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China's Perception of India's 'Look East Policy' and Its Implications

Baladas Ghoshal

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**INSTITUTE FOR DEFENCE
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I INTRODUCTION: PERCEPTIONS AND FOREIGN POLICY

The objective of this monograph is to explore China's perception of India's Look East Policy (LEP) and how that affects India's strategy in the Asia-Pacific region. The Foreign Policy of any country is always a function of, apart from other variables, what others think of its policy objectives, how it might influence their own perceived national interests and their position in the regional and global power structure. Robert Zervis in his book, *Perception and Misperception in International Relations* famously wrote that any view of international politics that fails to take into account the role of perception, is inadequate.¹ In the context of international relations and foreign policy, the mutual images held by actors affect their mutual expectations of the other's behaviour and guide the interpretation of the other's actions. Strengths or weakness in terms of power potentials are important features in the perception of a foreign country's actions. If a country perceives the other as stronger either in its own capacity or by leveraging its association with other powers or a perceptibly hostile country, then the image becomes threatening and influences the actions of the two countries towards each other. Perception of a country vis-à-vis the other is generally dictated by the interaction of three factors: the perceived relative capability of the actor; the perceived political culture of foreign policy behaviour of that actor and in the context of the situation in which the

¹ Robert Zervis, *Perception and Misperception in International Relations*, Princeton University Press, New Jersey, 1976. Perception (from the Latin *perceptio, percipio*) is the organisation, identification and interpretation of sensory information in order to represent and understand the environment. See, Daniel L. Schacter; Daniel T. Gilbert; Daniel M. Wegner, *Introducing Psychology*, Worth Publishers, Macmillan Higher Education, London, 2011.

perception is made. The way in which one country reacts to an action carried out by another country, will then depend on which particular image becomes dominant in a situation and consequently will influence the interpretation of that action. The same action can be interpreted as negative or harmful to the perceiver's country if the actor is perceived as unfriendly, hostile or an enemy, or alternately positive and welcome if it is perceived as a friend, partner or an ally.

India's recent warmth towards the United States, Japan and Vietnam, for example, are perceived in China, a country that otherwise would not feel insecure vis-à-vis India, as an attempt to contain China. Similarly, China's defence cooperation and its support to Pakistan for missile technology are perceived in India to be threatening. Even though India protests from time to time against the US military aid to Pakistan, it does not find that support as threatening as the Chinese closeness with Pakistan. In the 1950s, when India's relations with the United States were cold because of its policy of non-alignment and its refusal to join the SEATO (Southeast Asia Treaty Organisation), American military assistance to Pakistan in 1954 was perceived in India as changing the balance of power in the sub-continent and was the primary reason for the icy relationship between the two countries. Finally, in the situation in which the interaction between the perceiver and the target takes place, has an influence on the perceiver's impression of the target. The strength of the situational cues also affects social perception. As the context of the situation in which the perception is made some situations provide strong cues to behaviour of a state vis-a-vis the other. For example, the recent Chinese incursion in Ladakh evoked a perception of Beijing, in the minds of most Indians, as hostile and triggered a strong response from New Delhi.

Friendliness/hostility and strength/weakness constitute the building blocks of the image of the other. As a corollary, how actions of a country are perceived by looking at how the perceiver views a particular country is an important feature in the understanding of international relations and foreign policies of countries. Perceptions may be generated from power situations, but those perceptions may then shape how power is viewed and further used. David Scott suggests that the relationship between perception and power is exemplified in a negative general sense in the 'International Relations' (IR) 'security dilemma'

syndrome. IR constructivism that puts emphasis on the more intangible role of images, perceptions and misperceptions is an important tool in understanding the dynamics and the complexities of Sino-Indian relations. In terms of perceptions and images each hold of the other, observers of India-China relations pointed out that there were still 'particularly dangerous . . . psychological estrangements' and antagonisms operating at the popular level between the Chinese and Indian nations.² Fears and misgivings are dominant in the Indian perception concerning the rise of China in Asia.³ Similarly, the Chinese perception of India is characterised by a deep suspicion of Indian intentions, that made Jing-dong Yuan, a Chinese scholar based in Australia, comment that 'mutual suspicions of each other's intentions' are still very much in evidence between China and India.⁴

Their bilateral relationship is also overlaid with their relationship with third countries. It can be seen in the case of India's growing strategic ties with the United States, Japan and with the ASEAN (particularly with Vietnam); and in the case of China, its ongoing robust defence and nuclear relationship with Pakistan and its increasing strategic and economic influence in other South Asian countries like Bangladesh, Nepal and Sri Lanka. This heightens each other's suspicion and acts as an input in their respective policies and actions. China has deep suspicions

² YinHong Shi, 'The Rising China', Sasakawa Peace Foundation, February 12, 2002, p. 7. Available at <http://www.spfusa.org>, accessed June 15, 2008. Similar judgments were made by Garver, 'The *Gestalt* dominant among both Chinese and Indian analysts is an image of competition and rivalry', between the two powers. John Garver, 'The *Gestalt* of Sino-Indian Relations', in Carolyn Pumphrey, ed., *The Rise of China in Asia* (Carlisle: Strategic Studies Institute, 2002), pp. 263–285, p. 264.

³ Sumit Ganguly, 'Assessing India's Response To The Rise of China: Fears and Misgivings'. In Carolyn W. Pumphrey (ed.) *The Rise of China in Asia: Security Implications*, Carlisle, PA: Strategic Studies Institute, 2002 pp. 95-104; C. Ranganathan, 'The China Threat: A View from India', in Herbert Yee and Ian Storey, eds., *The China Threat*, Routledge, London, 2002, pp. 288–301.

⁴ Jing-dong Yuan, 'The Dragon and the Elephant: Chinese–Indian Relations in the 21st Century', *Washington Quarterly*, Vol. 30, No. 3, 2007, pp. 131–144, p. 131.

and is wary of the perceived strategic calculations behind India's increasing ties with the United States and Japan, which seeks, as per the Chinese perception to soft-balance⁵ and hedge against a rising China.⁶ In turn, India is concerned over a Sino-Pak entente that heightens its security predicament and brings the worst-case scenario of the possibility of a two-front war with Pakistan and China even as it actively seeks dialogues with both, to diminish the chances of such a dire scenario. One Chinese assessment concludes that the Indian military sees Pakistan as the main operational opponent and China as a potential operational opponent. It also describes the Indians as seeing China and Pakistan as closely aligned in threatening India.⁷ Both states, therefore, see each other as a threat, partly because of their bilateral power equations vis-à-vis the other, but also because of the various relationships and understandings that each state has made with the states surrounding the other. This exacerbates security dilemma, perceptions of threat and so forth, leading to mutual perceptions of encirclement by each other.

⁵ 'Soft balancing' or 'constraint understandings' may have 'lower visibility and general fuzziness' in comparison to tight hard balancing alliances; but still 'possess the advantages of alliances without the disadvantages . . . since they are less entangling . . . less likely to impede that fluidity of alignment and re-alignment which is the essence of balance of power diplomacy'. See Geoffrey Berridge, *International Politics*, Wheatsheaf, Brighton, 1987, p. 158, quoted in David Scott, 'Sino-Indian Security Predicaments for the Twenty-First Century', *Asian Security*, Vol. 4, No3, pp 244-270.

This seems particularly appropriate for China's long standing relationship with Pakistan, and with India's more recent moves toward Japan and the US; 'loose hedging arrangements' which have thus, not shut the door on limited moves toward engagement between India and China.

⁶ Most Chinese scholars and retired diplomats the author had spoken to in Beijing and Shanghai have pointed out that their perception of India is influenced more by India's association with other powers, particularly the US and Japan than by their bilateral disputes. In the case of India, the perception is influenced more by China's perceived arrogance and its bellicosity on border issues.

⁷ Quoted in Lisa Curtis and Dean Cheng, 'The China Challenge: A strategic vision for U.S.-India relations', *Reuters* July 19, 2011, available at <http://blogs.reuters.com/Indiaexpertzone/2011/07/19/the-china-challenge-a-strategic-vision-for-u-s-india-relations/>, retrieved on December 07, 2011.

However, this is an 'asymmetrical Indian and Chinese threat perceptions' of the other; whereby 'Indians tend to be deeply apprehensive regarding China. Chinese, on the other hand, tend not to perceive a serious threat and find it difficult to understand why Indians might find China and its actions threatening'.⁸ Susan L. Shirk, a Professor at the University of California at San Diego, and former Deputy Assistant Secretary of State citing Chinese sources also claims, 'There is a marked asymmetry in the mutual perceptions of India and China. For India, China looms large as an economic and political rival and as security threat. But for China, India merits little attention and, even after India's May 1998 nuclear tests, is not taken seriously as a security threat. Indian policies toward China are broadly debated and handled at the highest level of the political leadership, in contrast to Chinese policies toward India, which are ignored by the public and managed by the foreign affairs and military bureaucracies'.⁹ This asymmetry is quite understandable in view of not only a wide gap in their economic and military strength and past history of aggression against India, but also due to unequal projection of power in each other's backyard and the resultant security concerns it causes to each other. China's projection into South Asia is far more substantial and complicating than India's projection into East Asia, and its ability to create instability and upset the regional balance in

⁸ John Garver, 'Asymmetrical Indian and Chinese Threat Perceptions', *Journal of Strategic Studies*, Vol. 25, No. 4, 2002, pp. 109–134, p. 109. Also see, 2006 and 2007 *Global Attitudes Project*, surveys by Pew Research Center for increasing Indian sense of China as a military threat; Susan Shirk, 'One-sided Rivalry: China's Perceptions and Policies Toward India', in Francine Frankel and Harry Harding, eds., *The India–China Relationship: Rivalry and Engagement*, Oxford University Press, New Delhi, 2004, pp. 75–100; Xuewu Gu, 'China and the Great Powers: Mutual Perceptions at the Dawn of the 21st Century', in Erich Reiter and Peter Hazdra, eds., *The Impact of Asian Powers on Global Developments*, Physica- Verlag, Heidelberg: 2003, pp. 165–177, p. 175.

⁹ 'India has many more experts on China than China has experts on India. Indian journalists, intellectuals, businesspeople, and the informed public are avid China-watchers, while their Chinese counterparts follow developments in Taiwan, Japan and the United States with much greater interest than developments in India'. See, Susan Shirk, *Ibid*, p.85.

South Asia far outweighs that of India in East Asia.¹⁰ In 2009, the then Indian Air Force Chief Fali Homi Major called China a more real and potent threat to India than Pakistan. '... China is a totally different ballgame compared to Pakistan. We know very little about the actual capabilities of China, their combat edge or how professional their military is...they are certainly a greater threat'.¹¹ India's lingering fears about Pakistan are increasingly being eclipsed by its ever-growing alarm about China. Delhi's concern about Beijing persisted through 2010 and 2011 at the highest levels. At a combined commanders' conference in September 2010, the three service chiefs declared that China

¹⁰ One analyst finds in the Chinese attitude, an element of deliberate propaganda, of media projection, with downgrading of possible threat situations to facilitate China's ongoing strategy of 'Peaceful Rise'. There is a divergence between the official external diplomatic utterances and the internal analysis of Sino-Indian relations, '...internal Chinese views on India are different from what they say to international media. There appears to be two views one for internal consumption and another benign one for external consumption', with internal commentators readier to speculate on a rising India as a challenge to China. D. S. Rajan, 'China: Latest Assessments of Strategic Experts on Sino-Indian Ties', *South Asian Analysis Group Paper* No. 2039, November 27, 2006; China is now taking India more seriously than it did in the past, both as a potential friend and potential foe. 'China to India: Don't Be Evil', *Report* (India Defence.com) No. 3802, April 11, 2008. Available at <http://www.indiadefence.com/reports/3802>, retrieved on June 15, 2011. Also See, David Scott, 'Sino-Indian Security Predicaments for the Twenty-First Century', *Asian Security*, op cit

¹¹ Quoted in *Hindustan Times*, May 23, 2009, retrieved on November 30, 2011. Within a week after Air Marshal Major's statement branding China as a greater threat, the Chinese media took up the matter in a commentary and suggested that many in India hype the China threat 'as a way to disturb normal diplomatic relations between China and its neighbouring countries'. It also blamed some British and Japanese media for cooking up the 'China threat' theory. It further said, ' "China threat" theory has always been popular in India. Many Indians believe that the Indian Ocean is India's domain, and therefore South Asian countries neighbouring the country are its little brothers. Interactions between these countries and any other big powers will incur suspicion from India. India usually misinterprets China's normal diplomatic exchanges with these countries as an attempt to encircle it'. The best way to respond, according to the commentary, is to pay back the opposite side in its own coin, by making official statements and by communicating with the world via media reports and experts' interpretations for creating a favourable atmosphere of public opinion for China's diplomacy. See *Dang Jianjun* 'How to respond to India's "China threat" theory?' in *China.Org.Cn*, available at http://www.china.org.cn/international/2009-06/03/content_17883584.htm, retrieved on October 24, 2011.

constitutes more of a long-term threat than Pakistan.¹² Such sentiments were voiced again in early 2011 when Indian media reports quoted an anonymous top army official saying that while Pakistan can be 'handled', China 'remains [the] real long-term threat'.¹³ For India, China poses an existentialist threat and therefore, ranks much higher in security consideration and planning than India does in China's perception. For China, the US and Japan rank much higher in shaping its security concerns.¹⁴ Ashley Tellis, an influential Indian-American policy analyst, however, asserts that Beijing has paid New Delhi more geostrategic attention than it has been willing to publicly admit. Accordingly, the purported Chinese 'neglect' of India must be judged a myth.¹⁵

Indian Perception of China

While the focus of this paper is on China's perception of India's LEP, it is also pertinent to discuss the Indian perception of China, for the image of one influences the other and are mutually reinforcing in terms of actions and responses. While the LEP is only a part of India's overall and broader foreign policy approaches where multiple factors and determinants work in the making of the policy, China, undoubtedly is an important input in that process. Indian images of China are, therefore, essential not only in understanding the LEP and its drivers, but also for understanding the 'why and what' of China's perception of that policy and the way it interprets it. India and China are large countries in Asia, neighbours to each other, are (heirs to rich and ancient civilizations), and naturally have strategic ambitions to play a critical role in the emerging political, economic and security architecture of Asia. The Indian

¹² Michael Kugelman, 'India's China Fears', available at <http://www.peopleforum.cn/viewthread.php?tid=8465&extrapage%3D1>, retrieved on August 12, 2011.

¹³ Quoted in *Ibid.*

¹⁴ See, Rosalin Chin, 'China Perceives America: Perspectives of International Relations experts', *Journal of Contemporary China*, Vol.12, No.35, 2003 pp.285-297 & 'China's Big Threat? The U.S.', *The Wall Street Journal*, January 17, 2011, available at blogs.wsj.com/chinarealtime/2011/01/17/chinas-big-threat-the-us/, retrieved on September 10, 2011.

¹⁵ See, Ashley Tellis, 'China and India in Asia', in Francine R. Frankel and Harry Hardinge (eds) *The India-China Relationship: What the United States Needs to Know*, Carnegie Endowment for International Peace, Washington, 2004, available at <http://carnegieendowment.org/files/chinaindia2004.pdf>, pp.135-175, retrieved on December 15, 2011.

perception of China is overwhelmingly influenced by its humiliating defeat in the 1962 war resulting from border disputes between the two countries. As a result, a confrontationalist and belligerent image of China has inevitably been fixed in the minds of most Indians. This is further reinforced by China's actions in the post-independence period, as it preferred to use military power extensively in pursuit of its geopolitical aims, examples being Formosa (Taiwan), Korea, the conflicts on the Sino-Soviet borders, the war with India in 1962, China's open espousal of the Pakistani cause during 1965 in what was a purely bilateral conflict, its invasion of Vietnam in 1979, and finally China's recent actions in the South China Sea. The continuing border dispute between the two countries together with China's rapid growth in military power understandably has created anxieties in the minds of the Indian policy makers as well as the Indian public, about the future relationship. It is no wonder then that many strategic thinkers in India consider China to be the major future threat to India.¹⁶ The humiliation it suffered at Chinese hands nearly 50 years ago still haunts many Indians, both policymakers and public. A tradition of strategic mistrust of China is deeply ingrained in the minds of most Indians. India sees China as 'working to undermine it at every level: by pre-empting it in securing supplies of the energy both must import; through manoeuvres to block a permanent seat for India on the United Nations Security Council; and, above all, through friendships with its smaller South Asian neighbours, notably Pakistan'.¹⁷ Even Chinese scholars like Zhang Guihong recognise that India has a discernible 'lack of security trust' in Chinese intentions.

India also finds that China, after decades of setting their border disputes aside in the interests of the broader relationship, has in recent years hardened its position on the disputes in Tibet and Kashmir, and has taken actions, which are hostile to India's interests. Most importantly, China's ongoing security relationship with Pakistan that emboldens the latter to pursue its irredentist claims on India in Kashmir shapes to a

¹⁶ For an assessment of Indian thinking on China, see Harsh V. Pant, 'Indian Foreign Policy and China', *Strategic Analysis*, IDSA, Vol.30, Issue.4, October 2006, available at www.idsa.in/strategicanalysis/indianforienpolicyandchina_hvpant_1006, accessed on September 20, 2011.

¹⁷ Brahma Chellany, 'Is China itching to wage a war on India', *Far Eastern Economic Review*, Hong Kong, September 06, 2009.

large extent, India's image of China trying to undermine its national security. India's ex-Foreign Minister Jaswant Sinha attributed Beijing's nuclear assistance to Pakistan as the root cause of 'deficit of trust' between the two countries.¹⁸ India has already accepted Tibet as an autonomous region of China and expects, at best, reciprocal gestures from Beijing on the Indian state of Jammu and Kashmir, or, at the least, a position of neutrality on its part on the issue. China in recent times has not only abandoned its neutrality on the issue by starting the practice of issuing stapled visas to Kashmiris in a separate sheet of paper, rather than on Indian passports¹⁹, but has also expanded its footprint in Pakistan occupied Kashmir by undertaking projects that the Chinese claim as help to the flood victims but Indians believe to be strategic.²⁰

¹⁸ Quoted in Mohan Malik, 'India-China Relations: Giants Stir, Cooperate and Compete', in *Asia's Bilateral Relations, Special Assessment*, October 2004, Asia Pacific Center for security Studies, available at <http://www.apcs.org/Publications/SAS/AsiaBilateralRelations/AsiasBilateralRelationsComplete.pdf>, accessed on November 20, 2011. Also see, Baladas Ghoshal, *India and China: emerging strategic partnership in the twenty-first century* Centre of Asian Studies, the University of Hong Kong, 2005.

¹⁹ As far as the Chinese position on J&K is concerned, since October 2009, the Chinese embassy in New Delhi began issuing visas to Indian passport holders from J&K on a separate sheet of paper, rather than stamping the visas in their passports as is the norm with other Indian citizens. This was viewed as a crass new move to question the status of J&K vis-à-vis the Indian Union and support Pakistan's diplomatic position on Kashmir. During his visit to India in December 2010, Chinese Premier Wen Jiabao remained evasive on the stapled visa issue.

²⁰ See Saibal Dasgupta, 'Chinese troops in POK: India Conveys Concern to China', *Times of India*, September 03, 2010. Both China and Pakistan publicly denied that 11,000 Chinese soldiers were deployed in PoK, claiming that the Chinese 'humanitarian' teams were there to help with post-flood operations. This followed reports in the US (New York Times, August 29, 2010) that China ceded control of Gilgit-Baltistan, causing quite a stir in India thereafter. Chinese activity in the area and the Karakoram corridor it is planning to build could then open a direct route to Leh along the Indus Valley without having to fight India's main defensive deployment opposite the Tibetan border, jeopardising in the process, India's military posture in Ladakh. Prior to this, India enjoyed military superiority vis-à-vis China along the Ladakh border, as the Chinese military paraphernalia was difficult to sustain logistically. The Karakoram Corridor and the number of oil and gas pipelines that have been constructed now, allows the sustainability that was previously lacking. This move also enhances China's military postures in Western Tibet and Xinjiang against both India and NATO. In addition, Chinese assistance in building feeder roads and bridges in Pakistan can, and probably will, aid the Pakistani army further in its initiatives in Ladakh against India. See Vaishnavi Tannir, 'Growing Chinese Assertiveness: Love Thy neighbour', *Mainstream*, New Delhi, vol.xiviii, no. 44, October 23, 2010.

India and China also compete for geopolitical influence,²¹ especially as they scramble for energy resources while their navies show off their flags in the Indian and Pacific oceans with greater frequency intensifying the chess game between the two.²² Each is wary of leaving their trade and energy supply routes in the Indian and Pacific Ocean to the goodwill of the other's navy. India and China straddle the same geo-political space in Asia 'where the interests of both India and China intersect. The logic of geography is unrelenting and proximity is the most difficult and testing among diplomatic challenges a country faces'.²³ John Garver, who has done an in-depth study of India-China relations, also suggests that their relations over the years have been shaped by a deep and enduring geo-political rivalry. The rivalry is rooted in the 'decades-long, multi-layered, and frequently sharp conflict over the two states' relations with the lands and peoples lying around and between them', says Garver.²⁴ Ashley Tellis is more emphatic in arguing that China and India as rising powers in Asia remain natural competitors, competing

²¹ For a substantive and detailed discussion on the role of geo-politics in India and China's perception of each other and their competition for the same space, see David Scott, "The Great Power 'Great Game' between India and China: 'The Logic of Geography,'" *Geopolitics*, vol. 13, 2008, pp.1-16, and 'Sino-Indian Security Predicaments for the Twenty First Century', *Asian Survey*, vol.4, no.3, 2008. pp 244-270.

²² Mohan Malik, a perceptive analyst on India-China relations fears that with unresolved disputes, competition for scarce resources, and status and prestige considerations together with the absence of rules of engagement and mutual trust, trouble could easily brew in the Indian Ocean and the South China Sea, precipitating an armed conflict. According to him, a naval conference of major stakeholders in the Indian and Pacific Oceans is sorely needed—attended mainly by navy chiefs from the United States, Japan, South Korea, China, Australia, Indonesia and India—to devise common approaches to challenges. 'Such an inclusive forum would bring together all major economies and energy consumers with an interest in ensuring secure sea lanes and stable, affordable energy supplies. If such broad multilateralism doesn't work, a smaller, four-party naval conference involving the United States, China, India and Japan—the countries possessing the four most powerful navies in the Asia-Pacific—would be in order'. Mohan Malik, 'Asia's Great Naval Rivalry', *Wall Street Journal*, September 06, 2011, accessed on November 04, 2011.

²³ Shyam Saran, *India and its Neighbours*, February 14, 2005, available at <http://164.100.17.21/speech/2005/02/14ss01.htm>, accessed December 15, 2011.

²⁴ John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth century*, University of Washington Press, Seattle, 2001. p.8.

to increase their influence not only in South Asia but also outside South Asia proper. Tellis however, admits that India-China competition is not going to turn into a 'malignant' rivalry in the near term but if the Indian and Chinese economic and military capabilities continue to grow at the current pace, there is a likelihood of this relationship turning into a dyadic rivalry.²⁵ Even while both, the Indian and Chinese leaders have spoken about Asia having enough space for both to coexist and advised for trying to 'ensure that each has sufficient strategic space',²⁶ perceptions and reality have often been that of competition for the same strategic space. From the Indian perspective, even though both states have 'widening geopolitical horizons', yet, as adjacent major states, 'they both strive to stamp their authority on the same region' adjoining and in between them.²⁷ The Chinese position is no different from India, as Zhang Guihong admits, '...an emerging India does mean a strong competitor for China from South, West, Southeast and Central Asia to Indian and Pacific Oceans where their interests and influences will clash'.²⁸

Consequently, their respective actions, policies and strategies will undoubtedly have effect on each other's views and perceptions and act as inputs in the making of their policies. In the case of India, the advantages of geopolitical power held by China have generated a sense of a threatened neighbourhood in which China is perceived as a threat to which India needs to respond. As India responds to the perceived 'China threat' through its hedging/balance of power moves, the latter

²⁵ Quoted in Harsh V. Pant, 'China in Indian Foreign Policy', *Strategic Affairs*, IDSA, 2006, op cit.

²⁶ In a speech on November 22, 2003, then Foreign Minister Yashwant Sinha called on China 'to show greater sensitivity to [India's] security concerns', and emphasised the need for both countries to 'acknowledge each other's strengths and aspirations, and try to ensure that each has sufficient strategic space in keeping with the principle of multipolarity to which both India and China subscribe'. Yashwant Sinha, 'The Emerging India-China Relationship and Its Impact on India/South Asia', November 22, 2003. Available at <http://mea.gov.in>, accessed December 15, 2011.

²⁷ Mohan Malik, 'India-China Relations: Giants Stir, Cooperate and Compete', *Special Assessment* (Asia-Pacific Center for Security Studies), October 2004, p. 18.

²⁸ Zhang Guihong, 'US-India Strategic Partnership: Implications for China', *International Studies* Vol. 42, No. 3-4 (2005), pp. 277-293, p. 289.

gets wary about the actions of the former and initiates its own moves to counter it. The 'trust deficit' between the two and how images and perceptions are generated to affect subsequent situations between these two states make power and perceptions powerful factors in the India-China relationship. To quote David Scott, 'Hard-headed IR classical realism and its bedfellow geopolitics remain of clear importance for current Sino-Indian relations; replete as the Sino-Indian relationship is with competition and *balance of power* calculations in and around their respective neighbourhoods, which reflect their particular "Great Power 'Great Game'" vis-à-vis each other.²⁹ Chinese analysts view India's defence modernisation is driven by its ambition to be a major power, with all the nuclear and military trappings of prestige and recognition. They also point to India's wish to maintain dominance in the Indian Ocean as well as its ambition to go even beyond into the South China Sea. According to them, India's aspiration to counter China independently in the event of a two-front thrust by Pakistan and China, also guides perceptions.

In South Asia, India's perceived security perimeter, China is positioning itself as an important actor and steadily extending its reach with its growing economic and strategic influence in the region. With the world's largest manufacturing base and the resultant deep pockets, China is emerging as a major trading partner of practically all the countries of South Asia.³⁰ The most impressive is China's growing economic and

²⁹ David Scott, 'The Great Power "Great Game" between China and India – "The Logic of Geography"', *Geopolitics* Vol. 13, No. 1 (2008), pp. 1–26.

³⁰ China is involved win making a massive investment in the infrastructural development, socio-economic needs, and above all energy production of its trade partners. Beijing also offers these nations with low-cost or interest-free loans with no-strings attached to help their struggling development sector. The largest beneficiaries of this economic aid are Pakistan, Bangladesh, Sri Lanka, and Nepal – in that order. As recently as the 1990s, the trade of China and India with the four South Asian nations, Sri Lanka, Bangladesh, Nepal and Pakistan was roughly equal. However, over the last decade, China has outpaced India in deepening ties. From 1999-2006, China's trade with the SAARC (South Asian Association for Regional Cooperation) rose from US\$ 4.2 billion to US\$ 34.7 billion. Similarly, bilateral trade between China and Pakistan has been increasing by 45 per cent on a year-on-year basis, reaching US\$ 5.3 billion in 2006. Sources: 2006, International Monetary Fund: *Direction of Trade Statistics Yearbook*; *China Customs Statistics*.

strategic influence in recent years in Sri Lanka, where it is involved in a massive project in the development of the strategically located port of Hambantota from a fishing hamlet into a booming new port. The Chinese are making inroad into another Indian traditional sphere of influence, namely Maldives. China has been developing port facilities in Pakistan, Bangladesh and Myanmar, and is planning to build railroad lines in Nepal to connect Nepalese roads with those in Tibet, eroding India's traditional influence in that country and with it making India's security vulnerable to China. Bangladesh has offered China naval access to its prized Chittagong port, which New Delhi has long sought but to no avail. India would like to gain access to Chittagong port to help ship its planned natural gas imports from Myanmar to its northeast region. China prizes Bangladesh for its immense natural gas reserves, which rival those of Indonesia. Bangladesh's geographic proximity with Myanmar makes these reserves accessible to China. Both China and Bangladesh have looked upon their bilateral relations to counter India's growing economic and political might in the South Asian region.³¹

Strategically, China has built a naval port at the Arabian Sea Coast in Gwadar, Pakistan. This would lead not only to Gwadar emerging as a transit terminal for oil imports but also facilitate China's naval presence in the Indian Ocean, thereby enabling China to 'monitor US naval activity in the Persian Gulf, Indian activity in the Arabian Sea, and future

³¹ On China's 'string of pearl' strategy and its economic and strategic thrusts into South Asia, see C. Raja Mohan, 'There's a new game in Asia. India, Indian Ocean and China's "String of Pearls"', *Indian Express*, May 31, 2005; Gurpreet Khurana, 'China's "String of Pearls" and its Security Implications', *Strategic Analysis* Vol. 32, No. 1, 2008, pp. 1-39; Sudha Ramachandran, 'China moves into India's backyard', *Asia Times*, March 13, 2007; 'Maldives: tiny islands, big intrigue', *Asia Times*, April 7, 2006; Amit Kumar, 'A New Balance of Power Game in the Indian Ocean. India Gears Up to Tackle Chinese Influence in Maldives and Sri Lanka', *Strategic Comment*, IDSA, November 24, 2006; 'China-Pakistan nexus: the aim is to encircle India', *The Tribune* (Chandigarh), December 6, 2006; 'Pak's new port has strategic implications for India: navy chief', *The Times of India*, January 22, 2008; B. Raman, 'Gwadar, Hambantota and Sitwe: China's Strategic Triangle', *South Asia Analysis Group Papers* No. 2158, March 6, 2006. Available at <http://www.southasiaanalysis.org>, accessed June 15, 2008; Gurmeet Kanwal, 'Countering China's Strategic Encirclement of India', *Bharat Rakshak Monitor* Vol. 3, No. 3 (2000), available at <http://www.bharat-rakshak.com>, retrieved on November 15, 2011.

US-Indian maritime cooperation in the Indian Ocean'.³² China became Pakistan's leading arms supplier after imposition of sanctions by the US on Pakistan in 1990. China has always played a significant role in developing Pakistan's nuclear infrastructure.³³ It transferred equipment and technology and provided scientific expertise to Pakistan's nuclear weapons and ballistic missile programs throughout the 1980s and 1990s, enhancing Pakistan's strength in the South Asian strategic balance. More recently, China is moving forward with plans for two additional nuclear reactors for Pakistan (Chasma III and Chasma IV). Even while the U.S. insisted that Beijing must first seek an exemption from the NSG (Nuclear Suppliers Group) for any nuclear technology transfers, China justified its proposed sale as part of an earlier agreement before China became member of the NSG. China's military and non-military

³² Harsh V. Pant, 'India in the Asia-Pacific: Rising Ambitions with an Eye on China', *Asia-Pacific Review*, Vol.14, No.1, 2007. The plan to link Gwadar in Balochistan (Pakistan) to Kashgar in Xinjiang (China) means that the time taken for trans-shipment through internal lines of communication would be reduced drastically to two days, a quantum leap from the 25 days it now takes. Pakistani officials involved in the project trumpeted its geostrategic significance during its first phase. Premier Wen Jiabao signalled the importance Beijing attaches to the facility, by personally attending the ceremony marking the successful conclusion of the project's first phase. See 'Gwadar-China Oil Pipeline Study Underway', *Pakistan Observer*, September 04, 2006, available at <http://pakoobserver.net/200609/04/news/topstories12.asp?txt=GwadarChin%20oil%20pipeline%20study%20underway>, accessed on September 04, 2011.

³³ On Pakistan's strategic and nuclear related support from China, see, Harsh V. Pant, 'The Pakistan Thorn in China-India Relations', *The Washington Quarterly*, Vol.35, No.1, Winter 2012, pp.83-95; Also see Rashid Ahmad Khan, 'The Pakistan-China strategic partnership', *China.Org.Cn*, available at http://www.china.org.cn/opinion/2011-05/20/content_22605398.htm, retrieved on October 15, 2011; Gordon G. Chang, 'Iran Tried to Buy the Pakistani Bomb. What was China's Role?' *Fox News*, March 17, 2010, <http://www.foxnews.com/opinion/2010/03/17/gordon-g-chang-iran-pakistan-china-dr-khan/>, retrieved on October 2011 Jeffrey Smith and Joby Warrick, 'Pakistani Nuclear Scientist's Accounts Tell of Chinese Proliferation', *Washington Post*, 13 November 2009, http://www.washingtonpost.com/wp_dyn/content/article/2009/11/12/AR200911211060.html, retrieved on September 10, 2011; 'Pakistan and China: Sweet as Can Be?' *The Economist*, London, May 12, 2011, <http://www.economist.com/node/18682839>, retrieved on October 19, 2011; Li Xiaokun and Li Lianxing, 'Pakistan Assured of Firm Support', *China Daily*, May 19, 2011, http://www.chinadaily.com.cn/cndy/2011-05/19/content_12536794.htm, retrieved on October 13, 2011 Farhan Bokhari and Kathrin Hille, 'Pakistan Turns to China for Naval Base', *Financial Times*, May 22, 2011, <http://www.ft.com/intl/cms/s/0/3914bd36-8467-11e0-afcb-00144feabdc0.html>, retrieved on October 20, 2011

assistance to Pakistan is driven by two motives –first, to counter India's growing power in the region and to divert India's military force and strategic attention away from China; second, to gain strategic access to the oil rich Middle East. The Beijing-Islamabad 'special relationship' is part of 'China's grand strategy that moulds the Asian security environment', asserts Mohan Malik, an Indian Scholar at the Asia Pacific Center for Security Studies in Hawaii. 'The Sino-Pakistan military alliance (in particular, the nuclear and missile nexus) ensures that the South Asian military balance of power is neither pro-India nor pro-Pakistan but remains pro-China. Beijing shares Islamabad's deep mistrust of India's strategic ambitions and sees India as a rising power that must be balanced. The Chinese believe that as long as Indian military is preoccupied with Pakistan on its western frontier, New Delhi cannot focus on China and East Asia. Beijing rightly calculates that if New Delhi cannot sway the subcontinent, its influence in the larger arena becomes moot', to quote him further.³⁴

³⁴ Mohan Malik, 'India–China Relations: Giants Stir, Cooperate and Compete', *Special Assessment*, Asia-Pacific Center for Security Studies, October 2004, p. 18.



GENESIS INDIA'S LOOK EAST POLICY

India's Look East Policy: Its Origins and Early Phase

Having laid down the images and perceptions of the two countries and how India and China respond to each other's actions on the basis of those images and perceptions, we will now focus on India's Look East Policy (LEP), the backdrop to its launch, its rationale, content, driver and the responses from China. An understanding of what China thinks about India's Look East Policy and how that imposes a cautious approach on India's part in her relations with the Asia-Pacific countries is, therefore, essential to get a proper perspective on how India can calibrate its policies to reconcile its desired objectives with its concern for keeping China in line. It can also throw light on the future evolution of India's Look East Policy. Before we go into the main thrust of the paper, i.e. China's perception of India's LEP, it is essential to describe the background in which the policy evolved, its objectives, focus and content and its many-faceted engagement with the ASEAN and East Asia.

The LEP is not new, but a continuation of its earlier policy toward Southeast Asia. The Asia-Pacific region had always attracted the attention of India's foreign policy makers. However, the contexts and thrusts of India's approach to the region have changed. Earlier in the pre-1991 period, the focus was mostly on bilateral relations between India and the countries of the region as part of New Delhi's engagement with Southeast Asian neighbours through diplomacy of proclamation. Now, apart from bilateral, multilateral interactions have assumed critical salience in its engagement with the region. Though China undoubtedly, was a part of the calculation behind that policy, yet it was only one among many elements in our approach to the region. In post-1990, China figured much more prominently in our thrusts toward the Asia-Pacific region, particularly in the strategic calculus. India's relations with Southeast Asian or the ASEAN (Association of Southeast Asian Nations) countries have passed through many phases and have

experienced vicissitudes.³⁵ Indeed, the region had always occupied an important place in India's foreign policy. However, the resources and capabilities that were required to achieve the desired goals and objectives were never put into operation until the end of the Cold War when India suddenly felt a sense of an envy for the overall development and progress in its open economy and strong governments that region had made within a period of three decades and that the countries in the region could help India to integrate itself with the global economy. That line of thinking in Indian's policy toward Southeast Asia found expression more evidently and concretely in the then India's Prime Minister Narasimha Rao's Singapore lecture in 1994, even though some aspects of the shift in India's policy toward Southeast Asia were initiated from 1990-91. From that time onwards, India mobilised its diplomatic, political and economic resources to its optimal level to achieve multi-dimensional relations with the countries of Southeast Asia.

India's interest in Southeast Asia from the 1950s through the 1980s was mainly desultory and never assumed a coherent or well thought-out policy approach. It also lacked backing by diplomatic and other capabilities. The principle that guided India's foreign policy was nonalignment, which essentially was a posture vis-à-vis the two super powers, namely the United States and the Soviet Union, a formulation arising out of the Cold War. Nonalignment did bring huge dividends in terms of relations with the two super powers and in the process lent India prestige and status in the world far more than its actual power warranted. India played the role of a mediator in many international situations, e.g. the Korean War and the Geneva Conference in 1954 when the two super powers had not yet evolved any mechanism

³⁵ On India's relations with Southeast Asia and its Look East Policy, see Sudhir Devare, *India & Southeast Asia: towards Security Convergence*, Institute of Southeast Asian Studies, Singapore, 2006; Prakash Nanda, *Rediscovering Asia: Evolution of India's Look East Policy*, Lancer Publisher, New Delhi, 2003; Isabelle Saint-Mezard, *Eastward Bound: India's New Positioning in Asia*, Manohar-CHS, New Delhi, 2006; Frededic Grare & Amitav Mattoo (eds), *The Politics of India's Look east Policy*, Manohar, New Delhi, 2001; Deabamitra Mitra & Madhuchanda Ghosh, *India's Look East Policy: The Emerging Trends*, Icfai University Press, Hyderabad, 2008 & P.V.Narasimha Rao, 'India and the Asia Pacific: Forging a New Relationship', Institute of Southeast Asian Studies, Singapore, 1994.

like summit diplomacy to wriggle out of the crisis. It was able to emerge also as an area of agreement between the two super powers in terms of its development strategy – mixed economy within a democratic framework. However, nonalignment as such did not provide any policy framework for dealing with the rest of the world. As a result, India's Southeast Asia policy did not have any clearly defined goals or objectives, except a generalised principle of promoting friendly relations with the countries bound by history and cultural links.

