms a significant part of it. As a part of China's strategy to develop its Yunnan province, Beijing is pursuing a regional strategy that will give its Eastern periphery access to the sea. Province Governor of Yunnan, Li Jiheng Gi visited Bangladesh in March to further this regional diplomacy. Its provincial capital, Kunming, has held China- South Asia Expo for the past few years. Given their geographical proximity, the governor proposed joint collaboration in hydropower, agriculture, fisheries and mining sectors.¹⁰ In May 2014 the Foreign Minister of Bangladesh, Abul Hasan Mahmood Ali travelled to Shanghai to attend the fourth summit of the governments and head of state of the conference on Interaction and Confidence Building Measures in Asia (CICA), which was held on May 20-21. Bangladesh joined CICA as a full member this year. In November 2014, he visited China again to attend a dialogue on strengthening connectivity partnership

Prime Minister Sheikh Hasina undertook a six-day visit to China from June 6-11, 2014. Both sides signed six agreements on energy cooperation, economic and technical cooperation, disaster rescue equipment, and agreed to institute a a study on flood prevention and management. China agreed to support five selected projects worth \$5 billion. Both the countries also signed a Memorandum of Understanding (MoU) on the creation of a Chinese economic and investment

7 Kayes Sohel, 'Sonadia Deep Sea Port Plan May Be Dumped', *Dhaka Tribune*, January 11, 2015, at <http://www.dhakatribune.com/business/2015/jan/11/sonadia-deep-sea-port-plan-may-be-dumped> (Accessed January 15, 2015).

8 Sandeep Unnithan, no. 6

9 <http://thedailynewnation.com/news/1476/two-new-war-ships-053h2-frigate-bns-abu-bakar-and-bns-ali-haider-procured-from-china-arrived-at-chittagong-naval-jetty-on-monday-assistant-chief-of-naval-staff-ammm-awrangajeb-chowdhury-received-the-ships-in-a-colorful-function-where-other-high-officials-of-bangladesh-navy-in-chittagong-were-present.html>, January 31, 2015 Also see <http://www.defencebd.com/2014/05/bns-abu-bakar-f-15-in-china.html>. (Accessed February 28, 2015).

10 'Call for Using Yunnan to Boost Trade with China', *The Daily Star*, March 31, 2014, <http://www.thedailystar.net/call-for-using-yunnan-to-boost-trade-with-china-17982>, (Accessed April 1, 2015).

zone in Chittagong.¹¹ The much anticipated contract for Sonadia port could not be signed since the government said that it would study various proposals submitted by other countries before taking a decision on it. Bangladesh is planning to join the Asian Infrastructure Investment Bank. It is one of the 21 founding countries that signed the Memorandum of Understanding on Establishing AIIB in October 2014.

Yan Junqi, who is vice-chairperson of the twelfth National People's Congress of China and also the Chairperson of China Association for Promoting Democracy visited Bangladesh in June and met the Prime Minister, Leader of the Opposition, Rawshan Ershad, and BNP leaders. Vice Minister of China's Ministry of Water Resources, Liu Ning also visited Bangladesh in June "for renewing the agreement on hydrological data and information exchange between the two governments"¹² which expired in September 2013. According to this agreement, China is going to provide Bangladesh, flood season hydrological information of the Yaluzangbu/Brahmaputra River for another five years, free of cost.¹³ Abduhu Ruhullah, Chairman of Bangladesh Power Development Board (BPDB), and Zhao Longjun, President of Huadian Hong Kong Company of China agreed on a joint venture to establish a 1,320 megawatt coal-fired

power plant in Moheshkhali in April.¹⁴ The state-owned North West Power Generation Company and the China National Machinery Import Export Corporation had earlier signed an agreement in March for setting up a coal-fired power plant of the same capacity in Patuakhali.¹⁵

Chinese Foreign Minister Wang Yi heading a 13-member team visited Bangladesh in December and held talks with the Bangladesh Foreign Minister on the entire gamut of bilateral relations and discussed the progress on the deals and MoUs that were signed between Bangladesh and China during Prime Minister's Sheikh Hasina's China visit. Bangladesh is supportive of and has assured that it will actively participate in the "Belt and Road" initiative as well as the proposed BCIM corridor. Hasina promised that Bangladesh will actively support China-led Asian century. In a speech delivered at the ninth China-South Asia Business Forum last year, Sheikh Hasina said, "The close proximity of Kunming and the Yunnan province holds a special place in Bangladesh's relations with China. We also believe that early realisation of the Bangladesh-China-India-Myanmar-Economic-Corridor would bring socio-economic benefits for us all in the region."¹⁶

Infrastructure Development

Apart from defence, political and economic cooperation, Chinese companies are actively

11 <https://www.albd.org/index.php/updates/news/1243-visit-to-china-opened-up-new-avenues-of-cooperation-pm?lang=en>, (Accessed March 1, 2015).

12 'More High Level Chinese Visits', at <http://bdnews24.com/bangladesh/2014/05/13/more-high-level-chinese-visits>, (Accessed March 15, 2015).

13 'Delhi Yet to Reply to Dhaka's Request', *New Age*, June 9, 2014, at <http://newagebd.net/19190/delhi-yet-to-reply-to-dhakas-request/#sthash.yGDjesAW.dpuf> (Accessed March 1, 2015).

14 'Deal Signed with China', *Daily Star*, April 30, 2014, at <http://www.thedailystar.net/deal-signed-with-china-22218> (Accessed January 31, 2015).

15 Ibid.

16 'PM Offers Economic Zone to Chinese Investors', *The Daily Star*, June 7, 2014, <http://www.thedailystar.net/pm-offers-economic-zone-to-chinese-investors-27415> (Accessed February 18, 2015).

engaged in building infrastructure facilities in Bangladesh. China plans to invest \$500 billion globally, over the next five years, which it defines as “Chinese opportunities”. It signed an agreement with Bangladesh to build the 6.15 km Padma Multipurpose Bridge in June 2014. China’s Major Bridge Engineering Company (CMBEC) proposed to build the bridge on the build-own-transfer (BOT) basis which will be completed in 2018. It has also agreed to invest around \$2 billion or 70 per cent of the project cost¹⁷. Earlier, the World Bank had approved a loan of \$1.2 billion to build the bridge. However, in 2011 it cancelled the loan after charges of corruption erupted. The other contenders were India and Malaysia. While India was prepared to provide \$1 billion credit, mostly by diverting funds from its earlier credit line to Bangladesh, Malaysia wanted to operate it for 30 years to recover its cost.¹⁸