In the mid-1940s, Nehru's ideas about Southeast Asia were influenced by feelings of solidarity with the countries struggling to free themselves from the colonial oppression and he talked about a future 'Asian Federation' and India's possible leadership in it.³⁶ Nehru wrote in 1944 in *The Discovery of India*, 'The Pacific is likely to take the place of the Atlantic in the future as the nerve centre of the world. Though not directly a Pacific state, India will inevitably exercise an important influence there. India will also develop as the centre of economic and political activity in the Indian Ocean area, in Southeast Asia, right up to the Middle East. Her position gives an economic and strategic importance in a part of the world which is going to develop in the future'.³⁷ Those ideas found manifestation in India's decision to convene the Asian Relations Conference in 1947 to bring the Asian countries closer to each other in their future destiny.³⁸ The experience in the conference, however, had a sobering effect on Nehru when he realised that Asian solidarity was more emotional than real and that many Asian countries with fresh memories of brutal Japanese colonialism and its scheme of 'co-prosperity sphere' were not very enthusiastic about another Asian

³⁶ The analysis in this section is based on Baladas Ghoshal's 'India and Southeast Asia: Mrs. Indira Gandhi's Years of Power', in A.K. Damodaran and U.S. Bajpai (Eds), *India's Foreign Policy: Indira Gandhi Years*, New Delhi, 1988.

³⁷ Jawaharlal Nehru, *The Discovery of India*, quoted in Sudhir Devare, *India and Southeast Asia: Towards Security Convergence*, Institute of Southeast Asian Studies, Singapore, 2006.

³⁸ See, Asian Relations, Report of the Proceedings and Documentations of the First Asian Relations Conference, New Delhi, March 1947. Jawaharlal Nehru, *Speeches, Vol.1 (1946-49) and Vol.2 (1949-53)*, Publications Division, Government of India (Delhi: Government of India, 1949 and 1953).

country showing signs of leadership in the region. More importantly, India itself was immersed in its post-partition trauma and rehabilitation of its people, economy and the polity. Immediately after independence, India had neither the economic resources nor the military capability to influence developments in Southeast Asia. The economic and military weaknesses prompted Indian policy makers to focus and concentrate most of their energies and resources on the countries that could help it to overcome those weaknesses. Consequently, India's foreign policy was more focused toward its relationship with the United States, the Soviet Union and Europe. Pakistan and China received special attention for the problems that India began to confront in its relationship with those countries immediately after its independence. India did not have any immediate problems with Southeast Asia that could lend any special importance in its foreign policy to the region.

In the absence of hard or soft power-wielding tactics to promote its interests in the region, India took resort to what an analyst of India's foreign policy of that period called 'diplomacy by proclamation', building bridges with Asian countries on the basis of adherence to and proclamation of certain principles in international conduct. Trying to build relations based on non-alignment, anti-colonialism, anti-imperialism and anti-racialism became the main thrust of India's policy toward Southeast Asia during this period. In a sense, the policy paid dividends for some time, particularly in India's relations with Indonesia and Burma. In the rest of Southeast Asia, this policy had no resonance, and India practically had no relations with countries like Thailand and the Philippines, which along with Pakistan became a part of the American alliance system after the signing of the Southeast Asia Treaty Organisation (SEATO) in 1954. Even with Indonesia and Burma, such diplomacy by proclamation could not withstand the vagaries of domestic and regional developments in Southeast Asia. India's defeat in the hands of China in 1962 served a severe blow to India's regional and international position. It also took a heavy toll on Nehru's health from which he never recovered and eventually died in 1964. India's democratic polity also came under pressure and crisis. Its economic development too, was quite unimpressive. Southeast Asia itself was passing through turmoil and cataclysmic transformation. India and Southeast drifted apart as there was hardly any meeting ground between the two. In the 1950s India's model of development— democratic polity

with a mixed economy, was still attractive to some countries in Southeast Asia. In the 1960s, India's democratic polity was viewed negatively, particularly after the political instability in India following the congress debacle in 1967. Its economic development model was seen as slow and stagnant. India became irrelevant to Southeast Asia. Political and strategic differences between India and the ASEAN arising from the Cold War widened the divide further.

Henry Kissinger's secret visit to China facilitated by Pakistan and the American opening to China to curtail Soviet power possibly triggered the Soviet Union to sign a Friendship Treaty with India, itself enmeshed in a conflict with Pakistan over its eastern wing's desire to be independent.³⁹ After the Indo-Soviet Treaty of 1971, India continued to stand by its avowed policy of nonalignment, but to the ASEAN countries India had already chosen the side of the Cold War between United States and the Soviet Union. Similarly, India looked at the ASEAN countries as follower of the Western capitalist model of development and an unabashed supporter of the Western strategy in Asia. Such differences in the perception of each other became even more problematic after the Soviet invasion of Afghanistan and the Vietnamese invasion of Cambodia in the late 1970s. India did not support the Soviet invasion, but it did not condemn it either. The Vietnamese invasion of Cambodia and India's support for the Vietnamese-installed government of Heng Samarin heightened the perception of the ASEAN countries of India's abandonment of its policy of nonalignment and joining their adversary, Soviet Union and its proxy, Vietnam. The ASEAN countries condemned the Vietnamese aggression and brought together the Coalition Government of Democratic Kampuchea (CGDK) in which the murderous Khmer Rouge became an important element. In the Third Indo-China War, India and the ASEAN countries supported opposing parties to the conflict and widened their differing perspectives on international issues affecting the region.

³⁹ On Indo-Soviet Treaty, see Ashok Kapur, 'Indo-Soviet Treaty and the Emerging Balance of Power in Asia', *Asian Survey*, Vol 12, No. 6, June 1992, pp.463-474.

India's Southeast Policy after the end of the Cold War, christened as LEP

The end of the Cold War and the breakdown of ideological barriers led to a more pragmatic approach by India.⁴⁰ The ground realities in the Asia-Pacific region had similarly changed. Erstwhile foes like the ASEAN and Vietnam were now not only friends but also co-operating actively in the integration of the region. India, on its part, particularly after the initiation of a series of economic reforms in the early 1990s to save itself from bankruptcy and economic collapse, was letting no chance go by to prove that it wished to be integrated with the global market and do business with all countries. Southeast Asia appeared to be most attractive to India for more than one reason. First, most countries in the region had already opened themselves to the global market and attained spectacular economic growth within so short a period that it attracted the attention of global investors in manufacturing and services. So much so that the World Bank and other international financial institutions were flaunting it as an economic miracle and a model for developing countries.⁴¹ To lend meaning to economic reforms and promote development, India needed to develop closer economic cooperation with successful economies and look for increased trade and investments. As neighbours and successful economies, it was but natural for India to look towards Southeast Asia as the focal point for economic interactions. To quote late J.N.Dixit, who was foreign Secretary during the initial phase of India's LEP, 'The economic involvement of important industrialized countries of the West and Japan with ASEAN countries makes it a catalyst through which India can have access to investment and technologies. India's initial experience with ASEAN countries shows that it is an important and growing area for Indian investment, joint ventures and trade promotion'.⁴²

⁴⁰ Baladas Ghoshal, 'India and ASEAN: Political Partnership into the 21st Century', in K.S.Nathan (Ed) *India and ASEAN: The Growing Partnership for the 21st Century* (Institute of Diplomacy and Foreign Relations, Kuala Lumpur, 2000).

⁴¹ See, *The East Asian Miracle: Economic Growth and Public Policy*, World Bank Policy Research Report, Oxford University Press, New York, 1993.

⁴² J.N.Dixit, *Indian Foreign Policy and its Neighbours*, Gyan Publishing House, New Delhi. 2001. p. 340.

Southeast Asian countries too soon began to take note of India's economic reforms and the potential of its vast market opportunities, evident from its readiness to offer them the status of sectoral dialogue partnership in the ASEAN. It was followed by a full dialogue partnership, reflecting the importance they attach to their partnership with India. Other East Asian economies also took note of India's rising profile making it imperative for India to extend its trade and investment relation with them. The result of such economic interactions was quite dramatic and spectacular, especially when one compares the pre- and post-dialogue partnership period. In 2010, the total trade between the ASEAN and India was US\$ 55.4 billion, a growth of 41.8 per cent from US\$39.1 billion in 2009. This accounted for 2.7 per cent of the total ASEAN trade in 2010. As for Foreign Direct Investment (FDI), the inflow from India to the ASEAN Member States was US\$ 2.58 billion, an increase of 221.6 per cent from US\$811.18 million in 2009. This accounted for 3.4 per cent of the total FDI into the ASEAN in 2010.⁴³ Despite impact of the global financial/economic crisis, India remained the seventh largest trading partner of the ASEAN and the sixth largest investor in the ASEAN in 2009. Even with this impressive figure, volume of trade and investment flows between the ASEAN and India remained still relatively low compared with other dialogue partners of the ASEAN, particularly China. The trade volume between China and the ASEAN totalled nearly US\$ 362.9 billion in 2011, up nearly 24 per cent from the previous year, according to statistics from the General Administration of Customs.⁴⁴ In 2010, the ASEAN became China's third largest trading partner and top investment destination for the first time, and China remained the ASEAN's largest trading

⁴³ The ASEAN-Dialogue Partners trade and investment statistic data can be accessed through <http://www.asean.org/22122.htm>.

⁴⁴ Quoted in *People's Daily Overseas Edition*, January 17, 2012, available at <http://english.peopledaily.com.cn/90778/77073.html>. China's trade volume with the ASEAN is likely to reach \$400 billion, Premier Wen Jiabao said in November 2011 during a speech at Universiti Brunei Darussalam in Brunei, quoted in *People's Daily Online*, November 21, 2011, available at http://news.xinhuanet.com/english/business/2011-11/21/c_13125911-htm.

partner. At the 8th ASEAN-India Summit in October 2010, the Leaders reaffirmed their commitment to achieve bilateral trade target of US\$ 70 billion by 2012. India's total trade volume with East Asian economies is now more than its trade with the European Union or the United States. What is also important is that more than half of India's trade now goes through the Malacca and Singapore Straits. As a natural corollary, protection of trade and economic interests requires strategic planning that involves security cooperation as well.

Second, the entry of the ASEAN countries into globalisation and their economic development created inter-dependence and gave stimulus to regional integration. As a result, the ASEAN emerged as a successful example of a regional organisation, more so when viewed in the context of the fate of other regional associations in Asia. India's frustration with the slow progress of the SAARC (South Asian Association for Regional cooperation) and its inability to infuse any dynamism within the organisation, mainly due to the India-Pakistan imbroglio, led it to look towards the ASEAN as an entry point for its integration with the global market, as the region was already in the game for more than two decades before India and was reaping huge dividends from the process.⁴⁵ India could not afford to remain within the South Asian bind and wanted to look beyond the subcontinent. It wanted to be a part of its extended neighbourhood in the Asia-Pacific region. Third, its LEP was also an attempt to rediscover Asia, restore and strengthen its past historical, cultural and economic relations with the region, long neglected, particularly during the period 1960-1990. The history of India-Southeast relations during this period was of many lost opportunities and it was not willing to lose any more. While restoring old links India wanted to create new ones. Delivering the 1994 Singapore lecture, Prime Minister Narasimha Rao declared, 'The

⁴⁵ K.S.Nathan, a Malaysian scholar, noted this point, when he wrote, 'New Delhi's increased desire for closer political and economic cooperation with Southeast Asia cannot be divorced from the continuing stalemate in regional cooperation underscored by SAARC'. 'The Strategic environment of India-ASEAN Relations at the turn of the Twenty First Century', in K.S.Nathan, (ed) *India and ASEAN*, p.8, op cit.

potential for India's partnership with this nucleus organization (ASEAN) in the Asia-Pacific is immeasurable. What we see in the Asia-Pacific region cannot be called a clash of civilizations but a mesh of interwoven with religious, ethnic, racial, linguistic and professional strands. I am consciously including India in this reality and the vision of the Asia-Pacific that I propound'.⁴⁶ Such sentiments found its echo also in the statements of succeeding prime ministers of India. While elaborating the policy at an India-ASEAN Business Summit in 2004, Manmohan Singh, the current prime minister, said, '...the 'Look East' policy is more than a slogan, or a foreign policy orientation. It has a strong economic rationale and commercial content. We wish to look east because of the centuries of interactions between us'.⁴⁷ The LEP began with its main thrusts towards developing closer economic relations with its immediate neighbour, Southeast Asia, but as its economic and security interests broadened, India found it necessary to extend this policy to South Korea, Japan, Australia and to bring even China within its gambit being convinced that its future and its best economic interests and rapid growth 'are served by greater integration with East Asia'.⁴⁸

Other than its economic interests to use Southeast Asia as a springboard for its integration with the global economy and to promote economic development in the country, the objective of India's Look East Policy is also to expand its area of influence by developing security relations in all directions, especially so in Southeast Asia, with a view to protect its own security and its pursuit of economic interests in the region. The security element in India's Look East Policy received an assertive diplomatic endeavour more after India declared itself as a nuclear

⁴⁶ P.V.Narasimha Rao, *India and the Asia-Pacific: Forging a New Relationship* (Singapore, Institute of Southeast Asian Studies, 1994).

⁴⁷ Manmohan Singh, 'Speech delivered at the Third India-ASEAN Business Summit', New Delhi, October 21, 2004, quoted in Sudhir Devare, *India and Southeast Asia: Towards Security Convergence* (Singapore, Institute of Southeast Asian Studies, 2006).

⁴⁸ See, 'Address of the External Affairs Minister, Mr. Pranab Mukherjee, at the Institute of Foreign Affairs and National Security, Republic of Korea on India's Look East Policy', September 17, 2007.

state after a successful nuclear test in May 1998. While most of the ASEAN countries officially criticised India's nuclear tests because of its avowed policy of a nuclear-weapons free zone, some of them had privately supported India and taken comfort from the fact of having another Asian power breaking the monopoly of the West and also to be useful for balancing the other Asian nuclear power, China.⁴⁹ China's emergence as a major economic and military power together with its irredentist claims over the whole of South China Sea and exclusive economic zones that has brought it into conflict with some of its neighbouring countries in Southeast and East Asia, particularly over the Spratlys islands, have created apprehensions in Asia about China's future ambitions and intentions. This had facilitated setting the ground for India's security role as a balancer to China in Asia, even though this may not be a declared policy of India. This fact is acknowledged even by Chinese scholars. Li Li, a scholar on South Asia from the China Institute of Contemporary International Relations in Beijing writes, 'As concerns for China's dominance in East Asia gathers due to China's persistent rising, India has found a chance to act as a balancer in the region'.⁵⁰

A major manifestation of the growing understanding and the importance India and the Southeast Asian attach to their relations is the number of high-level visits that their leaders have undertaken over the last two decades. A further manifestation of the growing political and economic interaction was the ASEAN's decision to confer upon India, first the Sectoral Dialogue Partnership (SDP) in 1992 and then the Full Dialogue Partnership (FDP) in 1995. This enabled India not only to initiate greater economic interactions with the ASEAN region, but also

⁴⁹ At the time of India's nuclear test in May, the author was living in Malaysia and participated in many talk shows on the subject. The above assumption is based on the author's interactions with scholars and the political elite from the region during seminars and conferences in Kuala Lumpur.

⁵⁰ Li Li, 'India's Engagement with East Asia: A Chinese perspective', Paper presented at the 24th Asia Pacific Round Table, June 7-9, 2010, Institute of Strategic and International Studies, Malaysia, Kuala Lumpur. P.5.

provided its political leadership opportunity to regularly interact with the ASEAN leaders and policy-makers and to fashion and build common approaches to many issues of regional and international importance. As a result, the collaboration between India and the ASEAN has transcended the realm of functional cooperation to cover political and security dimensions. India now participates in a series of consultative meetings with the ASEAN under the ASEAN-India dialogue relations, which include summits, ministerial meetings, senior officials meetings and meetings at experts level, as well as through dialogue and cooperation frameworks initiated by ASEAN, such as the ASEAN Regional Forum (ARF), the Post Ministerial Conferences (PMCs) 10+1, the East Asia Summit (EAS), Mekong-Ganga Cooperation and Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), which help contribute to enhancing regional dialogue and accelerating regional integration. The relationship was further elevated with the convening of the ASEAN-India Summit in 2002 in Phnom Penh, Cambodia.⁵¹ It was considered an acknowledgement of India's emergence as a key player in the Asia Pacific Region and the strong commitment and valuable contribution that India has made and is making to regional peace, stability and prosperity.⁵² Since then the ASEAN-India Summit has been held annually. All these took place within a decade, which clearly signifies

⁵¹ In early November 2000, during the Indian President K.R. Narayanan's visit to Singapore, the first by an Indian president in three decades, Singapore promised to propose that India become one of the ASEAN's four summit partners along with Japan, China, and South Korea. The lack of consensus within the ASEAN toward the proposal was evident in Singapore Prime Minister Goh Chok Tong's caveat that he would pursue the matter 'without being aggressive'. See, Satu Limaye, 'India-East Asia Relations: Weakest Link, but not Good Bye', available at csis.org/files/media/csis/pubs/0204qindia_easia.pdf.

⁵² While characterising the first ASEAN-India summit in November 2002 as a 'high point' one analyst says, 'However, India is not included in the ASEAN Plus Three grouping that includes China, Japan, and South Korea as ASEAN's partners. Instead India is tacked on to ASEAN in a "Plus One" relationship. This formulation, too, speaks to the "weakest link" characterization of India's role relative to ASEAN's other Asian partners'.
Ibid

the importance of the dialogue partnership to the ASEAN and India and the progress made in the cooperation.

In October 2003 during the 2nd ASEAN-India Summit in Bali, Indonesia, India acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC) and demonstrated its commitment to the organisation and their shared interest in ensuring peace, security, stability and development in Southeast Asia. On the same occasion, India and the ASEAN also signed a Joint Declaration for Cooperation in Combating International Terrorism, symbolising concrete initiatives to step up cooperation in the fight against terrorism. As the next step, the ASEAN-India Partnership for Peace, Progress and Shared Prosperity was signed in November 2004, envisaging strengthening of 'cooperation in the UN and the multilateral fora' and focusing on 'the development of regional infrastructure and intra-regional communication links to facilitate greater movement of goods and people cooperation in science and technology'. The declaration was a demonstration of the will and readiness of both sides to elevate the partnership to a higher strategic level to include social, cultural and development cooperation, besides the political, economic and security ones. A number of actions have already been taken to implement the Declaration in the light of the global financial crisis and the evolving political and economic landscape. India has been assisting the ASEAN in bridging the development gaps among its lesser developed members of Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV) through various projects such as Entrepreneurship Development Centres (EDC) and Centres for English Language Training (CELT). India's leadership in the ICT, the pharmaceutical, biotechnology, and traditional medicines sectors has been put to use for greater engagement and collaboration through technology transfer and know-how.

China's Perception of India

At this point, it would be relevant to dwell on China's perception of India and Beijing's response to New Delhi's engagement with Southeast and East Asia. As the military outcome of the 1962 war, China invaded the eastern and western sectors of the shared borders between the two countries and ended up annexing the area of Aksai Chin, a barren plateau that had been part of the pre-partition princely state of Jammu and Kashmir. China's views about India for a long time was one of a

country that was taught a lesson for daring to stand up to China,⁵³ followed by one of India being of no consequence. That called for a period of benign neglect, as it tended to dismiss India as a country plagued by poverty, poor infrastructure, and a sluggish bureaucracy. Then came a reluctant acceptance of its importance when the world was talking about a rising India beginning from the new millennium. Finally, there developed a concern that with the importance it gets from the US, Japan and the ASEAN it might displace China from its formidable position in Asia-Pacific. In between, India's underground nuclear tests in May 1998 brought nothing but scorn from China. Beijing was infuriated and deeply hurt, not as much by the tests themselves as by the justifications New Delhi presented before the world for going nuclear, revealed in a secret letter the then Prime Minister Vajpayee wrote to US President Clinton which got leaked and printed in New York Times. Vajpayee wrote, 'We have an overt nuclear weapon state on our borders, a state which committed armed aggression against India in 1962. Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem. To add to the distrust that country has materially helped another neighbour of ours to become a covert nuclear weapons state'.⁵⁴

India's Nuclear test and China's Reactions

Sino-Indian relations hit a low point following India's nuclear tests in May 1998. Indian Defence Minister George Fernandes declared, 'China is potential threat number one ... China is and is likely to remain the primary security challenge to India in the medium and long-term'; for

⁵³ Then Chinese Premier Zhou Enlai declared that its war on India in 1962 was designed 'to teach India a lesson'. The theme was repeated in 1987 when China's construction of a military post and helicopter pad in the Sumdorung Chu Valley of the Tawang tract on the eastern sector of the border in 1986 and India's grant of statehood to Arunachal Pradesh (formerly the North-East Frontier Agency) in February 1987 caused both sides to deploy new troops to the area, raising tensions and fears of a new border war. The PRC relayed warnings that it would 'teach India a lesson' if it did not cease 'nibbling' at Chinese territory.

⁵⁴ 'Nuclear Anxiety; Indian's Letter to Clinton on the Nuclear Testing, A. B. Vajpayee's letter to President Clinton', *New York Times*, May 13, 1998.

'the potential threat from China is greater than that from Pakistan and any person who is concerned about India's security must agree with that', hinting that India developed nuclear weapons in defence against China's nuclear arsenal.⁵⁵ Beijing categorically rejected New Delhi's as-assertion that direct Chinese threats or China's continuing nuclear and missile assistance to Is-lamabad had compelled India to go nuclear.⁵⁶ Chinese Foreign Ministry spokesman Zhu Bangzao said that India had dealt 'a hard blow on the international effort to prevent nuclear weapon proliferation. It will entail serious consequences to the peace and stability in South Asia and the world at large'.⁵⁷ Obviously, India's development, economic and power potentials together with its de-facto entry into the nuclear club and its expanding influence began to attract attention and concern from China.⁵⁸

⁵⁵ Fernandes' comment was widely reported around the world, including China. See, John Burns, 'India's new defence chief sees Chinese military threat', *New York Times*, May 5, 1998; AFP Dispatch New Delhi, 'Beijing No. 1 threat says India official', *South China Morning Post*, May 4, 1998.

⁵⁶ In an interview with the author, Zheng Ruishiang, a former ambassador to India suggested that had not India justified its nuclear test with a 'China threat', Beijing possibly would not have reacted so harshly. Interview with Zheng Ruishiang, November 29, 2011. From the Chinese perspective, India's sudden declaration of China as a threat came as a shock, for in 1993 and 1996, China and India had signed two important agreements to reduce tensions and maintain peace along the line of actual control (LAC) in the long-dis-puted Himalayan border regions, pending a final resolution. In fact, the People's Liberation Army Chief of Staff General Fu Quanyou had just visited India one month prior to the tests in an effort to improve the relationship between the two militaries. See, Haisheng, 'What Is Fernandez Up To?' *Jiefang junbao*, June 5, 1998, p. 4; 'Indian Nuclear Tests Threaten World Peace', *Jiefang Junbao*, May 26, 1998, p. 5. quoted in Jing-dong Yuan, 'The Dragon and the Elephant: Chinese-Indian Relations in the 21st Century', *Washington Quarterly* Vol. 30, No. 3 (2007).

⁵⁷ 'China's Statement on India's Nuclear Tests', *Beijing Review*, June 1-7, 1998, p. 7. Quoted in in Waheguru Pal Singh Sidhu and Jing-dong Yuan, *China and India: Cooperation or Conflict*. Lynne Rienner Publishers, London, 2003, p.47.

⁵⁸ A sign of this acceptance of India as an important power in Asia can be found in the Chinese ambassador to India Sun Yuxi's quoting Deng Xiaoping in a speech on March 31, 2006. "Only when China and India develop well, can one claim that the century of Asia has come. If China and India strengthen cooperation, Asian unity, stability and prosperity will be very hopeful, the world will be in peace and make more progress." Accessible via <http://english.people.com.cn/200603/31/eng20060331-255013.html>

Susan Shirk, reveals, '... in a series of telephone calls during the days following the Indian tests, Secretary [of State Madeline] Albright and Foreign Minister Tang [Jiaxuan] decided to call a meeting of the permanent members of the United Nations Security Council in Geneva, not only to condemn the Indian tests but also to come up with a strategy for preventing a nuclear arms race in South Asia'. China took the lead in drafting the U.N. Security Council Resolution 1172 of June 6, 1998. According to her, it was the Arms Control and Non-Proliferation Department of the Foreign Ministry that drafted China's response to India's nuclear explosion. Established in 1977, it has close ties to the People's Liberation Army (PLA) and until 2000 was headed by 'Sha Zukang, an intelligent, highly articulate diplomat and arms control negotiator whose wife was serving in the Chinese embassy in New Delhi. Sha, China's negotiator of the Comprehensive Test Ban Treaty (CTBT), appeared to be the architect of the tough response line, although some Indian and Chinese officials believe that he was reflecting the PLA perspective'. She further argues that Chinese institutions are not monoliths. 'The divergent arms-control and regional perspectives within the MFA bureaucracy shaped China's response to the Indian nuclear tests because the issue was treated as "normal" foreign policy, not as a crisis. According to interview accounts, following the second tests and the publication of the Vajpayee accusations against China, the Foreign Policy Leading Small Group (FPLSG) met to determine China's response. Whereas policies towards the United States, Taiwan, or Japan sometimes merit consideration by the Politburo Standing Committee (PBSC), in this case, no PBSC meeting was called. Jiang Zemin was the Chairman of the FPLSG, which also included a military representative (usually General Xiong Guangkai), Vice-Premier Qian Qichen, Foreign Minister Tang Jiaxuan, CCP Foreign Affairs office head Liu Huaqiu, the Minister of State Security, and the head of the Xinhua News Agency. Apparently emerging from this meeting were the decisions to issue an MFA statement defending China's record against India's "gratuitous accusation" and to join with the United States and other powers to condemn India and lock it out of legitimate nuclear power status. In subsequent months, however, either the FPLSG did not take up policies toward India, or the group blessed the bifurcated approach of taking a tough official position on India's nuclear status

(and needling the United States for being too soft) while at the same time resuming diplomatic engagement of India'.⁵⁹

China's Grudging Acceptance of Rising India

While the political relations between the two countries blow hot and cold from time to time, trade has expanded so rapidly that it involves not only Chinese and Indian firms competing against each other, but also a huge gap in balance of payments in favour of China.⁶⁰ Some Chinese analysts have reconciled to India's rise as a global power, at least in the long run. They find it compatible with China's preference for a multi-polar world, as both India and China are opposed to a uni-polar world led by the United States, and therefore adopt a positive approach to India's rise and advocate greater Sino-Indian cooperation.⁶¹ Chinese scholars recognise the fact that being rising powers and still developing countries, both China and India share many common views

⁵⁹ Susan Shirk, 'One Sided Rivalry', no.8, pp.86-87.

⁶⁰ Bilateral trade between India and China exceeded the two countries' \$60 billion target in 2010, driven largely by rising Indian imports of Chinese machinery that have left a record trade imbalance of \$20 billion in China's favour. Figures released for 2010 showed that bilateral trade in 2010 reached \$61.7 billion, with Chinese exports to India touching \$40.8 billion. This marked a 43 per cent jump in trade volume from last year, when the recession reduced two-way trade to \$43 billion. In 2008, China became India's largest trade partner with \$51.8 billion in bilateral trade. Despite the growth, the figures underscore rising Indian concerns over the fast-widening trade deficit, with Indian exports, largely made up of iron ore, other raw materials and cotton, contributing a little over \$20 billion — equalling the size of the deficit. Quoted in *The Hindu*, January 27, 2011.

⁶¹ Ma Jiali, 'India's Strategic position and Prospects for China-India Relations', *China Review*, Hong Kong, no. 37, January 2001. Also quoted in Yang Dali & Zhao Hong, 'The Rise of India: China's Perspectives and Responses' Available at http://www.daliyang.com/files/Yang_and_zhao_The_Rise-of_India_china's_perspectives_and_responses.pdf, retrieved on December 24, 2011. Dali and Zhao suggest that until recently Chinese analysts and scholars were more concerned with the United States and Japan whom they perceived to be superior to them both economically and strategically, the gap that needed to be closed, and thought very little of India as it was perceived to be weaker. In contrast, India has a much larger preoccupation with China, a country ideologically more homogenous that has taken a great leap in economic and military potential, which forces on India a lot of 'catching up' to do before it can come to China's level. For India's perspective on China, see, Gurcharan Das, *India Unbound*, New York: Knopf, 2001.

on regional and international affairs, and, to quote Ma Jiali, '... while [both] their politicians dislike (American hegemony, particularly in Asia, they have no intention to challenge the existing international order led by the United States, because both of them are developing countries and need a stable international environment for their domestic economic construction'.⁶² Scholars like Ma Jiali, a leading South Asian scholar at the China Institutes of Contemporary International Relations (CICIR), who is believed to advise the government on its India policy, argue that many people in the Chinese government realise that despite historical differences, there are growing commonalities in relations between the two countries and their positions on international issues. 'There is also the common goal that both countries do not want to see a uni-polar world'. For him, India is a close neighbour, a developing country with common goals, a rising power and an increasingly important international player, and, therefore, 'We must have good relations with India, or our national interest will be damaged'.⁶³ To reiterate his view, he gave the example of the *Shared Vision for the 21st Century*, drawn up at the time of Prime Minister Manmohan Singh's official visit to China in January 2008, when the two governments affirmed that 'the two sides believe that their bilateral relationship in this century will be of significant regional and global influence'.⁶⁴ The Chinese government

⁶² Ma Jiali, 'India's Rise and its Strategic Influence', 2006. Available at <http://www.sasnet.cn/zuixincg/showcontent.asp?d=191>, accessed on December 20, 2011.

⁶³ Interview with Ma Jiali in Beijing, December 01, 2011. Ma Jiali's views are also quoted in Ananth Krishnan, 'Behind China's India policy, a growing debate', *The Hindu*, April 05, 2010, available at <http://www.thehindu.com/opinion/lead/article388895.ece>. Ananth Krishnan also quotes Sun Shihai, another influential 'India hand' at the Chinese Academy of Social Sciences. 'Among most scholars at least, there is a growing awareness that India's power is rising, its international status is rising, and these facts are a reality that cannot be altered'. Sun believes that it is in China's self-interest to work with India on issues in which the countries have a common stake such as climate change and combating terrorism. However, Sun also says, 'But as two rising powers with growing international roles and strategic weight, cooperation and competition will be natural. What the governments need to do is manage the competition and avoid conflict. Most serious scholars are of this view'.

⁶⁴ A Shared Vision For the 21st Century of the People's Republic of China and the Republic of India, January 14, 2008. Available at <http://www.fmprc.gov.cn>, accessed on June 15, 2008.

and its official media characterised it as 'milestone for relations between the two countries' about the future of Sino-Indian ties.⁶⁵

Hu Shisheng another Chinese scholar who is a specialist on India, was equally enthusiastic about and hailed it as 'the rise of the world's two most populous nations is of a revolutionary significance', whilst hoping that Sino-Indian relations should 'overstep the limits of geopolitics' and 'should especially exceed the security predicaments and grudges against each other in history'.⁶⁶ Shisheng expressed the same optimism during Prime Minister Wen Jiabao's visit to India in December 2010. He wished that the two countries would be able to overcome their prejudices and differences and will have 'a sense of utmost urgency to customize their high-level strategic consultations' to continue taking earnest efforts in tackling differences between the two sides and deepening their strategic cooperation so as to reduce drag or obstruction involved. 'Perhaps, it is more appropriate to refer to Premier Wen's India trip as having marked a perfect "semi-colon" as the friendly exchanges and strategic cooperation between the two thriving emerging nations with superb civilizations will neither end with a "full stop" nor should be said to have "a full stop"'.⁶⁷ While committed to peaceful means to address their differences including the border dispute, Li Li, a Chinese scholar, currently working at the China Institute of Contemporary Relations in Beijing, shares the optimism of other Chinese scholars when she writes, 'China and India have strengthened their cooperation in many aspects. Bilaterally, the economic links have grown so rapidly that China has become the second largest trading partner of India while India is among the top ten trading partners of

⁶⁵ 'China, India share vision of accelerating relations', *People's Daily*, January 15, 2008. Also 'Indian PM confident of bigger roles India, China to play in world affairs', *People's Daily*, January 15, 2008.

⁶⁶ Hu Shisheng, 'Frequent visits make friends closer', *People's Daily*, January 15, 2008, available at <http://english.peopledaily.com.cn/90001/90780/91342/6338671.html>, accessed on September 3, 2011.

⁶⁷ Hu Shisheng, 'Wen's India trip to renew ties by re-study of past experiences', *Peoples Daily*, December 17, 2010, available at <http://english.peopledaily.com.cn/90001/90780/91343/723445.html>, accessed on September 03, 2011.

China. Multilaterally, China and India have taken similar stances to a number of international issues including climate change, world trade arrangement, reform of the international financial system, and energy security. They have been working closely in a couple of multilateral fora like G20, BRICS, BASIC, and China-India-Russia Trilateral Mechanism among others'.⁶⁸

India Joins the East Asia Summit: a Milestone in India's Look East Policy

In December 2005, India attended the first East Asia Summit (EAS, namely, the ASEAN Plus Six) held in Kuala Lumpur, Malaysia, along with the ASEAN countries and regional powers including China, Japan, South Korea, Australia, and New Zealand. EAS was conceptualised under recommendation from the ASEAN plus Three (the three being China, Japan and South Korea). This process was established in 1997 and institutionalised in 1999, as a response to the Asian Financial Crisis of 1997. Since that time the ASEAN plus Three has been playing a major role in community building in East Asia, in which China, while allowing the ASEAN to remain in the driver's seat, was giving most of the directions. As an East Asian state, Zhao Gancheng explains, China has many stakes in the region and, therefore, actively participated in the regional integration 'by not only keeping close contacts with ASEAN, but also getting fully engaged with other major players'.⁶⁹ Economically, Southeast Asia is an important source of raw materials and capital for China as well as a great potential export market. Southeast Asia is also a source of oil and gas supplies for China. More importantly, it is through Southeast Asian chokepoints (Malacca Straits) that China's primary energy supply routes from the Middle East and Africa pass.

⁶⁸ Li Li, 'India's Engagement with East Asia: A Chinese perspective', Paper presented at the 24th Asia-Pacific Roundtable, June 7-9, 2010, Institute of International and Strategic Studies, Kuala Lumpur, Malaysia, available at http://www.isis.org.my/files/24APRWEB/li_li.pdf, accessed on June 10, 2011

⁶⁹ Zhao Gancheng, 'India's Look East Policy: A Chinese Perspective', in P.V.Rao, *India and ASEAN: Partners at Summit*, op cit.

However, China has security issues with some of the countries in Southeast Asia on the issue of the sovereignty of some islands in the South China Sea making Sino-ASEAN relations quite sensitive and requiring skilful diplomatic handling. China's pursuit for a favourable environment in Southeast Asia, therefore, goes beyond economic cooperation. 'The establishment of various mechanisms between China and ASEAN, to quote Gancheng again, "shows China's deep participation in regional affairs in Asia-Pacific, such as the China-ASEAN political consultation at senior official level, the ASEAN Regional Forum (ARF) and the Post Ministerial Conference (PMC), China-ASEAN cooperation in the field of non-traditional security issues, etc"'.⁷⁰ China's objective was to use the ASEAN-sponsored multilateralism in East Asian security and economic affairs to develop a counterweight to the U.S.'s dominant role in the Asia-Pacific region, and to stall Japan's EAC (East Asian Community) design based on the creation of Japan-ASEAN axis and Tokyo's more prominent regional political-military role. Having been in such a privileged position, China obviously was in a mood to share this with any other power, which could put a dent in its secured place.

China's Attempt to keep India out of EAS and Community-Building Process

After the EAS was established, the issue arose whether any future East Asia Community would arise from the EAS or ASEAN plus Three. China together with Malaysia favoured the ASEAN + 3 as the focus for community building whereas Japan and India felt the EAS should be the focus of the East Asian Community. China, in particular, strongly opposed the inclusion of India and Australia in the proposed EAS, and in early 2005 while the preparations were going on for its formation, Beijing even went to the extent of dispatching diplomats to Laos, then 'country convener for India' within the ASEAN, and other Southeast

⁷⁰ Ibid.

Asian countries to dissuade them from lobbying for their membership.⁷¹ Beijing did not succeed in its plan, as apart from Malaysia, which had its own reasons for objecting to India and Australia becoming members of EAS, nearly all Southeast Asian countries supported India's participation in the EAS, possibly seeing it as a useful balancer to China's growing power, and also backed Australia's participation.⁷² Singapore and Indonesia were the strongest supporters of India's inclusion in the EAS process, signifying its stature and its acceptance as a responsible power that can contribute to the peace, stability and development of Asia-Pacific region.

Once it failed to keep India, Australia and New Zealand out of the EAS, China then came up with a novel proposal to keep them down by dividing them into two groups of states, the 'core group' comprising APT (that is, ASEAN plus China, South Korea and Japan) with China as the dominant APT player and the peripheral or secondary states of India, Australia and New Zealand, 'outsiders,' by China's description.⁷³ On the eve of the summit, Beijing proposed that the existing ASEAN plus Three (APT), and not the new 16-member EAS, should be in the driver's seat for the formation of a future community-building exercise.⁷⁴ After arriving in Kuala Lumpur for the summit, Premier

⁷¹ A former Indian Ambassador to Thailand, Ranjit Gupta, maintains that China did not even want India to become a dialogue partner of ASEAN. 'As Indian Ambassador to Thailand, I know from first hand personal knowledge that amongst China's regional policy priorities was thwarting the emergence of any significant Indian role in Southeast Asia. China was absolutely livid when India was invited to become a full Dialogue Partner of ASEAN ahead of China and it conveyed its anger to ASEAN countries in no uncertain terms; I was personally witness to what had transpired in Bangkok; China had been invited to join the ARF in 1994 and thereafter it tried to prevent India being included in the ARF. China tried very hard to have the ARF issue a very strong condemnation of India's nuclear tests in 1998 but these attempts were blocked by ARF's ASEAN members'. See, Ambassador Ranjit Gupta, 'India-China Relations: A Public Lecture', Kerala International Centre, Thiruvananthapuram, November 09, 2011.