China Airport Construction Group Corporation, a government-owned infrastructure company, has recently submitted a proposal to the Finance Ministry of Bangladesh, to construct the third terminal and a new runway at Hazrat Shahjalal International Airport.¹⁹ As per the proposal China will provide \$1.5 billion soft loan for this purpose. The Bangladesh Water Development Board

(BWDB) signed a MoU with Chinese company, Changjiang Survey, Planning, Design and Research (CSPDR), to plan and build the Ganga Barrage project which will be built in Pangsha in Rajbari district. Hydrochina Corporation is keen to build the barrage and invest \$4 billion. Sinohydro has also exhibited keen interest and has submitted project proposals to the Ministry of Finance²⁰. However a decision is yet to be taken. Bangladesh was also contemplating to involve India in this project and built the two proposed hydropower plants by engaging India and Nepal in one and India and Bhutan in the other. The Chinese proposal to fund and build a multi-lane tunnel under the Karnaphuli River at \$700 million has been approved in February last year. According to *New Age* report, “Dhaka sent a new list of 15 projects involving roughly \$10 billion to the Chinese authorities in September. The projects include the Ganges barrage project at a cost of \$4.10 billion, a railway bridge over the Jamuna River involving \$1 billion and an elevated chord-line from Dhaka to Comilla involving \$1.5 billion.²¹ Other major projects include, a 4.8 km long dual-gauge, double-track railway bridge parallel to the Bangabandhu Jamuna Bridge, involving \$1 billion; Rajshahi surface water treatment plant project involving \$500 million, the Dasher Kandi sewerage treatment plant project involving \$262.50 million, reinforcement, rehabilitation and augmentation of 33/11 KV substations under DPDC at a cost of \$239.09 million and a national data centre

17 ‘PMB Work Order Awarded to Chinese Firm’, *The Independent*, June 2, 2014, at http://www.theindependentbd.com/index.php?option=com_content&view=article&id=217483:govt-approves-work-order-for-padma-bridge&catid=187:online-edition&Itemid=223 (Accessed January 16, 2015)

18 Ibid.

19 ‘China Keen to Invest in Padma Bridge, Airport Expansion’, December 14, 2014, *New Age*, Bangladesh, at: <http://newagebd.net/74324/china-keen-to-invest-in-padma-bridge-airport-expansion/#sthash.zBOWFWZZ.dpuf> (Accessed January 31, 2015).

20 Rafiqul Islam, ‘Ganga Barrage Top Priority for Bangladesh’, January 28, 2015, <http://www.thethirdpole.net/ganga-barrage-top-priority-for-bangladesh/> (Accessed February 17, 2015).

21 ‘\$10b Chinese Aid for Infrastructure Projects Face Hurdles’, December 23, 2014, at <http://newagebd.net/79142/10b-chinese-aid-for-infrastructure-projects-face-hurdles/#sthash.dgHUDOed.dpuf> (Accessed February 19, 2015).

involving \$133.65 million”²². All these reflect increasing Chinese involvement in developmental activities in Bangladesh.

Economic Cooperation

According to Industries Minister Amir Hossain Amu, “Chinese entrepreneurs invested \$1.42 billion in the country’s Export Processing Zones (EPZs) in 2013, creating job opportunities for 80 thousand people.”²³ China is also going to finance a garment village in Munshiganj. Hasina attended China-South Asia Expo held in Kunming in June last year. The 13th meeting of Bangladesh China Joint Economic Commission also took place in Kunming. During Sheikh Hasina’s visit to China, the following five projects were proposed by Bangladesh.

Development of National Infra Network for Bangladesh Government Phase III (Expanding IT Connectivity up to Union Level: Info Sarker Phase 3).

Rajshahi WASA Surface Water Treatment Plant Project.

Construction of second Railway cum Road Bridge across the River Karnaphuli at Kalurghat Point near the Existing Railway Bridge.

Construction of New Single Track Dual Gauge (DG) Railway Line from Chittagong to Cox’s Bazar via Ramu and Ramu to Gundum near Bangladesh-Myanmar Border.

Eastern Refinery Unit-II and the Single Point Mooring (SPM) Project.²⁴

Bangladesh plans to build 100 Economic zones by 2030. A MoU has been signed between the Ministry of Commerce of the People’s Republic of China and the Bangladesh Economic Zones Authority of Bangladesh on Cooperation in the establishment of the Chinese Economic and Industrial Zone in Bangladesh. This is likely to further boost the growing trade relations and would help in generating employment to a great extent. This may also help correct the trade balance that is in favour of China. According to Bangladesh Prime Minister Hasina, “Also, more investment by Chinese entrepreneurs in Bangladesh could help reduce the trade gap.”²⁵ China, in the past has already assured Bangladesh that it will take measures to correct the trade balance. It has increased its import of garments from Bangladesh. China’s trade with Bangladesh has grown 10-fold in comparison to

22 Two of the projects, including the \$3.93 billion Ganges Barrage and the \$ 1.0 billion Building of a dual-gauge double-track railway bridge parallel to the existing Jamuna Bridge, have been dropped from the list as Bangladesh has decided to search other donors, including Japan, for investing there, ‘China Agrees to Fund Priority Dev Projects on Easier Terms’, *Financial Express*, September 23, 2014, at <http://www.thefinancialexpress-bd.com/2014/09/23/57723> (Accessed January 26, 2015).

23 ‘Dhaka Beijing Trade Crosses \$10bn’, *Dhaka Tribune*, March 2, 2015, at <http://www.dhakatribune.com/business/2015/mar/02/dhaka-beijing-trade-crosses-10bn> (Accessed April 2, 2015).

24 Joint Statement between the People’s Republic of China and the People’s Republic of Bangladesh on Deepening the Closer Comprehensive Partnership of Cooperation’, at <http://bd.china-embassy.org/eng/zmgx/zywj/t1165885.htm> (Accessed January 29, 2015).

25 ‘Prime Minister Offers Economic Zone to Chinese Investors’, *The Daily Star*, June 7, 2014, at <http://www.thedailystar.net/pm-offers-economic-zone-to-chinese-investors-27415> (Accessed March 17, 2015).