⁷² China's proposal for keeping the APT as the core group in a two-tiered EAS structure found some support from South Korea, Burma, Thailand, and more importantly, the host country Malaysia, albeit for varying reasons.

⁷³ *People's Daily*, December 07, 2005

⁷⁴ 'Premier Wen Jiabao attends the fifth East Asia summit', available at www.mfa.gov.cn/eng/zxxx/t765870.htm dated 30.october 2010.

Wen Jiabao insisted that '[t]he East Asian Summit should respect the desires of East Asian countries and should be led only by East Asian countries. . . regional integration should be promoted by the countries in the region, with characteristics of the region and suited to the needs of the region', while simultaneously giving 'full consideration to reasonable interests in the region of non-East Asian countries'.⁷⁵ China wanted membership of such a group restricted, because, to quote Mohan Malik, '... a regional grouping that included U.S., friends and allies was seen as diluting China's emerging voice'.⁷⁶ China also campaigned for Russian participation, in an effort to balance the presence of US allies in the EAS. Once it saw that most countries in the region favoured the inclusion of India, Australia, and New Zealand, Beijing insisted that they must not play any role in the formation of an EAC, which should remain the responsibility of the core group comprising the APT (that is, ASEAN plus China, South Korea and Japan) within the EAS. The proposed division of the EAS into two blocs eventually led to a major rift and drew criticism as 'a ploy to manipulate, divide and dominate the evolving East Asian Community'.⁷⁷ Beijing directed its frustration and anger, particularly at Japan when a *People's Daily* commentary entitled 'East Asia Summit: in the shadow of sharp divisions' criticised Tokyo for 'trying to drag countries outside this region such as Australia and India into the Community to serve as a counterbalance to China'.⁷⁸ Japan, Australia and India, from China's perspective, represented America's influence and interests in the grouping. Beijing feared that they would 'dish out the human rights' issue. . . . to build up U.S., Japan-centred western dominance . . . in an attempt to . . . weaken Chinese influence in East Asia'.⁷⁹ The thrust of Chinese diplomacy was to keep India out from any community building process

⁷⁵ Premier Wen Jiabao's speech at the East Asia Summit, Kuala Lumpur, December 14, 2005.

⁷⁶ Mohan Malik, 'China and the East Asian Summit: More Discord than Accord', available at <http://www.apcs.org/Publications/Apsss/ChinaEastAsiaSummit.pdf> .

⁷⁷ Quoted in *Ibid.*

⁷⁸ *People's Daily*, December 07, 2005.

⁷⁹ *Ibid.*

in East Asia. If that did not materialise, then it could be pushed to the periphery of a future EAC and any attempt on India's part to break out of its South Asian box would be foiled.

India acknowledges the ASEAN's centrality in the emerging architecture since it is the best platform for reconciling the differing interests of major players in the region. It also considers that the different economic and security fora in the region, such as the ASEAN plus-one, the ASEAN-plus-three and the East Asia Summit, are parallel processes without an inside track or an outside track. The Hanoi Declaration on the commemoration of the fifth anniversary of the East Asia Summit, adopted on October 28, 2010 spoke of the need to establish an 'open, inclusive and transparent, and outward-looking forum', that conforms to India's own articulation of a strategic doctrine of sorts for the Asia-Pacific region. Significantly, the Indo-US Joint Statement of November 8, 2010 declares, in similar terms, the commitment of the two countries 'to work together and with others in the region for the evolution of an open, balanced and inclusive architecture in the region'. 'This is a rare instance', to quote Shyam Saran, India's former foreign secretary, 'where India's strategic posture is aligned with almost all the major actors in the Asia-Pacific. This rejects the notion favoured by China that the ASEAN-plus-three, the latter comprising China, ROK and Japan, forms some kind of an exclusivist "core" around which the new architecture should evolve'.⁸⁰ Even though it failed to prevent the so-called periphery states or outsiders from become founding members of the EAS, China persisted in its desired goal to keep the community building task restricted to the APT with China providing 'long term and strategic guidance', as the 'main channel' for East Asia cooperation. China wanted to retain its leadership as a powerful promoter of and a pillar to such cooperation, which has the potentials to develop into an 'East Asian Commonwealth'.⁸¹

⁸⁰ Shyam Saran, 'Time for Just Looking East Over', *Business Standard*, New Delhi, November 17, 2010.

⁸¹ D.S.Rajan, , 'East Asian Integration – China's Reservations on India Playing a leading Role', South Asia Analysis Group, Paper no.4377, March 14, 2011, available at <http://www.southasiananalysis.com/%5Cpapers44%5Cpaper4377.html>.

In early 2007 just before the ASEAN summit in Singapore, Secretary General Ong Keng Yong insisted that India, Australia and New Zealand would be included in the plans to establish the free-trade zone covering all 16 nations who participate in the EAS. However, the outcome of the summit recognised China's demand that only ASEAN plus Three should be included in the community. The ASEAN economic ministers had agreed the previous year to study a Japanese proposal for a 16-nation free-trade area, which would harness three billion people and provide an economic output of US\$ 9 trillion. Japan's plan rivalled a separate review by a Chinese academic for an economic bloc consisting of only the ASEAN plus Three. The EAS Statement's assertion in Singapore on November 20, 2007 that the ASEAN plus 3 mechanism would be the 'main vehicle' and the ASEAN the 'driving force' in building East Asia Community and failure to mention the three non-regional powers, were largely seen as a result of Chinese pressures, as a Singapore official during the summit, while talking to the press even named China for blocking the entry of the three. 'China's approach, by inference, appears to be based on a premise that if outside regional powers are allowed to play prominent roles in building East Asian Community', to quote D.S.Rajan, a Chinese knowing Indian analyst, "it may result in a shift in the regional power balance, damaging its strategic interests".⁸² Against the Chinese position, which was supported mainly by Malaysia and South Korea, the role of ASEAN + 6 in the regional integration process received full support from countries like Japan and Singapore. India's failure until then to sign the FTA with the ASEAN facilitated China's attempt to keep India out of the big club. Once India signed the FTA with the ASEAN in 2009, the picture changed, and despite China trying to doctor the agenda of the ASEAN Plus Three process as the sole institution to guide the emerging economic, political and security architecture of Asia-Pacific, the Chairman's statement at the 16th ASEAN Summit on April 09, 2010 stated, 'We recognized and supported the mutually reinforcing roles of the ASEAN+3 processes, the East Asia Summit (EAS), and such regional forums as the ASEAN Regional Forum (ARF), to promote the East Asian cooperation and dialogue towards the building of a community

⁸² Ibid.

in East Asia. In this connection, we encouraged Russia and the US to deepen their engagement in an evolving regional architecture, including the possibility of their involvement with the EAS through appropriate modalities, taking into account the Leaders-led, open and inclusive nature of the EAS'.⁸³

India's Views on community building and its growing engagement with the Asia-Pacific

With India being a founding member of the EAS, it accelerated the process of India's integration with Southeast and East Asia and confirmed India's role in constructing the future regional architecture. While identifying India's destiny with Southeast Asia, the Indian Prime Minister Dr Manmohan Singh said in Kuala Lumpur on December 12, 2005, 'India's Look East policy is not merely an external economic policy; it also marks a strategic shift in India's vision of the world and its place in the evolving global economy. Most of all, it is about reaching out to our civilizational neighbours in Southeast Asia and East Asia'. India believes that 'the long term goal of the EAS should be the creation of a prosperous community of nations built on shared values and interests'.⁸⁴ In October 2004, the Indian Prime Minister Manmohan Singh put forward his vision of 'an Asian Economic Community, which encompasses the ASEAN, China, Japan, Korea and India'. This community of nations would work for 'an integrated market, spanning the distance from the Himalayas to the Pacific Ocean, linked by efficient road, rail, and air and shipping services'. It would 'constitute an "arc of advantage" across which there would be large-scale movement of people, capital, ideas and creativity'.⁸⁵ Singh followed up this theme

⁸³ Chairman's Statement of the 16th ASEAN Summit, 'Towards the ASEAN Community: from Vision to Action', Hanoi, April 09, 2010, http://asean2010.vn/asean_en/news/46/2DA86A/CHAIRMAN'S-STATEMENT-OF-THE-16TH-ASEAN-SUMMIT-TOWARDS-THE-ASEAN-COMMUNITY-FROM-VISION-TO-ACTION.

⁸⁴ 'India's Growing Engagement with East Asia', address by the External Affairs Minister Shri Pranab Mukherjee at a function jointly organised by the Embassy of India in Jakarta and the Indonesian Council on World Affairs, Jakarta, June 18, 2007.

⁸⁵ PM's address at the Third India-ASEAN Business Summit, New Delhi, October 19, 2004.

and tabled the proposal for the Pan Asian Free Trade Area (PAFTA), which he described as the 'future of Asia' at the East Asian Summit 2005. Even though East Asia has emerged as India's largest trading partner, ahead of the European Union and the United States, China is not inclined to view India as part of the East Asian region, and is maintaining a silence over India's AEC proposal, as Beijing has different perceptions on India's proposal, to form a Pan Asian Free Trade Area (PAFTA) as a starting point for an Asian Economic Community (AEC). Though the PRC was a party to the decision in the Cebu meeting of the EAS for initiating a Track II study on Comprehensive Economic Cooperation in East Asia involving all EAS partners (India's PAFTA concept in essence), it is maintaining a silence over India's AEC proposal. In fact, no Chinese leader or document has ever mentioned the AEC so far. China's state-controlled media have however, given a negative connotation by sharply reacting to India's proposal for an Asian Economic Community, "India hopes to build a free trade area extending from Bombay to New Zealand's Christchurch, and finally expand the area, which covers 3 billion people, into the world's largest of its kind. However, India's proposal is not warmly responded [to] as each country has its own considerations".⁸⁶ Apparently, China's 'own considerations' are primarily geo-strategic in nature. India had already expressed its support to Japan's August 2006 proposal for a Pan Asian trade bloc, consisting of the ASEAN plus 6 nations including India. Through its media, Beijing had strongly attacked the intention of Tokyo to 'maintain Japan's dominant position in the East Asian economic order, contain China and South Korea and restrict ASEAN'.⁸⁷ China apparently does not want any mechanism with the presence of countries that can dilute its importance and can cause erosion of its influence in East Asia.

⁸⁶ *People's Daily*, December 07, 2005. India had already expressed its support to Japan's proposal (August 2006) for a Pan Asian trade bloc, consisting of the ASEAN plus 6 nations including India. Through its media, Beijing had strongly attacked the intention of Tokyo to 'maintain Japan's dominant position in the East Asian economic order, contain China and South Korea and restrict ASEAN'.

⁸⁷ *People's Daily*, August 26, 2006.

India used the occasion of the fourth East Asia Summit in Hua Hin, Thailand to join the debate on Asian integration, with Prime Minister Dr Manmohan Singh calling for an Asian Regional Trade agreement as a pivotal step towards the integration of the region into a broader 'Asian Economic Community'.⁸⁸ The debate revolved around competing proposals by Tokyo and Canberra, and, of course, the ASEAN, which sees itself as the driving force behind regional integration. In deference to this debate, the EAS Chairman's statement issued at the end of the one-day summit 'noted with appreciation' Japan's idea of an East Asian Community 'based on the principle of openness, transparency and inclusiveness and functional cooperation', Australia's proposal on an Asia Pacific Community, and Philippines's proposal for an eventual 'economic community of Asia'. In a statement to the EAS leaders' retreat session, Dr. Singh described the launching of the EAS process in 2005 as 'an act of foresight' because the world's eyes were now focused on Asia as the region, which can lead the global economic revival from the front. The Prime Minister said that India, which wants the EAS process to evolve in an 'open, inclusive, transparent and outward looking' manner, welcomed the recommendations made in 2009 on a Comprehensive Economic Partnership in East Asia. 'An early realization of its roadmap for economic and financial integration', he said, 'would be the right step for our grouping'.⁸⁹

⁸⁸ Siddharth Varadarajan, 'Asian integration process an "act of foresight": India', *The Hindu*, October 26, 2009.

⁸⁹ Quoted in *Ibid.* From the economic perspective, the core of the AEC is the creation of a single market and production base where there will be free flow of goods and services, investment and skilled labour as well as freer flow of capital. The Blueprint also provides for the creation of a competitive economic region with equitable economic development, and an outward-looking economic community plugged to the global economy. A scorecard has been developed to track the implementation of regional commitments to ensure the momentum for economic integration is maintained. Following the entry into force of the ASEAN Charter, and based on the strong foundation of the ASEAN-India dialogue relations, India has appointed India's Ambassador to Indonesia Mr Biren Nanda as its current Ambassador to the ASEAN who shall work closely with the ASEAN officials and the ASEAN Secretariat.

India-China Differences on Asian Architecture

In pronouncements, India and China may be advocating a security order in Asia that emphasises multi-polarity and precludes hegemony and dominance by any single power in Asia, but in their nuances and subtlety, they have different views on the mechanism, structure and who should constitute part of that security order in Asia. New Delhi wants a security architecture that is open, inclusive and 'polycentric' in nature and does not want any one country to dominate the region. Beijing, on the other hand, talks about a 'regional security environment of mutual trust guaranteeing stability by bridging differences through dialogue on an equal footing'. In principle, however, there is no clash between these two formulations, but when it comes to the creation of a structure that ensures such outcomes, divergences of approaches emerge. China's grand strategy, as an analyst points out, emphasises a 'status quo policy' based on 'strategic self-restraint'⁹⁰ seeking to reassure neighbouring countries that China's rise to the status of great power will not be accompanied by a subsequent attempt at regional hegemony. China is not seeking regional hegemony or to change the current world order – as many other great powers in the past have done.⁹¹ The Chinese strategy is based on what it calls, 'Chinese exceptionalism' or the policy of 'peaceful development' that is marked by the search to sustain peace and an essentially defensive strategic posture.⁹² Wen Jiabao, the Chinese premier, while speaking at the ASEAN Business & Investment Summit in Bali on October 07, 2003, for example, suggested, 'China's policy guiding its relations with its neighbours is to become a good neighbour and a good partner, to strengthen good neighbourly ties, to intensify regional cooperation,

⁹⁰ For further details see John G. Ikenberry, *After Victory. Institutions, Strategic Restraint and the Rebuilding of Order after Major Wars*, Princeton: Princeton University Press, 2001, especially Chapter 1.

⁹¹ *White Paper on National Defense of the People's Republic of China*, published in December 2006 <http://www.china.org.cn/english/features/book/194421.htm>, retrieved on March 30, 2013.

⁹² *Ibid*, especially Chapter I, II and X.

and to push China's exchanges and cooperation with its neighbours to a new high. It is an important component of China's own development strategy to build an amicable, tranquil and prosperous neighbourhood in the region'.⁹³ President Hu Jintao, similarly, devoted special attention to regional relations when he declared, 'China should energetically engage in regional cooperation in order to jointly create a peaceful, stable regional environment featuring equality, mutual trust and win-win cooperation'.⁹⁴ Apparently, the language is reassuring as part of China's avowed longstanding good-neighbour policy. However, when it is cast in the backdrop of Beijing's historical, territorial claims and its readiness to use force to retrieve them, if necessary, together with its mentality of victimisation by others in the past and the official encouragement of a radical nationalism that seeks to restore its glorious past, then the pronouncement may assume different meanings to its neighbours in the region. Even while the Chinese leaders portray Beijing's policies seeking to create an equitable and win-win cooperation, China's grand strategy, to quote another analyst of China's foreign policy, '...is still one of a rising great power, experiencing a deep period of transition both in its domestic, as well as its international environment. Such interpretation of China's foreign policy seems to suggest China is seeking to make short-term, relative gains, rather than long-term ones, which associated with the lack of transparency and the Chinese military build-up programme determines an almost general suspicion that Beijing may be hiding or disguising its true strategic interests and intentions in order to win time and avoid early or perhaps timely balancing/containment by other regional actors'.⁹⁵

⁹³ Available at <http://www.mfa.gov.cn/eng/topics/zgcydyhz/dqc/t27711.htm>, retrieved on April 02, 2013.

⁹⁴ Hu Jintao, Report to the Seventeenth National Congress of the Communist Party of China, Beijing, October 15, 2007, available at <http://www.china.org.cn/english/congress/229611.htm>, retrieved on March 18, 2010).

⁹⁵ See, Simona Soare, 'Security Architecture Building and Regional Integration in Asia Pacific', available at http://www.academia.edu/416804/Security_Architecture-Building_and_Regional_Integration_In_Asia-Pacific, pp. 1-30, retrieved on April 04, 2013. Also see, Aaron Friedberg, 'The struggle for Mastery in Asia', *Commentary*, vol 100, no.4, 2000, pp.17-26, available at http://msittig.wubi.org/docs/friedberg_struggleMasteryAsia.pdf, retrieved on April 02, 2013.

Such scepticism about Beijing's declared policies on peaceful rise and good neighbourly relations and the actual intentions underlying the proclamations becomes understandable when one looks at China's definition of the region – who is in and who is out in their envisaged and preferred regional order/architecture. China's preferred definition of the region, as reflected in the writings of some Chinese scholars, is one that is free from external intervention or influence and in which Beijing can exercise its leadership position.⁹⁶ Any regional institution that excluded the United States would allow China to exert a greater influence over its neighbours, a possibility that features prominently in Chinese debates.⁹⁷ Scholars such as Pang Zhongying consciously promote a regional definition that recognises the importance of developing East Asian rather than more encompassing Asia-Pacific based forms of engagement – developing an Asian strategy that actually contributes to the development of an East Asian sense of identity. The ASEAN+3 is a forum which China could seek to use its growing economic leverage for influencing the development of an East Asian

⁹⁶ For a useful overview of China's vision of a regional order, see Zhang Yunlung and Tang Shiping, 'China's Regional Strategy', in David Shambaugh (ed), *Power Shift: China and Asia's New Dynamics*, University of California Press, Berkeley, 2005, pp 46-68. Zhang's views are particularly significant as he is also a member of the East Asian Vision Group that was established under the auspices of the ASEAN+3 to chart the region's future development. For views of some other Chinese scholars on regionalism and security order in Asia-Pacific, see, Mark Beeson and Fuzial Li, 'Charmed or Alarmed? Reading China's regional Relations', *Journal of Contemporary China*, vol. 21, issue 73, January 2012, pp. 35-51, available at http://www.academia.edu/1146491/Charmed_or_alarmed_Reading_Chinas_regional_relations. Beeson and Li argue that while China has rapidly re-emerged as a major regional power in East Asia representing a long-established historical pattern, the ability of China's political elites to reassure its nervous neighbours about the implications of its rise will be a major test of its evolving and increasingly sophisticated foreign policy. 'Whether the neighbours will allow themselves to be charmed rather than alarmed by China's remarkable economic development and emergent foreign policy style is another question. Certainly lingering nervousness abounds, so does a pragmatic recognition that they have little choice other to make the best of a not altogether bad job. Under such circumstances, China has every reason to continue cultivating the good opinion of its neighbours'.

⁹⁷ For an interesting insight in this debate, see, Baogang He, 'East Asian ideas of regionalism: a normative critique', *Australian Journal of International Affairs*, Vol. 58, No.1, 2004, pp. 105-125. Also quoted in Beeson and Li, 'Charmed or Alarmed'. Ibid.

region to pursue China's national interests. Based on the writings of Chinese scholars, Mark Beeson and Fuzian Li suggest that China's views on regionalism are diverse. While a majority of the scholars might be taking a highly nationalistic line of China playing a dominant role in the region and excluding external powers like the United States and also India, which, according to the Chinese definition falls outside Asia-Pacific region and belong to South Asia, there are also others who seem to argue that regional integration offers a way of countering the 'China threat' syndrome and that Beijing should encourage common economic development and security. They refer to the writing of scholars like Rear Admiral Yang Li, former director of the Institute for Strategic Studies at the People's Liberation Army National Defence University, who suggests that China should continue Deng Xiaoping's policy of not assuming too high a profile or a leading position, and consequently China should not look to exclude the US from the region or apply excessive pressure on Japan. Another scholar, Xiao Huanrong, a specialist on regional issues, also holds the view that a multilateral regional policy can lend China better global status with Beijing playing a leading role in developing multilateral mechanisms in East Asia that could overcome the regional security dilemma that other countries in the region might have vis-à-vis China.

Those who worry that China's spectacular economic growth will lead to a more aggressive role for the country on the world stage, and make it a troublesome partner in the search for a new security architecture in Asia, fail to understand how dominant domestic issues are in China's security calculations, argues Peking University's international relations scholar Wang Yizhou.⁹⁸ China allocates its security resources, according to Yizhou, first to domestic security, then to peripheral security and finally to global security responsibilities reflecting the basic scale by which the Chinese judge what is vital or important, and what is secondary to the country's security interests and accordingly set the various bottom

⁹⁸ See Wang Yizhou, 'China's Path: Growing and Learning,' *Global Asia*, Volume 5, No.1, Spring 2010, available at http://www.globalasia.org/V5N1_Spring_2010/Wang_Yizhou.html?PHPSESSID=d64666017f3acaeebd56a72f4a40a6fc, retrieved on March 10, 2013.

lines for using force. As China's East Asian neighbours, as well as other members of the international community, have little understanding of the sequencing of China's security concerns, they mistakenly regard China as an expansionist country. 'Given China's size and growth rate, the noise of those who worry about the "China threat" will not disappear no matter how China explains itself and what actions it takes. To gain mutual trust and cooperation not only requires China to remain restrained in dealing with disputed issues; it also requires other countries to abandon their Cold War thinking. The most difficult challenge is reducing the doubts held by some countries, such as the US and Japan, and calls by some to "contain" China, while at the same time persuading Chinese military strategists that the Taiwan issue will not become an excuse for Western powers to contain China', Yizhou argues. With regard to the kind of new security architecture that might emerge in East Asia, he believes that China would like to see a situation 'where such platforms as the Six-Party talks over denuclearization of the Korean Peninsula gradually become a more regular and systematic mechanism to achieve the long-term security architecture needed in this region'.⁹⁹ Since China is the initiator of the Six-Party Talks, a mechanism where China leverages its geo-political advantages, it is no wonder that Chinese scholars would like to institutionalise it as East Asian security architecture. North Korea's walkout from the talks a few years back along with its sabre-rattling in recent months, however, has turned the process almost redundant.

China's rise as the predominant regional power in East Asia resembles a return to a long-established historical pattern when it had tributary relations with most of its neighbours, which in the new geopolitical context undoubtedly creates nervousness in their minds about the long-term intentions of Beijing. While some Chinese analysts are quite conscious of the neighbours' concerns about a resurgent China, they also believe in Beijing's destiny in shaping the regional order in East Asia and see the emergence of an East Asian community as a result of its policies and initiatives. As a consequence, it will be beneficial for

⁹⁹ Ibid.

China if it could inculcate nascence of a regional identity and a nascent 'we feeling,' that would exclude any country not belonging to the region, meaning obviously the USA and build upon China's traditional cultural influence over the East Asia region.¹⁰⁰ One Chinese scholar goes even to the extent of suggesting that Beijing should assume the role of 'kind of elder brother' (*renhou xiongzhang*)¹⁰¹ in its dealings with the region steering its development and taking care of the interests of the weaker Southeast Asian states in particular, a kind of a paternalistic Sino-centric approach, which many in the region are not only uncomfortable with but also resent, e.g. Vietnam and the Philippines. In their scheme of an Asian political and security architecture, the Chinese scholars do not mention India at all, which according to the Chinese concept, forms part of only South Asia, and not of East Asia. While there are variations in the thought process of the Chinese scholars about a desirable security order that can promote Beijing's interests and its leadership, all of them agree on one point, i.e. China must keep an upper hand in any architecture that is going to emerge in the future. One of the most interesting attempts to capture the complexity of China's future role in the emerging Asian architecture is by Su Hao, Director of the Centre for Strategic and Conflict Management Studies at China Foreign Affairs University. Su Hao suggests that various institutional venues such as the ASEAN+1 and +3, the ASEAN itself, and significantly enhanced cooperation among the three Northeast Asian states, should be viewed as components of a larger process of regional cooperation. Su and many other Chinese policy makers recommend that the ASEAN+3, which excludes the USA and also India, but which includes South Korea and Japan, should be the main vehicle for any regional arrangement in the region. He calls the ASEAN+3 as the 'core' of the walnut. The

¹⁰⁰ Liu Zhenye, "'Dongya gongtongti" bukeneng shi "kaifang de diqu zhuyi"' ('East Asian Community can't be an open regionalism'), *Shijie Jingji Yu Zhengzhi* (*World Economics and Politics*) Vol.10, 2008, pp. 39–42, quoted in Mark Beeson and Fujian Li, 'Charmed or Alarmed', *op cit*.

¹⁰¹ Xue Li, 'Renhou xiongzhang: zhongguo zai yazhou zhenghe zhong de jiaose' ['A kind elder brother: China's role in Asian integration'], *Shijie Jingji Yu Zhengzhi* (*World Economics and Politics*) *Ibid.*, pp. 36–39. Also quoted in Beeson and Fujian Li.

'shell' of the walnut is East Asia Summit, which includes India and two 'western countries', namely Australia and New Zealand. In Su's scheme of things, the shell's purpose is to protect the core from damage - in this case intervention from the USA. He does not specifically mention India but one can infer from his writings as well as from other Chinese writings that behind India's moves in Asia-Pacific region through its Look East Policy, there are US designs to circumscribe China's influence in the region. Su's views reflect a growing consensus in China that regional engagements and retaining leadership in it 'offers a new way of pursuing its strategic and economic interests and consolidating its historical position at the centre of regional affairs'.¹⁰²

It is evident from Su Hao's formulation that China prefers security mechanisms at different levels and in different areas, for that allows Beijing to divide regions into geo-political pockets and helps it keep the so-called outside powers out of what it perceives to be its sphere of influence. China is strongly opposed to 'exclusivity' in the matter of East Asian integration. It has stated, 'China supports open regionalism, has an open-minded approach to regional integration and opposes self-enclosed or exclusive East Asia cooperation or cooperation against any particular party. Cooperation should grow in a balanced way, bringing benefits to all and bridging differences through dialogue on an equal footing. Disputes should be resolved through holding friendly consultation and seeking common ground while shelving differences'.¹⁰³ D.S.Rajan suggests that such a stand of China 'exposes China's apprehensions about possible efforts in future on the part of external powers to somewhat exclude from or weaken its leading role in East Asia integration process'.¹⁰⁴ Beijing is afraid of likely pressures by regional

¹⁰² For an excellent account on China's views on regional strategies, see, Mark Beeson & Fuzian Li, 'Reading Regional relations', *Journal of Contemporary China*, Vol. 21, No.73, 2012, pp.35-51; Su Hao, 'A Structural Analysis of Dual Regional Cooperation: 10+3 and East Asia Summit', *World Economics and Politics*, No.10, 2008, pp.31-34.

¹⁰³ Quoted in D.S.Rajan, , 'East Asian Integration – China's Reservations on India Playing a leading Role', *South Asia Analysis Group*, Paper no.4377, March 14, 2011, op cit.

¹⁰⁴ Ibid.

countries with the support of outside powers like the US, Japan, India and Australia against China's interests at some point in future on unsolved regional issues e.g. the South China Sea islands, the Sino-Japan conflict on gas exploration in East China Sea, Taiwan etc. India, however, is against creation of any 'ineffective sub-regional security arrangements', and prefers a much broader, open and inclusive arrangement, more like the East Asia Summit. Officially, China always affirms to the position that 'there is enough space in the world for the development of both India and China and indeed, enough areas for the two to cooperate and that, relations among them now go beyond their bilateral scope and have acquired global and strategic significance'.¹⁰⁵ China has also agreed to broaden cooperation with India within the framework of the East Asia Summit (EAS), for making 'a meaningful contribution to building an open, inclusive and transparent architecture in the Asia-Pacific region'.¹⁰⁶

Nevertheless, the reality is quite different from the official proclamation as evident from the writings of scholars and reporting in the government-controlled media. Some Chinese scholars are convinced that India's Look East Policy has been designed to compete with China for regional influence on the one hand, and contain China on the other.¹⁰⁷ Li Li argues that as 'India gets more involved in East Asia, more or less, it may bring its disputes with China into the regional mechanisms, which may require rest of the nations of the region to take sides. Second, India's military and strategic coordination in terms of containing China with some countries from the region will dilute the regional efforts for integration. Finally, it will deepen the distrust between China and India and sharpen China's hesitation in accepting India to play a bigger role in the region'.¹⁰⁸ Some others are questioning India's intentions in the

¹⁰⁵ Joint Communiqué issued by India and China after talks between Prime Minister Manmohan Singh and Chinese Premier Wen Jiabao at New Delhi on December 16, 2010, see, *The Times of India*, December 17, 2010.

¹⁰⁶ Ibid.

¹⁰⁷ Jiaxiang Li, and Lingxiang Ou, 'An Analysis on the China Factor in India's Look East Policy', *Around Southeast Asia*, March 2003.

¹⁰⁸ Li Li,, 'India's Engagement with East Asia: A Chinese Perspective', op cit.

field of East Asian security order. They suspect that India's Look East policy towards the ASEAN has maritime implications. This is particularly at the second stage of the policy, when New Delhi has expanded the scope of its cooperation into political and security realms and brought the India-East Asian cooperation on counter-terrorism, maritime security etc. under its grand strategy aimed at controlling the Indian Ocean, particularly the Malacca Strait.¹⁰⁹ Other than the scholars from the think-tanks, the government-supported media have identified a military dimension in India's Look East policy when they point out that it is driven by a desire to hedge against China through developing military relations with China's surrounding countries- Thailand, Cambodia, Laos, Myanmar and Vietnam. For examples to support their claims, they have referred to port calls by Indian naval vessels in countries like Vietnam and the Philippines. These have come under their strong criticism.¹¹⁰ China also believes that India is following a three-pronged strategy to monitor China's missile systems especially in the border areas – the CARTOSAT 2A satellite programme, the radar station in Mongolia to monitor space activities in Gansu, the southern part of the country and for cooperation with the US, Japan, Australia and even Taiwan in the field of signal intelligence.¹¹¹

Ironically, China's criticism of India's Look East Policy is always tinged with a certain element of cynicism about New Delhi's ability to be an effective player in the East Asian affairs. Not only does Beijing undervalue New Delhi's economic and military capabilities to present a challenge to its supremacy, it also maintains that the Look East policy will always have limitations in interfering in regional hotspots like Taiwan, the South China Sea islands and North Korea, as the countries in East

¹⁰⁹ Testimony before US-China Economic and Security Review Commission, by Professor James Holmes, US Naval War College, 14 June 2007, quoted in D.S.Rajan., 'East Asian Integration: China's Reservations on India Playing a Leading Role', op cit.

¹¹⁰ *China Institute of International Studies website (Chinese)*, March 09, 2007, quoted in Ibid.

¹¹¹ *International Herald Monitor*, (Chinese), *Xinhua* affiliated journal, August 22, 2007 and China Defence Daily, August 20, 2007. Quoted in D.S.Rajan, 'Is China Wary of India's "Look-East Policy"?' *South Asia Analysis Group Paper* no. 2549, January 14, 2008.

Asia are more inclined to see India as an Indian Ocean power only, rather than that of the Asia Pacific.¹¹² Zhao Gancheng, an influential scholar who works on India, even noted a cultural obstacle to India's acceptance as a part of the region when he wrote, 'Chinese culture did have an important impact on Southeast Asia, and that of Hinduism was much less influential. That is supposed to be a cultural obstacle to India's attempt to be part of the Asian community. India is more or less seen as a country closer to the West, not really an Asian country, and in extreme, it is perceived as neither Western nor Asian. The uniqueness of India in the cultural sense might not, therefore, be favourable element for its integration into Asian family'.¹¹³ The most notable refutation of Gancheng came when India got a major boost from the Southeast Asian countries, with the dedication of an exhibition titled 'On the Nalanda Trail', as an EAS project at its third summit in Singapore. The exhibition, tracing the trail of Buddhism in India, China and Southeast Asia and publicising the establishment of an international university through a multilateral treaty at the old Nalanda site in India, was organised by Singapore, the host of the summit and a promoter of India in the Greater East Asia scheme of things. Singapore's Prime Minister Lee Hsien Loong's tribute to Nalanda dramatically illustrated the importance of India in Asia's renaissance. To quote Lee, 'The ancient university of Nalanda was not just devoted to Buddhist studies. It was also a first-class educational institution and the most global university of its time. . . . The new Nalanda (university) should strive to perform a role consistent with this original ethos and vision. It should be a great intellectual centre, an icon of the (current) Asian renaissance. . . . It should also be a centre of civilizational dialogue and inter-faith understanding as the original Nalanda once was. In this way, the (EAS) Nalanda project can be an inspiration for the future of Asia'.¹¹⁴

¹¹² See, Zhao Gancheng, Paper at SIIIS-Brookings Conference on Regionalism in Asia, Shanghai, December 11-12, 2006.

¹¹³ Zhao Gancheng, 'India's Look East Policy: A Chinese Perspective', in P.V.Rao, *India and ASEAN: Partners at Summit*, op cit. p.225.

¹¹⁴ Quoted in *The Straits Times*, Singapore, November 21, 2007, retrieved on November 18, 2011.

The ASEAN – India FTA and Economic Integration in Asia-Pacific

The ASEAN-India Free Trade Agreement (AIFTA), an outcome of six years of negotiations, which came into force on Jan 01, 2010, is a milestone in the relations between India and the ASEAN.¹¹⁵ Two decades after India famously announced its Look East policy, it has actively expanded its trade and investment ties with many countries in the East and Southeast Asian region. One of the primary policies used to further this growing economic relationship has been via the signing and implementation of bilateral trade agreements. While India signed the FTA in goods with the ASEAN in August 2009, the two sides have belatedly concluded an FTA in services and investments during the ASEAN-India Commemorative Summit in December 2012 in New Delhi. Once implemented, scheduled at the time of the meeting of India-ASEAN economic ministers in August 2013 in Brunei Darussalam at the ASEAN meeting, India can claim to finally have a fairly comprehensive economic partnership with the ASEAN. India-ASEAN ties that began with the dialogue partnership and matured over the last decade through summits and membership of the EAS, have now been elevated to a Strategic Partnership encompassing the whole spectrum of political and security, economic, socio-cultural and development cooperation.¹¹⁶ In the words of Prime Minister Dr

¹¹⁵ On main features of the FTA agreement, see, C.S.Kuppuswamy, 'India-ASEAN Free Trade Agreement', *South Asia Analysis Group*, Paper no. 3364, August 19, 2009, available at <http://www.southasiananalysis.org/papers34/paper3364.html>, retrieved on December 11, 2011. For its political and strategic implication, see, Baladas Ghoshal, 'India, Southeast Asia and the FTA: Strengthening Economic Integration', *IPCS Issue Brief*, No. 114, August 2009.

¹¹⁶ During the Summit, the leaders of India and the ASEAN adopted a Declaration of Vision to lift bilateral ties to strategic level. The document defines major directions for the development of the ASEAN-India Relations and the effective and full implementation of their cooperation in various fields including politics, security, culture society and development. The full vision statement is available at <http://www.asean.org/news/asean-statement-communiques/item/vision-statement-asean-india-commemorative-summit>, retrieved on December 25, 2012.

Manmohan Singh inaugurating the India-ASEAN Commemorative Summit on December 20, 2012, 'We see our partnership with ASEAN not merely as a reaffirmation of ties with neighbouring countries or as an instrument of economic development, but also as an integral part of our vision of a stable, secure and prosperous Asia and its surrounding Indian Ocean and Pacific regions'.¹¹⁷ In the Commemorative summit and the Delhi Dialogue V that was held within two months in February 2013, India and the ASEAN reiterated their resolve to enhance connectivity - physical (road, rail, air and sea links); institutional (the civil society, media, and NGOs); people-to-people along with digital and virtual connectivity, especially in the run-up to the creation of the ASEAN Community in 2015. The need for further cooperation in the areas of India-ASEAN security (maritime security, cyber security); non-traditional security challenges (food security, water management and pandemics); energy markets and new and renewable energy; cooperation between CLMV countries and Northeast India; expanding networks through connectivity (land, sea and air), were also emphasised in this dialogue. Particular emphasis was put on the urgency to expedite the Mekong-India Economic Corridor, linking Cambodia, Vietnam, Thailand, and Myanmar with India; the India-Myanmar-Thailand Trilateral Highway, the development of Dawei port, and the desired maritime linkages.¹¹⁸

The FTA in goods would eliminate tariffs on 4000 products. The tariff on 4000 goods would be reduced by the year 2013 and tariff on the remaining 800 products would be reduced by the year 2016. The 489 goods excluded from the list of tariff concession and 590 goods excluded from tariff elimination in the FTA are related to farm products, auto- mobiles, some auto parts, and machinery, chemicals, crude and

¹¹⁷ *The Times of India*. December 20, 2012.

¹¹⁸ See, Delhi Dialogue V Strengthens ASEAN-India Vision for Partnership and Prosperity, available at <http://www.asean.org/news/asean-secretariat-news/item/delhi-dialogue-v-strengthens-asean-india-vision-for-partnership-and-prosperity>, retrieved on 20 March 2013

textile products. Tariff cuts in respect of certain sensitive items like palm oil, tea, coffee, pepper would be graduated during a period of ten years. With a combined market of over 1.8 billion people, a GDP of almost US\$2.75 trillion and its geographical proximity, the potential for the ASEAN-India cooperation is immense and waiting to be further tapped. Based on the ASEAN statistics, India after signing the FTA in goods in 2009 moved one notch higher, ninth to eighth, as a major export as well as import market in 2008 when compared with 2007. India's share of the ASEAN's total exports increased from US\$ 24.8 (2.9 per cent) to US\$30.1 billion (3.4 per cent) and the total import share of India also increased from US\$ 12.4 billion (1.5 per cent) to US\$ 17.3 billion (2.1 per cent) for the same period. India was the seventh largest trading partner of the ASEAN and its sixth largest investor. In 2009, the Indian capital investment in the ASEAN countries was \$1970 million, which was 2.5 per cent of the total foreign investment in this region. However, in the same period the ASEAN's investment in India was \$5 billion. Noting that trade had grown steadily despite the economic slowdown, the leaders agreed at the ASEAN-India Summit in October 2009 in Thailand to set a higher target of USD 70 billion trade value, to be achieved in two years. They also noted that the ASEAN-India Business Council needs be re-activated. FICCI together with other business organisations such as the Confederation of Indian Industries (CII) have taken the lead to reignite the interest, and work with their counterparts in the ASEAN, after the leaders gave their clear mandate and the environment was made congenial to develop closer economic cooperation between the two regions.