2001. According to the data compiled by Dhaka Chamber of Commerce and Industry in 2013, following are the major items that Bangladesh exports to China: Frozen Food (35.351); Agri Products (9.176); Tea (0.015); Chemical Products (2.899); Leather (30.394); Raw Jute (33.251); Jute Goods (55.994); Knitwear (52.59); Woven Garments (86.549); Others (151.899) etc.²⁶ China has offered to sign a Free Trade Agreement with Bangladesh. It enjoys duty benefits for exports of 4,788 products to China under the Asia-Pacific Trade Agreement (APTA) arrangement of which both the countries are members.²⁷

Conclusion

Bangladesh's relations with China are set to grow further as Dhaka seeks Chinese investment in infrastructure projects. China's ability to complete projects in time is extremely significant in boosting bilateral ties. Bangladesh is an important part of China's periphery policy and it will continue to seek access to port and infrastructure to link Yunan to Chittagong. Bangladesh has endorsed China's BCIM corridor as well as the Maritime Silk Route which is likely to boost trade, investment, and connectivity within Bangladesh and fulfil Dhaka's dream of emerging as a transport and transit hub. China remains an important source of defence supplies for Bangladesh's armed forces. It seems that Bangladesh will be a key driver of China's South Asia policy, which could

be a reason why Beijing cautiously supported the current Prime Minister after the controversial January 5, 2014 election. Bangladesh is likely to engage both India and China in a meaningful manner so that it can benefit from both countries. Regular high level visits between both also demonstrate the growing relationship and which in the future is likely to be a regular feature in their bilateral relations. Notwithstanding China's approach towards Bangladesh during the war of liberation, Beijing would be seen as a balancer in the Indo-centric region.

Chronology of Important Events in the Year 2014

May 2014

----- A fifteen member delegation headed by General Xu Qiliang, Vice-Chairman of the Central Military Commission of the Chinese Communist Party visits Bangladesh in May 2014.

June 2014

6-11: Prime Minister Sheikh Hasina undertakes a six-day visit to China.

----- Vice Minister of China's Ministry of Water Resources, Liu Ning visits Bangladesh in June 2014.

November 2014

----- Bangladesh President Abdul Hamid visits China in November 2014.

December 2014

----- Chinese Foreign Minister Wang Yi, heading a 13-member team, visits Bangladesh in December 2014.

26 Dhaka Chamber of Commerce and Industries, 'Bangladesh and China Bilateral Trade Statistics', at <http://www.dhakachamber.com/Bilateral/China-Bangladesh%20Bilateral%20Trade%20Statistics.pdf> (Accessed March 5, 2015).

27 Refayet Ullah Mirdha, 'Bangladesh Seeks Expanded Trade Privileges from China', *Daily Star*, March 31, 2014, at <http://www.thedailystar.net/bangladesh-seeks-expanded-trade-privileges-from-china-17967>, (Accessed March 17, 2015).

China-Sri Lanka Relations in 2014

Gulbin Sultana

2014 witnessed China and Sri Lanka initiating measures to deepen the strategic cooperation partnership that the two countries entered into in the year 2013. The two most significant developments in China-Sri Lanka relations in 2014 were—Sri Lanka's support to China's Maritime Silk Route (MSR) initiative, and Xi-Jinping's visit to Sri Lanka in September 2014. In addition to these, several significant developments took place in political, economic, military, and people-to-people relations in the review period. An overview of China-Sri Lanka relations in 2014 is highlighted below.

Political Cooperation

China-Sri Lanka held the ninth round of the bilateral political consultations on April 24, 2014 in Colombo to review the status of bilateral relations between the two countries.¹ During the political consultations, both the countries agreed to institute a mechanism to convene a joint commission, headed by their respective foreign ministers and to

initiate an annual defence dialogue, to convene an oceanography seminar and deepen cooperation in maritime science environment protection. Both countries reiterated their commitment to have a pragmatic cooperation in accordance with the countries' national development strategies and offered stronger support and reliable friendship to each other.

China reiterated its support to Sri Lanka on the issue of human rights by voting against the resolution on Sri Lanka at the United Nations Human Rights Council in Geneva in March and strongly criticised the countries that were putting pressure on Sri Lanka on the human rights issue by pointing out that people in Sri Lanka have the wisdom and capacity to manage their internal affairs.² Sri Lanka on the other hand, assured China of its support to the 'One-China Policy'. These assurances were given during the interactions between the leaders of the two countries both at bilateral level and on the sidelines of multilateral forums. Government of Sri Lanka also reiterated its consistent position on the disputes concerning the South China Sea,

1 '9th Round of Bilateral Political Consultations between Sri Lanka and China Successfully Concludes in Colombo', Ministry of Foreign Affairs Sri Lanka, May 2, 2014 at <http://www.mea.gov.lk/index.php/en/media/media-releases/4620-9th-round-of-bilateral-political-consultations-between-sri-lanka-and-china-successfully-concludes-in-colombo>. (Accessed May 2, 2014).

2 'Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on February 12, 2014', *China Consulate in Milano*, February 12, 2014 at <http://milano.chineseconsulate.org/eng/fyrth/t1127856.htm> (Accessed February 14, 2014).

which it feels need to be settled bilaterally through negotiations by the concerned parties.

Sri Lanka supported an increased role of China along with other observer countries at the South Asian Association for Regional Cooperation (SAARC) during the SAARC summit held in November 2014 in Kathmandu. Sri Lanka also extended its support to Chinese initiative of revival of the 21st century Maritime Silk Route during the visit of then Minister of External Affairs Prof. G.L. Peiris to China in February 2014.³

Explaining the reason for extending support to the 21st century Maritime Silk Route, then President Mahinda Rajapaksa said that it would revive the ancient contacts between the two countries by land and sea. As the island is located on the ancient maritime route between the east and the west, Sri Lanka considers that China's MSR concept would be beneficial to the country economically.⁴ The MSR would help Sri Lanka to realise its five-fold hub concept mentioned in Mahinda Chintana.⁵ It is felt that Mahinda Rajapaksa's vision to make Sri Lanka a maritime, aviation, commerce, energy and knowledge hub coincides with China's proposal to build the 21st

century Maritime Silk Route, which basically emphasises on infrastructure development.

To deepen the 'strategic cooperative partnership' between the two countries and give meaning to the concept of MSR, China and Sri Lanka signed 27 agreements/MoUs covering economic cooperation, trade and commerce, power and energy, agriculture, education, and culture, during President Xi Jinping's visit to Sri Lanka on September 16-17, 2014.⁶ A plan of action to deepen the 'strategic cooperative partnership' between the two countries was also signed during the visit.⁷

Economic Cooperation

Emphasising the expansion of China-Sri Lanka economic relations, several significant trade and investment related MoUs and agreements were signed between the two countries, wherein the highest investment committed is on maritime projects by China.

Bilateral Trade

Bilateral trade between the two countries reached \$ 3.62 billion in 2013 from \$ 2.676 billion in

3 'China – Sri Lanka Relations an All Weather Partnership – Vice President of China', Ministry of Foreign Affairs Sri Lanka, at <http://www.mea.gov.lk/index.php/en/media/media-releases/4419-china-sri-lanka-relations-an-all-weather-partnership-vice-president-of-china> (Accessed December 12, 2014).

4 See the full text of the speech of President Mahinda Rajapaksa at 'New Silk Route to Progress', *News Line*, September 17, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201409/20140917new_silk_route_to_progress.htm (Accessed September 17, 2014).

5 Policy document containing former President Mahinda Rajapaksa's vision for the future of the country.

6 'Sri Lanka and China sign Agreements for Cooperation in a Number of Sectors', *News Line*, September 16, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201409/20140916sri_lanka_and_china_sign_agreements_for_cooperation.htm (Accessed September 16, 2014).

7 'Plan of Action of Sri Lanka and China to Deepen the Strategic Cooperation and Partnership', *Asian Tribune*, September 17, 2014 at <http://www.asiantribune.com/node/85423> (Accessed September 17, 2014).

2012.⁸ China has become Sri Lanka's second largest trading partner and source of imports after India. Trade balance remains significantly in favour of China as Sri Lanka's exports to China amounted to \$ 121.63 million in 2013. During President Mahinda Rajapaksa's visit to China in May 2013, both countries agreed to the early establishment of a Free Trade Agreement (FTA) to enhance mutually beneficial trade. A joint feasibility study on the proposed FTA was completed in March 2014. The study concluded that an FTA will bring benefits to both countries. Economic Development Minister Basil Rajapaksa went to China as President Mahinda Rajapaksa's special envoy to discuss bilateral trade in July 2014.⁹ During the visit, he met Chinese Vice Premier Wang Yang and discussed matters to further strengthen trade relations between the two countries. Yang called on both sides to begin negotiation on their proposed FTA. An MoU on launching the Negotiations for a China-Sri Lanka Free Trade Agreement was signed during Xi Jinping's visit to Sri Lanka.

The Government of Sri Lanka has decided to buy two 63,600 million deadweight ton (MT DWT) bulk carrier ships from China. The Ceylon Shipping Corporation Limited (CSCL) signed the ship building agreement with M/s AVIC International

Beijing Company Limited of China to build the ships at \$ 35 million each.¹⁰

Investment

In addition to enhanced trade cooperation, China has become the largest investor in Sri Lanka. A high level Sri Lankan business delegation led by the Minister of Industry and Commerce, Rishad Bathiyutheen went to China to attend the 2nd China-South Asia Expo and the 22nd Kunming Import and Export Commodities Fair in Kunming on June 6, 2014 to promote investment opportunities in Sri Lanka.¹¹ Under the Board of Investment (BOI), there are over 30 Chinese companies which have invested in Sri Lanka over a spectrum of areas such as manufacturing, tourism and fisheries. In 2014, several more Chinese investors visited Sri Lanka. The BOI hosted investors from the port city of Dalian in Northern China, Zhongshan Province and Guangdong Province. Investors from Zhongshan Province signed four agreements to promote the electronics and apparels sectors on August 12, at a business matchmaking session in Sri Lanka. BOI has given 100 per cent duty free access to investors from Zhongshan.¹²

8 'Sri Lanka, China Discuss Beginning Negotiations on Proposed Free Trade Agreement', *News Line*, July 3, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201407/20140703sl_china_discuss_beginning_negotiations.htm (Accessed July 3, 2014).

9 'Basil Rajapaksa Attends Sri Lanka Shines in Shanghai', *News Line*, July 18, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201407/20140718basil_rajapaksa_attends_sri_lanka_shines_in_shanghai.htm (Accessed July 18, 2014).

10 'Lanka to Buy Two Bulk Carrier Ships from China', *News Line*, May 28, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201405/20140528lanka_to_buy_two_bulk_carrier_ships_from_china.htm (Accessed May 28, 2014).

11 'High level Sri Lanka Business Delegation Heads to China's Kunming Fair', *Colombo Page*, June 6, 2014 at http://www.colombopage.com/archive_14A/Jun06_1402037514CH.php (Accessed June 6, 2014).

12 'SL - China to Promote Electronic & Apparels Sectors', *News Line*, August 13, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201408/20140813sl_china_to_promote_electronic_apparels_sectors.htm (Accessed August 13, 2014).

Loans and investments from China have played a significant role in Sri Lanka's post-war reconstruction.¹³ Major projects that have received Chinese assistance during Xi Jinping's visit to Sri Lanka in September 2014 include, construction of the outpatient building of the National Hospital; construction of the Hambantota Hub Development Project; agreement on key terms for Supply, Operate, and Transfer of Container Terminal Hambantota Port Development Project Phase II; Colombo Port City Development Project; technical cooperation for the Norochcholai Coal Power Project; Overhaul, Spare Parts Supply, and Operation and Maintenance Cooperation for Lakvijaya Power Station; development of International Maritime Centre; establishment of China-Sri Lanka Coastal and Marine Joint Research and Development Centre; construction of the extension of the Southern Expressway Section 4 from Mattala to Hambantota via Andarawewa Project; and construction of Outer Circular Highway Project Phase III which includes a 9.3 km stretch from Kadawatha to Kerawelapitiya.

Further, to facilitate smooth trade and investment between the two countries, MoU were signed between the General Administration of Customs of China and Sri Lanka Customs on Strategic Cooperation, and Framework Agreement on Financing Cooperation in the Priority Economic Sectors of Sri Lanka. The Central Bank of Sri Lanka (CBSL) and the People's Bank of China (PBOC) entered into a bilateral Currency Swap Agreement

and Memorandum of Understanding on Financial Cooperation.¹⁴ Sri Lanka as a founding member joined twenty other Asian countries to sign the MoU to establish the China-led Asian Infrastructure Investment Bank (AIIB) on October 25, 2014.

A list of Chinese assisted projects completed/ inaugurated in 2014 is given below.

- The last phase of the China-built Lakvijaya Coal Power Plant in Norochcholai of the North Western Province was commissioned.¹⁵
- The Export-Import Bank of China funded Second Phase of the Southern Expressway from Pinnaduwa in Galle to Godagama in Matara was declared open on March 15.¹⁶
- Construction work on the first phase of the proposed Northern Expressway, which also

13 China provides loans under three categories: Buyer's Credit Loans (Interest Rate- Floating Rates, Repayment Period 15 years including a 3-4 year grace period), Preferential Buyer's Credit Loans (interest Rate 2% p.a., Repayment Period 20 years including a 5 year grace period) and Government Concessional Loans (Interest Rate 2% p.a. Repayment period, 20 years including a 5 year grace period).