After the implementation of the FTA in goods, trade grew by 41 per cent in India's 2011-2012 fiscal year. Two-way flows in investment have also grown rapidly to reach \$43 billion over the past decade. Naturally, the FTA in services and investments was the next logical step to take, in encouraging economic prosperity between India and the ASEAN. To quote Prime Minister Dr Manmohan Singh, 'As ASEAN investments into India have multiplied, ASEAN countries too have emerged as major destinations for Indian companies. From energy resources to farm products, from materials to machinery, and from electronics to information technology, Indian and ASEAN

companies are forging new partnerships of trade and investment,"¹¹⁹ The India-ASEAN services and investment agreement is expected to provide a fillip to the growing bilateral trade, which currently stands at around \$80 billion, up from \$40 billion in 2009, prior to the FTA in goods being signed, and is expected to touch \$100 billion in 2015.¹²⁰ The ASEAN is India's fourth-largest trading partner after the EU, the US and China. The FTA in services and investment assumes significance as intra-regional trade offers better potential, especially at a time when global merchandise trade is slowing.¹²¹ It is well known that the dynamism of services sector has contributed significantly to India's growth story. In addition, in recent years, India has not only attracted foreign direct investment, but has also emerged as a significant investor

¹¹⁹ Quoted in *India briefing*, 18 January 2013, available at <http://www.india-briefing.com/news/indiaasean-services-investments-fta-finalized-5810.html/>, retrieved on 20 March 2013. "It gives me great pleasure to see that our commemorative summit on Thursday coincides with the conclusion of negotiations for the FTA in services and investments. This represents a valuable milestone in our relationship. I am confident it will boost our economic ties in much the same way the FTA in goods has done. Two-way flows in investments have also grown rapidly to reach \$43 billion over the past decade. As ASEAN investments into India have multiplied, ASEAN countries too have emerged as major destinations for Indian companies. From energy resources to farm products, from materials to machinery, and from electronics to information technology, Indian and ASEAN companies are forging new partnerships of trade and investment," Prime Minister Manmohan Singh said here while addressing the summit on the inaugural day. Also see, *Times of India*, 21 December 2013. "We would like to benefit from the Asean experience in sectors such as infrastructure, agro-processing, retail and value-added manufacturing. Equally, Indian companies can be invaluable partners for Asean economies in augmenting their productivity," Anand Sharma, the minister for commerce and industries, added.

¹²⁰ Thai Prime Minister Yingluck Shinawatra was particularly upbeat about the vast opportunities springing from the extension of the ASEAN-India FTA to cover services and investment which should boost bilateral trade to US billion by 2015 and to US\$ 200 billion within a decade. *The Nation* (Bangkok), December 22, 2012.

¹²¹ Indonesian Trade Minister Gita Wirjawan added, '[the FTA] will be a game-changer for the nature of economic relations between the two zones'. Anupam Srivastava, managing director of Invest India, echoed Wirjawan's statement, 'Value-added growth will soon begin to take place and, given its potential in areas as diversified as palm oil and rajma beans, pharmaceuticals and engineering goods, this is a win-win situation for both sides', Srivastava said. See *India Briefing*, op cit.

of outward FDI. Given the importance of both, services and investment in India's liberalisation strategy, the completion of this FTA was timely and relevant. Once the agreement comes into effect, Indian entrepreneurs would get considerable opportunities in services like telecommunications, radio, television, consultancy, architectural, legal, accounting, education, health and social work, according to a Ficci-Deloitte study.¹²² FICCI had released a paper on India-ASEAN economic relation in which it said huge opportunities existed in sectors like agriculture, services, manufacturing and chemicals. 'Cooperation in the areas of physical, digital, financial and media connectivity throws open various opportunities in India and ASEAN', it said.¹²³ In terms of services, India's sectoral interests lie in the IT and ITeS, management consultancy and health-related professional services, according to the officials from the Ministry of Commerce. The services segment contributes to 60 per cent of the country's GDP (gross domestic product), 35 per cent of employment, 25 per cent of total trade and 40 per cent of total exports.¹²⁴

India's key interests in services trade has always been in Mode 4, pertaining to the movement of Indian professionals, and the FTA is expected to enhance the flow of skilled professionals from India into the region, which aligns with India's economic interests. The ASEAN market also offers significant investment opportunities for India, particularly in areas like information and communications technology, automobiles, engineering and pharmaceuticals. It is, of course, not a one-way street, as the ASEAN countries have strengths in construction services, engineering services, shipping and transportation services and the like. With regard to the investment flow into the Indian market,

¹²² Quoted in *Daily News*, December 20, 2012, available at <http://india.nydailynews.com/business/927f6e7798239b3533f6f9d7b57f0f4e/india-asean-services-pact-to-create-a-28-trillion-market>, retrieved on March 20, 2013.

¹²³ Ibid.

¹²⁴ See the comment by D. K. Verma, deputy secretary, ministry of commerce and industry in *The Times of India*, March 7, 2013, retrieved on March 20, 2013.

prime sectors for the ASEAN include energy, transport and logistics. However, given the heterogeneity of the ASEAN countries, the agreement is not 'clean', in that it follows a 8+1+1 pattern that implies there will be three separate arrangements, one pertaining to the eight ASEAN members and two concerning Indonesia¹²⁵ and the Philippines respectively.¹²⁶ The specific terms for these two countries are due to the fact that services represent a vital share of their economic growth, and there are concerns that they might lose more than they gain in competing with India's strong services sector. While both Indonesia and the Philippines are worried about competition from India in IT services, it appears to be a bigger concern for the Philippines, with more than half of its workforce engaged in outsourcing. The services sector constitutes more than half of the Philippines' economic output, and its BPO industry accounts for about 15 per cent of the global outsourcing market. Out of the total 35.06 million work force in the Philippines, 51 per cent are engaged in the services sector. It is, therefore, a strong competitor for India in the BPO market.¹²⁷ In 2011-12, India's services exports stood at about \$142 billion, while merchandise exports amounted to around \$307 billion. The services sector contributes over 55 per cent to the country's GDP. India is the tenth largest services exporter in the world, while the ASEAN is a net importer. India had been demanding that the ASEAN opens up its service sector further, including steps to cover independent professional services and contractual service suppliers at all levels. Eventually after a tough round

¹²⁵ According to Indonesia's director general for international trade cooperation, Iman Pambagyo, the agreement was reached after various points were met by both sides, including India dropping its request for independent professional services and as a trade-off ASEAN dropping its request for prudential measures in financial services. 'ASEAN members and India will also put requirements and limitations of contractual service suppliers in own schedules of commitment [of liberalization]', he said in a statement. See, *Jakarta Post*, December 20, 2012, retrieved on March 15, 2013.

¹²⁶ 'ASEAN, India try to sort out irritants', *The Telegraph*, December 20, 2012, retrieved on March 15, 2013.

¹²⁷ Quoted in *Ibid*.

of negotiations India agreed to drop its request for independent professional services and as a trade-off, the ASEAN dropped its request for prudential measures in financial services.¹²⁸

Given the individual concerns in the ASEAN, India has also been negotiating bilateral trade agreements with individual members. It already has bilateral FTAs with Singapore and Malaysia and is in the process of negotiations with Indonesia and Thailand. Notably, the Comprehensive Economic and Cooperation Agreement (CECA) with Singapore (operational since 2005) has played a pivotal role in fostering economic relations between the two countries, and has resulted in Singapore becoming India's largest trade and investment partner in the ASEAN block, with the country also emerging as a key offshore logistics and financial hub for many Indian corporations. While the CECA with Singapore primarily covers provisions for liberalisation in trade in goods and services, the CECA with Malaysia (signed in 2011) is relatively more limited in scope. India also has Comprehensive Economic Partnership Agreements (CEPAs) with other East Asian economies such as Japan and Korea. The CEPAs with Korea and Japan, in

¹²⁸ Ibid. Ram Upendra Das, who was a member of India-ASEAN Group negotiating the FTA argues that it is a myth that India is more competitive in service sectors vis-a-vis the ASEAN. 'Any business entity importing any service from any country would not do so unless it is a necessity to import and it contributes to the enhancement of business profits in the importing country. In this sense, even if Asean imports from India more services than its exports of services to India, it is a win-win situation for businesses in both blocs. Further, there are various service sectors where Asean countries have a competitive edge over their Indian counterparts: construction services, engineering services, shipping and transportation services, including civil aviation, tourism services and other infrastructural services. Another myth relates to movement of natural persons. Asean countries unduly fear a large influx of Indians into their territories once they open up their service sectors for India's exports. Considering that the services negotiations have to be WTO- and Gats-consistent, the movement of natural persons under the proposed trade in services agreement between the two countries has to be "temporary", with well-defined work permits, based on mutual recognition agreement (MRAs) rather than to be confused with permanent migration from India to Asean countries'. See 'Myths about India dominating south-east Asian bloc in services need to be busted', The Economic Times, December 22, 2012, retrieved on December 25, 2012.

comparison to India's other FTAs in the region, go beyond the traditional provisions of tariff liberalisation, services, investment and trade facilitation to cover issues of government procurement and competition policy, which are fundamental to furthering holistic economic engagement through FTAs. At a time when the APEC countries (of which India is not a member) are discussing the possibility of creating a Trans-Pacific Partnership (TPP) involving the US and countries in Asia and Latin America, India's FTA with the ASEAN is welcome, given that some studies¹²⁹ have suggested that it is on the whole, trade-creating rather than diverting. However, 'This and future such FTAs cannot be seen as substitutes for much-needed domestic reform, as well as other facilitation measures, to create a better overall trading environment if India is to come close to emulating the trading success of its East Asian counterparts'. The ASEAN has also invited India to join with Australia, China, Japan, South Korea and New Zealand to form a regional partnership agreement (Regional Comprehensive Economic Partnership- RCEP), fostering linkages in the fields of air, sea and land transport, digital technology and the building of a Mekong India Economic Corridor, that will build on the existing FTAs between all six countries and the ASEAN, as 'features in this agreement are similar to other deals with ASEAN FTA partners, such as negative listings for investment and a positive approach for trade in services'.¹³⁰ The new partnership "ASEAN+6" trade deal, will establish an integrated market of 16 countries in the Asia-Pacific region, with a population of more than 3 billion and a combined gross domestic product (GDP) of US\$17.23 trillion. Even so, this expansion in the ASEAN-India trade is still dwarfed by the ASEAN's trade with other economic partners, most notably China. Last year the ASEAN-China two-way trade grew by 23.9 per cent to U.S. \$362.85 billion, according to the Chinese government. By contrast, Sino-Indian trade in 2011 was just U.S. \$73.9 billion, albeit that was a nearly 20 per cent increase from the year before.

¹²⁹ Quoted in 'A Richer Partnership', *Indian Express*, January 01, 2013.

¹³⁰ See the statement by Indonesia's director general for international trade cooperation, Iman Pambagyo, quoted in *Jakarta Post*, December 20, 2012.

As the above analysis shows that once the agreement on Trade on services and investments comes into effect, it will provide India with an opportunity to further integrate with the economically dynamic region. The ASEAN has adopted the ASEAN Initiative for Integration (IAI) programme for the fast development of these countries. India is playing an active role in the IAI process. Similarly, the ASEAN has also launched a community development programme in East Asia through the East Asia Summit in 2005 and India is an important partner of the ASEAN in this process. Besides, trade and investment, India and the ASEAN have established many specific funds to diversify their economic relations. These funds are: the ASEAN-India cooperation fund for financing various projects; the ASEAN Development Fund; the ASEAN India science and Technology Funds to promote research in science and technology; the India-ASEAN Green Fund to promote adaptation and mitigation technology with respect to climate change. As Asia becomes the engine for the growth of global economy, the ASEAN and India are capitalising on their partnership through enhanced connectivity to reap the benefits. While inaugurating the third Delhi Dialogue in March 2011, Indian foreign minister, S.M. Krishna said that more linkages in the region will lead to 'a dramatic flowering' of India's relations with the ASEAN. To quote Krishna, 'I believe that India and ASEAN can do so by concentrating even greater efforts on physical connectivity. This aspect fits very well with our own domestic priority of upgrading infrastructure. . . . If the two can proceed in tandem; it is possible that in the space of next five to seven years we will see a dramatic flowering of India-ASEAN relations'.¹³¹ Need for greater connectivity between the two regions found resonance also in the New Delhi India-ASEAN Commemorative Meet in December 2012 and the Delhi Dialogue in February 2013. Flagging down a 22-day, eight-nation India-ASEAN Car Rally, Manmohan Singh said India and the ASEAN nations should build a web of linkages to unleash the vast economic potential of the region. '...our future will be driven by the bonds of connectivity we build in the coming years', Singh said

¹³¹ *The Times of India*, March 04, 2011, retrieved on November 20, 2011.

welcoming the participants of the car rally in the presence of heads of state and governments of the ASEAN member nations.¹³² 'These physical bonds will be strengthened by digital links, which will help our younger generations to network better. Together, this web of linkages will help unleash the vast economic potential of our region, accelerate development and deepen our strategic partnership', he said. The prime minister said the car rally, which traversed nearly 8,000 kms in 22 days, has reinforced the importance of strengthening connectivity in all its dimensions between India and the ASEAN. Connectivity will enhance the potential of merchandise trade and investment agreements that have been already put into effect or are on the anvil. Greater physical connectivity will also reinforce intellectual inter-linkages that India already has and is fostering like the joint initiative for the revival of the ancient Nalanda University to come up in Bihar. India and the ASEAN are accelerating the development of an ASEAN-India broadband high speed optical fibre network that would enhance virtual connectivity.

¹³² Quoted in *The Times of India*, December 21, 2012, retrieved on December 23, 2012.



SECURITY AND STRATEGIC ENGAGEMENTS

The ASEAN has undergone a major shift in its character in the post-Cold War period from being a purely sub-regional grouping to gradually evolving into a larger regional body with significant security interests. India's growing engagement with the ASEAN in recent years needs to be viewed through the prism of this development. There are three major aspects in India's involvement in the region. First, India's membership of a range of institutions connected to Southeast Asian governments on security matters for the consideration of security issues in the region. This includes the 1996 full dialogue partnership and the consequent membership of the ASEAN Regional Forum, which was established in 1994 for consideration of security issues in the region. The common security concerns are fighting terrorism, maintaining security of sea routes, preventing smuggling of arms and drugs. India and the ASEAN have agreed to cooperate in these security areas. At present the problem of piracy in the Gulf of Aden and Malacca straits in South-East Asia is a major security challenge. Addressing as Co-Chair at the India-ASEAN Ministerial meet in Bali in July 2011, external affairs minister Krishna highlighted the challenges posed by transnational non-traditional security threats and pleaded for India and the ASEAN to upgrade and strengthen their engagement to combat common problems and ensure sustained economic growth in the region. 'Countering international terrorism, combating drug trafficking, piracy, natural disasters and pandemics, strengthening energy security and environmental protection, arresting climate change, improving infrastructural development and meeting our requirements for education, health care, human resource development are all key areas for our common endeavour to ensure sustained economic growth in our region', he said.¹³³

¹³³ *The Times of India*, July 22, 2011, accessed on September 20, 2011.

India's Defence Cooperation with Southeast Asia

Second is India's bilateral security and defence agreements with important ASEAN members like Singapore, Malaysia, Indonesia, Thailand, Vietnam and Laos, covering training of defence personnel, joint exercises and maritime security. As part of its 'Look East' strategy, India has concluded over a dozen defence cooperation agreements over the last decade with Southeast and East Asian countries. India has trained military personnel from Vietnam, Cambodia, Malaysia, Indonesia, Singapore and Philippines in its different military training schools, including the National Defence College. In the first half of the 1990s, Malaysia, Indonesia and Singapore took initiatives to establish security relationships with India on a reciprocal basis.¹³⁴ Defence officials from these countries undertook visits to New Delhi for discussions on security matters. The then Malaysian Defence Minister, Mr. Najib Abdul Razak, visited India and reached an agreement under which India was to assist Malaysia in strengthening its defence forces, in the maintenance of the aircrafts of the Royal Malaysian Air Force (RMAF), and in the sale of fast patrol boats for the Royal Malaysian Navy (RMN). It was agreed at the time that Indian experts would train RMAF pilots on MiG-29 aircraft, together with an understanding of using Indian expertise in marine commando training, coastal surveillance, anti-piracy operations, weather forecasting, coastal search and rescue operations, defence of ports and harbours and shallow water mining capabilities etc.¹³⁵ Malaysian defence personnel were also trained on Sukhoi fighter planes and Scorpion submarines. The IAF Training Team deployed in Malaysia from February 2008 trained Malaysian pilots on the SU-30SKM aircraft for two-and-a-half years. India is also participating in the Cooperative Mechanism on the Straits of Malacca and Singapore (SOMS) and has contributed to two of the six IMO Projects (Project 1 and Project 4) for enhancement of navigational safety and

¹³⁴ For detailed discussion on India's security relations with the ASEAN countries, see, Sudhir Devare, *India and Southeast Asia: Toward Security Convergence*

¹³⁵ *The Times of India*, March 23, 1992, accessed on August 11, 2011.

environmental protection in the Straits. Indian and Malaysian ships make port calls at each other ports. Indian Coast Guard ship Sankalp made a port call in March 2011 at Port Klang and INS Ranvijay made a port at Kota Kinabalu in May 2011.

India and Vietnam also have strategic defence ties, with both countries involved in military exercises between all three wings of the defence forces. Bilateral military cooperation includes sale of military equipment, sharing of intelligence, joint naval exercises and training in counter-insurgency and jungle warfare in which Vietnam has allowed Indian officers to train since 2000. India is now considering a request for assistance in training Vietnamese naval crew to operate Russian-made Kilo-class submarines. Vietnam has ordered for six of the Kilo-class submarines from the Admiralty Shipyards in St Petersburg and was to begin induction of these vessels in 2012. At present, Vietnam operates two Korean-made Yugo-class midget submarines that will be decommissioned soon after the Kilo-class submarines are inducted. India also provides training to police personnel of Vietnam. India's concerns over the challenges posed by terrorism meant that both countries had a vested interest in developing their asymmetric warfare capabilities in which Vietnam has had a long history of success. Tan Dung signed a joint declaration that 'welcomed the steady development of bilateral defence and security ties' and 'pledged themselves to strengthen cooperation in defence supplies, joint projects, training cooperation and intelligence exchanges'.¹³⁶ Prime Minister Nguyen described this as the launch of a 'strategic partnership' between the two countries for the challenges they have faced while addressing the non-traditional security facing the region such as terrorism and maritime piracy. India and Vietnam have embarked upon a mission to strengthen their naval ties and establish a sustainable maritime presence as Indian naval warships have been granted permission to drop anchor at the Nha Trang port in southern Vietnam. The move assumes significance

¹³⁶ 'Vietnam, India issue joint declaration on strategic partnership', *Vietnam Net Bridge*, July 07, 2007, available at <http://english.vietnamnet.vn/politics/2007/07/01/715161>.

due to the fact that the Indian Navy is the only foreign navy in the world to have been granted such a privilege at a port other than Halong Bay near Hanoi. This will facilitate the presence of the Indian Navy in the South China Sea and enable a greater strategic role in Southeast Asia for India.¹³⁷

India and Indonesia signed a Defence Cooperation Agreement in 2001 and have had regular defence exchanges including exchange of high level visits, ship visits, officers studying in Staff Colleges in either country and joint coordinated patrols in the mouth of the Malacca Straits. While Indonesia has traditionally been opposed to foreign involvement in the Malacca Strait, they formally requested India for assistance in securing the Strait in March 2009 and have continued coordinated naval patrols - codenamed *Ind-Indo Corpat 33* - of their shared maritime boundary. The request to India for assistance was made not only because both India and Indonesia have common maritime boundaries but also because both have opposed the deployment of American naval assets in the Strait of Malacca since 1995.¹³⁸ The two countries also agreed to intensify cooperation in curbing terrorism, a common menace to both. President Yudhoyono, who was the guest of honour for the 2011 Republic Day,¹³⁹ is keen to forge partnerships with India's defence sector, while India sees Indonesia as an important strategic partner in constraining the growing Chinese presence from the Bay of Bengal to the Malacca Straits. There have since been intermittent discussions between India and Thailand on counter-terrorism and intelligence sharing. Stepping up its engagement with countries in East Asia, India

¹³⁷ 'Vietnamese Naval Chief Visits India to Foster Defence Ties', *Defence Now*, June 28, 2011, available at <http://www.defencenow.com/news223/vietnamese-naval-chief-visits-india-to-foster-defence-ties.html>.

¹³⁸ Bilveer Singh, *Southeast Asia-India Defence Relations in the Changing Regional Security Landscape*, IDSA Monograph Series No. 4, May 2011.

¹³⁹ Every year since independence India has invited a special guest who embodies India's strategic, economic and political interests at the time; 61 years after Indonesia's first president, President Sukarno was guest of honour, the 2010 signalled a realignment of the two countries' strategic interests, with President Yudhoyono attending the event.

held the first meeting of defence dialogue with Thailand recently, taken in line with the agreement between the two countries reached earlier this year. Both sides exchanged views on the regional security issues and reviewed ongoing programmes including joint exercises and training of personnel. The dialogue also assumed significance with Thailand's Prime Minister Yingluck Shinawatra as the chief guest at the 2012 Republic Day parade. Defence cooperation between India and Thailand comprises regular joint exercises, joint maritime patrols near the international maritime boundary to counter terrorism, anti-piracy and smuggling exercises; training of officers at each other's' Armed Forces Training institutions, participation as observers in military exercises, staff talks and exchange of trainee visits at various levels.

There has also been a steady increase in defence cooperation between Cambodia and India. This includes visits by Indian defence and military officials to Phnom Penh, goodwill visits by Indian naval ships, supply of medical equipment and training of Cambodian military personnel in India. In December 2005, both countries signed an agreement for combating international terrorism, organised crime and illicit drug trafficking. The Myanmar-India defence relations are largely a post-LEP phenomenon because of the chilly relations between the two. While defence ties started gradually, these have expanded quite respectably with regular high level exchange visits by military officials, gifts of military supplies and conduct of military exercises. India has SIMBEX with Singapore, Indopura SAREX with Indonesia, and the biennial multilateral MILAN naval exercises with Singapore, Indonesia, Malaysia, and Thailand among others. The Indian navy has respectively exchanged port visits with the navies from the region. India has also proposed joint patrols in and around the Malacca Strait with the regional navies. Defence cooperation between India and the countries of East Asia, namely South Korea and Japan, is also proceeding rapidly. The fact that Indo-Japan defence cooperation is being bolstered despite Tokyo's reservations over India's persistent refusal to sign the Nuclear Non-Proliferation Treaty (NPT) and Comprehensive Test Ban Treaty (CTBT) speaks volumes about the determination of both the sides to improve all-round bilateral ties and their desire to add a truly strategic dimension to their relations. The India Southeast Asia defence relations also witnessed a quantum leap not only in India's defence cooperation with individual ASEAN member states but also at multilateral levels.

India's Naval Diplomacy

Third is India's growing naval activities in the Indian Ocean cited as a 'legitimate area of interest' in the Indian Maritime Doctrine of 2004 and further developed in December 2006 by then Chief of Naval Staff Admiral Suresh Mehta expanding the conceptual construct of India's 'greater strategic neighbourhood' to include potential sources of oil and gas imports located across the globe from Venezuela to the Sakhalin Islands, highlighting priorities the Indian navy places on energy security and sea-lane protection. The 2007 Indian Maritime Strategy identified the northern Indian Ocean, the Persian Gulf, the sea lanes crisscrossing the ocean, and the 'narrow seas' providing access to it as 'primary areas' of interest. India considers the South China Sea (alongside other bodies of water) an outer, or 'secondary', theatre for the exercise of sea power, "Areas of secondary interest", as per the Maritime Strategy "will come in where there is a direct connection with areas of primary interest, or where they impinge on the deployment of future maritime forces".¹⁴⁰ The South China Sea, therefore, is naturally a part of its maritime sphere and strategy. It adjoins primary zones of interest in the Malacca Strait and the Bay of Bengal. India's Look East thrust involving the ASEAN and the 'rimland' states farther afield, like Japan and South Korea, has been a part and parcel of the maritime strategy and naval diplomacy. India's naval flotillas streaming into Asian ports, dropping anchor at Limpopo to showcase Indian designed missile destroyers, holding annual joint exercises in the Andaman Sea with the smaller littoral navies, exercising offshore during extended 'goodwill' tours with the host country's naval vessels and, generally, establishing a presence in proximal as well as distant seas has been a phenomenon in recent years. In combating piracy in the Malacca Straits, the Indian navy has been taking an active role along with the navies of the littoral states. An example of India's naval activism was the recovery in 1999 of a Japanese ship, MV Alondra Rainbow, from the pirates through its

¹⁴⁰ *Freedom to Use the Seas: India's Maritime Military Strategy* Integrated Headquarters Ministry of Defence (Navy) 2007, pp.59-61.

¹⁴¹ Comments based on interviews with a few Chinese scholars in November-December 2011.

coordinated networking with international maritime agencies. The recovery of the ship supported the idea of joint patrolling in the region to deal effectively with such incidences. India, together with Japan and other ASEAN countries have a high stake in the safety of the sea lanes of communication, as a major part of their trade passes through them and any disturbance will affect their economies to a considerable extent. India has a significant naval build up at the Andaman and Nicobar islands, and has created a special Far Eastern Naval Command (FENC) based on these Islands as they are India's door to the East, 'to the Malacca Strait which is a "throat channel" for our neighbouring Southeast Asia as well as Far East Asia'. For their part, Chinese scholars note that 'India has repeatedly declared that it has security interests in the Malacca Strait, and its navy strategy stresses on maintaining its "legitimate interests" from the Persian Gulf to the Malacca Strait'.¹⁴¹ In 2000, the Indian Navy had sent warships, tankers and submarines to Japan, South Korea, Indonesia and Vietnam for bilateral exercises and as gestures of good will.¹⁴² The holding of these exercises in the South China Sea, which China claims as its territory, added a different dimension to India's naval activism. Not surprisingly, Beijing was wary of India's Look East policy. It has protested against India's joint naval exercises with the United States, Japan, Vietnam and Singapore in the East China and South China Seas. Beijing believed all this had been encouraged by Japan and the U.S. to contain China. Whereas the declared strategic goal of the Indian navy force in the South China Sea is to 'secure the peace and stability in Southeast Asia, ensuring that this region will not be under the influence and control of any big power',¹⁴³ some Chinese strategic analysts believed this to be India's strategy of regional deterrence seeking to play a greater role beyond South Asia. 'One of the main motives for Indian navy force entering into Southeast Asia and South China Sea is to curb China's growing military influence in this region, containing China in terms of security, so as to raise its own

¹⁴² Atul Aneja, 'India, Vietnam partners in safeguarding sea lanes', www.thehindu.com/2000/04/15/stories/0215000c.

¹⁴³ G.V.C. Naidu, *Indian Navy and Southeast Asia*, Knowledge World, New Delhi, 2000, p.192.

international status and strengthen the negotiating position in its competition with China'.¹⁴⁴

Beijing is evidently uncomfortable with India's growing engagement in Asia Pacific and the role the countries in the region are willing to offer it in regional economic and strategic issues. It has derided the U.S. Secretary of State Hillary Clinton's calls to India, made in Chennai in 2011, to play a greater role in East Asia, when she said, 'India's leadership has the potential to positively shape the future of the Asia-Pacific... and we encourage you not just to look east, but continue to engage and act east as well'.¹⁴⁵ The Chinese took objections to the 2010 'Quadrennial Defence Review', published by the Pentagon, which described India 'as a net provider of security in the Indian Ocean and beyond'. Much to China's chagrin, India's naval activism has encouraged countries ranging from South Korea and Japan to Vietnam and Indonesia to 'view India as a possible counterweight to future China in Southeast Asia'.¹⁴⁶

It is this common concern over China's military growth, supported by a strong economy that provides a common ground for security cooperation between Japan and India. The two countries have undertaken aggressive diplomatic initiatives to win over medium and small states in Asia, to neutralise the Chinese influence, by way of engagement. Indian engagement with Myanmar and the strategic understanding that is in the making between India and the United States reflects the US willingness to accord India a role for becoming a proactive player in the Asian balance of power for checkmating China. The US strategic partners and allies such as Japan, South Korea, Singapore and in future perhaps Vietnam too, are evolving a special relationship with India in conformity with the overall US strategic

¹⁴⁴ Zhang Guihong, 'Competition and Cooperation: Sino-India's Relations in Regional Perspectives', *Contemporary Asia-Pacific*, Beijing, December 2006, quoted in Yang Dali & Zhao Hong, 'The Rise of India: China's Perspectives and Responses', op cit.

¹⁴⁵ Quoted in *Times of India*, July 20, 2011.

¹⁴⁶ Quoted in *China Digital Times*, available at <http://chinadigitaltimes.net/2011/09/india-measures-itself-against-a-china-that-doesnt-notice/>, retrieved on December 20, 2011.

interests in Asia. So, China is clawing for influence, just as India is. As Beijing extends its presence in the Indian Ocean through its cooperation with countries like Sri Lanka, Bangladesh, Maldives and Myanmar, naval presence in the Pacific Ocean becomes critical for New Delhi, for strategic deterrence against Beijing.

India's Joint Naval Exercises and China's Reactions

Indian Navy's readiness to deploy into China's maritime sphere, most notably its deployment in the East China Sea in April 2007 together with its joint military and naval exercises with the United States, Japan and some other East Asian navies were again a source of Chinese concern that the Americans were propping up India as a counterweight to China.¹⁴⁷ The naval exercises, which were carried out in September 2007, were the largest and the most complex that India had ever participated in and featured as many as 25 ships from India, the US, Australia, Japan and Singapore. Code-named 'Malabar 07-2', the exercises were the seventh in a series of naval drills jointly held by the US and India. Most such exercises were held off peninsular India's west coast. However, the drill in 2007 was held in the Bay of Bengal off the port city of Visakhapatnam, where the Indian navy's eastern command is headquartered.¹⁴⁸ The purpose of the exercises was to improve mutual cooperation between the different navies, share data and communication linkages, conduct manoeuvres which track ships, test air defences, hit onshore and sea-based targets, hold cross-deck

¹⁴⁷ The Indian Navy deployed into these waters even earlier in 2000, 2003, 2004, 2005, 2007, 2008 as well as more recently (in...?)

¹⁴⁸ The last exercise of such magnitude took place in 2005 when the U.S. aircraft carrier *USS Nimitz* and *INS Viraat* participated in the annual bilateral exercise 'Malabar'. Later, after the Presidential fleet review last year, the two navies met at 'short notice' south of Sri Lanka. An aircraft carrier was involved in the exercise. For Australia, war games of this magnitude were the first ever with India although the two sides had held preliminary exercises earlier. An Indian warship made port calls at Perth and Sydney. Later, an Australian warship arrived in Goa, but exercises were called off due to bad weather. Japan's first interaction with the Indian navy took place off its coast in April 2005 along with the U.S. navy. However, the Indian navy tried to balance out these interactions by touching base with China, Russia and Vietnam. See, Sandeep Dikshit, 'Biggest joint naval exercise in Bay of Bengal in September', *The Hindu*, July 13, 2007.

helicopter landings, to learn from each other and move towards interoperability of each other's armed services and practices. The Indian government tried to publicly assure Beijing that it was not the focus of the war games, and that India did not intend to set up a new security alliance. But Beijing was not convinced. An editorial in the *People's Daily* declared, 'It is absolutely not new for Japan and the U.S. to sit down and plot conspiracies together but it is rather intriguing to get India involved', amid reiteration that such moves could reflect how 'the joint military exercise was focused on China with a purpose of encircling it militarily, and this constitutes a concrete move to enhance the Japan–India–Australia–US military alliance'.¹⁴⁹ The Chinese took their cue from 'some analysts deem that the naval drills have sent out a signal for a new balance of force in the Asia region. As an old-brand power, the U.S. is striving to win the support of Japan and India in a bid to prevent China and Russia from joining forces'.¹⁵⁰ A few months before that, China protested against the meeting of a new 'quadrilateral initiative' held in Manila between the US, Japan, India and Australia. The concern over the 'encirclement of China' was strong enough for Beijing to issue a demarche to all four nations, demanding the purpose behind the meeting. Beijing was all the more suspicious of the growing strategic proximity between Washington and New Delhi, as the US-India nuclear cooperation deal at the time was at an advanced stage of negotiations and approval. In June 2005, just three weeks before the nuclear deal was inked, the two governments signed the 'New

¹⁴⁹ A 'goodwill naval drill', *People's Daily*, April 21, 2007, available at http://english.peopledaily.com.cn/200704/21/eng20070421_368521.html, accessed on November 04, 2011. The editorial, however, noted, 'For decades, India, which pursues a non-aligned foreign policy, has maintained a certain distance from the US-Japan military alliance only from 2003 on, the naval exchanges of the three nations were on a steady rise. it is up to the stance and role of India that will decide whether the mutual effect of India, Japan and the U.S and the so-called the four-nation alliance will move in compliance with the logic of Japan and the U.S., Proceeding from its own national interests, India will go on retaining a role of balance instead of hinging solely on the "Japan-US axis".'

¹⁵⁰ *Ibid.*

Framework for the India-US Defence Relationship' in Washington, thus extending the 'Next Steps in Strategic Partnership'" signed in 2001.

Some of the Chinese concerns were caused also by occasional statements emanating from the Indian navy sources as well as by the writings of Indian scholars and reports in the press. In November 2007, while the Indian navy was strengthening its eastern deployment and pursuing its ongoing modernization programme to sharpen its projection capabilities beyond its immediate shores, Vice Admiral Raman Suthan, eastern regional commander, referred to China as a source of worry when he said, 'China has fuel interests of its own as fuel lines from Africa and the Gulf run through these waters, and so they are also building up their navy . . . we keep hearing about China's interest in Coco Island and are wary of its growing interest in the region, and we are keeping a close watch'.¹⁵¹ However Admiral Sureesh Mehta, Chief of the Naval Staff, tried to dispel these concerns by suggesting, 'We are now an economic power of some relevance', and that explained the new surge of strategic interest among the major navies towards India. Responding to a question about the growing impression that India was moving closer to the United States and Japan in the maritime zone of Greater East Asia, Mehta further said that India's ongoing 'defence diplomacy' of engaging the navies of some major countries in a series of exercises 'is not power projection. . . It is not as if there

¹⁵¹ 'Wary of China, India to boost eastern naval fleet', *Reuters. India*, November 14, 2007, available at <http://64.150182.63/details.php?id=82002&cid=20>, accessed on November 03, 2011. Although Suthan said that he believed China had no facilities in Coco, he said the navy could not let its guard down. 'The naval fleet in east India has long legs and, with the government's emphasis on the look east policy, we are strengthening east now', he added. Also see, Gurpreet Khurana, 'Joint Naval Exercises: A Post-Malabar-2007 Appraisal for India', *Issue Brief*, IPCS, No. 52,2007, pp. 1-4. Khurana suggested, 'the necessity and an unstated additional aim of these exercises were probably to pose a "strategic deterrence" to China', ; Rahul Singh, 'China miffed as India cements ties with 3 nations', *Hindustan Times*, August 21, 2007, available at <http://www.hindustantimes.com/StoryPage/Print/243507.aspx>, accessed on November 03, 2011. Rahul Singh wrote, 'The 'quadrilateral' of the United States, Japan, Australia and India has driven China round the bend but New Delhi is swiftly courting towards fine-tuning its ties with those countries. Unmoved by Beijing referring to the grouping as 'Asian Nato' and the Left's high-decibel opposition to India kowtowing to the American line, the government seems to be in no mood to tone down its growing strategic and military ties with these nations'.

is a nexus that is being built up. . . There is no evil design, in fact, no design behind India's proactive naval exercises'.¹⁵²

After China's cutting remark against the joint exercises in 2007, India had abandoned any attempt to institutionalise US allies-plus India naval exercises, but it resumed again in 2011 when it held joint naval exercises off Okinawa coast and Japan participated for the second time. As the 2007 Japanese participation did not raise any political storm at the time, India was once again agreeable to the idea of allowing the Japanese Maritime Self Defence Force to participate in the exercise. The Indian navy after its acquisition of marine heavy-lift capabilities was keen to engage with the U.S. Marines and the Pentagon had agreed to have one such exercise off Okinawa. Japanese interest in developing a robust defence cooperative arrangement with India came even as a National Defence Programme Guidelines, released at the time mentioned three countries as rising powers - China, Russia and India. 'It is extremely difficult for countries to individually deal with global security challenges such as access to seas, outer space and cyber space', said the guidelines.¹⁵³ 'With India, we are looking for more maritime cooperation, which, needless to say, Japan requires, as it is a trading nation. Humanitarian assistance and disaster relief is the other area'. India's interest in naval exercise with Japan lay in its hopes to secure access to defence platforms and technologies that Japan has made a priority, such as maritime patrol, air defences, ballistic missile responses, transportation and command communications. Chinese military expert and 'Global Times' reporter

¹⁵² Quoted in P.S. Suraynarayana, 'No Evil Design Behind Proactive Naval Exercises: Admiral Mehta', *The Hindu*, May 21, 2007. Asked if the Indian Navy would be willing to join forces with the U.S. for conventional military operations, he said, 'We don't do it. We don't believe in it. We have not joined till now... operations in the Gulf — whatever coalitions. And, we don't intend to be part of it. Our policy is: If there is any operation that has to be done under the aegis of the United Nations, we will most certainly make our forces available. We have no intention of joining up in any other manner. ... There is not even a maritime footprint that India is trying to put across'. On the strengths of the Indian Navy, he said, 'The blue water capability always existed. But the ratio [between this and brown water capacity] had gone a little askew. We are in the process of correcting that'.

¹⁵³ Quoted in Sandip Dikshit, 'Japan to take part in India-US naval exercises again', *The Hindu*, February 16, 2011.