14 'Central Bank Enters into a 3-Year Currency Swap Agreement with China Bank', *News Line*, September 17, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201409/20140917central_bank_enters_into_3year_currency_swap_agreement.htm (Accessed September 17, 2014).

15 The project was completed with a concessionary loan by China Exim Bank in two phases. The cost of the entire project is \$ 1,346 million. The first phase cost \$ 455 million, and the second phase cost \$ 891 million. For details, 'Sri Lanka, China Presidents Commission Last Phase of Norochcholai Power Plant', *News Line*, September 16, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201409/20140916sri_lanka_china_presidents_commission_last_phase.htm (Accessed September 16, 2014).

16 The project cost \$ 180 million; for details, 'Southern Expressway Second Phase Opened', *News Line*, March 15, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201403/20140315southern_expressway_second_phase_opened.htm (Accessed March 15, 2014).

has an extension to Kandy launched on November 14.¹⁷

Security Cooperation

In an effort to deepen the security cooperation a number of high level military visits were exchanged between the two countries in 2014. General Xu Qiliang, the Vice Chairman of China's Central Military Commission, visited Sri Lanka in May 2014. This was China's highest military delegation ever to visit Sri Lanka.¹⁸ The visit was followed by a six-member delegation, headed by Chief of Staff of the Chinese People's Armed Police, Lieutenant General Niu Zhizong on a three-day official visit in the same month. Then Secretary of Defence and Urban Development Gotabhaya Rajapaksa made a visit to China and called on Xu Qiliang on September 23, in Beijing. During these interactions both sides expressed their intention to strengthen pragmatic military cooperation between the two countries. The Chinese Chief of Armed Police offered training programmes for Sri Lankan officers in China, in addition to training slots that had already been allocated in China for Sri Lankan service personnel. In return, Sri Lanka extended an invitation to the Chinese officers to join different training courses, including

those conducted in Army training centres in the country.¹⁹ During Xi Jinping's visit, the leaders of the two countries discussed many areas of possible close cooperation including support for Chinese Naval Vessels in Sri Lanka, carrying out joint naval exercises for common areas of maritime safety, expanding military assistance to Sri Lanka including training of military personnel, providing of a coastal patrol vessel and cooperation on JF17 Jets.²⁰ Both the countries were reportedly expected to sign an agreement on construction of a military aircraft maintenance facility in Trincomalee with Chinese help. Some media sources indicated that the agreement was not signed due to India's objection.²¹ Apart from that two Chinese submarines, *Great Wall 0329* and *Changzheng-2*, and warship *Chang Xing Dao*

17 The 300-kilometer long highway will be constructed under four stages and the first stage of the project from Enderamulla to Ambepussa is expected to cost \$ 1 billion. For details, 'Construction Work on Northern Expressway Commenced', *News Line*, November 15, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201411/20141115construction_work_on_northern_expressway_commenced.htm (Accessed November 15, 2014).

18 'China's Highest Military Delegation to Ever Visit Sri Lanka Calls on President Rajapaksa', *News Line*, May 17, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201405/20140517china_highest_military_delegation.htm (Accessed May 17, 2014).

19 'High Ranking Chinese Military Delegation Offers Training Opportunities to Sri Lankan Officers', *News Line*, May 23, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201405/20140523high_ranking_chinese_military_delegation_offers_training_opportunities.htm (Accessed May 23, 2014).

20 'President Xi Brings Abundance of Chinese Generosity', *News Line*, September 16, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201409/20140916president_xi_brings_abundance_of_chinese_generosity.htm (Accessed September 16, 2014).

21 'Xi Jinping Arrives in Sri Lanka Seeking to Boost Trade and Maritime Ties', *South China Morning Post*, September 16, 2014 at <http://www.scmp.com/article/1593707/xi-jinping-heads-sri-lanka-seeking-boost-trade-and-maritime-ties> (Accessed September 16, 2014).

docked at Colombo harbour in September and October respectively.²²

People-to-People Contact

Special emphasis has been given to improve people-to-people contact between the two countries. The number of Chinese tourists arriving in the island rose by 137.6 per cent to reach 117,766 in December 2014.²³ A total 54,288 tourists from China visited Sri Lanka in 2013.²⁴ Sri Lankan Government's target was to attract 100,000 Chinese tourists by 2015²⁵. In this regard, Sri Lanka launched a series of tourism promotional activities in China in 2014 including, "Sri Lanka Shines in Shanghai" coordinated by Sri Lanka Tourism Promotion Bureau of the Ministry of Economic Development

in July 2014²⁶. The Sri Lanka Tourism Promotion Bureau linked up with the Travel Channel of China to promote the country to prospective Chinese tourists. Direct air links have also been established between Colombo and five cities of China including Beijing, Shanghai, Guangzhou, Hong Kong and Chongqing City.²⁷ Agreements on the establishment of Confucius Institute at University of Colombo, cooperation between the State Administration of Press, Publication, Radio, Film and Television of China and the Ministry of Culture and the Arts of Sri Lanka, cooperation between the Chinese Academy of Sciences and the Ministry of Higher Education of Sri Lanka, and an MoU on Science, Technology and Innovation Co-operation were signed to strengthen people-to-people contact.

Conclusion

Efforts were made in 2014 to improve relations between the two countries in all sectors, with a special focus on maritime issues to underline the China-Sri Lanka cooperation on the revival of 21st century Maritime Silk route. By signing some of the agreements, Sri Lanka not only allowed China to develop infrastructure in the country, but also allowed China to have "enclaves" within Sri Lanka. The agreement on Colombo Port City Project gives China ownership of one third of the

22 'China Says Sub Made Stopover in Lanka', *Colombo Gazette*, September 27, 2014 at <http://colombogazette.com/2014/09/27/china-says-sub-made-stopover-in-lanka/> (Accessed September 27, 2014); 'Chinese Submarine Docks in Sri Lanka despite Indian Concerns', *Reuters*, November 2, 2014 at <http://in.reuters.com/article/2014/11/02/sri-lanka-china-submarine-idINKBN0IM0LU20141102> (Accessed November 2, 2014).

23 'Sri Lanka Tourist Arrivals Rise 9.4 Per Cent in November 2014', *Colombo Page*, December 3, 2014 at http://www.colombopage.com/archive_14B/Dec03_1417617403CH.php (Accessed December 3, 2015).

24 'Tourist Arrivals by Country of Residence - 2012 & 2013', *Sri Lanka Tourism Development Authority*, at <http://www.slttda.lk/sites/default/files/Tourist%20Arrivals%20by%20Country%20of%20Residence%202013.pdf> (Accessed February 28, 2015).

25 'China to Invest in Sri Lanka's Transport Sector, Including a New Northern Expressway', *News Line*, May 29, 2013 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201305/20130529china_invest_sri_lanka_transport_sector.htm (Accessed May 29, 2013).

26 Minister of Economic Development Basil Rajapaksa visited Shanghai was present at the promotional event. "Basil Rajapaksa attends 'Sri Lanka Shines in Shanghai'", *News Line*, July 18, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201407/20140718basil_rajapaksa_attends_sri_lanka_shines_in_shanghai.htm (Accessed July 18, 2014).

27 'China to Introduce More Direct Flights to Lanka', *News Line*, July 4, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201407/20140704china_to_introduce_more_direct_flights_to_lanka.htm (Accessed July 4, 2014).

land reclaimed from the sea.²⁸ There was media speculation that due to perennial shutdown in the Lakvijaya coal power plant, Sri Lankan government was considering to hand over the operation of the plant to the Chinese. Though the government rejected the speculation as baseless, implications of signing the 'Agreement on Overhaul, Spare Parts Supply and Operation and Maintenance Cooperation for Lakvijaya Power Station' still remains unclear. It should be noted that though the main thrust of China's Maritime Silk Route initiative, at least for the time being, is to develop infrastructure, it might like to have some kind of access point or bases in the host countries in the future. Therefore, India expressed concerns on the signing of the Colombo Port City Project during Xi Jinping's visit, as it provides that China will have permanent ownership on 20 hectares of land and 88 hectares on lease for 99 years out of the 233 hectares land to be reclaimed from the sea. It should be noted that the two submarines which docked at the Colombo Port in 2014, did not dock at the Sri Lanka Port Authority (SLPA) berths in Colombo, which is mandated to accommodate military vessels. Rather they docked at the Colombo South Container Terminal (CSCT), which is a "Chinese enclave" within a

28 The Chinese-financed \$1.4 billion 'Colombo Port City' project is Sri Lanka's largest foreign-funded investment on record. The Port City will be built by a unit of state-controlled China Communications Construction Co. (1800) on 233 hectares (576 acres) of reclaimed land. Sri Lanka will own rights to 125 hectares of the reclaimed land and 20 hectares will be held by China Communications, with the remaining 88 hectares leased to the company for 99 years. For details see 'Colombo Port City Work Commences: President Xi and President Rajapaksa Flag off Construction Work of the Dream City that Changes Colombo Skyline', *News Line*, September 17, 2014 at http://www.priu.gov.lk/news_update/Current_Affairs/ca201409/20140917colombo_port_city_work_commences.htm (Accessed September 17, 2014).

Sri Lankan administered harbour.²⁹ Even though the Sri Lankan Government has repeatedly said that its territory would not be allowed to be used against India, the real concern has been how much control it would have on the Chinese enclaves within the country.

While India expressed concerns about the China-Sri Lanka engagements on strategic issues, a section of Sri Lankans, especially, the members of United National Party (UNP) criticised the Rajapaksa Government for allowing China to develop the infrastructures at high rate of interests and for the alleged corruption involved with these projects. The Rajapaksa Government's overt pro-China policy was one of the issues during the Presidential Election campaign. Citing the economic burden on the country, the UNP and its alliances pledged during the election campaign to review the Chinese projects if the candidate nominated by them becomes President in the 2015 Presidential Elections.

The newly formed National Unity Government has suspended the Colombo Port City project, citing severe environmental impacts. The work of Chinese assisted Northern Expressway project has also been suspended. The Sri Lankan Government has stated that the suspension of these projects should be seen as its actions against corruption and not against the Chinese Government. The Chinese Government has been assured that Sri Lanka's relations with China would be consolidated soon. Hence, it remains to be seen how China-Sri Lanka relations, which were at an all-time high in 2014, pan out in the coming days.

29 Abhijit Singh, 'A 'PLA-N' for Chinese Maritime Bases in the Indian Ocean', *Centre for Strategic and International Studies*, January 26, 2015 at <http://csis.org/publication/pacnet-7-pla-n-chinese-maritime-bases-indian-ocean> (Accessed January 30, 2015).

Chronology of Important Events in the Year 2014

January 2014

17: An event to mark the Chinese New Year was held at the BMICH in Colombo on January 17 under the patronage of President Mahinda Rajapaksa. At this event awards were presented to Chinese Companies and China-Sri Lanka Development Project Partners who were engaged in development projects in Sri Lanka.

February 2014

10-13: Minister of External Affairs, Prof. G.L. Peiris, makes a four-day official visit to China.

March 2014

4: President Mahinda Rajapaksa sends a message of condolence to Chinese President Xi Jinping on the terrorist attack against civilians in the South-western city of Kunming on March 1, in which several people lost their lives and many more were injured.

11: The finalisation of the Joint Feasibility Study on the Sri Lanka-China Free Trade Agreement (FTA) is announced by Wang Shouwen, Assistant Minister of Commerce of China and Dr. P.B. Jayasundera, Secretary Finance and Planning of Sri Lanka during their official meeting in Beijing

15: The Second Phase of the Southern Expressway funded by the Export-Import Bank of China is declared open by President Mahinda Rajapaksa.

April 2014

2: The President of the Chinese Academy of Sciences (CAS) Prof. BAI Chunli, a well-known

chemist and leading scientist in nanoscience, visits Sri Lanka to explore opportunities for collaborations in the area of higher education.

24: Vice Foreign Minister of People's Republic of China Mr. Liu Zhenmin meets President Mahinda Rajapaksa at Temple Trees.

24: The 9th Round of the bilateral political consultations between Sri Lanka and China convenes at the Ministry of External Affairs of Sri Lanka.

May 2014

2: The Board of Investment hosts a 14-member business delegation from the port city of Dalian in Northern China, headed by Mr. Liu Cheng Xi.

3: President Mahinda Rajapaksa condemns the terrorist attack targeting civilians at a railway station in Urumqi in China.

6-8: Sri Lanka and China finalises the treaty on mutual legal assistance in criminal matters during negotiations between the two countries held in Beijing.

16: The Vice Chairman of China's Central Military Commission Air Chief Marshal Xu Qiliang calls on President Mahinda Rajapaksa at Temple Trees.

20: President Mahinda Rajapaksa makes a state visit to China to participate in the Conference on Interaction and Confidence Building Measures in Asia (CICA).