Dai Xu, however, argued that although the US and India was engaged in Malabar exercise with the ostensible reason of jointly combating 'terrorism' but the entire world knew of its real and covert motive 'that is targeted at China, Pakistan and other countries', especially after they invited Japan to participate in it and adding anti-submarine warfare exercises in the current one. For Dai Xu, it was indeed surprising that India, whose naval power and strength did not allow its strategic deployment in the western Pacific, nevertheless went there, possibly to become familiar with the environment, learn the skills from the Americans and the Japanese and attain greater expertise in anti-submarine warfare. He believed its fundamental purpose was 'to meet (sic) the United States and Japan against China's strategic intentions, and to help US-Japan on the sidelines, hoping to get some economic and military benefits . . . which should arouse our vigilance'.¹⁵⁴

According to the U.S. Navy, the aim of the exercise was to 'strengthen the stability of the Pacific Region'. 'We look forward to this opportunity to work with the very professional maritime forces of India and Japan', Commander of the US Seventh Fleet, Vice Admiral John Bird said in a release. 'Malabar gives us the chance to build greater interoperability with two of our most important regional partners', he added. India officially tried to dispel the Chinese fear and dismissed the sweeping rhetoric by arguing that the exercises were simply a learning opportunity for the Indian navy. Nevertheless, several high-level defence exchanges took place between India and Japan since the middle of 2010, when Air Chief Marshal P V Naik, chairman of India's Chiefs of Staff Committee and the country's most senior military officer, led an Indian delegation to Japan to participate in the first military-to-military talks between the two countries. Naik's visit was a preparation for Prime Minister Dr Manmohan Singh's visit to Tokyo in late October 2010 and a follow-up of the Indian Defence Minister A.K. Antony's discussions in Japan in 2009, in which the two sides expressed their commitment to contribute to bilateral and regional cooperation. Apart from such high level visits, the Indian navy was quite active in making

¹⁵⁴ 'Indian navy held joint military exercises with the US and Japan against China', *Military of China, force comment*, available at <http://www.9abc.net/index.php.archives/29904>.

'friendly' forays into the Pacific. In March-April 2011, a flotilla of four Indian warships completed a month-long deployment to the Pacific that included visits to Australia, Indonesia, Singapore (for the exercise Simbex in South China Sea) and Vietnam. During these exercises, Indian navy ships conducted a variety of manoeuvres including subsurface, surface and air operations, gunnery training exercises, and visit, board, search and seizure (VBSS) operations. Through these visits India was trying to reach beyond major regional powers to put in place a more robust military-to-military partnership with key nations in South-east Asia., demonstrated by its military leaderships' trips to Vietnam, the Philippines, Indonesia, Thailand and Singapore. An observer of the Indian Navy quotes a source, 'Constructive engagement is our principle weapon during peacetime. The idea is to enhance security and stability in the entire Indian Ocean Region by engaging with regional and extra-regional maritime powers', Meanwhile, the US Navy has observed that the aim of these exercises is to 'strengthen the stability of the Pacific Region',¹⁵⁵

China is both a factor and a constraint in India's Look East Policy. While the Look East Policy is seeking to balance China's rising and hegemonic power in Asia, the response it evokes from China and the fear of its likely impact on India-China relations acts as a damper on India's willingness to play a more active role in Asia-Pacific strategic scene, much to the disappointment of the ASEAN countries, Japan and the United States. India's Look East Policy its involvement and growing role in Asia in recent years, especially in Southeast and East Asia impinges directly on China as it is viewed in recent times as an attempt by India 'to encircle China'.¹⁵⁶ It is no surprise, therefore, that

¹⁵⁵ See, Vijay Sakhuja, 'India, Japan Maritime Cooperation', *SSPC Online*, April 22, 2011 available at <http://www.sspconline.org./opinion/IndiaJapanMaritimeCooperation22042011>.

¹⁵⁶ Li Hongmei, 'India's "Look East Policy" means "Look to encircle China"?', *Peoples Daily*, October 27, 2010, available at <http://english.peopledaily.com.cn/90002/96417/7179404.html>. Ahead of the meeting between Prime Minister Manmohan Singh and his Chinese counterpart Wen Jiabao in Hanoi, state-run *Peoples Daily* on Thursday suggested that India was trying to 'encircle China' with its 'Look East' policy of befriending Japan and ASEAN countries.

India's growing ties with the ASEAN has made it the target of criticism from China on multiple occasions. New Delhi has therefore had to maintain a careful balancing act between strengthening ties with China's neighbours and not unnecessarily provoking Beijing, which could retaliate in a number of ways, including its alliance with Pakistan, on the Sino-Indo contested border, or by increasing the frequency of Chinese naval deployments in the Indian Ocean. As the ASEAN nations increasingly look to other powers like Japan and India to help them contend with China's rise, New Delhi may find it difficult to not upset this fragile balance. It should count on China to remind it each and every time it fails to maintain this balance. In the initial years of its inception, which China considers to be beginning from the 1990s but in reality was a continuation of India's policy toward Southeast Asia, Beijing viewed it as India's attempt to integrate itself with the economies of Southeast Asia in line with its economic reforms and entry into the global market, which eventually led also to an increase of its flow of trade with New Delhi. It was also viewed as a major foreign policy move by India in the post-Cold War period to resume its traditional ties with Southeast Asian nations. As India was still an insignificant economic and military power, China's response to LEP was rather indifferent or muted, as it doubted India's capability to exert any major influence on the region.¹⁵⁷ Some Chinese scholars, however, believed that the policy was inspired by India's aspiration for a status as an Asia-Pacific and a global power, which could bring elements of competition and rivalry with China.¹⁵⁸ With India's nuclear tests in 1998 that expended

¹⁵⁷ See, Zhao Gancheng, 'India's Look East Policy: A Chinese Perspective', in P.V.Rao (ed.), *India and ASEAN: Partners at Summit*, K.W.Publishers Pvt. Ltd., New Delhi, 2008. pp. 219-33. Writing in 2008, Gancheng notes, 'The economic implication of the Look East Policy seems to further indicate a strategic trend of India going beyond South Asia and joining the Asia-Pacific. However, there are several shortcomings in the Indian economy. In addition to a relatively low level of development and external trade, the India market remains quite closed, its average tariff level is comparatively high, and its investment environment is to be improved before attracting more foreign direct investment (FDI), which is necessary for a developing country's economic take off. Despite the strategic target of the Look East Policy and government push, the Indian economic significance to ASEAN has not yet fully demonstrated'.

¹⁵⁸ Ibid. The same opinion was expressed in an interview with the author on November 28, 2011 by Dr. Li Li, a scholar and deputy director in South Asian Studies China Institute of Contemporary Relations (CICIR).

India's strategic space and the signing of a series of bilateral defence cooperation agreement with the countries of Southeast Asia and East Asia as an extension of its LEP, China's perception of a rising India began to change from indifference and apathy to viewing India as one country that was trying to balance its interests in a region that was considered to be its own sphere of influence. As a response, even while officially it swears by its desire to develop long-term friendship and cooperation with India and that there is no rivalry between the two countries,¹⁵⁹ as Dai Bingguo stated with much flourish during his talks in New Delhi in January 2011 between the two government representatives, China has seen every move in India's Look East Policy and its engagement with Southeast Asia and East Asia with suspicion, and been making a concerted attempt, successful or otherwise, to isolate India and deny it any major role in the emerging political economic and security architecture of Asia.

Growing India-US Engagement and China's Reactions

More importantly, China pays special attention to India's growing defence relations with the United States and Japan which Beijing perceives as an attempt by both to enlist New Delhi as a potential counterweight, if not part of a containment strategy, against China. From the beginning of the Bush administration, the United States recognised India's potential as a major political player and an emerging market, its crucial role in South Asia's stability, and its potential as a balancer against China in Asia. Given the amount of attention that India got from Washington's new administration in the first 100 days in office, a situation which had never happened before, there was an

¹⁵⁹ Just days before Chinese State Councillor Dai Bingguo's statement at the latest round of border talks between India and China on January 17-18, 2012, the Chinese government had already shown that China would never budge from its policy on the border issue. The Chinese government denied visa in early January to an IAF officer who was to go as a member of the Indian military delegation to China on the ground that he was from Arunachal Pradesh, the Indian state claimed by China. This led to India scaling down its delegation from the original 30 members to 15. 'Today's world is undergoing profound and complex changes', Dai said while speaking at the newly built Indian Embassy premises in Beijing in January 2012. Improving relationship between the giant neighbours would also be 'conducive to the peace, stability and development of the world', he said.

obvious move towards the convergence of interests of both, New Delhi and Washington on a variety of issues. The barbaric terrorist attacks in New York and Washington on September 11, 2001 proved to be a defining event in US relations with the rest of the world, including India. It shifted the dynamics of the US foreign policy discourse and reinforced the growing solidarity and understanding between India and the United States as they jointly strive to combat the menace of international terrorism. The pace of bilateral engagement in the first two years of office of President Bush has been unprecedented and was an indication of the growing warmth between the two countries. Within the broad framework of convergence of interests, India-US relations have been growing rapidly ever since. For China, the warming of U.S.-Indian relations was disturbing as it took place at a time when Chinese-U.S. relations were experiencing serious setbacks in the late 1990s. In 1999, the NATO forces bombed the Chinese embassy in the former Yugoslavia, bringing a wave of anti-American sentiment in China. The Cox Report in the same year, charging China with nuclear espionage and accusing Beijing of pro-liferation activities added fuel to the escalating disputes between the two countries.¹⁶⁰ While the US and China were drifting apart, Washington and New Delhi, however, were coming closer than ever before to each other, engaging in regular high-level visits and briefings on major policy initiatives. Washington and New Delhi share normative values (democracy) and strategic interests, while Beijing's ties with both are more driven by contingent rather than structural interests.¹⁶¹ Strategic

¹⁶⁰ House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China, 'Report of the U.S. House of Representatives Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China', 105th Cong, 2nd sess., 1999, <http://www.house.gov/coxreport/cont/gncont.html>, accessed on November 10. Also quoted in Jing-dong Yuan, op cit.

¹⁶¹ For an excellent analysis on India-US convergence, see, John W. Garver, 'The China-India-U.S. Triangle: Strategic Relations in the Post-Cold War Era', NBR Analysis Vol.13, no. 5 October 2002, pp.5-56. See also, Lisa Curtis, 'The Triangular Dynamics in Asia: The U.S., India, and China', *Heritage Lectures*, April 11, 2007; Siddharth Srivastava, 'China Looks on at the US-India Lockstep', *Asia Times*, June 30, 2007; Daniel Twining, 'The New Great Game: Why the Bush Administration Has Embraced India', *The Weekly Standard*, December 11, 2006, pp. 15-19; Amit Gupta, 'U.S.-India-China: Assessing Tripolarity', *China Report*, vol. 42, No.1, 2006, pp. 69-83.

concerns between the two countries are not limited to defence. It envelops areas like energy security that have wide ramifications for Asia as a whole. The US acknowledged that Indian interests extend from the Persian Gulf to the Malacca Straits and has agreed to cooperate with India in this region that caters to nearly \$600 billion (Rs 28,80,000 crore) worth of world trade. New Delhi, in return, openly endorsed U.S. missile defense positions.¹⁶² Of particular concern to China in this growing relationship was the U.S. military sales to India including fighter aircraft (F-16 and F-18) and a broad range of defence technology, joint military exercises, regular defence consultation, and widening strategic cooperation resulting from *New Framework for the U.S.–India Defense Relationship* agreement of 2005.¹⁶³ Such a shift in the US policy from restriction and control to one of relaxation on high technology cooperation and even preferential treatment, according to Chinese analysts, was largely driven by its desire to balance China's growing power and India's attractiveness as a market for its arms exports to meet India's growing defence budget and arms acquisitions.¹⁶⁴

¹⁶² Shishir Gupta, 'Dramatic U Turn', *India Today*, February 18, 2002, pp. 26–27; Rajeswari Pillai Rajagopalan, 'Indo-U.S. Relations in the Bush White House', *Strategic Analysis* 25, no. 4, July 2001: 545–556. Also see, Ashley J. Tellis, 'The Evolution of U.S.-Indian Ties: Missile Defense in an Emerging Strategic Relationship', *International Security*, Spring 2006, Vol. 30, No. 4, Pages 113-151. New Delhi's traditional opposition to strategic defences gave way to its current consideration of missile defence, according to Tellis, for a variety of reasons. These included structural factors related to the dissolution of the U.S.-Indian antagonism associated with the bipolar configuration of the Cold War; the growing recognition in Washington and New Delhi of the threat posed by weapons of mass destruction and their associated delivery systems in the hands of hostile states intent on nuclear coercion; and the Indian and American desire to forge a new partnership grounded in democratic values but ultimately oriented toward promoting geopolitical equilibrium in Asia in the face of rising challengers such as China and problem states such as Pakistan.

¹⁶³ See Jing-dong Yuan, 'The Dragon and the Elephant: Chinese–Indian Relations in the 21st Century', *Washington Quarterly*, Vol. 30, No. 3, 2007, pp. 131–144. Jing-dong bases his assessment on two articles in the Chinese language, Zhang Li, 'Meiguo yu yindu: zhanlue xinggeju zhongde junshi hezuo yu hudong', *Nanya yanjiu jikan*, no. 3, 2003, pp. 39–45, 64; Ma Jiali, 'Yinmei guanxi yu zhongguo shijiao', *Yafei zongheng*, no. 1 2004, pp. 36–40; Zhang Honggui, 'Bianhua zhongde meiyin anquan guanxi jiqi dui zhongguo de yingxiang', *Yazhou luntan*, no. 2, 2003, 59–64.

The U.S.-India nuclear deal and the warming strategic relationship between the two countries are viewed by Beijing as part of Washington's global strategic calculations to enlist India to balance against China's rapid rise, and for helping its emerging market economically to provide an alternative to the so-called 'Beijing Consensus'. And this could be the reason why Washington was more liberal regarding the relaxation of controls on high-tech transfers to India than it was with such transfers to China.¹⁶⁵ Chinese sources point to an October 2002 Pentagon report on the Indo-U.S. military relations that indicates major shifts of the U.S. policy toward India, defining and recognising it as a major rising power, and helping it to achieve that status in anticipation of its endorsement of key U.S. policy objectives. These objectives include antiterrorism, the protection of critical sea lanes of communication, the interception of WMD-related shipments, and missile defence. As the US was taking steps to strengthen military links with India, China's official media stated in a commentary with the caption 'US dreams of Asian NATO': 'The Pentagon's Asia-Pacific military strategy has put India in a prominent position compared to other Asian countries. In the eyes of the United States, India holds an important strategic position linking the Indian Ocean and the Pacific Ocean. By strengthening its ties with the South Asian country, the United States can not only consolidate and expand its strategic presence in South Asia but also further squeeze Russia's and China's strategic clout out of the region. .. Washington's basic purpose for closer ties with India and an Asian version of NATO is to extend its status as the world's sole

¹⁶⁴ See, Jing-dong Yuan 'Chinese Perspectives on a Rising India', *World Politics Review*, November 30, 2008, op cit. Also see People's Daily Online, March 11, 2006. <http://world.people.com.cn/GB/4168062.html>. Jing-dong quotes the following two articles written in Chinese to prove this point. Zhang Li, 'Cong 'hexieyi' jiedu yinmei guanxi, (The Nuclear Deal and the Indo-U.S. Strategic Relationship)', *Nanya Yanjiu Jikan* (South Asian Studies Quarterly), No. 3, 2005, pp. 43-50; Hou Hongyu, 'Shixi meiguo duiyin junbei chukou zhengze de bianhua [An Analysis of Changes in U.S. Arms Export Policy toward India]', *Xiandai Guoji Guanxi* (Contemporary International Relations, No. 12, 2005, pp. 13-16.

¹⁶⁵ See, Jing-dong Yuan 'Chinese Perspectives on a Rising India', *World Politics Review*, November 30, 2008, op cit.

superpower'.¹⁶⁶ On the US–India defence agreement of 2005 the *People's Daily* ran a long editorial and said, "When cries grow louder in the US political circle for construction of an Asian allies network to guard against China, US Defense Secretary Donald Rumsfeld signed his visiting Indian counterpart Pranab Mukherjee an eye-catching defense cooperation agreement in the Pentagon on June 28. The ten-year agreement focuses on cooperation in weaponry manufacturing and missile defense. The United States has recently made several moves in its Asian strategy, and the hand-shaking of the two defense ministers this time is regarded as another important step it made in Asia, which is partly intended to diminish China's influence in this region and to safeguard and expand US strategic interest in Asia. . . . Although both sides say the agreement has nothing to do with China . . . the China factor is only too obvious'.¹⁶⁷ In all these commentaries, one cannot help but notice that China's tirade is directed more against the United States than against India. China's concerns over a rising India go together with its attempts to dissuade India from too close an alignment with the US against China.

We have noted earlier that the U.S.-Indian nuclear deal was an important indication of a growing Washington–New Delhi understanding. A new era in the U.S.-India cooperation was unveiled at the White House in July 2005 when President George W. Bush told Prime Minister Dr Manmohan Singh that he would work to achieve full civil nuclear energy cooperation and trade with India, despite over a quarter century of disagreements between the two countries over nuclear issues. The overwhelming bipartisan support for the U.S.-India Civilian Nuclear Agreement that Bush signed on December 18, 2006 reflected the consensus of the American foreign policy strategists that India will be

¹⁶⁶ 'Commentary: US dreams of Asian NATO', *China Daily*, July 18, 2003. The commentary, however, noted, 'Washington's economic and military power should not necessarily mean that it is easy for the United States to establish lasting hegemony in the world by strengthening its military ties with other countries, which was a popular way of operating during the Cold War. Without a definite enemy, it will be very difficult for the idea of an Asian version of NATO to gain extensive support from the international community and even within the United States itself'.

¹⁶⁷ 'Washington draws India in against China', *People's Daily*, July 7, 2005.

one of America's most crucial partners in the 21st century. After India agreed to separate its civilian and military nuclear programmes and pledged to open 14 of its 22 nuclear power reactors currently running, to international inspection, the Bush administration began seeking to amend the existing U.S. non-proliferation legislation and to modify the restrictions of the Nuclear Suppliers Group regarding nuclear exports to states that are not signatories to the Nuclear Non-Proliferation Treaty, thus facilitating civilian nuclear transfers. Although Beijing's official reactions were rather muted, some Chinese commentators took issue with Washington's double standards in its non-proliferation policy, preventing Iranian and North Korean nuclear programs while facilitating one for India, and the potentially far-reaching impact of the deal on global efforts to combat the proliferation of weapons of mass destruction.¹⁶⁸ *The Renmin Ribao*, China's leading political daily, accused Washington of being soft on India and derided the NPT, saying if the US made a 'nuclear exception' for India; other powers could do the same with their friends and weaken the global non-proliferation regime.¹⁶⁹ *Beijing Review* warned that 'the accord could reset the global

¹⁶⁸ *People's Daily*, August 14, 2007, quoted in D.S.Rajan, 'China: Hardens its Stand on the India-US 123 Agreement', *South Asia Analysis Group*, Paper No. 2336, August 19, 2007, available at <http://www.southasiaanalysis.org/%5Cpapers24%5Cpaper2336.html>, accessed on December 12, 2011. Rajan notes that comments made in the media in China on the US-India civil nuclear cooperation agreement, have interestingly been on the same lines of the criticisms being levelled against the deal by the Indian Leftists. Their references to US global strategy and intention to draw India into are a case in point. Also of interest is the absence of any mention in the Chinese media comments about the US efforts to 'contain China'. Such references were seen in the past. Comments now are instead about the US attempts for achieving balance of power in Asia, which may by implication mean targeting of China by Washington. In any case, what comes out clear is that despite the prevailing normalcy in the Sino-US relations, there seems to be no let up in the level of Beijing's strategic suspicions over Washington's long-term motives. Against this background, a distinct possibility would be that the normalcy which has now come to prevail in the Sino-Indian relations due to efforts of both the sides may come under a cloud in the event of the agreement coming into effect ultimately. That will not be good for stability in Asia. Also see Fei Yongyi, 'The U.S.-India Nuclear Agreement: A New Challenge to the Non-proliferation Efforts of the International Community?' presentation, Washington, D.C., June 6, 2006, quoted in Jing-dong Yuan, op cit.

¹⁶⁹ Quoted in Siddharth Srivastava, 'Beijing blusters over India's nuclear deal', *Asia Times*, November 05, 2005, available at http://www.atimes/atimes/South_Asia/GK05DF01.html.

balance of power, because U.S. policymakers see India as a counterweight to mighty China'.¹⁷⁰ Beijing was not only critical of the United States for being unreasonably soft towards India, particularly on proliferation issues, but also believed that New Delhi was playing a powerful game, seeking to help the US in surrounding China and encouraging the build-up of the US forward military presence in the vicinity of the Chinese borders merely as a counterweight to the Chinese regional clout.¹⁷¹

¹⁷⁰ Ying Ding, 'The mounting nuclear imbalance', *Beijing Review*, September 6, 2007. China's attempt to dissuade India from too close an alignment with the United States was also evident in the commentary, 'India is also suspicious of US intentions, considering that Washington is not helping India out of sincerity, but is using India for its own ends. Once India is useless, Washington can tear up this agreement filled with promises at any time. India can develop cooperative ties with the United States only under the prerequisite of equal partnership and will not be interested in being ordered about by the United States in its global strategy, an Indian researcher on national defence points out. He believes that India will not damage its friendly ties with China for the sake of US strategic interests and it is all the more impossible for India to sacrifice its foreign policy of independence in exchange for the so-called "US support".'

¹⁷¹ See, Susan Craig, 'Chinese Perception of Traditional and Non-traditional Security Threats', *Strategic Studies Institute*, Carlisle Barracks, March 2007, <http://www.strategicstudiesinstitute.army.mil/Pubs.Display.Cfm?pubD=765>, pp. 87-92; Also see, Simona Soare, 'Security Architecture-Building and Regional Integration in Asia-Pacific', http://www.academia.edu/416804/Security_Architecture-Building_and_Regional_Integration_In_Asia-Pacific.

IV CHINA'S ASSERTIVENESS AND CHANGING STRATEGIC CONFIGURATION IN THE ASIA-PACIFIC SINCE 2010

Compared with the clout it has achieved as an economic player, its strategic role in the security of Southeast and East Asia is still quite marginal, notwithstanding its status as a nuclear power and as the second largest country in Asia. Apart from its participation in the ARF dialogues and occasional forays into the Straits of Malacca for patrolling the area to help Indonesia in combating piracy, India unfortunately, until very recently, was an insignificant player in the security structure of the region. That is changing, rather slowly, with India adopting a more cautious and calibrated policy. While the ASEAN members have close economic and trade ties with China, they are worried about the rising power of China. Again, almost all the ASEAN members have territorial disputes with China, which has been taking unilateral actions in these disputes. 2010 is particularly significant for China's assertiveness and aggressive pursuit of what it called its 'core interests' in South China Sea, its inalienable sovereignty over the islands, and a number of incidents related to it. It all began with the Cheonan incident when a South Korean ship was sunk purportedly by a North Korea's torpedo resulting in the loss of some 46 lives.¹⁷² Though China was not directly connected

¹⁷² The usual discourse in South Korea on the Cheonan incident is to blame North Korea and also China. But according to South Korea's former Ambassador to China Hwang Byung-tae, the incident also provided an opportunity for Seoul to do some soul-searching on its delicate diplomatic role between Washington and Beijing. 'Of course, regarding the Cheonan, we all know that North Korea did it. But we should have maintained as close consultations with China, as we did with the United States, with an

to this incident, the offshoot of it, the South Korean—US naval exercises in the Yellow Sea close to its territorial waters brought serious protests from Beijing and led to a war of words with Washington. The Chinese navy carried out artillery exercises in the Yellow Sea, off the eastern city of Qingdao, days before the US and South Korea held similar manoeuvres there, calling the drills 'annual routine training, mainly involving the shooting of shipboard artillery'.¹⁷³ China's efforts to present the Yellow Sea as its virtually exclusive military-operation zone as well as holding large-scale naval exercises in recent months off Japan's Ryukyu Islands, in the South China Sea and most recently in the Yellow Sea only reinforce the image of China's growing hegemony in Southeast and Northeast Asia.

Then there was the incident involving a Chinese fishing trawler that rammed Japanese coastguard ships that were patrolling the islands of Senkaku, which are under Japanese control but China also lays claims on. When the Japanese captured the captain of the ship, the Chinese insisted on his unconditional release along with an apology. While the Japanese eventually released the captain of the ship, the incident led to a major bilateral crisis between the two countries, and made Japan helpless in the face of a belligerent China.¹⁷⁴ China halted all ministerial

early resumption of the six-party talks to discuss the matter. But after listening to the United States, South Korea said the six-party talks were useless. From China's perspective, South Korea appeared to be becoming increasingly closer to the U.S. This revealed a lack of diplomatic maturity. . . any inter-Korean conflict should factor into not just the two Koreas, but also China and the United States. . . When the relationship between China and the U.S. improves, the North Korea problem becomes much easier to handle', Hwang said. See Sunny Lee, 'Cheonan incident makes Seoul ponder role between US, China', *The Korea Times*, March 24, 2010, available at http://www.koreatimes.co.kr/www/news/nation/201103/116_83796.html, retrieved on November 15, 2010.

¹⁷³ Quoted in 'China begins military exercises in Yellow Sea', *BBC News, Asia-Pacific*, September 01, 2010, available at <http://www.bbc.co.uk/news/world-asia-pacific11149923>, accessed on December 12, 2011.

¹⁷⁴ 'China-Japan Spat Rattles Nerves in Asia, US,' *Aol News*, September 28, 2010, available at <http://www.aolnews.com/2010/09/28/china-japan-spat-rattles-nerves> -in-asia-us, accessed on December 28, 2011.

and provincial-level contact with Japan until the Chinese captain was released. It applied further pressure by placing a trade embargo on all rare earth exports to Japan, a crucial category of minerals used in products like hybrid cars, wind turbines and guided missiles, and began stricter checks on shipments to and from Japan at some customs offices, thereby delaying shipments, and used economic means to attain political goals. China had also abruptly withdrawn an invitation from Wen Jiabao, its prime minister, for 1,000 young Japanese to visit the Shanghai Expo. But what caused Japan to apparently suddenly cave in to Chinese pressure, release the captain and send him home on a chartered airline was China's arrest of four employees of Fujita Corp. in Shijiazhuang, Hebei Province. The Japanese public was so much rattled by the incident that one outspoken Japanese nationalist, Shintaro Ishihara, slammed China for tactics he compared to 'what yakuza mobsters do'.¹⁷⁵ China, however, directed its tirade not at Japan, but at the US, when Ni Lexiong from the Shanghai University of Political Science and Law wrote in a commentary for Global Times, 'The Diaoyu Islands incident could be seen as a direct result of the recent series of Sino-US confrontations, from US-South Korea joint military drills to the US challenging China's core interests in South China Sea ... The background to the incident is that the US has been provoking China and taking advantage of conflicts between China and its

¹⁷⁵ See, the report by AFP, 'Tokyo governor scraps China visit as row deepens', September 21, 2010, available at <http://www.google.com/hostednews/afp/article/ALeqM5jyKfNwFl-GsijR7Afj9EJkUTKNSg>, retrieved on November 20, 2010. According to an online report in the conservative Sankei Shimbun daily, he also advocated a strong military line against China. 'Why doesn't the government take active measures? For example, if a Japanese submarine intrudes into the territorial waters of South Korea, North Korea or China, it will be bombed. Why doesn't Japan do that? I think the Defence Ministry had better conduct defence drills with the United States at the Senkakus', he said, using the Japanese name for the disputed island chain that is called Diaoyu by China. He added that the row will be the 'touchstone of Japan-US-China relations'. 'The United States will definitely reveal its true character', he said, according to the report, saying that if it does not side with Japan it will lose prestige in the region'. Ibid.

neighbours to contain China recently'.¹⁷⁶ Other Chinese commentators made similar points critical of the US.¹⁷⁷

China's continued effort to strengthen its military control over its possessions in South China Sea and expanding its de facto boundaries by barring its neighbours from fishing in disputed waters or drilling for oil in waters far away from China has obviously unnerved its neighbours. In 2007 and 2008, it even stopped BP and Exxon Mobil from drilling in waters offshore Vietnam. Many in the region were surprised when China in its expansive claim to the South China Sea even went to the extent of challenging (in 2009) a US Navy survey ship, the *Impeccable*, some 75 miles from the shore of China's Hainan Island effectively extending its 12 nautical miles territorial waters to a 200-mile Exclusive Economic Zone (EEZ). The US position was that under the UN Law of the Sea, its naval vessels had the right of free passage through the EEZ. In March 2010, China told two senior US officials, Jeffrey A. Bader and James B. Steinberg, that its sovereignty over the South China Sea was undisputed and was one of the core issues on which China would not tolerate any interference.¹⁷⁸ China

¹⁷⁶ 'US backing pushed Japan into Diaoyu Clash', *Global Times*, September 27, 2010, available at <http://www.globaltimes.cn/opinion/commentary/2010-09/577794.html>.

¹⁷⁷ Liu Jianguo, from Tsinghua University suggested that the incident could not be seen as an isolated dispute between Japan and China. 'The American shadow is obvious. It is the US military support that drives the hard-line stand of Japan against China. The US implemented a two-sided policy in the Diaoyu Islands incident. On the one hand, Japan's hard-liners were greatly encouraged by the US backing and Japan took a strong attitude toward China. On the other hand, once the conflict becomes fiercer and the Sino-Japanese relation dramatically deteriorates, the US calls for dialogue between China and Japan to solve the conflict instead. Quoted in *Ibid*.

¹⁷⁸ See, Edward Wong, 'Chinese Military Seeks to Extend Its Naval Power'. *The New York Times*, April 23, 2010. Bader is Asia Director at the National Security Council and Steinberg is the Deputy Secretary of State. China's third 'core interest' is Xinjiang. A former diplomat and now a scholar at the China Institute of International Studies, Beijing, suggested that China had never mentioned South China Sea as its 'core interest' in any of its policy papers or statements. According to him, Chinese officials' assertion of South China as 'core interest' was in response to American officials' assertion of denying Iran of nuclear weapons and the consequent sanctions against that country as 'core interest,' thereby absolving China of any aggressive actions and putting the entire blame on the Americans to ignite the issue. *Interview with Zheng Ruixiang*, November 29, 2011. In October 2010, a U.S. official noted that there was an internal debate in

has hardened its position on disputed maritime boundaries with Southeast Asian countries, just like it did in 2006 over its land boundaries with India,¹⁷⁹ to consolidate its hold on Tibet. It is similar to its perceptions of India's expanding global influence and closer ties to the U.S. and these have led Beijing to harden its position on its border disputes with New Delhi over the past five years. China's increasing assertiveness and threatening postures in her disputes with its neighbours on the South China Sea, particularly in 2011 was also influenced by the

China about the 'core interest' issue. 'They now, in at least some of our interactions with them, appear to have backed away from the core interest argument and seem to be seeking other ways to articulate their approach to these issues'. Quoted in Phil Stewart and John Ruwitch, 'U.S. sees crisis fear easing over South China Sea'. Reuters, October 13, 2010. A high-ranking U.S. official is cited as making the same point in Kazuto Tsukamoto, Yusuke Murayama and Kenji Minemura, 'At key meet, Beijing tones down stance on South China Sea'. *The Asahi Shimbun*, October 14, 2010. For an interesting discussion on the respective U.S. and Chinese positions of on 'core interest' issue, see, Carlyle A. Thayer, 'Recent Developments in South China Sea: Grounds for Cautious Optimism', <http://nghiencubiendong.vn/en/conference-and-seminars/second-international-workshop/588recent-developments-in-south-china-sea-grounds-for-cautious-optimism-by-carlyle-a-thayer>, retrieved on December 22, 2011.

¹⁷⁹ The hardening Chinese position can be traced back to comments made by the Chinese ambassador to India, referring to the entire state of Arunachal Pradesh as part of China, in the run-up to President Hu Jintao's November 2006 visit. For his undiplomatic act, the ambassador actually received Beijing's public support. China has increasingly questioned Indian sovereignty over the states of Arunachal Pradesh and Jammu and Kashmir and has stepped up probing operations along different parts of their shared frontier. The Chinese are also building up military infrastructure and expanding a network of road, rail, and air links in the border areas. Moreover, in recent years, Chinese commentators have begun to refer to Arunachal Pradesh commonly as 'Southern Tibet'. Prior to 2005, there were no Chinese references to 'Southern Tibet' in China's official media. In 2009, China opposed an Asian Development Bank loan, part of which was earmarked for a watershed project in Arunachal Pradesh — another demonstration that China is questioning Indian sovereignty over the state more openly. As border tensions have escalated, vituperative attacks on India in the Chinese media have also mounted. The Communist Party's mouthpiece, the *People's Daily*, taunted India in a June editorial for lagging behind China in all indices of power and asked it to consider 'the consequences of a potential confrontation with China'. Criticising the Indian moves to strengthen defences, it peremptorily declared, 'China won't make any compromises in its border disputes with India'. A subsequent commentary in the paper warned India to stop playing into the hands of 'some Western powers' by raising the bogey of a 'China threat'. Quoted in Brahma Chellany, 'Is China itching for to wage a war on India,' *Far Eastern Economic Review*, Hong Kong, September 06, 2009.

US declaration of its intent to 'come back to Asia' and the willingness of the ASEAN countries to welcome its role in the security issues in the region, including the South China Sea. Although China and Vietnam have been the main players in the struggle for supremacy over the islands and the surrounding reefs and islets in the South China Sea, the Philippines on various occasions laid claims to these resource-rich islands, as have others like Taiwan, Malaysia and Brunei. Before the 1990s, however, only China and Vietnam had been engaged in military combat over the islands. Using historical events and archaeological findings to substantiate their claims, they first clashed in 1973 when China forcibly occupied the Paracel islands from an embattled and weak South Vietnam, renamed them as the Xisha islands and made them part of the Hainan island province. This was followed by a serious naval clash in 1988 at Johnson Reef in the Spratly islands in which the Chinese sank several of the Vietnamese boats and almost 70 Vietnamese soldiers lost their lives. A few years before this incident, China had launched a land offensive against the country 'to teach the Vietnamese a lesson'. In 2011, both Vietnam and the Philippines got involved in a series of incidents with China that turned South China Sea as a major flashpoint for a conflict in the region.¹⁸⁰

China's strategy had always been to deal with all claimant states bilaterally so that its weight can be used to maximise advantage because of the asymmetrical relationship. In the process, it attempts not only to prevail

¹⁸⁰ In one of the incidents in June 2011, according to the Vietnamese, a Chinese fishing boat supported by two Chinese naval patrol craft cut a cable being used by a seismic survey craft operated by state-run energy company PetroVietnam. Vietnamese Ministry spokeswoman Nguyen Phuong Nga said that the Chinese boat's actions were 'completely premeditated' and 'seriously violated Vietnam's sovereign rights'. China fired back, accusing Vietnam of 'seriously infringing' China's sovereignty and maritime interests. In a statement posted on the Chinese Foreign Ministry's website, spokesman Hong Lei blamed Vietnam for Thursday's incident, saying the Chinese fishing boat had been dragged for more than an hour after becoming entangled in the cable used by the Vietnamese vessel. 'The Vietnamese vessel's actions seriously threatened the safety of the Chinese fishermen', Mr. Hong said. Mr. Hong also reiterated Beijing's claim that 'as everyone knows, China possesses indisputable sovereignty' over the Spratlys and the maritime area around them. See, 'Vietnam Plans Live-Fire Drill After China Spat', *The Wall Street Journal*, June 10, 2011.

over its smaller and weaker neighbours, but also undermines the claim that the ASEAN is a geopolitical entity. However, by using solidarity as a substitute for military power, the ASEAN, on the other hand, has forced China sometimes to deal with its members as a group. At times the Chinese have adopted a more conciliatory approach. For example, in July 1995, the Chinese foreign ministry spokesman insisted that it had no interest in disrupting freedom of navigation in the Spratlys area and said that China felt the issues could be resolved without any outside mediators or interference. The ASEAN has not been able to show the same unity in the subsequent period as conflicting national interests began to divide it. However, China itself, after years of assurances that they have nothing to fear from a rising China, was also using divide-and-conquer tactics against its neighbours, trying to isolate claimants of disputed islands. Chinese Foreign Minister Yang Jiechi acknowledged, '...there are territorial and maritime rights disputes' between China and some of its neighbours but, he said, 'those disputes should not be viewed as ones between China and ASEAN as a whole just because the countries involved are ASEAN members'.¹⁸¹ That statement shows that China wants to divide the ASEAN into countries which have territorial disputes with China— the Philippines, Vietnam, Brunei and Malaysia and those who do not have any territorial disputes, countries like Indonesia, Thailand, Laos, Cambodia, Myanmar and Singapore. In 2002, China signed a document called the Declaration on the Conduct of Parties in the South China Sea with the ASEAN as a whole and not only with countries with which it had unresolved territorial disputes. Since then the ASEAN and China have been working on a 'Regional Code of Conduct in the South China Sea', but agreement has been elusive. To claim now, after 19 years of dialogue, that 'ASEAN as a whole is not involved is to be disingenuous, if not worse'.¹⁸² China claims to honour commitments under its 2002 agreement with the ASEAN, where the parties pledged to 'undertake to resolve territorial and jurisdictional disputes by peaceful means,

¹⁸¹ Quoted in 'ASEAN, be careful of China's tactics', *China Post* (Taipei), August 11, 2010.

¹⁸² *Ibid.*

without resorting to the threat or use of force, through friendly consultations and negotiations by sovereign states directly concerned'.¹⁸³ China's actions in the South China Sea over the last two decades only prove that it pays lip service to Confidence-Building Measures process at sea, which the ARF (Asian Regional Forum), CSCAP (Conference on Security Cooperation in Asia-Pacific), the various ASEAN statements and diplomacy, as well as bilateral agreements with China, have been trying to achieve.

The dispute between China and the ASEAN erupted into the open after the U.S. took the ASEAN's side and its Secretary of State Hillary Clinton, in Hanoi for the annual meeting of the 27-nation ASEAN Regional Forum, offered American support for 'a collaborative diplomatic process by all claimants for resolving the various territorial disputes without coercion'. The growing Chinese assertiveness, coupled with its double-digit growth of its defence budget, was already a matter of great concern for the countries of East Asia.¹⁸⁴ As the Obama administration showed its newfound interest in Asia, countries in the region began to quietly lobby Washington to play a more active role in regional affairs. Since its assumption of the ASEAN's rotating chairmanship in 2010, Vietnam has made a sustained effort to draw US attention to the danger of China's rising power in the South China Sea; Malaysia, Indonesia and the Philippines too have raised concerns with Washington. Some South East Asian leaders attending the April 2010 Nuclear Security Summit in Washington held talks with President

¹⁸³ See, 'ASEANWEB: Declaration on the Conduct of the Parties in South China Sea', <http://www.aseansec.org/13163.htm>.