22: President Mahinda Rajapaksa and Chinese President Xi Jinping hold bilateral talks in Shanghai.

23: Six-member delegation, headed by Chief of Staff of the Chinese People's Armed Police Lieutenant General Niu Zhizong visits Sri Lanka on a three-day official visit.

June 2014

4: A business delegation led by Minister of Industry and Commerce, Rishad Bathiudeen, leaves for China to attend the 22nd Kunming International Fair on June 6.

July 2014

3-6: As a part of his official tour of China, the Minister of Economic Development Basil Rajapaksa visits Shanghai as Special Envoy of President Mahinda Rajapaksa on Trade and Commerce.

August 2014

4: President Mahinda Rajapaksa expresses his condolences over the loss of lives and destruction due to the devastating earthquake that struck Yunnan Province.

12: Investors from Zhongshan Province of China and Sri Lanka signs four agreements to promote the Electronics and Apparels sectors between Zhongshan and Sri Lanka.

September 2014

7-14: The PLA Navy Submarine diesel-electric Type 039 "Song-class" docks at the Colombo International Container Terminal.

15: The Government of Sri Lanka donates a consignment of Ceylon black tea to the victims of the earthquake in Yunnan Province, China.

16: President Xi Jinping makes a two-day state visit to Sri Lanka.

23: Secretary of Defence and Urban Development Gotabhaya Rajapaksa calls on Xu Qiliang, Vice Chairman of China's Central Military Commission in Beijing.

October 2014

30: The Sri Lanka Rubber Research Institute (RRI) signs a Memorandum of Understanding with China's state-owned CETC International for the development of the RRI.

October-November 2014

October 31–November 6: The PLA navy submarine Changzheng-2 and warship Chang Xing Dao dock in Port of Colombo.

November 2014

20: Sri Lanka's exports facilitator Export Development Board (EDB) and China enters into an MoU in Colombo on November 20.

December 2014

26: Sri Lanka and China sign an MoU and agreed to establish a joint working group on trade to study the feasibility of a China-Sri Lanka Free Trade Agreement (FTA) and measures to enhance Sri Lankan exports to China.

23

Maldives-China Relations in 2014

Anand Kumar

The year 2014 might prove to be a milestone in the China-Maldives bilateral relationship, as this was the year when a Chinese President visited the archipelago country for the first time. This visit has consolidated the upswing in the bilateral relationship that has come with the assumption of power by President Abdulla Yameen. Maldives has now endorsed the key Chinese proposal of 'maritime silk route.' It also wants to be a founding member of Asian Infrastructure Investment Bank (AIIB). In this sense, Maldives appears to have become a key Chinese ally in the Indian Ocean region which can have significant implications for the geo-politics of the region.

The most important development of the year 2014 was the visit of the Chinese President Xi Jinping, who came to the Maldives on September 15, 2014. This was the first visit of any Chinese President to the Maldives, since the former British protectorate gained independence in the year 1965. However this was the second meeting between the two top leaders within a month as the Maldivian President earlier visited the Chinese city of Nanjing, where he attended the opening ceremony of the Nanjing Youth Olympic Games.¹ This quick exchange of president level

visit signified the high importance both countries were attaching to each other.

The most important objective of Xi Jinping's visit was to publicise his vision for a modern maritime "Silk Road." The Maldivian President Yameen Abdul Gayoom showed his willingness to participate actively in the initiative to create a shipping route from China to Europe via West Africa. Both countries signed nine agreements during Xi's visit. These agreements were related to the expansion of the Maldives' main international airport, a power station project, road construction, and a bridge to connect the capital island of Male with the nearby Hulhule, the value of the projects however, was not made public.

The Chinese President also promised help to the island nation to fight the threat emerging from the phenomenon of climate change. Interestingly, China is the world's leading polluting country after the United States.

During his visit Xi Jinping talked about the excellent relationship that existed between the two countries. He stated that China respects the independence, sovereignty and territorial integrity of Maldives. He also said that China respected the Maldivian people's choice of political system and development path they have chosen, in accordance to their national conditions. He expressed the desire of China to work with

¹ 'Maldivian President Visits Suzhou', *China Daily*, August 21, 2014 at http://www.chinadaily.com.cn/world/2014xisco/2014-08/21/content_18574837.htm (Accessed May 1, 2015).

Maldives to deepen this bilateral relationship and build a future-oriented, comprehensive, friendly and cooperative partnership between the two countries.

China sends the largest number of tourists to the Maldives, a country that depends on revenue from tourism to a great extent. President Xi Jinping said China will continue to encourage its citizens to travel to the Maldives and encourage Chinese enterprises to invest in Maldives' tourism industry. Maldivian President Yameen pledged to improve facilities in the tourism sector. He also promised to ensure the safety of Chinese tourists in the Maldives. The two sides agreed to establish a joint meeting mechanism to deal with the issue of safety of Chinese tourists in the Maldives. The number of Chinese tourists going to Maldives has been growing over the years. A total of 363,626 Chinese tourists visited the Maldives in 2014 which was an increase of 9.6 per cent from the previous year.² It is believed that both sides did not take up sensitive security issues as it would have raised concerns with India.

From the Maldivian side its Vice President, Dr Mohamed Jameel Ahmed also paid an official visit to China in the month of June and attended the ninth China-South Asia Business Forum. During the visit, Jameel also attended the second China-South Asia Expo. In both the events he emphasised the need for foreign investment to accelerate the growth of the Maldivian economy,

2 'Maldives' Tourism Industry Faces Challenges as Chinese Tourists Decline, *China Daily*, February 26, 2015 at http://usa.chinadaily.com.cn/travel/2015-02/26/content_19660645.htm (Accessed May 1, 2015).

private sector development and wealth creation.³ Besides the high level visits several other steps were taken to deepen the bilateral relationship. Though China had opened its embassy in the Maldives in the year 2011, the embassy had not been enabled to issue visas till then. On January 10, 2014, the Chinese Embassy situated in Male, the capital of Maldives, opened a visa section for Maldivians. The Chinese visa which is free of cost to the Maldivians is now issued in four working days. Towards the end of January, the Chinese Ambassador to the Maldives Wang Fukang announced plans to construct 1,500 housing units in the Maldives. On November 28, 2013 the Chinese Government granted the New Government of President Adbulla Yameen, 50 million yuan (US\$ 8.2 million) in development aid. The Chinese ambassador also announced that both sides were working together to make the best use of Chinese grant, aid and concessional loans to further benefit the economic and social development of Maldives.⁴

Maldives and China signed an agreement on agricultural and research project cooperation in April, to provide grant to the Maldivian farmers. Under this agreement the Government of China would extend to the Government of Maldives, a grant of 1 million Yuan (about US\$ 160,000)

3 Mariyath Mohamed, 'Vice President Continues Search for Investors during China Visit', *Minivan News*, June 8, 2014 at <http://minivannews.com/politics/vice-president-continues-search-for-investors-during-china-visit-86593> (Accessed May 1, 2015).