¹⁸⁴ Historical memories about China among Southeast Asian countries were never very pleasant. Even in recent times, Chinese aggressiveness were evident in China's 1979 invasion of Vietnam, its support of the Pol Pot regime in Cambodia (1976-1979), and accusations of involvement in Indonesia's 1965 coup. China's charm offensive and its check book diplomacy to make its peaceful rise acceptable to its neighbours, together with the growing economic interdependence, however, were able remove some of the fears and misgivings about its strategic intentions in the region, but its sudden assertiveness destroyed all the goodwill that it generated and revived more of the unpleasant memories.

Barack Obama and other senior officials to voice their worries. At the time, Senator John Kerry, chairman of the Senate Foreign Relations Committee, had publicly assured Vietnamese Prime Minister Nguyen Tan Dung, who also met President Obama, 'We're going to follow up on that in a significant way. It goes to the heart of freedom of passage in that region'.¹⁸⁵ True to its words, the United States did follow it up at the annual meeting of the 27-nation ASEAN Regional Forum, when US Secretary of State Hillary Clinton, in Hanoi offered American support for 'a collaborative diplomatic process by all claimants for resolving the various territorial disputes without coercion'.¹⁸⁶ Emboldened by the US statement, many countries, in and out of the ASEAN, began to express their concern about the sudden Chinese assertiveness in the South China Sea and other issues vital to its interests, and welcomed such a United States role so as to balance China. Those who spoke on the issue involved not just the claimant countries but also Indonesia, Japan and Australia.

When Beijing found that the US was openly taking the ASEAN side, it was overcome with anger and in a series of blistering articles in official media made scathing attack on 'US intention to meddle in the region, and force countries to choose between China and the US'. While China's foreign ministry called it a well-scripted 'attack on China', *Global Times*, a newspaper owned by the *People's Daily*, and often acts as an unofficial mouthpiece for the Communist Party of China,¹⁸⁷ 'went hammer and tongs' denouncing the 'American shadow over the South

¹⁸⁵ Quoted in Nayan Chanda, 'Looking for a Sea Change', *Times of India*, August 07, 2010.

¹⁸⁶ *New York Times*, July 20, 2010.

¹⁸⁷ Chinese news and editorials do not give independent views and generally reflect official position. To quote Pallavi Aiyar, a foreign correspondent in Beijing for several years, 'Foreign affairs and China's international relations remains a subject controlled by the government and independent writings on the topic are forbidden...Writings on [such subjects] in Chinese media therefore almost always have official sanction even if they do not always reflect the government's official position'. Quoted in Nitin Pai, 'India's Look East Policy: A Need to Look beyond Singapore', *East Asia Forum*, August 19, 2010. <http://www.eastasiaforum.org/2010/08/19/india's-look-east-policy-a-need-to-look-beyond-singapore>.

China Sea'.¹⁸⁸ Asserting that maintaining and playing up regional tensions are typical American ways of maintaining its presence in faraway parts of the world and causing interference in disputed areas, the article cautioned the Southeast Asian countries that 'regional stability will be difficult to maintain' if they 'allow themselves to be controlled' by the United States. The article further added, 'South-east Asian countries need to understand any attempt to maximise gains by playing a balancing game between China and the US is risky. China's tolerance was sometimes taken advantage of by neighbouring countries to seize unoccupied islands and grab natural resources under China's sovereignty'. The strident criticism concluded with a thinly veiled threat, 'China's long-term strategic plan should never be taken as a weak stand. While [it] is clear that military clashes would bring bad results to all countries in the region involved, China will never waive its right to protect its core interest with military means'.¹⁸⁹ In yet another article titled 'Time to counter US Ploys', China called the United States as the largest external power hampering a peaceful settlement of the South China Sea issue. It criticised Ms. Clinton's idea 'to internationalize the South China Sea issue' and said that the US wants to 'put off its resolutions so as to contain China's rise'. The article also said that 'Washington has strengthened its military cooperation in the region, stealthily instigated and supported some local countries to scramble for the Nancha Islands, and has dispatched naval vessels to China's exclusive economic zone to conduct surveys. . . The US has multiple interests in Southeast. On a strategic level, Washington wants Southeast Asia to form the center of an 'Asian strategic alliance' that includes Northeast Asia, Southeast Asia and India'.¹⁹⁰ China, the article claimed, has persisted in resolving the dispute through peaceful negotiations with neighbouring countries, and ended by saying, 'China never bullies the weak. At the same time, Beijing will never allow external forces, like the US, to interfere in the matter'.

¹⁸⁸ Quoted in Nayan Chanda, 'Looking for a Sea Change', *The Times of India*, August 07, 2010

¹⁸⁹ *Global Times*, July 26, 2010.

¹⁹⁰ *China Daily*, July 29, 2010.

Some Chinese scholars identify the United States as the main cause of China's maritime security problems. Major General Peng Guangqian, Academy of Military Science Analysts is of the opinion that the United States is 'the fundamental factor that influences surrounding countries, and causes complicated situations, intensified contradictions, and greater turbulence'. When it comes to the South China Sea, some Chinese analysts assert other countries are exploiting Beijing's relatively restrained approach by nibbling away at China's interests. Zhu Chenghu, a vocal military scholar at National Defense University, argued that rival claimants are 'plundering China's oil and gas resources without scruple, turning the South China Sea into an ATM machine'.¹⁹¹ Many Chinese observers were convinced that Vietnam and the Philippines were trying to bring in the United States to advance their own interests at China's expense. Some Chinese scholars argued that the United States was taking advantage of an opportunity to sow discord between China and the other countries with territorial claims in the South China Sea in pursuit of a broader strategy of 'containment'. China also has strong disagreement with the United States about permissible activities within China's exclusive economic zone (EEZ).

The thrust of the Chinese anger was directed at the Philippines and Vietnam. China was outraged by the fact that the Philippines could dare to rename the South China Sea as the West Philippines Sea and call on the ASEAN to form a 'united front' against China publicising that the US-Philippine military cooperation was a strong warning signal, and send an official to claim sovereignty over a disputed islet. 'These Philippine provocations bring negative political influences to the region . . . China must take fitting measures to pay the Philippines back. This is necessary to prevent another country taking a leaf out of the Philippines' book against China. China' punishment on the Philippines should be strong enough to offset negative influences brought by the Philippine insolence and discourage the dream of some nations to join with the

¹⁹¹ Some of these concerns and comments are quoted in Michael S. Chase, 'Chinese Suspicion Over US Intentions', Asia Times, October 05, 2011, available at <http://www.atimes.com/china/MJ05Ad02.html> .

US to contain China'.¹⁹² These commentaries insisted that China has demonstrated its reluctance in solving disputes at sea via military means on many occasions. Peace, it asserted, was vital for its own economic development. 'But some of China's neighbouring countries have been exploiting China's mild diplomatic stance, making it their golden opportunity to expand their regional interests. If these countries don't want to change their ways with China, they will need to prepare for the sounds of cannons. We need to be ready for that, as it may be the only way for the disputes in the sea to be resolved'.¹⁹³ The Chinese reminded the Vietnamese that even after being hammered by China in the 1974 Xisha Island Battle and later in the Sino-Vietnamese War in 1979 Vietnam's insults in the South China Sea remained unpunished today. To the Chinese, Vietnam's fault lies in the fact that it encouraged nearby countries to try their hands in the 'disputed' area and attracted the attention of the US so that a regional conflict gradually turned international. China warned, 'We shouldn't waste the opportunity to launch some tiny-scale battles that could deter provocateurs from going further. But out there could just be an ideal place to punish them. Such punishment should be restricted only to the Philippines and Vietnam, who have been acting extremely aggressive these days'.¹⁹⁴

Far from achieving its objectives based on threats, the Chinese found to their dismay that the East Asia Summit not only took up the issue of disputes in the South China Sea, despite their objections, but except for Myanmar and Cambodia every other country spoke up on the

¹⁹² See, 'Philippines Walking a very Fine Line', *Global Times*, November 17, 2011. An earlier article in September 2011 was even more strident and threatening in its attack on the Philippines, 'The Philippines, pretending to be weak and innocent, declared that mosquitoes are not wary of the power of the Chinese elephant. The elephant should stay restrained if mosquitoes behave themselves well. But it seems like we have a completely different story now given the mosquitoes even invited an eagle to come to their ambitious party. . . the constant military drill and infringement provide no better excuse for China to strike back. However, being rational and restrained will always be our guidance on this matter. We should make good preparations for a small-scale battle while giving the other side the option of war or peace'. See, Long Tao, 'Time to teach those around South China Sea a lesson', *Global Times*, September 29, 2011.

¹⁹³ 'Don't take peaceful approach for granted', *Global Times*, October 25, 2011.

¹⁹⁴ Long Tao, 'Time to teach those around South China Sea a lesson', *Global Times*, September 29, 2011.

issue. The unease felt by the Chinese was palpable and it forced the Chinese PM Wen Jiabao to refer to the dispute in a multi-lateral forum. Wen asserted that China goes to great 'pains' to ensure that the shipping lanes are safe and free. It is learned that Wen did not reiterate the standard Chinese line that such disputes be settled 'bilaterally', although the official Xinhua report said that he 're-affirmed' China's position'.¹⁹⁵ It is obvious that the Chinese wish to deal bilaterally with the countries of South and East Asia in order to prevent them from 'ganging-up' against China. Another worry that the Chinese have is that collectively the ASEAN might bring the South China Sea dispute before the International Tribunal for the Law of the Sea and that China may not be able to validate its stated position in accordance with the UN Convention on the Law of the Sea (UNCLOS). Such an eventuality would be a serious loss of face for China.

A similar disregard for others interests was in evidence in a recent incident on March 20, 2013 when Chinese patrol boats confronted a Vietnamese fishing boat near the disputed Paracel Islands. According to the Vietnamese Foreign Ministry, two Chinese patrol vessels (hulls 262 and 263 from China Marine Surveillance) chased and fired on a Vietnamese fishing boat named QNg96382, causing a fire that destroyed the boat's cabin. Chinese reporting on the incident acknowledged that the Chinese vessels had fired, but called the discharges 'warning shots'.¹⁹⁶ The official PLA Daily said another patrol vessel, China Marine Surveillance 786, fired two red flares into the air to warn four Vietnamese fishing vessels to leave waters around the islands. While it remains unclear precisely who did what, photos showing China Marine Surveillance 786 with a cloud of smoke near it and a Vietnamese boat with a burned-out cabin that looks very much like earlier photos of an intact QNg96382 suggest that Chinese boats did indeed set the Vietnamese boat on fire, whether they intended to or not. Previously

¹⁹⁵ 'Chinese Premier restates China's stance on South China Sea', *Xinhua English News*, November 19, 2011, available at http://news.xinhuanet.com/english2010/china/2011-11/19/c_131257599.htm, accessed on November 20, 2011.

¹⁹⁶ *Gabe Collins and Andrew Erickson*, 'March: China's Month of Mistakes', *The Wall Street Journal*, April 12, 2013, available at <http://blogs.wsj.com/chinarealtime/2013/04/12/march-chinas-month-of-mistakes/>, retrieved on April 13, 2013.

reported incidents, such as the cutting by Chinese vessels of a Vietnamese oil exploration vessels cables in 2012, make this appear to be part of a larger pattern of Chinese pressure and raise questions about China's willingness to err on the side of threatening and using force in pushing its claims in disputed waters. The incident also raises questions about how much control China's State Oceanic Administration has over vessel captains operating under the paramilitary Marine Surveillance agency.

In projecting power around the region, China has demonstrated a certain degree of hypocrisy. This became evident on March 22, 2013, two days after the confrontation near the Paracels, when a 4-vessel PLA Navy flotilla led by the amphibious landing ship *Jinggangshan* moved into waters near the disputed James Shoal only 80 kilometers (50 miles) from Malaysia and began a combined arms amphibious exercise. The flotilla left the South China Sea a week later and headed through the Bashi Channel between Taiwan and the Philippines to enter the Western Pacific for additional training. The PLAN's manoeuvre and an accompanying ceremony near the shoal, during which Chinese sailors swore to uphold China's territorial integrity and defend its South China Sea interests, no doubt caused consternation in regional capitals, particularly Kuala Lumpur, which has so far made little noise about China's assertiveness in the area. While the exercises did not violate international law, they did violate an unofficial standard China has maintained in confronting U.S. reconnaissance missions off its own shores. When a Chinese J-8 fighter collided with a U.S. EP-3 aircraft in 2001, sparking a diplomatic crisis, the U.S. plane was approximately 70 miles (110 km) from Hainan Island and 100 miles from Chinese facilities in the Paracel Islands. At the time of its 2009 surrounding and harassment by five Chinese government-controlled vessels, U.S. survey ship *USNS Impeccable* was roughly 75 miles south of Hainan. China's opposition to U.S. actions yet willingness to engage in military manoeuvres near smaller neighbours like Malaysia evokes the double standard expressed in a Chinese proverb, 'Magistrates may set fires but commoners may not even light lamps'.

China's Defence Spending: A Source of Worry

China's planned official defence spending in 2011 stood at Rmb 601.1bn (\$91.5bn), up 12.7 per cent from the actual spending in 2010. In 2012, its official defence rose by 11.2 per cent pushing it above \$100bn for

the first time. Beijing's defence budget has risen each year for two decades to become the world's second-biggest, only behind the US. It is developing an aircraft carrier, a stealth fighter jet, and missiles that can shoot down satellites. During 2011, China carried out its first test flight of a stealth fighter jet, and the first sea trial of its aircraft carrier. Both pieces of equipment remain years away from active deployment. Beijing is also building new submarines and ships and developing a range of anti-ship ballistic missiles. China's emerging military might has especially worried its near neighbours. Beijing's argument that its defence spending was modest, at less than two per cent of its gross domestic product, was misleading, as China's replacement of Japan as the world's second-largest economy meant such a budget is considerable.¹⁹⁷ In the last three years Beijing publicised a large number of military exercises, making much more visible the progress the military – especially the navy – has made in mastering more complex tasks and moving farther away from its coast.¹⁹⁸ Given Beijing's ambitious weapons programmes,

¹⁹⁷ Michael D. Swaine, *China's Military Muscle*, Carnegie Endowment for International Peace, January 19, 2011, available at <http://www.carnegieendowment.org/2011/01/19/china-s-military-muscle/Tqk1> accessed on October 20, 2011. Announcing the new budget, Li Zhaoxing, an official with China's parliament, sought to calm concerns over the spending programme. 'China is committed to the path of peaceful development and follows a national defence policy that is defensive in nature', he said. 'China has 1.3 billion people, a large territory and long coastline, but our defence spending is relatively low compared with other major countries'. As a proportion of its GDP, China's official military budget is far lower than that of either the US or the UK. Quoted in 'China Military budget tops \$100 billion', *B.B.C China News*, March 04, 2012, available at <http://www.bbc.co.uk/news/world-asia-china-17249476> retrieved on March 05, 2012.

¹⁹⁸ Zhu Feng ascribes China's military modernisation to domestic imperatives of keeping an image before its people that it is a great power and offering an alternative to the American model. To Zhu, 'Domestically, military modernization is a reliable and visible way to deter ethnic and separatist rebel movements and enhance national cohesion; internationally, it reflects a preoccupation of the leadership to counter ideological antagonism. Essentially, Beijing has only two choices. One would be to toss out the ruling CCP, embark on democratization, and become a full-blown follower of Anglo-American pre-eminence. The other would be to maintain its current policy and help formalize the "Beijing consensus" by all means, including military muscle. China's historical grievances, its opaque patriotic culture, and the great-power legacy emanating from its long history all push it toward its current strategic choice. Therefore, China's military budget increase falls into a different category. It is neither a hedge strategy nor flashpoint driven, but could be summed up as "governance driven"'. See, Zhu Feng, 'An Emerging Trend in East Asia: Military Budget Increases and their Impact', *Asian Perspective*, Vol. 33, No. 4, 2009, pp. 17-45.

which include submarines, an anti-ship ballistic missile system that is expected eventually to be capable of threatening US naval forces in the region, and aircraft carriers, analysts believe that China spends much more on the military than is made public in its defence budget. Jane's Defence Forecasts in 2012 estimated that China's defence budget would increase from \$119.80 billion to \$238.20 billion between 2011 and 2015. This would make it larger than the defence budgets of all other major Asian nations combined. This is still smaller than the estimated United States defence budget of \$525.40 billion for 2013. However, United States defence spending has been declining slightly.¹⁹⁹

China's massive defence spending together with its assertiveness and belligerence triggered some kind of an arms race in Southeast Asia, as almost all have begun to strengthen their defence networks.²⁰⁰ Vietnam has increased its defence budget by 70 per cent this year and Indonesia announced a 35 per cent increase in its defence outlay for this year. The Republic of Korea (ROK) is building a large naval base on Jeju Island whose location indicates that it will cater for security in the East China Sea rather than against North Korea.²⁰¹ This military base will be home

¹⁹⁹ Raju Gopalakrishnan, 'AIRSHOW-Fighters, radar, marine patrols top Asia's military wish-list', Reuters, February 16, 2012, available at <http://www.reuters.com/article/2012/02/16/asia-defence-idUSL4E8DF2M720120216>, retrieved on March 30, 2013.

²⁰⁰ See *SIPRI Year Book 2011*, Stockholm International Peace Research Institute, Oxford University Press, 2011, pp. 39-60; 'China Defense Budget Sparks Regional Arms Race?' *US-ASEAN Defence and Security Update*, available at <http://www.usasean.org/DefSec/march142011.htm>, accessed on November 10, 2011; 'Indonesia to increase military spending to balance China's growing military', *Aljazeera*, November 07, 2011, available at <http://www.aljazeera.com/news/asia-pacific/2011/11/201111752946225190.html>; 'China's Military budget rise alarms Tokyo', *Financial Times*, London, March 04, 2011; Michael Austin, 'Defense Boost Ends Tokyo Drift', *Wall Street Journal*, January 04, 2012, accessed on January 15, 2012.

²⁰¹ See, Rajaram Panda, 'ROK's Jeju Island, Naval Base', *IDSA Issue Brief*, Institute of Defence Studies and Analyses, September, 2011. In a commentary in *Global Times*, one Chinese professor termed South Korea's decision for a naval base at Jeju Island as turning a tourist resort into a weapon and commented, 'The base may also be used as part of the conflict between China and South Korea over Suyan Rock, a nearby submerged reef. This shows some South Koreans' thorough fear of China and that the South Korean government is risking the peace of East Asia to reach its own military objectives'. 'South Korea turns tourist resort into Weapon', *Global Times*, September 07, 2011, available at <http://english.peopledaily.com.cn/90708/7590463.html>.

to both, the U.S. and South Korean naval vessels and a sea-based ballistic missile defence system called Aegis. The planned facility would have a capacity for a total of two submarines, 20 large destroyers and up to two aircraft carriers. The US has agreed to retrofit 145 Taiwanese F-16 fighters. Similarly, Malaysia and Singapore have increased their defence purchases by a whopping 700 per cent and 140 per cent respectively.²⁰² To quote Guy Anderson chief analyst at the military intelligence group Jane Defence Industry, 'Many Asia-Pacific nations are looking to defend their interests in the face of a rising China. The likes of Thailand, Malaysia, Indonesia are vying for their regional position – they want credible defences and also to be taken seriously by China'.²⁰³ There is no doubt that the US-Australia decision to enhance their security profile by stationing 2500 Marines at Darwin is due to the same fears. The agreement with Australia amounts to the first long-term expansion of the American military's presence in the Pacific since the end of the Vietnam War. It comes despite budget cuts facing the Pentagon and an increasingly worried reaction from Chinese leaders, who have argued that the United States is seeking to encircle China militarily and economically.²⁰⁴

The Chinese Foreign Ministry dubbed the alliance as 'inappropriate and counter to the peaceful development of the region, and warned Australia cannot play China for a fool. It is impossible for China to remain detached, no matter what Australia does to undermine its security.

²⁰² See, *US-ASEAN Defence and Security Update*, March 03, 2011, available at <http://www.usasean.org/DefSec/march32011.html>.

²⁰³ 'China's Military Growth to Boost Arms Sales to Asia', *Jakarta Globe*, September 20, 2011.

²⁰⁴ 'A U.S. Marine Base for Australia Irritates China', *New York Times*, November 16, 2011, accessed on December 20, 2011. The United States has had military bases and large forces in Japan and South Korea, in the north Pacific, since the end of World War II, but its presence in Southeast Asia was greatly diminished in the early 1990s with the closing of major bases in the Philippines, at Clark Field and Subic Bay. The new arrangement with Australia will restore a substantial American footprint near the South China Sea, a major commercial route, including for American exports, President Obama, however, said the agreement reflected the U.S. 'stepping up' its commitment to the Asia-Pacific, and was not, as many analysts have said, targeting China. 'I think the notion that we fear China is mistaken,' he said. 'The notion that we're looking to exclude China is mistaken'.

If Australia uses its military bases to help the U.S. harm Chinese interests, then Australia itself will be caught in the crossfire'.²⁰⁵ The Australian decision to sell uranium to India can also be seen in the same light. Even in the case of India, Chinese assertiveness and belligerence in the border areas together with certain other actions like stapled visa and the propaganda blasts every time an Indian leader visits Arunachal Pradesh have led to the addition of two new divisions for the Indian army to be deployed along the Sino-Indian border region. The US, Japan and India are to have a trilateral security dialogue by the end of this year followed by joint Indo-Japan naval exercises in 2012. With its enhanced leverage, the US has already decided to promote the concept of a 'Trans Pacific Partnership'; a free trade pact of 12 countries that seeks to keep China out, but also to put pressure on it for 'reforming' the value of its currency, ending subsidies to state run enterprises and for protection of intellectual property rights in China. Along with Australia, Japan, Malaysia and Vietnam, Washington is backing the Trans-Pacific Partnership, possibly as an alternative to the China-led 'ASEAN plus Three' scheme for regional economic integration.

China tries to assure its neighbours of its peaceful intentions

It is not as if China did not take note of the concerns of its neighbours. In fact, China's military brass was on a campaign to reassure governments in the Asia-Pacific region that the modernisation of the People's Liberation Army posed no threat. At the Shangrila Dialogue in Singapore in June 2011 Gen. Liang Guanglie, the first Chinese defence minister to attend the annual event told representatives of regional militaries that 'China unswervingly adheres to a defense policy defensive in nature. To judge whether a country is a threat to world peace, the

²⁰⁵ 'Australia could be caught in Sino-US crossfire', *Global Times*, November 16, 2011, available at english.peopledaily.com.cn/90780/7646279.html. The commentary also warned that Australia risked harming economic ties with China, the country's largest trade partner and the biggest destination for Australia's thriving exports of minerals. Also see, Ananth Krishnan, 'US-Australia deal ruffles China', *The Hindu*, November 16, 2011.

key is not to look at how strong its economy or military is, but the policy it pursues'. A few weeks before that, Liang was in the Philippines emphasising China's peaceful intention towards its neighbours. But such public reassurances did not cut much ice, as the trust deficit was very much in evidence when shortly after Liang left Manila, the Philippines formally complained about the presence of Chinese naval vessels in the waters around the Spratlys, where the Philippines also sent military aircraft following an encounter between Chinese vessels and a Philippine ship in March. At the Shangri-La security summit, the Philippines Defence Secretary Voltaire Gazmin was quite vocal about maritime 'challenges' from other states that 'make other states like the Philippines worry and concerned'. He was not the only Southeast Asian representative to express concern. Vietnam's defence minister General Phung Quang Thanh was equally critical of Chinese patrol boats that cut the cables of a Vietnamese oil and gas surveying ship in the South China Sea on May 26.²⁰⁶

The ASEAN wants India to play a larger role in the region

The ASEAN countries want to benefit from the growing economic dynamism of their large neighbours China and India, but as their economic interdependence with these regional giants expands, they do not want to be dominated by either of the two. The core of the ASEAN's security policy in this region is to maintain its autonomy as an independent regional group, and avoid any big power from dominating the security situation there. With Beijing's growing assertiveness in their 'core interests', particularly on South China Sea, in which some of their own members have claims, the ASEAN is becoming increasingly wary of the long-term intentions of China. From its strategy of 'balance of powers', the ASEAN hopes that big powers from outside this region could play some role in the South China Sea

²⁰⁶ See, 'China's Military Tries to Reassure Wary Neighbours', Global Spin, June 06, 2011, available at <http://globalspin.blogs.time.com/2011/06/06/chinas-military-tries-to-reassure-wary-neighbors/#ixzz1jcj6D2NU>.

issue. This policy provided India with a good opportunity to take part in the security mechanism in the Asia Pacific region. It perceives India to be benign since they do not have any territorial conflicts with it, but less engaged in Asia and more focused on domestic issues and Pakistan. While desiring engagement, balance, and even commercial competition between the world's largest economies, the ASEAN wants to avoid a paradigm shift in which it finds itself at the center of a great-power confrontation. The ASEAN generally views Indian engagement as less strategically focused and more commercial in nature than China's. This is a posture the region would have been quite comfortable with had it not been concerned about China's intentions and muscle-flexing. Given heightened anxieties about China, there is interest among some ASEAN countries in promoting a more proactive Indian engagement in Southeast Asia and regional architecture. They seem to believe that including India in new strategic conceptions of Asia will enhance balance and help create a regional architecture robust enough to welcome rising super powers in a manner that preserves peace and prosperity in Asia and globally. A few specimen of Southeast Asian countries' desire to engage India are given below:

The evolving geo-strategic framework inexorably impels countries in Southeast Asia to accept China and India as major regional powers. In the first case it is a question of accommodating the inevitable. In the latter, it is a necessary consequence of the former. . . . Beijing has also shown an unequaled zest in its economic diplomacy with the Association of Southeast Asian Nations ASEAN. Delhi on the other hand has been a late bloomer. . . . ASEAN wants India's presence as much as India needs to be active in the region....ASEAN makes available a strategic framework and regulated forum with which India can bluntly interact with economic powers Japan and South Korea along with fellow regional power China. This is an opportunity in which Delhi must not be hesitant. It cannot afford to miss the boat again. - (Meidyatama Suryodiningrat, [Chief Editor] 'Is India Ready to be a part of Southeast Asia Again?', Jakarta Post, June 18, 2007.)

The peaceful rise of India will benefit the region and the world, making India's partnership indispensable for ASEAN.... Together,

ASEAN and India can jointly shape a more balanced and dynamic regional architecture. -Thailand's Foreign Minister Kasit Piromya at the ASEAN- India Dialogue III, New Delhi, March 4-5, 2011.

As India rises both in terms of political and economic clout, the overall expectation of ASEAN also rises. As the world's largest democracy, India needs to be more assertive and come out of its shell.... In 2003, India surprised ASEAN by signing the Treaty of Amity and Cooperation along with China. It was India's most significant foreign policy achievement to date. The ascension quickly increased the overall level playing field of China and India with the grouping, which eventually led them to become founding members of the East Asia Summit in 2005. Since then, apart from the free trade agreement, ASEAN-India ties have moved in a snail-paced manner. In comparison, the China-ASEAN relations have grown in leaps and bounds over the same period.... ASEAN hopes that with the support of India, increased dialogue and engagement among major powers using the ASEAN-led EAS as a fulcrum, would further promote the longevity of ASEAN's centrality.- (Kavi Chongkittavorn, 'Asean looks to India for a more meaningful relationship', *The Nation* (Bangkok), March 07, 2011.

It is important to point out that neither the ASEAN nor India has any interest in containing China, but 'are motivated instead to develop a regional framework that can accommodate and provide enough ballast to help smooth the edges of an ascendant China so that it will focus on growth while respecting the sovereignty of its neighbors and vital "public goods" such as the Sea Lanes of Communications (SLOCs)'.²⁰⁷

²⁰⁷ Ernest Z. Bower, 'Enter the Elephant: India is Part of Asia', *Southeast Asia from the corner of 18 and K*, Vol.2. February 09, 2011, available at csis.org/publication/enter-india-part-asia, retrieved on December 20, 2011.

V **INDIA, UNITED STATES AND THE ASEAN: CONSONANCE AND DISSONANCE**

The United States has shared interest with the ASEAN in promoting balance, peace, and prosperity in Asia, and considers the ASEAN-India relations a 'linchpin' in its rebalancing toward Asia. Secretary Clinton has called India's Look East policy 'essential for the integration of the Asia-Pacific region' and expressed faith that Indian leadership, democratic values, and economic prosperity will produce positive spill over effects that extend into Southeast Asia. To that end, the United States has become more proactive and serious about regional architecture, deepening ties with allies, expanding new strategic partnerships and seeing India more engaged. Encouraging India to focus on Asia has now become a shared interest of the United States, the ASEAN, and other Asian powers. In addition, U.S. officials have repeatedly encouraged New Delhi in recent years 'not just to look East, but to engage East and act East' amid the uncertainty surrounding China's rise. Southeast Asia has also figured prominently in discussions between the United States and India in the annual regional dialogue on the Asia Pacific set up in 2008. In the fifth dialogue held in April 2012, the U.S. assistant secretary of state for Asia and the Pacific Kurt Campbell and Ministry of External Affairs joint secretary Gautam Bambawale had detailed discussions on the South China Sea, Myanmar, and ASEAN-led institutions like the ASEAN Regional Forum and the East Asia Summit. The United States and India intend to deepen cooperation in the Asia Pacific region, including in multilateral forums such as the ASEAN Regional Forum (ARF), East Asia Summit (EAS), and the ASEAN Defence Ministers' Meeting Plus (ADMM+). They also reaffirmed their support for a balanced and inclusive regional architecture while pursuing the trilateral dialogue between Japan, India, and the United States, which they view as a valuable forum to discuss

issues of mutual interest. From managing counter-piracy and natural disasters to fostering trade and commerce, the strategic congruity enjoyed by the United States and India in the Asia Pacific is expected to contribute to peace and stability of the region. India clearly understands the benefits of deeper engagement in Asia through its Look East policy. Though India wants to engage the Asia-Pacific region and does share some interests with the United States and the ASEAN countries—such as preserving freedom of navigation in the South China Sea, constructing a norms-based framework of regional cooperation in Asia, and ensuring a more connected and capable ASEAN, yet its history of nonalignment and its growing economic dependence on China means it is wary of being dragged into any sort of Sino-American rivalry. Events such as the sudden announcement in May 2012 of its withdrawal from joint oil exploration with Vietnam in the South China Sea, after previously boldly asserting its legal claims there, showed India's caution in taking a role as a major balancing power in the Asia Pacific. New Delhi, however, resumed its operation in Vietnam after weighing the pros and cons of the move and being convinced that it will receive support from the region.

The ASEAN countries want to benefit from the growing economic dynamism of their large neighbours China and India, but as their economic interdependence with these regional giants expands, they do not want to be dominated by either of the two. The core of ASEAN's security policy in this region is to maintain its autonomy as an independent regional group, and avoid any big power from dominating the security situation there. With Beijing's growing assertiveness in their 'core interests', particularly in the South China Sea, in which some of their own members have claims, the ASEAN is becoming increasingly wary of the long-term intentions of China. From its strategy of 'balance of powers', the ASEAN hopes that big powers from outside this region could play some (be more specific) role on the South China Sea issue. This policy has provided India with a good opportunity to take part in the security mechanism in Asia Pacific region. It perceives India to be benign since they do not have any territorial conflicts with it, but less engaged in Asia and more focused on domestic issues and Pakistan. While desiring engagement, balance, and even commercial competition between the world's largest economies, ASEAN wants to avoid a paradigm shift in which it finds itself at the centre of great-power

confrontation.²⁰⁸ However, ASEAN generally views Indian engagement as less strategically focused and more commercial in nature than China's. This is a posture the region would have been quite comfortable with had it not been concerned about China's intentions and muscle-flexing since 2010.

Even smaller countries of Southeast Asia, which have traditionally welcomed a US security blanket, and which have territorial disputes with China, do not ignore Beijing when they talk to Washington. China has already become their largest trading partner, replacing the US; it could eventually overtake the US as the leading naval power in the region. The US has about 100 major warships in the region; that number will not climb beyond 110 even after the 're-balancing' that is proposed. China, meanwhile, is expected to go from 86 major warships in 2009 to 106 by 2020, and these will be operating from nearer their bases. One ship can, of course, be very different from another in capability, but no Asian country is going to be immune to the fact of growing Chinese naval power at a time when the US defence budget is shrinking. Indeed, some East Asian countries think the US is making too much of its 're-balancing'. No East Asian country will relish being asked to choose between Beijing and Washington, even though it may be wary of China's growing power.

There is another reason why neither India nor the ASEAN want to join the US bandwagon whole heartedly. The US remains the leading global power but its economy is in trouble and its military is overstretched. Other powers have risen to contest the domination of the West, economically to begin with and now even militarily. China's new profile represents this development most openly. India's own international profile has changed with economic growth, market size, entrepreneurial talent, advances in the knowledge economy, human

²⁰⁸ Ernest Z. Bower, 'Enter the Elephant: India is Part of Asia', *Southeast Asia from the corner of 18 and K*, Vol.2. February 09, 2011, available at csis.org/publication/enter-india-part-asia.

resources, its role in addressing global challenges of climate change, energy and food security, financial stability, international trade negotiations etc, and is now considered an important pillar of the global system. More importantly, the economies of most regional countries are so closely tied to China that no one would dare to risk Beijing's wrath by taking sides in a big power conflict, even if only by providing access and services to the US navy. Even Vietnam, which is keen to show its growing warm relations with the US, chooses to keep the China door open. To reassure China that it is not veering towards the Americans, Hanoi strenuously insists that its defence cooperation is in the civilian and humanitarian domain. Even though Cam Ranh Bay is known as a massive former American air-naval base, Vietnam points out that only non-combatant US navy vessels are allowed to call at the civilian side of the port for servicing. The history of Vietnam in the past, however, points out that it could also change as they did earlier. After long insisting on protecting its sovereignty Hanoi did allow Soviet aircraft and ships to base in Cam Ranh Bay after the Chinese invasion of 1979. Vietnam could similarly change its policy towards the US navy in the event of open hostilities with China.

India as the Lynchpin in US's Asia Pivot

It is in this context of the changing priorities of the United States foreign policy in Asia that the tour in 2012 of its defence secretary to Singapore, Vietnam and India gains salience. Panetta described enhanced defence cooperation with India as 'a linchpin' of the new strategy, and offered much closer defence cooperation (as in joint development of weapons, which India already does with Russia and Israel), an American embrace that went beyond all previous offers, and tied in with the 're-balancing' of US forces in Asia, putting 60 per cent of US naval assets in the Asia-Pacific region (as against 50 per cent now). According to some observers, the US now sees India as having the potential to become its most important partner in a developing Asian security scenario that looks increasingly like a China containment policy.²⁰⁹ To

²⁰⁹ Quoted in an editorial 'An American Embrace: Panetta's Overtures Welcome, but not at China's Expense', *Business Standard*, June 11, 2012.

quote Nayan Chanda, the renowned Indian journalist and now the Director of Yale Center for Globalization, 'Panetta's maiden visit to India to promote New Delhi as playing "a decisive role in shaping the security and prosperity of the 21st century" too has an unmistakable subtext of countering China'.²¹⁰ The new strategy aims to restore a U.S. military presence across the Asia-Pacific region, but not by building permanent bases or deploying large forces. Instead, Panetta emphasised, the United States seeks to build up the militaries of friendly governments with arms sales and joint training with U.S. forces deployed on short rotations. The message was meant to reassure Indian officials, who are eager to modernise their armed forces but not to appear too cosy with Washington. 'Our vision is a peaceful Indian Ocean region supported by growing Indian capabilities', Panetta said in a speech at the Institute for Defence Studies and Analyses. 'America will do its part . . . but the fundamental challenge is to develop India's capabilities so it can respond to challenges'.²¹¹

While the U.S. officials have said publicly that the new strategy is not aimed at confronting China, Panetta's trip took him to India and Vietnam, two of China's historic rivals. Both nations have border and territorial disputes with Beijing and concerns about its expanding military might. Senior officials travelling with Panetta tried to explain their calling India as the 'lynchpin' by suggesting that they hoped India to take a greater role in training the Afghan army and police forces as the U.S. and its allies withdraw combat troops from Afghanistan over the next two and a half years. While India brings a small number of Afghan officers to its military academies for instruction, it has refrained from sending Indian troops to Afghanistan, even as trainers. Panetta tried best to convince Asia that the so-called US 'pivot to Asia' is not an empty promise, as his announcement at the annual Shangri-La Dialogue,

²¹⁰ Nayan Chanda, 'US Pivot towards Asia not Tenable', *Times of India*, June 09, 2012.

²¹¹ Quoted in 'India not Sold on Closer Military Ties with US', *Los Angeles Times*, June 06, 2012, accessed on June 15, 2012.

defence ministers' meeting in Singapore, of the planned boost to US naval presence in Asia to 60 per cent, including six carriers, of the entire fleet by 2020, testified. He offered the usual assurances that the increase had nothing to do with China, but the Chinese were not convinced. Beijing kept its senior military officers away from the meeting and dismissed the claim that China was not the target of America's military expansion. The third India-US strategic dialogue took place in Washington DC within a few days of Panetta's visit to India and generated a multi-dimensional array of bilateral cooperation agreements, favourable atmospherics and genuine mutual understanding. On the eve of the talks, the US exempted India from the unilateral sanctions against Iran, thus removing a major irritant between the two countries. New Delhi, for its part, reciprocated by addressing Washington's concern that American companies are being left out of the expanding civilian nuclear energy market in India, by facilitating formal negotiations between the NPCIL and Westinghouse on building a nuclear power station in Gujarat. The two sides also explored prospects for reducing trade barriers and strengthening cooperation on counter-terrorism, intelligence-sharing, non-proliferation, science and technology, agriculture and education, among others. Despite having serious concerns about China's hegemonic ambitions and actions in Asia, India is not willing to gang against China by allying with the US. India and the United States, undoubtedly share some strategic goals but not all, and sometimes are at variance with each other's owing to different geographies. India, however, shares the US concerns about China's neo-colonial stance to deny access to sea lanes in the South China Sea. The strategic relationship between India and the United States can mature only with mutual understanding, shared interest and respect for each other's concerns.