4 Daniel Bosley, Ahmed Naish, 'Chinese Ambassador Announces Plans to Build 1,500 Houses in Maldives', *Minivan News*, January 29, 2014, at <http://minivannews.com/politics/chinese-ambassador-announces-plans-to-build-1500-houses-in-maldives-76469#sthash.0SDKeRol.dpbs> (Accessed May 1, 2015).

which would be utilised for developing the agriculture sector.

Twenty Maldivian police officers attended a China-Maldives Police Service Seminar along with their Chinese counterparts which was held in Shanghai from April 10-23. The Maldivian police Commissioner Hussain Waheed believed that the participation of Maldivian police officers in the seminar would improve their standards and bring them at par with Chinese officers.

In the month of May, some reports speculated that India and China were competing with each other to construct a naval base in one of Maldives' atolls to berth coast guard ships. This could have also boosted Maldives' flourishing tourism sector with a docking facility for commercial ships. The project was estimated to be worth 3,000 crore Rupees.⁵ However, Defence Minister Mohamed Nazim subsequently denied receiving any "official" proposals from India to develop a dockyard in the Maldives, saying that the project would not be handed over to a foreign army.⁶

The Maldivian Government approached the Japan Bank for International Cooperation (JBIC) and the China Exim Bank to secure US\$ 600 million for developing their airport. According to the Maldivian Tourism Minister Ahmed

Adeeb the government was seeking US\$ 200 million from JBIC and US\$ 400 million from the China Exim Bank to develop a terminal and runway respectively.

China maintained the momentum in the bilateral relationship even after the visit of Xi Jinping. In October a team from China visited the Maldives to start a survey on the Male-Hulhule Bridge Project. The survey would be completed in about four months and cost US\$ 3-4 million. The cost of the survey was financed by the Chinese Government. The construction of the bridge is being financed through a soft loan by Chinese Exim Bank.

The year ended with considerable success for the Chinese, when Maldives endorsed the Chinese sponsored Maritime Silk Route. It also decided to back a Chinese-initiated international finance institution to be called the Asian Infrastructure Investment Bank (AIIB).⁷ The Maldives wants to be included as one of the founding members of the proposed bank along with the existing 21 countries, which includes both China and India. The Maldives has also agreed to be the first free trade partner of China.

To conclude, it can be said that the year 2014 has given new depth and direction to the China-Maldives bilateral relationship. Though China had never lost out completely in Maldives, the edge it was having towards the end of Maumoon Abdul Gayoom Era was blunted to some extent with the coming to power of President Mohamed Nasheed. However, the political environment once

5 N C Bipindra, 'India, China in Hot Race to Build Maldives' Naval Dock', *The New Indian Express*, New Delhi, May 10, 2014 at <http://www.newindianexpress.com/nation/India-China-in-Hot-Race-to-Build-Maldives-Naval-Dock/2014/05/10/article2216651.ece> (Accessed May 1, 2015).

6 Azuhaar Abdul Azeed, 'No 'Official' Proposal from India to Develop Dockyard, Says Minister', *Haveeru Online*, May 14, 2014 at <http://www.haveeru.com.mv/news/54824> (Accessed May 1, 2015).

7 Ismail Humaam Hamid, 'Maldives Backs New Chinese Investment Bank, Pursues Free Trade Deal', *Minivan News*, December 22, 2014 at <http://minivannews.com/politics/maldives-backs-new-chinese-investment-bank-pursues-free-trade-deal-91768> (Accessed May 1, 2015).

again became favourable to China when Abdulla Yameen, who belongs to Gayoom's Progressive Party of Maldives (PPM) came to power in a highly controversial election. The Chinese have tried to consolidate this advantage with the visit of President Xi Jinping. The visit of the Chinese President to Maldives clearly indicates that Maldives now figures high in the foreign policy priority of China. The China-Maldives relationship has now become multi-faceted and it appears that Maldives under the present dispensation has become a close ally of China and could play a crucial role in the proposed Maritime Silk Route.

Chronology of Important Events in the Year 2014

January 2014

10: The Chinese Embassy in the Maldives opens a visa section in order to allow Maldivians to get Chinese Visa directly from Capital Male.

29: The Chinese Ambassador to the Maldives Wang Fukang announces plans to construct 1,500 housing units.

April 2014

11: China and Maldives sign an agreement on agricultural and research project cooperation to provide a grant aid of 1 million Yuan (about 160,000 US dollars) to be utilised for developing the agriculture sector.

10-23: Twenty Maldivian police officers attend a China-Maldives Police Service Seminar along with their Chinese Counterparts in Shanghai.

June 2014

26: The Maldivian Government approaches the Japan Bank for International Cooperation (JBIC) and the China Exim Bank to secure 600 million dollars for airport development.

8: The Maldivian Vice President Dr Mohamed Jameel Ahmed pays an official visit to China and attends the 9th China-South Asia Business Forum.

September 2014

15: Chinese President Xi Jinping visits Maldives to publicise his vision for a modern maritime 'Silk Road' and also signs nine agreements during the visit.

December 2014

17: Maldives endorses the Chinese sponsored Maritime Silk Route.

22: Maldives backs Chinese-initiated, Asian Infrastructure Investment Bank (AIIB).

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An annual publication from the Institute for Defence Studies and Analyses (IDSA), the China Yearbook is a round-up of events and issues of significance that occurred in China during the past year and covers important developments in the domestic and foreign policy spheres.

The fourth of the series, the 2014 Yearbook comprises twenty-three chapters spanning diverse yet important events that have occurred with regard to China in the year 2014. The chapters are arranged in five sections. The first section reviews internal issues regarding legitimacy of the Chinese Communist Party's rule, problems and issues faced by Chinese society, issues pertaining to Tibet's future, and lack of media freedom in China. The second section reviews China's relations with the great powers. The third section focuses on China's participation in the UN and its participation in global governance. The fourth section covers themes and issues of China's relations with various regions across the globe. The fifth section exclusively spans China's relations with countries of South Asia.

The Yearbook seeks to promote a deeper understanding of contemporary issues affecting China and its interactions with India and the region. This publication would be useful to scholars, researchers, journalists, and policy makers who have an interest in China.

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