US Defense Secretary Leon Panetta's visit to India during June 5-6, 2012 and the third round of the India-US Strategic dialogue at Washington on June 13 had received much commentary on the direction of India-US relations reflecting the preferences of the Indian strategic thinkers. These could be divided into three different categories. Those strongly supportive of close India-US ties not only see in these two exchanges the re-assertion of the will of both governments to deepen their strategic partnership and to remove the growing impression that the relationship is adrift, but also feel that there is a need to have even

more engagements with the United States to convey a message to China, the perceived principal threat to India's security and territorial integrity, that it cannot afford to be 'roughshod' in its relations with India. This kind of thinking was reflected in a commentary by a former senior naval admiral, Premvir Das, who suggested, 'India does not really mind a uni-polar world in which the US is the principal actor but, in Asia, it definitely needs to be a player. Yet, to get there, it needs a helping hand and the country best placed to provide it, in every way, military, political and economic, is the US. China may be our largest trading partner but the quality of that trade bears no comparison with what we have with countries of the western hemisphere. In military technology, China lags way behind the US; politically, America is far ahead in its ability to influence the conduct of others, which is what power is all about. This scenario is unlikely to change in the foreseeable future. Our strategy should be to see how we can exploit this environment to our advantage without compromising on our goal of becoming one of the major powers in Asia as also one capable of playing a legitimate role in global affairs.'²¹²

Strategic thinkers who belong to the second category are those who are extremely suspicious of US intentions and policies in South and Southeast Asia, for ideological or other reasons, and are opposed to US efforts to enlist India as a partner in furthering its new Asia-Pacific strategy aimed at countering a potential threat from China.²¹³ Their feeling is that, in response to US overtures, India has shown unwillingness to become a pawn in America's anti-China strategy and has indicated it will preserve its strategic autonomy, as evident from the response of senior Indian officials, including the Defence Minister A.K. Antony,

²¹² Premvir Das, 'US-India Defence Links: the Next Level', *Business Standard*, June 17, 2012.

²¹³ For a specimen of such thinking, see, M.K. Bhadrakumar, 'Panetta's Visit works to India's Advantage', *Russia and India Report*, June 07, 2012, available at http://indrus.in/articles/2012/06/07/panettas_visit_works_to_indias_advantage_15929.html; Vijay Prashad, 'India: the US doormat into Asia', *Asia Times Online*, June 19, 2012, retrieved on June 20, 2012.

who made it clear in two days of talks that India would continue to set its own course on U.S. national security priorities, including isolating Iran and building up Afghanistan's military forces, sometimes in tandem with Washington and sometimes not. Panetta urged India to build a closer military relationship with the United States, but Indian leaders appeared more interested in buying U.S. weapons than in aligning strategically with Washington. Antony indirectly conveyed to Panetta that the US needed to recalibrate or rethink the policy. He emphasised there was a 'need to strengthen the multilateral security architecture' in the Asia Pacific and that it must 'move at a pace comfortable to all countries concerned'.²¹⁴ He, however, did say India fully supported 'unhindered freedom of navigation in international waters for all', given its own bitter experience of being heckled by China in the contentious South China Sea. However, in another indication of India not being supportive of the US actively jumping into the fray in the South China Sea where China is jostling with the Philippines, Taiwan, Vietnam, Malaysia and Brunei on territorial claims, Antony said it was 'desirable' that the 'parties concerned themselves should settle contentious matters in accordance with international laws'.²¹⁵ India faces a choice, be a cog in the wheel of the US' Asia-Pacific strategy or be a wheel by itself with dynamics of its own. The choice is going to be rather easy for the Indian policymakers to make. The American offer can work to India's advantage in many respects – military modernisation, liberalisation of the regime for transfer of military technology to India, the possibilities of advanced form of defence cooperation in terms of joint design and co-production of weapons, and finally of the intensification of military exercises with the US.²¹⁶

²¹⁴ *Times of India*, June 06, 2012, retrieved on June 20, 2012.

²¹⁵ *Ibid.*

²¹⁶ Ironically, the doubts about the effectiveness of the US military presence in the region could work to America's advantage, as countries all the way from Japan to India take greater responsibility for their own security. Across the region, countries are busy rearming and bolstering defence spending, all of them responding to growing Chinese military capability and pressure. The end result could be a more effective containment of China's territorial expansionism than anything that the US could hope to do on its own. *Business Standard* June 12, 2012.

Then there is the third category, those who favour improved ties with the US, but who are also cautious against 'taking the US rhetoric about India- overblown at times- at its face value'.²¹⁷ They believe that Panetta's visit and the strategic dialogue are part of a desirable process of drawing the two countries closer through engagement in diverse domains. India, in their view, is right to want to preserve its strategic autonomy as much as possible, but it should leverage a stronger India-US entente working to its geopolitical advantage. According to this group of thinkers, it is necessary to take a balanced, pragmatic view of India's relationship with the US, neither be burdened too much by past distrust nor feel unduly reassured that it can now be fully trusted in the future. All countries act primarily in their own interest, and the United States and India are no different. There are good reasons to welcome the US initiatives, but also to throw cold water on excessive expectations. First, no Asian country (India included) will want to get into a US embrace that risks annoying China. India's primary dispute with China is with regard to the land border. While Washington can sell India its weapons (light howitzers and heavy transport aircraft are already on order) and in general help to bolster its defence capabilities, it can do little if fighting erupts in Ladakh or Arunachal Pradesh; India will be on its own, and will, therefore, consider it important to avoid risking conflict by continuing to project a policy of strategic autonomy. Cooperate with the US by all means and in every way possible, but not at the expense of the relationship with China. Kanwal Sibal, a former foreign secretary and a strategic analyst, puts it succinctly, 'We should, of course, continue our engagement with China bilaterally and in regional and international forums. Our relationship with the US and China are not exclusive. We should, however, not forget that our real adversary is China not the US. China claims our territory, the US our partnership. We can tactically send reassuring signals to China, even as we become "enlightened" partners with the US, but we need not equate our relations with the US with those with China to preserve our strategic autonomy'.²¹⁸

²¹⁷ Kanwal Sibal, 'Ties with China, US not Exclusive', *Mail Today*, June 26, 2012, accessed on June 30, 2012.

²¹⁸ Ibid.

With the Asia-Pacific region emerging as the theatre of escalating the US-China rivalry, India at the Shanghai Cooperation Organization (SCO) meeting in the same week of Panetta's visit to India found itself in a rare and enviable situation, of being a swing state, wooed by the competing giants. The Chinese vice premier Li Keqiang told foreign minister S.M. Krishna that Sino-Indian ties would be the most important bilateral relationship in the 21st Century.²¹⁹ Li's remark to Krishna, on the sidelines of the SCO summit in Beijing, was significant not just because he took over as China's premier from Wen Jiabao after the transition process, but also since it virtually echoed US President Barack Obama's statement earlier to Indian Parliament terming the ties between the two democracies as the 'defining partnership of [the] 21st century'. China, which after the over 5,000-km Agni-V missile's test had nothing but disdain at India for harbouring super-power ambitions, switched to a conciliatory tone and suddenly, became respectful of New Delhi's strategic autonomy. The tactic found expression in the *People's Daily* which gushingly proclaimed that India with an independent foreign policy could not be manipulated, even as it slammed the new US strategy. New Delhi also received a tantalizing overture from China.²²⁰ According to the Indian briefings, the Chinese vice-premier Le Keqiang pledged to the visiting Indian external affairs minister S. M. Krishna in Beijing to 'work together with India to maintain strategic communication, improve political mutual trust, and appropriately address disputes and safeguard the peace and tranquillity in border areas to advance the bilateral relationship to a new phase'.²²¹ The two sides also explored prospects for reducing trade barriers and

²¹⁹ *The Times of India*, June 08, 2012, accessed on June 20, 2012. On an excellent analysis on India's enviable position as a swing state, see, Sandy Gordon, 'India: which way will the 'swing state' swing?' *East Asia Forum* June 24, 2012, Also available at <http://www.eastasiaforum.org/2012/06/24/india-which-way-will-the-swing-state-swing/>

²²⁰ Quoted in *Ibid*, June 7, 2012

²²¹ 'Chinese vice premier meets India's foreign minister, pledging closer cooperation', *English Xinhua News*, June 06, 2012, available at http://news.xinhuanet.com/english/china/2012-06/06/c_123245721.htm, retrieved on November 20, 2012.

strengthening cooperation on counter-terrorism, intelligence-sharing, non-proliferation, science and technology, agriculture and education, among others. Krishna on his part made a strong pitch for India's full membership in the resource-rich SCO in return. He also took advantage of the situation and reciprocated China's gestures by pointing out the importance of SCO as a regional platform for addressing regional issues, and in the process asserting India's own strategic autonomy. Addressing the SCO summit meeting on June 7, 2012 Krishna said, 'The most important security challenge we face today relates to Afghanistan, which lies in the heart of Asia and is a bridge, connecting not just central and South Asia but also Eurasia and the Middle East. The SCO provides a promising alternative regional platform to discuss the rapidly changing Afghan situation'.²²² Demonstrating intelligent diplomacy, India is trying to strategically place itself between the regional competition of the United States and China, rather than overtly aligning with either side. India has to find the middle ground between its prosperous relationship with the United States and the growing threat of China's regional power.

The ASEAN Defence Ministers Meeting +8

India's engagement with the ASEAN, meanwhile, has further deepened following the successful conclusion of the first ASEAN +8 Defence Ministers' Meeting (ADMM) in Hanoi that India also attended. Defence ministers from 18 countries agreed to focus their attention to less controversial non-traditional security issues like counter terrorism, maritime security, Humanitarian Assistance and Natural Disaster, Trans-national crimes and securing of SLOCs as a joint effort to address these threats effectively. India is quite adept and comfortable with such undertakings as its Navy demonstrated in 2004 after the Tsunami disaster when it took active part in rescue and rehabilitation. To this effect directly after the ADMM meeting it was proclaimed that China and Vietnam were ready to share a joint working group to strengthen regional capacity to tackle non-traditional threats focusing on

²²² Ibid.

humanitarian assistance and joint relief. This could be taken a notch further by doing joint patrolling of the SLOCs, sharing of intelligence for countering terrorism, trans-national crimes and training for humanitarian assistance. Therefore, ADMM plus Eight is a step in the right direction and can emerge as an important framework on security given the salience of the issues in the region.

With the changed strategic environment in Asia-Pacific region, particularly since 2010, as we have noted above, India is not only stepping up its involvement in multilateral efforts, but also in bilateral strategic cooperation with countries around China. India's engagement with the ASEAN, meanwhile, has further deepened following the successful conclusion of the first ASEAN +8 Defence Ministers' Meeting in Hanoi that India also attended. It had already engaged in China's neighbourhood at the highest level when Prime Minister Dr Manmohan Singh went on his three-nation Asian tour in October 2010. The trip took him to Japan and Malaysia, for bilateral visits, and Vietnam for the India-ASEAN summit. The India-Japan ties were already on a high, and were bolstered further during Dr Singh's visit to Tokyo when the number two and number three economies in Asia signed a civilian nuclear energy cooperation agreement. Through multidimensional cooperation, India was effectively reinforcing the concept of Japanese centrality in Asian affairs, something that had been waning in recent years. A growing convergence of shared strategic interests made them sign a Joint Declaration on Security Cooperation in 2008. During Dr Singh's visit, India and Japan also announced the firming up of the Comprehensive Economic Cooperation Agreement (CECA), which will open trade between the two countries and slash taxes up to 94 per cent over the next decade. The two sides also decided to establish a ministerial level economic dialogue between India and Japan to give strategic and long-term policy orientation to their bilateral engagement. During this visit, India also reached out to Vietnam, as shortly after the summit meeting in Hanoi, the Indian Defence Minister A.K. Antony announced that India and Vietnam had decided to intensify defence cooperation covering all three services. Antony went on record as saying that India will beef up Vietnam's defence forces' capabilities and that it would be focusing on cooperation with the Vietnamese Navy, including increasing port calls to Vietnam. The Indian Navy has also offered to help develop maintenance and repair platforms in Vietnamese ports.

Chinese Response to India-Japan Cooperation

Just as in 2008 when China was deeply suspicious of the perceived anti-China direction of the developing India-Japan security relations²²³, Dr Manmohan Singh's 2010 Japan visit also evoked a huge bluster from the Chinese officially-controlled media. Ahead of the meeting between Prime Minister Dr Manmohan Singh and his Chinese counterpart Wen Jiabao in Hanoi, state-run *People's Daily* made a scathing attack on India for 'encircling China through its Look East Policy and exploiting the Beijing-Tokyo rift'. The commentary warned that India's 'Look East policy' should not mean a policy to 'encircle China' and India should 'listen' to Beijing's 'expression' before joining any anti-China alliance with Japan. 'Singh's visit to Japan, Malaysia and Vietnam has been a media hype at home, being even described as a missionary trip to seek new strategic allies to deal with China', it said. There was an element of sarcasm in the commentary when it said, 'The savvy Indian leadership will never rashly board the ship of Japan without giving a glance at China's expression. After all, it is not Japan, but China that acts as India's largest trade partner with the overall volume in 2010 to exceed US\$ 60 billion'. This was followed by a warning that 'Although its (India's) hawks are so intoxicated at the idea that India finally regains the momentum to counteract China's rising regional clout, with the "Look East Policy" as its guiding principle, encouraged by its leaders' sound relationship with ASEAN nations, and by taking advantage of the face-off between China and Japan, India still cannot relax its spasm of worries about China, nor can it brush aside the fear that China might nip its ambitions in the bud'. As for the reason that brought India and Japan closer to each other, the editorial said, 'As for Japan, whose relations with China have frosted over amid the diplomatic detente over the East China Sea, India, with a large consumer base, exudes a magnetic appeal to the presently sluggish economic power. . . On top of that, India is viewed by Japan as an ideal partner to establish the strategic cooperation in security, based on the assumption that both

²²³ 'Japan and India forge military alliance to attack China from both front and rear', *China Radio International, World News* (Chinese), October 30, 2008.

of them are being threatened by China's military assertiveness in East China Sea as well as in the India Ocean. On this basis, Japan and India have both placed high expectations upon each other in combining strengths to counterbalance China'. The editorial ended with a sarcastic note, 'History is a great teacher. India's "Look East policy" was born out of failure—— the failure of India's Cold War strategy of "playing both ends against the middle", today, India is harping on the same string, but should wisely skip the out-of-tune piece. No matter what a strong temptation, it is at the idea of benefiting, from China and Japan playing off each other or killing the rival by another's hand'.²²⁴

Improved ties between Tokyo and New Delhi are reflected in the United States-Japan- India trilateral dialogue in October 2011, the India-Japan Global Partnership Summit in September, the implementation of the India-Japan Comprehensive Economic Partnership Agreement (CEPA) in August and the Malabar 2011 naval exercises between Japan, India and the US in April. The India-Japan CEPA in February 2011 deepened interdependence between both economies by facilitating trade in goods and services and cross-border movement of skilled service sector professionals and investments. Japan is currently India's sixth-largest source of foreign investment, which includes such high-profile projects as the Delhi-Mumbai industrial corridor. Given the shared interest in securing sea-lines of communication to protect their economic dependence on sea-borne trade, the maritime cooperation between

²²⁴ Li Hongmei, 'India's Look East policy means look to encircle China', *People's Daily online*, October 27, 2010, retrieved on September 28, 2011. One year before this critical comment on India's Look East Policy and its close proximity to Japan, an editorial in the same paper, while admitting that the two countries were developing closer strategic cooperation, expressed cynicism over the expected India-Japan nuclear cooperation. 'Although India and Japan have started negotiations on nuclear energy cooperation, the Japanese government seems unwilling to change its attitude. India-Japan nuclear energy cooperation will mainly include the exports of Japan's nuclear power generation technology and equipment to India, but Japan has insisted that India can neither use the technologies and equipment for military purposes nor transfer them to a third county. This is also the key principles in U.S.-India nuclear energy cooperation'. See, 'Nuclear issues unresolved in India-Japan partnership', *Ibid*, October 28, 2010, available at <http://english.peopledaily.com.cn/90001/90780/91343/7180419.html>, retrieved on October 29, 2011.

India and Japan has emerged as the primary sphere in the area of security. India and Japan have already agreed during the December 2011 visit of Japanese Prime Minister Yoshihiko Noda, to start holding joint naval exercises from that year, a sign of their wish 'to graduate from emphasizing shared values to seeking to jointly protect shared interests'.²²⁵ Japan and India now have a series of annual minister-to-minister dialogues, a strategic dialogue between their foreign ministers; a defence dialogue between their defence ministers; a policy dialogue between India's commerce and industry minister and Japan's minister of economy, trade and industry; and separate ministerial-level energy and economic dialogues. The Japanese media this time too continued with the refrain that Japan, India and some of China's other neighbours were part of a United States-led effort to contain China's rise. The Foreign Ministry, however said it 'welcomed' mutual visits between India and Japan and wanted to 'actively develop' relations with both countries. Just as Mr. Noda concluded a visit to Beijing and travelled to New Delhi, the *People's Daily* and *China Daily*, a military newspaper, carried articles discussing his India visit. 'Boosting ties with India is part of Japan's strategy of strengthening alliances with Asia-Pacific nations with an eye on China', the *China Daily* reported on December 28, 2011. 'The India-Japan summit is a continuance of Japan's "Arc of Freedom and Prosperity" strategy, which has been widely interpreted as an effort to contain China', it quoted Lu Yaodong, director of the department of Japanese diplomacy at the Chinese Academy of Social Sciences, as saying. 'Japan and India have comprehensively boosted regional cooperation in recent years, not only in security but also in economic ties (sic) ... And the cooperation has been moving from bilateral to multilateral, trying to include the United States, Australia and India in its Arc of Freedom and Prosperity'. The Communist Party-run *People's Daily*, in an article on December 28, 2011 said the U.S. was '[working] to shore up its ties with old Asian allies, like Japan and South Korea, as well as new giants like India'.²²⁶ Lin Zhiyuan, a scholar

²²⁵ Brahma Chellaney, 'Build Japan India naval Ties', *Japan Times*, December 28, 2011.

²²⁶ Quoted in Ananth Krishnan, 'Chinese media see "containment strategy"', *The Hindu*, December 28, 2011.

at the Academy of Military Sciences, was also quoted by a military website during the period as saying that the U.S. was 'intensifying "security rebalancing" efforts on China' and 'instigating its allies to pay, contribute and appear to restrain China'.²²⁷ The US, he said, had 'strengthened penetration in China's surrounding regions through humanitarian aids, military exchanges and arms sales'. Asked if these views reflected that of the Chinese government, the Foreign Ministry spokesperson Hong Lei stressed that China had good ties with both Japan and India, and was ready to work with both countries to improve relations.

Shinzo Abe's election as prime minister for the second time in December 2012, promises improved bilateral relationship between India and Japan. Abe considered India a valuable partner when in 2006 he described Indo-Japanese relations as the 'most important bilateral relationship in the world' and maintained ties with India's elite while in the opposition. In an article for *Project Syndicate*, prior to the December 2012 election victory, Abe identified India as a 'resident power in East Asia' whom Japan should give 'greater emphasis'.²²⁸ There is likelihood of more naval cooperation between India and Japan, on both sides of the Straits of Malacca, continuing the tradition of combined naval exercises. Trade and investment will continue to grow, spurred by a 2011 free trade agreement, especially important now that Japan's trade relationship with China is under pressure.

India-Vietnam Oil Exploration and China's Response

China's perception of India's Look East Policy appeared to be negative and hostile as New Delhi asserted its rights in the international waters of the South China Sea and deepened its engagement with Hanoi. The Indian External Affairs Minister was in Vietnam a few weeks before the visit of the Vietnamese president, Mr. Truong Tan Sang in October

²²⁷ Ibid.

²²⁸ Shinzo Abe, *Asia's Democratic Security Diamond*, *Project Syndicate*, available at <http://www.project-syndicate.org/commentary/a-strategic-alliance-for-japan-and-india-by-shinzo-abe>, retrieved on March 20, 2013.

2011, when India snubbed China and made it clear that the ONGC Videsh Ltd (OVL) will continue to pursue oil and natural gas exploration in two Vietnamese blocks in the South China Sea.²²⁹ Asking countries 'outside the region' to stay away from the South China Sea, China had issued a demarche to India underlining that Beijing's permission should be sought for exploration in Blocks 127 and 128 and that without it, the OVL's activities would be considered illegal. The starting-block of the co-operation was the signing of a Production Sharing Contract (PSC) between the Hydrocarbon India Ltd, renamed later as ONGC Videsh Limited, and PetroVietnam on May 19, 1988, under which the Indian company was allowed to explore for gas in Block 06.1 that contributes about 50 per cent of the gas requirement of Vietnam. Subsequently, in June 2006, PetroVietnam awarded two more blocks for exploration to the Indian company. These blocks called blocks 127 and 128 in the PhuKanh basin in Vietnam were awarded to the OVL after a regular bidding process. The agreement was nothing new but a continuation of the old one and, the OVL had been involved in oil and gas exploration in Vietnam. Even though Indo-Vietnamese co-operation in the field of oil and gas is now 23 years old, China did not formally raise any objection to any of the agreements or projects till 2010. In 2010 China began insisting on the South China Sea also as its core interest in addition to Taiwan and Tibet, which brooked no compromise. From the beginning of 2011, sections of the Chinese

²²⁹ On October 12, 2011, while the President of Vietnam was on a visit to India, the ONGC Videsh Limited (OVL) and the Vietnam Oil and Gas Group PetroVietnam (PV) signed an agreement at New Delhi to promote long-term cooperation in the field of oil and gas, a cooperation that had been in force since 1988. In the first block 06.1 awarded in May 1988, the OVL had a 45 per cent stake, BP had a 35 per cent stake and the PV a 20 per cent stake. Even though the project has been working successfully, BP decided last year to disinvest its holdings reportedly due to poor security conditions and talks were on for the OVL and the PV to buy it. In the remaining two blocks awarded to the OVL in 2006, the OVL has a 100 per cent stake. In Block 127 no oil or gas has been found and there were reports that the OVL was planning to disinvest it to the PV. Exploration work is still going on in Block 128 without any discovery of oil or gas so far. In the meanwhile, there have been reports that Essar, another Indian company, was also planning to enter the field of oil and gas exploration in co-operation with the PV.

media and think-tank scholars also began a campaign to oppose the Vietnamese action in awarding these three blocks to the Indian company for exploration on the ground that these blocks belonged to China. Vietnam, meanwhile, had invoked the 1982 United Nations Convention on the Law of the Sea to claim its sovereign rights over the two blocks being explored. India decided to go by Vietnam's claims and ignore China's objections. As Vietnam's President Sang said in Hanoi a few days before he came to India, '.....all cooperation projects between Vietnam and other partners, including ONGC, in the field of oil and gas are located on the continental shelf within the exclusive economic zone and under the sovereign rights and jurisdiction of Vietnam, entirely in conformity with international laws, especially the 1982 UN Convention on the Law of the Sea'. Already, in July, an Indian naval ship off Vietnam ignored a radio warning, apparently from the Chinese navy, that it was entering Chinese waters.

The official Chinese reaction to the Indian decision was an assertion that China had undisputable sovereignty over the South China Sea and its islands and that Beijing remained opposed to any country involving itself in oil and gas exploration there. Incensed by the obduracy of India and Vietnam, the party-owned *Global Times* and the *China Energy News*, came out with stinging remarks against the project. In an editorial published on October 14, 2011, the *Global Times* called India's dealings with Vietnam a 'serious political provocation' that would 'push China to the limit'.²³⁰ The editorial is all the more scathing in its attack that the agreement between India and Vietnam was signed just a day after Vietnam, during a visit to Beijing by the head of its communist party, Nguyen Phu Trong, had agreed with China on 'ground rules' for solving maritime squabbles. Beijing is afraid that, for one, India's involvement complicates its efforts to have its way in the tangled territorial disputes in the South China Sea. For another, India and Vietnam are seeking closer relations as part of an American-led strategy to contain China. China's fear arose from the fact that while Mr Trong was in China,

²³⁰ *Global Times*, October 14, 2011 and September 18, 2011.

Vietnam's president, Truong Tan Sang, was in India, to pursue the two countries' 'strategic partnership'. Vietnam still lays claims to the Paracel islands in the South China Sea, from which China evicted it in 1974, as well as the much-contested Spratlys to the south, where over 70 Vietnamese sailors died in clashes with China in 1988. Vietnam obviously welcomes India's support, just as it was inspired by America's declaration at the Hanoi summit directed at China's perceived assertiveness of a 'national interest' in freedom of navigation in the South China Sea.

Chinese official media went on to argue that 'China should try every means possible to stop this cooperation from happening'. Expressing its concern over the involvement of extra-regional powers in the South China Sea, the paper claimed, 'China and relevant countries should digest the conflicts within the South China Sea, but when other countries step in, China should oppose them with all involved having to share the blame and resulting losses'. The editorial further said, 'Both countries clearly know what this means for China. China may consider taking actions to show its stance and prevent more reckless attempts in confronting China in the area. By inking pacts with Vietnam, India probably has deeper considerations in its regional strategy than simply getting barrels of oil and gas. India is willing to fish in the troubled waters of the South China Sea so as to accumulate bargaining chips on other issues with China. There is strong political motivation behind the exploration projects. China's vocal objections may not be heeded. China must take practical and firm actions to make these projects fall through. China should denounce this agreement as illegal. Once India and Vietnam initiate their exploration, China can send non-military forces to disturb their work, and cause dispute or friction to halt the two countries' exploration. In other words, China should let them know that economic profits via such cooperation can hardly match the risk'. In a front-page commentary published on October 16, the *China Energy News* said, 'India is playing with fire by agreeing to explore for oil with Vietnam in the disputed South China Sea. India's energy strategy is slipping into an extremely dangerous whirlpool. On the question of cooperation with Vietnam, the bottom line for Indian companies is that they must not enter into the disputed waters of the South China Sea. Challenging the core interests of a large, rising country for unknown oil at the bottom of the sea will not only lead to a crushing defeat for the Indian oil company, but will most likely seriously harm India's whole energy

security and interrupt its economic development. Indian oil company policy makers should consider the interests of their own country, and turn around at the soonest opportunity and leave the South China Sea'.²³¹ A subsequent article from the state-run press agency *Xinhua* accused the Indians of aggressive moves, while noting that efforts by Vietnam to draw in India, and the Philippines to draw in Japan, would have little impact since all of these states together 'can hardly match China in the regional strength and influence, let alone counterbalance and contain China as they expected'.²³² China was not only critical of India's exploration of oil in the blocks offered by the Vietnamese but its China National Offshore Oil Corporation (CNOOC) simultaneously called for bids from foreign companies offering exploration of oil in nine blocks in the South China Sea, including the block 128. Whether under Beijing's pressure or in its caution of avoiding getting embroiled in a conflict with China over an issue on which it may not gain much, India suddenly declared in May 2012 that the OVL had decided to return block 128 to Vietnam as exploration there was not commercially viable. Hanoi, however, believed that India's decision to withdraw from oil exploration was influenced by Chinese pressure and, therefore, to attract India back into the deal, offered the OVL even better terms and a longer period to prove commercial viability. Vietnam also made it very clear that it valued India's presence in the South China Sea for regional strategic balance. India is again back with the contract for hydrocarbon exploration in block 128. Even while China has raised objections to these explorations on the ground that the areas fall within

²³¹ Quoted in R Deepak, 'Should India get Embroiled in the South China Sea', Chennai Centre for China Studies, C3S Paper No: 1014, August 09, 2012, available at <http://www.c3sindia.org/eastasia/3005>, retrieved on March 20, 2013. Also see, Harsh V. Pant, 'Understanding India's Interest in the South China Sea: Getting into the Seaweeds', Center for Strategic and International Studies, December 18, 2012, available at <http://csis.org/publication/understanding-indias-interest-south-china-sea-getting-seaweeds>, retrieved on March 20, 2013.

²³² Li Hongmei, 'Bundling Strategy' over South China Sea will be disillusioned', *Xinhua English News*, September 26, 2011, available at http://news.xinhuanet.com/english2010/inddepth/2011-09/26/c_131160220.htm, retrieved on November 20, 2011.

the Chinese waters and has repeatedly warned India against such moves, New Delhi made it clear that its state-owned firm would continue to explore in the South China Sea. The Navy chief D.K. Joshi said in December 2012 that Indian warships would be prepared to set sail for the South China Sea if the country's economic interests there are threatened in any way. The exploration projects do not violate international law, and that China's opposition has no legal basis.²³³

China resents anything that it perceives as coming in the way of its rise as a global power, no matter whether its own actions threaten the security of other nations. While the talk of India's selling Vietnam the BrahMos missiles it has developed jointly with Russia is still speculative, Chinese strategists have already started fretting about the purpose of the regular 'security dialogue' agreed on during the Vietnamese president's visit. It came as Indian press reports suggested that India has decided to deploy BrahMos missiles in Arunachal, pointed at Chinese-controlled Tibet. Ever since Hillary Clinton, the US secretary of state urged India in July

²³³ Speaking at a time when national security advisor Shiv Shankar Menon was in Beijing to engage with the new Chinese leadership, Admiral Joshi made it clear that his force's mandate was 'unambiguous' to be the 'net security provider' wherever the country's 'sovereign interests' may lie in maritime domain. India may not be 'a direct party or stakeholder' in the 'complex' dispute in South China Sea, . . . but it does have 'two primary concerns' there. One, there should be unhindered and 'uninterrupted' freedom of navigation for all countries in the South China Sea in accordance with international laws. 'Two, we have economic interests there. ONGC Videsh has three oil exploration blocks (off the Vietnam coast)... production in one has already begun. Should there be any requirement for any kind of protection, we are prepared', said Admiral Joshi, who recently returned from a visit to Vietnam. See, Rajat Pandit, 'Ready to tackle China sea threat: Navy chief', *Times of India*, December 04, 2012, retrieved on December 05, 2012. Chinese Foreign Ministry spokesman Hong Lei said that Beijing has indisputable sovereignty over the islands in the South China Sea and adjacent waters and China opposes unilateral oil and gas development in the South China Sea. 'We hope concerned countries will respect China's claims, position and rights', he added. Hong made the remarks at a routine press briefing when asked what Beijing would do if the Indian Navy came to protect its oil interests in the South China Sea. See, Mei Jingya, 'India should respect Chinese rights in the South China Sea: FM', *Sina English*, December 05, 2012, available at <http://english.sina.com/china/2012/1204/534131.html>, retrieved on December 05, 2012.

2011 'to engage east and act east as well'; China sees America's hand behind India's assertiveness and its closer ties with Vietnam. China's suspicion is obviously misplaced as both countries are fiercely independent and to view them as compliant partners in an American-orchestrated anti-China front is like seeing a ghost in every cupboard. Neither is going to be a pawn in the hands of the US and Vietnam is certainly not India's Pakistan, as their relations are not just China – specific, and go back centuries and have been improving for decades. India-Vietnam relations are 'perhaps the most well-rounded bilateral relationship that India has with any country', to quote Sanjaya Baru, editor of the *Business Standard*, an Indian newspaper, and former spokesman for the prime minister. Both New Delhi and Hanoi want good relations with Beijing, now India's biggest trading partner. And after all, Mr Trong was in China even as Mr Sang was in India. Hu Jintao, China's president was reported as counselling Vietnam to 'stick to using dialogue and consultations to handle properly problems in bilateral relations'.

India's bold move in asserting India's legal claims in the international waters of the China Sea and strengthening its relationship with Vietnam at a higher strategic level was a function of both the willingness of the ASEAN countries and other powers like the US, Japan and even South Korea to involve India in the strategic calculus of Asia-Pacific to balance Chinese ascendancy, as well as China's assertiveness in relation to its borders with India and certain other actions perceived to be hostile to its interests. We have already noted earlier about China's growing presence in South Asia and the Indian Ocean region that India perceives to be undercutting its position in the region and a threat to its stability and security. After years of caution and a policy of appeasement toward China, Indian policy makers now feel that a time has come with the changed strategic environment when India must take care of its emerging security concerns, respond to the call of the ASEAN and others for greater involvement beyond South Asia and stake its own claims in East Asia. Most significant in this regard is India's growing engagement with Vietnam where the bilateral ties have got strengthened in recent years focussing on regional security issues and trade. While India always had a favourable presence in Vietnam due to its strong support for Vietnamese independence from France and eventual unification of the country as well as its opposition to the US involvement

in the Vietnam War, with the rise of China in recent years, their relations have assumed a greater dimension. Vietnam is important in the promotion of India's political, economic and security interests in South-East Asia, and in turn, in the success of our Look-East Policy. Vietnam's strategic position — as a neighbour of China, situated parallel to the great sea trade routes of Asia — always made the country tremendously important. Vietnam's geographical configuration with a coast-line of over 3.300 km in length gives it a strategic footing in the naval waters extending from China's doorstep in the Gulf of Tonkin, a long littoral on the South China Sea, and ending with another dimension in the Gulf of Thailand. While the above was earlier significant only to the United States and Japan in terms of lifeline sea-lanes running parallel to the Vietnamese littoral, it is also increasingly becoming important to India, as a major part of its trade takes place through the seas. India, therefore, has a stake in helping Vietnam emerge as a strong regional power and invigorate an Asian order that rejects hegemonic dominance by any power, not at least by China.

Its size and resources make it the politically and military predominant country in the Indo-China peninsula. India, therefore, has a stake in helping Vietnam emerge as a strong regional power and invigorate an Asian order that rejects hegemonic dominance by any power, especially that of China. The two countries have a common stake in the safety of the Sea Lines of Communication, particularly in the South China Sea. Vietnam's strategic significance has increased dramatically, owing to huge, and not always widely recognised, transformations in its economic performance and foreign-policy orientation. Reinvigorated by two decades of rapid economic growth and a broad-based opening to the outside world, Vietnam is now an emerging player in regional economic and security affairs. Indeed, in recent months the country has played a pivotal role in helping to establish Asia's emerging security order. In October 2010, Hanoi hosted the East Asian Summit, a meeting at which the US and Russia were recognised as Asian powers with vital national interests in the region. On political and foreign policy issues Vietnam had been a consistent supporter of India, including its scheme for the reform of the United Nations and its recent bid for permanent membership in the Security Council. Apart from cooperation in the bilateral framework, the two countries have maintained close cooperation and mutual support at the regional and international fora

such as the UN, NAM and other mechanisms in the ASEAN like the ARF, East Asia Summit and Mekong-Ganga Cooperation. Vietnam along with other Southeast Asian nations perceive India as a benign power whose peaceful rise accrues significant strategic benefits for her to play a larger role in the region. This is in contrast to their perception of China whose emergence as a major economic and military power together with its irredentist claims over the whole of South China Sea and exclusive economic zones have created apprehensions in Asia about China's future ambitions and intentions. Economically, Vietnam with its stress on economic liberalisation offers very attractive preferential prospects for Indian foreign direct investment in fields such as information technology, electricity, oil and gas, metallurgy, coal, transport, agriculture, fisheries, food processing, health care and medicine. In terms of India's energy security, Vietnam's offshore oil deposit offers opportunities for exploration and eventual supply to India. The two states promulgated a Joint Declaration on Comprehensive Cooperation in 2003 in which they envisaged creating an 'Arc of Advantage and Prosperity' in Southeast Asia and have initiated a strategic dialogue since 2009. During his visit to Hanoi in September 2011, the Indian External Affairs Minister, along with his Vietnamese counterpart, co-chaired the 14th India-Vietnam Joint Commission Meeting on Trade, Economic, Scientific and Technological Cooperation and agreed to 'add greater content to bilateral relations in the fields of defence and security, trade and investment, education and culture'. Bilateral trade has grown since the liberalisation of Indian and Vietnamese economies with the trade volume now exceeding \$2 billion. The signing of the India-ASEAN Free Trade Agreement and India's recognition of Vietnam's market economy status will further boost economic ties. Vietnam has also backed a more prominent role for India in the ASEAN as well as India's bid for the permanent membership in the UN Security Council.²³⁴ There is also a significant

²³⁴ See, 'Vietnam Supports India's South China Sea Stand', *Zee News*, 5 January 2013, available at http://zeenews.india.com/news/south-asia/vietnam-supports-india-s-south-china-sea-stand-UNSC-bid_823108.html, retrieved on January 20, 2013.

convergence between the two in the defence sector, as both use the same Russian and erstwhile Soviet military equipment. Vietnam has sought Indian help in the modernisation of its military hardware. The Indian army would also be training its Vietnamese counterpart in developing its IT infrastructure and would be taking on the role of an English teacher for Vietnamese army personnel. In addition, India, which is famous for its mountain and jungle warfare training, will be sharing its expertise with the Vietnamese from this year.

In the context of its growing tension with China in the South China Sea Vietnam requires the support of a more credible naval power to intercede on its behalf to prevent the Chinese from upping the ante any further, and expects India to be one. Vietnam has given India the right to use its port of Nha Trang just south of China's new naval base at Sanya on Hainan Island; the Indian navy has already made a port call.

The Indian navy was perhaps the only foreign navy in recent times to have been given this privilege by the Vietnamese at a port other than Halong Bay, near Hanoi. Vietnam has sought Indian help for augmenting the size and capabilities of its navy by supplying offshore patrol vessels and fast attack crafts. India is already training Vietnamese naval personnel and helping maintain any equipment that Vietnam sources from Russia. New Delhi has also agreed in principle to sell Vietnam the Brahmos supersonic anti-ship missile and possibly Prithvi surface-to-surface missiles. Less visible, but no less critical, is the Indian IT industry's involvement in devising network-centric solutions for the Vietnamese armed forces.

Vietnam expects India to play a vital role in the capacity building of its military deterrence capabilities, and work together to address regional and global challenges. Most recently, India and Vietnam have firmed up an agreement on maritime cooperation which makes it mandatory on merchant vessels to help and protect each other's vessels in distress. According to Article 12 of the pact, 'if a vessel of one party is in distress in the search and rescue region of the other party, the latter shall render the same assistance and protection to such vessel as it will have rendered to its own vessels and in accordance with the applicable international laws'. The evolving strategic partnership is meant for mutual

benefit and is not meant for an alliance against any third country, yet the pact is viewed in the context of an assertive China in the South China Sea as well as combating the piracy menace.²³⁵

China's diplomatic offensive and its warnings have threatened India's exploration interests near the Vietnamese coasts, and brought the two countries even closer to each other. As we have noted earlier that New Delhi and Hanoi have common stakes in the freedom of navigation and security of sea-lanes from sea piracy and concerns about Chinese access to the Indian Ocean and the South China Sea. A section of the Indian strategic community favours a strategy of India's own string of pearls in China's backyard that will be just as China has used states in India's periphery to contain India, and argue for New Delhi building states like Vietnam 'as strategic pressure points against China to counter it'.²³⁶ India has decided to work with Vietnam to establish a regular Indian presence in the region as part of a larger Delhi-Hanoi security partnership with Vietnam giving India the right to use its port of Nha Trang.²³⁷ Their argument is that if the South China Sea is a disputed area for China and India should refrain from entering the fray so as to respect Chinese sensitivities, then India can rightfully ask China to do the same in Pakistan-occupied Kashmir, an area recognised by all major powers as a disputed territory. As Harsh Pant, who teaches defence studies at King's College, London, argues that Vietnam offers India an entry-point, through which it can 'penetrate China's periphery', just as China does in India's periphery in South Asia.²³⁸ India is also trying to make up the diplomatic ground it has lost to China through its benign

²³⁵ See, 'India-Vietnam Pact to protect vessels', *Indian Express*, March 08, 2013, retrieved on March 09, 2013.

²³⁶ See, Harsh V. Pant, 'India's 'Look East' Policy', *The Tribune*, September 24, 2011, retrieved on September 26, 2011.

²³⁷ See, Vietnamese Assistant Minister of Foreign Affairs Nguyen Van Thao's statement on July 07, 2012 quoted in *Zee News*, 'South China Sea: Vietnam Sees Greater Indian Role', available at http://zeenews.india.com/news/world/south-china-sea-vietnam-sees-greater-indian-role_786007.html, retrieved on July 20, 2012.

²³⁸ Harsh V. Pant, 'The India-Vietnam Axis', *The Wall Street Journal*, September 22, 2011 and 'Wary of China, Its Southern Neighbours Court India', *Yale Global Online*, October 28, 2011.

neglect of Myanmar whose president, Thein Sein was received with great honour right after the visit of the Vietnamese President in October 2011. Development of closer relations with Vietnam, without explicit support and taking any side to the ongoing dispute in South China Sea, also appeals to many Indian strategists in the light of Chinese provocations and stoking of the unresolved territorial disputes and revival of its claim to most of Arunachal Pradesh.

VI CHINA'S SUSPICION OF INDIA'S RISING AMBITION: CONTRASTING VIEWS

Not all Chinese analysts, however, share the optimistic view of Ma Jiali, Hu Shishang and Li Li and are cautious and even sceptical about India's ambitions. They believe that while ad hoc management of the bilateral relationship is possible, the long-term prospect of rapprochement is clouded by India's continued nuclear and missile programs, the Tibet issue, territorial disputes, resource competition and rivalry for regional and global influence, and the absence of mutual trust, that 'continues to permeate the Sino-Indian relationship'.²³⁹ Even Ma Jiali, known to be a sympathiser of India, had to admit the fact that as India rises, 'the enhancement of India's strategic position will reduce China's strategic influence to some extent, especially in the Third World, thus will weaken China's strategic role, making it more complicated for China to deal with major powers'.²⁴⁰ Since both China and India are the rising powers in Asia, according to Zhao Gancheng, a scholar on South Asia from the Shanghai Institute of International Affairs, competition between them in the region is easily predictable. Besides, the two countries do not enjoy sufficient mutual trust. 'Over the last couple of years, both powers have made enormous efforts to address the problems existing between them, and some progress has been evident. The general trend of Sino-Indian Relations has been quite positive', to quote Gancheng. However, '...given their old rivalry and the logic of geopolitical interplay, the nature and degree of

²³⁹ Chietigj Bajpae, 'The Panda and the Peacock', *China Security* Vol. 3, No. 4 (2007), pp. 103–123, p. 106, available at http://www.wsichina.org/%5Ccs8_6.pdf, accessed on November 23, 2011.

²⁴⁰ Ma Jiali, *Notice India: A Big Rising Country on the Rise*, Tianjin People's Press, 2002, p.14.

competition between them in the future is a constant concern'.²⁴¹ However, in their writings and conversations most Chinese analysts from universities, think tanks, research institutes, business circles, as well as those from the Ministry of Foreign Affairs, such as retired diplomats and analysts who have worked and written on Sino-Indian relations and South Asian affairs, are, in varying degrees, in favour of peaceful and normal relations with India and look for ways to resolve bilateral differences through negotiations and cooperation.

However, the perspective changes when one looks into the writings of Chinese analysts mainly from the military and the defence industrial complex and include some scholars and former diplomats, who do not openly challenge Chinese government's declared policy of normalisation of relations and resolution of bilateral issues through negotiations, but put greater stress on the developments in India's nuclear doctrine and pay more attention to Indian defence modernisation efforts, military spending and weapons acquisitions, and perceived regional dominance and global aspirations.²⁴² These voices, mainly from the PLA, are pressing Beijing to take a harder line with India and who see little room for cooperation between two rivals, as they now pay increasing attention to India's drive for great-power status through diplomatic initiatives and an ambitious military modernisation campaign that will build Indian air, naval, and missile capabilities.²⁴³ Chinese analyses focus on four key developments: New Delhi's increasingly articulated assertiveness regionally and globally, its noticeable defence modernisation,

²⁴¹ Zhao Gancheng, 'India's Look East Policy: A Chinese perspective', in P.V. Rao (ed.) *India and ASEAN: Partners at Summit*, K.W. Publishers Pvt. Limited, New Delhi, 2008, pp. 219-233.

²⁴² This analyses is based on my reading of writings of Chinese scholars and my conversation with some of them, Ma Jiali, Li Li, Zheng Ruixiang, Su Hao, to name a few, during my visit to Beijing and Shanghai from November 26 to December 06, 2011. Also see, Waheguar Pal Singh Sidhu and Jing-dong Yuan, *China and India: Cooperation or Conflict?* Lynne Rienner Publishers, Inc., 2003, pp. 156-159, and Yang Dali & Zhao Hong, 'The Rise of India: China's Perspectives and Responses', op cit.

²⁴³ Zheng Ruixiang and Rong Ying, eds., *Yindu de jueqi yu zhongyin guanxi* (Beijing: Dang-dai shijie chubanshe, 2006), p. 363, quoted in Jing-dong Yuan, 'The Dragon and the Elephant: Chinese-Indian Relations in the 21st Century', *Washington Quarterly* Vol. 30, No. 3, 2007.

a growing U.S.-Indian nexus, and new regional initiatives, more driven by a desire for a place on the global stage. Implicit in this strategy, according to this perspective, is also the need to balance China's influence. The PLA (Peoples Liberation Army) is unlike any other military organisation. It is not apolitical. It has an influential political department that also comes up with policies, though is secretive about its functions. It also exists outside the purview of the government, serving the Communist Party and not the State. The PLA has been 'an official foreign policy actor' throughout the history of the People's Republic of China, according to Linda Jakobson of the Stockholm International Peace Research Institute, who has recently authored a report on the different actors shaping China's foreign policy.²⁴⁴

Some analysts on China's foreign policy, at least until 2010, believed that the military had little input or influence in its formulation and execution²⁴⁵ and therefore were focussing on Chinese President Hu Jintao and Prime Minister Wen Jiabao's visits to India, and regular military dialogues and exercises between the two sides to suggest that at the official levels, the Chinese government holds a positive view on India's rise and development and would like to work with New Delhi not only for better bilateral relations, but also for peace and stability in the region. But as Beijing began to show increasing assertiveness from 2010 vis-a-vis its neighbours, including India, many analysts point to the supposedly growing role of the Chinese military or PLA in Beijing's overall foreign and foreign-related policy process, and in the case of India may be calling the shots in defining it as a strategic competitor and setting the confrontational trend in the relations.²⁴⁶ Despite decades of reforms to professionalise the PLA and distance it from decision-

²⁴⁴ Linda Jacobson, Dean Knox, *New Foreign Policy Actors in China*, SIPRI Policy Paper, September 26, 2010.

²⁴⁵ See, Yang Dali & Zhao Hong, 'The Rise of India: China's Perspectives and Responses', op cit.

²⁴⁶ Srikant Kondapalli, quoted in Anant Krishnan, 'Behind China's India policy, a Growing debate,' *The Hindu*, April 08, 2010, available at <http://www.thehindu.com/opinion/lead/behind-chinas-india-policy-a-growing-debate/article388895.ece>. retrieved on September 10, 2010. 'The main problem in understanding China's policies is the lack of transparency, which often leads to misperceptions'.

making,²⁴⁷ there are signs that sections now aspire for the military to have an even more active role in decision-making, according to Jacobson. The more provocative of these officers call for 'short, sharp wars' to assert China's sovereignty. Others urge Beijing to 'strike first', 'prepare for conflict' or 'kill a chicken to scare the monkeys'. The Air Force Colonel, Dai Xu, is renowned for his regular calls to arms. With China in dispute for much of 2012 with Japan in the East China Sea and Vietnam and the Philippines in the South China Sea, Dai argued that a short, decisive war, like China's 1962 border clash with India, would deliver long-term peace. He also said Washington would not risk war with China over these territorial spats. 'Since we have decided that the U.S. is bluffing in the East China Sea, we should take this opportunity to respond to these empty provocations with something real', he wrote in an August 28, 2012 commentary published in the Chinese-language edition of the *Global Times*, a nationalistic tabloid

²⁴⁷ Michael D. Swaine, 'China's Assertive Behavior—Part Three: The Role of the Military in Foreign Policy', *China Leadership Monitor*, No. 36, Winter 2011, Carnegie Endowment for International Peace, available at <http://carnegieendowment.org/2011/11/28/china-s-assertive-behavior-part-three-role-of-military-in-foreignpolicy//wz>, accessed on December 20, 2011. Swaine writes, '...the PLA—as a conservative, highly nationalistic, and increasingly capable and confident actor in the Chinese political system—is the main, if not sole, force behind a range of more assertive and/or confrontational actions undertaken by the Chinese government in recent years, from the deployment and sustainment of large numbers of ballistic missiles opposite Taiwan to widespread cyber attacks on the U.S. government to official PRC criticism of U.S. military exercises in the Western Pacific, more vigorous challenges to U.S. military surveillance activities along China's maritime periphery, and the testing of new weapons during visits to China by U.S. officials. In addition, some observers view the PLA as an interest group that pressures the civilian Chinese leadership to adopt a more assertive stance toward Washington overall, and in this way allegedly influences the leadership succession process. . . at least some senior PLA officers have probably played an important role in instigating or intensifying several of these actions'. Also see, Lora Saalman, 'Divergence, Similarity and Symmetry in Sino-Indian relations', *Journal of International Affairs*, Spring/Summer 2011, Vol. 64, No. 2, Spring/Summer 2011, pp.169-194; Shashank Joshi Why India Is Becoming Warier of China," available at <http://shashankjoshi.files.wordpress.com/2011/04/joshi.pdf>; accessed on December 05, 2011; Ranjit Gupta, 'India-China Relations: A Public Lecture', available at <http://defenceforumindia.com/foreign-relations/22492-india-china-relations-public-lecture-ambassador-ranjit.html>, accessed on December 05, 2011. Also see, Waheguru Pal Singh Sidhu and Jing-dong Yuan, *China and India: Cooperation or Conflict?* Lynne Rienner Publishers, Inc., 2003, pp. 156-159.

published by the Communist Party organ, the People's Daily. 'This includes Vietnam, the Philippines and Japan, who are the three running dogs of the United States in Asia', added Dai, a researcher at Beijing University's China Centre for Strategic Studies. 'We only need to kill one, and it will immediately bring the others to heel'.²⁴⁸ Often, the PLA's policy considerations contradict those of the government. For instance, while the government may see benefits in engaging with India on climate change and trade, for the PLA, the border dispute will always be a primary consideration, as protecting China's sovereignty and territorial integrity is its top priority. Hence, even if ties are warming up in other areas, the PLA would still put forward a policy recommendation, such as refusing a visa to a visiting General, to push its own interests.

In recent months, analysts say, the PLA's considerations have begun to increasingly influence China's foreign policy, whether towards the United States, its Southeast Asian neighbours across the South China Sea, or India. Ultimately it is the Communist Party's Central Committee at the highest levels that decides Chinese foreign policy, possibly on the basis of inputs coming from various sources. 'Various groups put out their agenda to try and have their opinions heard, but what is eventually decided depends on who has greater influence at a given moment in time'. The academic community appears to advocate a soft and co-operative line, based on their understanding of a realistic assessment of the dynamics of international relations in the post-Cold War, while the PLA and others from the military-industrial complex maintain a strident approach to keep India under control and restrict it to a subordinate position. But then, as Ananth Krishnan rightly point out, 'For usually, it is only the harder "PLA view" of India that gets covered in the media, serving as fodder for the often over-hyped "China threat", perspectives dished out by strategic analysts. Part of the reason, no doubt, is that these views are more "newsworthy" than balanced views

²⁴⁸ Quoted in David Lague, 'Special Report: China's military hawks take the offensive', *Reuters*, January 17, 2013, available at <http://www.reuters.com/article/2013/01/17/us-china-hawks-idUSBRE90G00C20130117>.

from the government and other scholars. But another factor behind misperceptions is the continuing opacity in China's own government, in both policy-making and the state's control of the media'.²⁴⁹

China's Assertiveness and their impact on India-China Relations

India's LEP even while is directed towards Southeast and East Asia impacts, directly or indirectly on India's relations with China. It is, therefore, essential to dwell upon briefly the recent state of relations between the two countries, which blows both hot and cold depending on issues, circumstances and how each views the other's foreign and defence policies affecting their national interests. It has been pointed out earlier that from the year 2009, China began to take an assertive stance on its territorial claims leading to Beijing taking a hard line in its relationship with certain countries. Reflection of this was evident in April that year, when China opposed an ADB (Asian Development Bank) loan of US\$ 2.9 billion for an Indian development project, which included a US\$ 60 million watershed development project in Arunachal Pradesh, but India was able to stage a diplomatic coup in June by getting the US, Japan and even Pakistan to vote for it. Beijing had been taking a hard-line position against the Indian decision to station troops and elite fighter aircraft in the Northeast of India, where Arunachal Pradesh is located. Prime Minister Dr Manmohan Singh's statement on June 09, 2009 that India will not make any compromises on its border further infuriated the Chinese. While the official response of the Chinese foreign ministry spokesperson, Qin Gang was quite reserved in reiterating that the Sino-Indian border had never been formally demarcated and that China wanted a 'just and rational' solution to the border issue through talks with India', the *Global Times*, affiliated to the Party organ *People's Daily*, came out with scathing editorial entitled 'India's Unwise Military Moves', and warned 'India's current course can only lead to a rivalry between the two countries. India needs to consider whether or not it can afford the consequences of a potential

²⁴⁹ Ananth Krishnan, *op cit*.

confrontation with China'.²⁵⁰ The next day, it published an even more provocative comment entitled 'India is a paper tiger, its use of force will be trounced, say experts'. Declaring that China is not 'afraid' of the dispatch of 60,000 additional troops to the border, the *Global Times*' write-up has listed India's real motives for provoking China: raise the bogey of 'security threat' to the border for diverting the attention of Indians from the daily sharpening internal clashes in the country, maintain India's big brother status in the region and tell the US and other powers that it can play an important role in their attempts to 'contain' China.²⁵¹ Again in October-November 2009 tensions were high between the two countries on the issue of visits of Prime Minister Dr Manmohan Singh and the Dalai Lama to Arunachal Pradesh. Singh's visit, particularly, brought almost a veiled threat from China to which the Indian military had to respond by saying that it was prepared to defend its territory.²⁵²

In fact, the irritants in the Sino-Indian relationship came to the open yet again barely a month after Chinese Premier Wen Jiabao concluded his visit to India in December 2010.²⁵³ In early January 2011, Beijing

²⁵⁰ People's Daily Online, English, June 11, 2009. quoted in D.S.Rajan, 'China: "India is a Paper Tiger and will be Trounced if it uses Force Against China", Experts Warn' *South Asia Analysis Group*, Paper no 3249, June 12, 2009, available at <http://www.southasiaanalysis/55Cpapers%5Cpaper3249.html>. The editorial was even sarcastic about India's status vis-avis China when it said, 'India likes to brag about its sustainable development, but worries that it is being left behind by China. China is seen in India as both a potential threat and a competitor to surpass. But India can't actually compete with China in a number of areas, like international influence, overall national power and economic scale. India apparently has not yet realized this. . . It should also be asking itself why it hasn't forged the stable and friendly relationship with China that China enjoys with many of India's neighbours, like Pakistan, Nepal and Sri Lanka.'

²⁵¹ *Global Times*, Chinese, June 12, 2009.

²⁵² See, John Chan, 'China-India highlight rising tensions', August 15, 2009, at <http://www.wsws.org/articles/2009/aug2009/indi-a15.shtml>; Sanjoy Majumder, Frontier Town venerates Dalai Lama, *BBC News*, November 10, 2009 at <http://news.bbc.co.uk/2/hi/southasia/8351813.stm>.

²⁵³ Tension between the two countries reached such an extent that one former Indian diplomat thought that 2010 was even worse than 1962, when he wrote, ' . . . there is much at the close of 2010 which should cause us concern. In 2010, 1,600 km of the border between India and China suddenly disappeared from Chinese maps, which

displayed its diplomatic assertiveness vis-à-vis the ongoing territorial and boundary dispute, when two Indian sportspersons hailing from Arunachal Pradesh were issued stapled visas by the Chinese Embassy in New Delhi, owing to which they were prevented from boarding the flight to Beijing.²⁵⁴ The move was interpreted in New Delhi as a Chinese manifestation of attempting to assert and legitimise its claim over India's North-eastern state of Arunachal Pradesh. China's assertiveness was not just restricted to a tough diplomatic stance but was also extended to military activities against India with Chinese troops reportedly entering the Gombir area in the Demchok region in Ladakh in September/October 2010 and threatening civilian workers who were building a shed as per plans cleared by the state rural development department. The villagers in the border areas reported about repeated

amounts to nothing but handing over Kashmir to Pakistan. It is not even a disputed territory anymore. One has to see whether China has extended its border with Pakistan by the same extent. In 1962, China had not gifted Pakistan with nuclear weapons. In 2010, China has added two more nuclear reactors to a country which has the fastest growing nuclear arsenal in the world. . . if anything, India-China relations are worse in 2010 than it was in 1962'. T.P.Srinivasan, 'India-China relations worse than in 1962!' *Rediff.com*, December 21, 2010, available at <http://www.rediff.com/news/column/column-india-china-relations-worse-than-in-1962>

Even in 2009, India-China relations were not free from tension and attracted quite a bit of international attention. See, for example, Peter Wonacott, 'India, China Talks about Border Amid Rising Tensions', *Wall Street Journal*, August 10, 2009; 'China, India Stoke 21st Century Rivalry', *Wall Street Journal*, October 23, 2009; Ishaan Tharoor, 'The China-India Rivalry: Watching the Border', *Time*, April 19, 2009; 'India's China Panic: Seeing a Red Peril on Land and Sea', *Time*, September 20, 2009; Madhur Singh, 'Can China and India Be Friends?' *Time*, 21 December 2008; Howard Chua- Eoan, "Beyond Pirates: on the High Seas, an India-China Rivalry," *Time*, April 8, 2009.

²⁵⁴ The Indian Weightlifting Federation had nominated the two on the invitation of the Chinese Weightlifting Association, to participate in the China Weightlifting Grand Prix to be held at Fujian Province. In an earlier instance too, the Chinese had raked up their territorial claims over Arunachal when a group of 107 Indian Administrative Services (IAS) officers were scheduled to head for a management programme to China in May 2007. The visit had to be cancelled owing to Beijing's refusal to grant a visa to an IAS officer, Ganesh Kayu, hailing from Arunachal Pradesh. In fact, Beijing was understood to have pointed out that the man in question was a 'Chinese citizen' and, therefore, did not need a visa.

Chinese incursions along the Line of Actual Control (LAC).²⁵⁵ There were also reports of helicopter incursions into Indian airspace made by Chinese MI helicopters at Chumar, northeast of Leh in the second half of 2009. Again, just prior to Premier Wen Jiabao's visit to India, the official Chinese Xinhua News Agency carried a report depicting the Sino-Indian border to be nearly 2,000 kms, as contrast to India's claim of the border to be approximately 3,488 kms long, which meant that China had completely ignored the border in the state of Jammu and Kashmir in the areas that are now in POK (Pakistan Occupied Kashmir).²⁵⁶ China's persistent reluctance to resolve the dispute and contrarily engage in tactics such as mentioned above, according to some Indian analysts, has prevented the emergence of a genuine thaw in the relationship between the two countries. 'Even though India and China pledge to strengthen their bilateral relationship through greater convergence in the economic arena, the fact of the matter is that the fissures in the strategic sphere are too deep and apparent to be ignored. It is these fissures that resurface on an unvarying periodic basis and act as a spoiler in what otherwise could potentially be a regular bilateral relationship based on mutual trust and benefits', writes one Indian analyst.²⁵⁷

A case in point about PLA's attitude toward India is an editorial in *PLA Daily*, its official newspaper, on November 10, 2011, where in response to the upgraded Indian military posture in Arunachal Pradesh

²⁵⁵ The Indian government, however, played down the incident and termed the reports of incursion as 'baseless', maintaining that there were differences in perception, between India and China, on the Line of Actual Control in Demchok area. 'Government has seen media reports alleging Chinese troop intrusion in the Demchok area of Leh district in Jammu & Kashmir. These reports are baseless and do not conform to fact. They are, therefore, not a cause for concern. It will be recollected that there are differences in perception, between India and China, on the Line of Actual Control in this area', a statement from the external affairs. See, *Deccan Herald*, January 11, 2011.

²⁵⁶ The figures quoted in the Xinhua report were based on an official briefing by Chinese Assistant Foreign Minister, Hu Zhengyue to the Beijing press corps.

²⁵⁷ Monika Chausoria, 'China's brazen assertiveness,' *Indian Defence Review*, January 14, 2011, available at <http://www.indiandefencereview.com/2010/05/chinas-brazen-assertiveness.html>, accessed on October 24, 2010

stated that India's bold military moves in the eastern sector reflected 'adjustments' to India's national security strategy that suggested New Delhi had begun to regard Beijing as a 'de facto competitor', and, are motivated by a desire to 'contain China'.²⁵⁸ 'India has begun to consider China as an opponent', the *PLA Daily* said. 'The East China Sea and South China Sea issues have further continued to expose some countries' 'envious, jealous and hateful' attitude toward China', the commentary said. 'The changes in the international and regional security landscape will negatively affect China and other countries involved, but they will benefit one country — India,' it added, noting that India had also 'stepped into the South China Sea issue', referring to India's cooperation with Vietnam in oil explorations. Chinese analysts repeated their usual refrain of blaming the West for Beijing's tensions with neighbours. Fu Xiaoqiang, a scholar at the state-run China Institutes of Contemporary International Relations (CICIR), told the official *China Daily* newspaper that India's move to boost its military strength was sourced in a larger plan by the West to contain China. 'The West's vigilance and confinement of China's rise are increasing', he said. 'One of its means is to take advantage of China's conflicts and issues with its neighbouring countries, and instigate and radicalize issues to exhaust China's energy, resources and strategic projection'. Jin Yinan, head of the Strategic Research Institute at National Defense University, told the same newspaper that China should 'not only remain alert of actions taken by parties to contain its rise, but also actively adjust its strategy and focus on improving its relations with neighbouring countries instead of the big powers'. The *PLA Daily* said while relations between India and China had developed well with 'harmonious' high-level exchanges, the border dispute and the 'complex China-India-Pakistan triangle', which was the 'biggest problem' in the relationship, had created mistrust. The commentary said it saw India's military upgrade as the reflection of anxious domestic elite who viewed China's faster development as a threat. 'Deploying 100,000 more soldiers along the border areas with

²⁵⁸ Quoted in *Peoples Daily*, November 10, 2011, available at [http:// english/peopledaily.com.cn/162774/7641215.html](http://english.peopledaily.com.cn/162774/7641215.html), accessed on 20 December 2011. Also quoted in *The Hindu*, November 10, 2011.

China is more of a political move than a military one,' the newspaper said.²⁵⁹ Deployment of soldiers in the border, apart from any visit to Arunachal Pradesh by any important Indian leaders elicits strong responses from Beijing, despite its repeated reiteration of maintaining friendly ties with New Delhi. A visit in February 2012 by India's defence minister to Arunachal Pradesh claimed by China, accompanied by a fly-past by fighter jets recently stationed in the area, provoked some frosty advice from Beijing not to 'complicate' matters. In return, the Indian defence minister, A.K. Antony, called China's comments 'most unfortunate' and 'really objectionable'.²⁶⁰

Again, India's recently reversed ultra-defensive policy of not building infrastructure along the border lest it provided easy access to enemy forces and initiation of its new brisk activities for laying roads and setting up airbases to match the dazzling Chinese facilities across the border that give China a far greater advantage in troop mobilisation should a conflict break out, could be the trigger for the most recent stand-off between India and China. The trouble began when Indian media started reporting a 'deep incursion' on April 15 this year in which a platoon of about 30 Chinese soldiers entered the Daulat Beg Oldi area in the Depsang Valley of eastern Ladakh at the easternmost point

²⁵⁹ Even earlier in December 2010, a general of China's PLA called on the Chinese government to take a more aggressive line in its foreign policy as well as recover territory 'looted by neighbours', in an essay that was published in the official media only two days before Premier Wen Jiabao's arrival in India. 'The neighbouring area is not peaceful, and we have outside threats', wrote Major General Luo Yuan, who is also the deputy secretary-general of the Chinese Academy of Military Sciences, in an essay published in the official *Global Times*. China, he said, could not call itself 'a strong nation' unless it 'recovered the land looted by neighbours'. While the essay did not name India or specific territorial disputes and only issued a general call for the Chinese society to become more militaristic, the Communist Party-run *Global Times* agreeing to publish the general's comments on neighbouring countries only days ahead of Mr. Wen's arrival in New Delhi is of significance. Quoted in *The Hindu*, December 21, 2010.

²⁶⁰ Quoted in Simon Denyer, 'New tensions in India-China border dispute raise concerns', *Washington Post*, February 29, 2012 available at http://articles.washingtonpost.com/2012-02-29/world/35445493_1_dai-bingguo-india-china-southern-tibet, retrieved on March 12, 2013.

of the Karakoram Range on the western sector of the China-India border.²⁶¹ Another factor that could have provoked the Chinese to enter the Ladakh region was the reactivation after nearly 50 years of an old landing strip, one of the highest in the world in Daulat Beg Oldi. New Delhi insisted Chinese troops have entered 18 kilometres into what it claims to be its territory that holds immense strategic importance for the country and, therefore, must leave. Beijing maintained that its soldiers were on the Chinese side of the LAC and would therefore, stay put. The competing claims arise from the fact that India and China do not have a real border marked out on the ground as they as they failed to negotiate one even after painstaking efforts. What New Delhi and Beijing follow is an un-demarcated Line of Actual Control (LAC), having their own perception of where that line actually lies, resulting in patrols straying into each other's territory. Even though there exists an elaborate mechanism to prevent such transgressions and operative procedures for defusing tension²⁶² that kept peace for 25 years, this time it did not work, as the Chinese are growing roots in the area by refusing to withdraw, and the stand-off continues without any resolution in sight. In view of the competing claims on the border, Chinese and Indian armies have regular run-ins practically in all sectors of their border but the PLA is clearly showing more aggression this time. The Indian government, however, is exercising caution and trying to calm the passion flared up by media reports. The foreign policy establishment in India was more concerned about preserving the

²⁶¹ On China's incursion in Ladakh and the resultant stand-off, see, 'Army Chief briefs CCS on Chinese incursion', *The Hindu*, May 1, 2013, available at <http://www.thehindu.com/news/national/army-chief-briefs-ccs-on-chinese-incursion/article4673416.ece>, retrieved on May 1, 2012; 'India wants peaceful solution to Chinese incursion in Ladakh: Antony', *Live Mint*, April 26, 2013, available at <http://www.livemint.com/Politics/P2MowGLUphrnKrnRCMBmNM/India-wants-peaceful-solution-to-Chinese-incursion-in-Ladakh.html>, retrieved on April 27, 2013; Ananth Krishnan, 'India, China have wisdom to diffuse row', *The Hindu*, April 26, 2013, available at <http://www.thehindu.com/news/national/india-china-have-wisdom-to-defuse-row/article4657190.ece>, retrieved on April 27, 2013.

²⁶² An April 2005 Protocol on CBMs between India and China lays out in detail the steps to be taken by troops if they encounter a 'face-off' situation. The protocol has been followed in large measure. But this time it wasn't. China had violated the 2005 pact.

bilateral ties with China, and did not want the event to ruin to ruin that prospect. This came out most clearly from the statement of the foreign minister Salman Khurshid who dismissed the incident, variously calling it 'localized' and even described it as 'acne'. Indrani Bagchi, a well-informed commentator puts it succinctly, 'All voices arguing for a more robust response were successfully hushed. At every stage, it was more important that the new Chinese premier Li Keqiang's visit, beginning May 20, be insulated from this'. When the media noise became too loud, the government 'inspired' certain strategic experts to write dismissive articles on the incident, saying it happens 'all the time'. Even Prime Minister Dr Manmohan Singh was advised to say that the incident was 'localized'.²⁶³

China initially feigned ignorance about reports of alleged incursion by Chinese troops, but then on 18 April Hua Chunying, spokeswoman for China's foreign ministry, refuted accusations that China had provoked border tensions. 'China and India are neighbours. Given that their lines of demarcation haven't been finalised, it's inevitable that problems may arise in the border region'.²⁶⁴

Han Hua, director of the Centre for Arms Control and Disarmament at the School of International Studies under Peking University, told the *Global Times* that choosing India as the first stop of the premier's visit shows China's will to improve ties, but that the current standoff may cast a shadow on the visit. 'Reports about Chinese troops' cross-border patrols are not rare in Indian media. However, the latest hyping came at an inappropriate time before the premier's visit, and it was also inappropriate to summon the ambassador', Han said, adding there had been speculation that New Delhi may hope to 'fish in troubled

²⁶³ Indrani Bagchi, 'India misreads Chinese incursion, ties itself in knots', *Times of India*, May 1, 2013, available at <http://timesofindia.indiatimes.com/india/India-misreads-Chinese-incursion-ties-itself-in-knots/articleshow/19823876.cms>, retrieved on May 1, 2013.

²⁶⁴ Quoted in Chen Chen and Yang Jingjie, 'Border spat dogs possible India visit', *Global Times*, April 26, 2013, available at <http://www.globaltimes.cn/content/777686.shtml#.UYFKI6KBmlc>, retrieved on April 27, 2013.

waters' as Beijing is caught in an island dispute with Tokyo. While the official government response to the crisis was somewhat conciliatory, 'When problems surfaced, both sides have held friendly negotiations for settlement through relevant mechanisms and channels . . . I believe this time the problem can also be properly solved, and won't affect peace and tranquillity in border regions or the normal development of bilateral ties', the Chinese internet space was filled up with hundreds of accusations that India was playing foul by raking up a non-issue over an allegedly fake infiltration by the country's army. Many users of Weibo, the Chinese Twitter, demanded that their government 'teach India a lesson'. Internet in China is tightly controlled and any campaign against what they regard as 'friendly countries' are usually blocked. As these anti-Indian posting have been allowed by the censors, there could be tacit official encouragement. Experts and journalists connected with state-run bodies voiced similar opinion. It is also a common knowledge that a large number of Communist Party cadres populate a good part of the internet space. 'Indians fishing in troubled waters? Working hand-in-glove with Japan?' asked a Weibo user going by the tag Mafeijiutong.²⁶⁵ It was not just large number of web users, but also an official expert on South Asia suggested that India was deliberately trying to damage China's image at a time when Beijing was engaged in serious disputes with its sea neighbours including Japan. There were suggestions that India has joined a US conspiracy to raise the bogey of 'Chinese military threat'.²⁶⁶ 'It's worth noting that China's neighbouring countries, the Philippines, Japan, and Vietnam, are creating trouble and throwing up territorial issues. The speculation in India about

²⁶⁵ Quoted in Saibal Dasgupta, 'China twitterati fuming against India on Ladakh', *Times of India*, April 27, 2013, available at <http://timesofindia.indiatimes.com/world/china/China-twitterati-fuming-against-India-on-Ladakh/articleshow/19748364.cms>.

²⁶⁶ Even an Indian analyst, who is known to be a critic of India's foreign policy and a strong sympathiser of China, hinted at a possible American hand behind the recent crisis. See, M.K. Bhadrakumar, 'Himalayan tensions serve US' rebalancing strategy', *Russia and India Report*, April 29, 2013, available at http://indrus.in/blogs/2013/04/29/himalayan_tensions_serve_us_rebalancing_strategy_24299.html, retrieved on April 30, 2013.

Chinese army crossing the line is unwarranted at this point of time', wrote Fu Xiaoqiang, a South Asia expert in the state-run China Contemporary International Relations Institute, in Huanqiu Shibao. 'India should abandon the Cold War mentality, do more to help China-India relations', Fu added.²⁶⁷ As usual, no one questioned the Chinese government's view that its troops did not cross the Line of Actual Control into India.

Coming at a time when China is assertive in the disputes in the East and South China seas, it is quite natural to think of Beijing's new leadership pushing the envelope in the pursuance of its national interest. President Xi Jinping has publicly urged the army to spare no efforts to defend China's territorial integrity and core interests. Such high-profile political signals would only encourage the army, especially frontier forces, to toughen their own stance in local disputes. But when one considers Xi's description of relations with India as 'one of the most important for China', and the new Chinese Premier Li Kexiang's visit to New Delhi in May 2013 the first foreign tour after he assumed office, it is difficult to fathom what Beijing had gained out of the recent stand-off with New Delhi.²⁶⁸ On the other hand, the incidents were about to derail his visit,²⁶⁹ had not India shown restraint and done everything to lessen the tension. . Whatever might be the motivation behind the recent incursion, its immediate effect on India-China relations was to drive a wedge and widen the mistrust further. As China is both a driver and a constraint in India's LEP, the recent incident will also have some effect on India's future moves in Southeast and East Asia. While Chinese premier Li Keqiang ramped up efforts to mend fences with India during the visit and signed three lame agreements, but soon thereafter

²⁶⁷ Saibal Dasgupta, no.265.

²⁶⁸ See, Debasish Roy Choudhury, 'Experts Baffled by China India border stand-off amid improving ties', *South China Morning Post*, April 30, 2013, available at <http://www.scmp.com/news/china/article/1226203/experts-baffled-china-india-border-stand-amid-improving-ties>, retrieved on April 30, 2013.

²⁶⁹ See, 'Border Row may cast shadow on Premier Li's Indian visit: Experts', *msn news*, April 26, 2013, available at <http://news.in.msn.com/international/border-row-may-cast-shadow-on-premier-lis-india-visit-experts>.

Indian Prime Minister Manmohan Singh visited Japan to a warm welcome. Economic aid and dual-use technology transfer proposed by Japan as well as talk of civil nuclear cooperation did not please China. China is finding it hard to reconcile its aggressive military posture and call for economic cooperation with neighbours

VI

CONCLUSION

It appears from the foregone analysis of China's perception of India's Look East Policy that Beijing does not favour a strong Indian presence and influence in Southeast Asia. China's reservations about India playing any major role in Asia-Pacific arise from a number of factors. First, Beijing is aware of the various cultural and spiritual ties that India shares with Southeast Asia, which could naturally attract the two regions to come closer. Even though some Chinese scholars try to portray India as not part of Asia and that the Chinese culture has a much greater influence than India, they can not run away from the reality that Indian culture had an abiding influence on the region and India's attempt to rediscover Asia through her Look East Policy attests to that. Second, China knows that India is the only country that could possibly challenge its ascendancy and potential hegemony in Asia, and therefore it makes sense for China to try hard to keep India under pressure. Traditionally, China had been very dismissive of India, which it treated as a mere South Asian player. However, over the last decade or so, the Chinese have been somewhat puzzled and intrigued by the steady rate of India's economic growth and its political stability, and the international attention it has been receiving. So they have no option but to take India more seriously, though rather grudgingly. Therefore, China initially viewed India's growing involvement in East Asia with a measure of apprehension. Beijing feared that this would enable New Delhi to win recognition as a political and military power in Asia, thus complicating not only the political and strategic scenario there. It will also circumscribe its ability shape the destiny of Asia on its own.

China is also concerned that the United States might manipulate India's evolving relations with the ASEAN to contain China or 'smother' China's attempt to exert its influence in the region. In the first phase of India's Look East Policy, India had been active only in Southeast Asia, but soon the scope of that has extended to include the Far Eastern and Pacific regions, facilitating India's enhanced links with a host of countries. In that expansion of India's economic, diplomatic and

strategic links with not only Southeast Asian but also East Asian countries, China sensed India's great power ambition. That explains China's reluctance to accept India in any regional arrangement that will offer it an important position and a say in the evolving economic and security architecture in Asia. India's growing involvement with the Asia-Pacific, as such, would not have been disturbing to Beijing, to begin with, for it never believed that India would ever be able to match its power and influence in Asia-Pacific on its own. What is really disturbing to China is the growing Indo-American relation and the way it might tilt the balance of power in Asia resulting in being detrimental to the interests of Beijing. Even more unnerving for Beijing is the so-called return of the US to Asia, even though in reality it never left Asia, and the renewal of its alliances with Japan and South Korea. Beijing is livid at the US' attempt at complicating the South China Sea issue by getting involved in its maritime disputes with its neighbours, particularly after Hillary Clinton's statement in July 2010 at Hanoi about Washington's desire to mediate in the dispute. The US' position on issues on maritime claims in the East and the South China Seas is hurting Beijing's interests. It is also uneasy about the US urging India to play an active role in East Asia (e.g. President Obama's statement in New Delhi, November 2010). Beijing also believes that the Indo-US civil nuclear cooperation agreement is against the interests of the international non-proliferation regime and that India's nuclear programme is a security threat for China. It is deeply suspicious about Japan's motives and the growing India-Japan relations, particularly its security aspect.

A further disturbing factor is the shift in the ASEAN position, particularly after the recent assertiveness over the South China Sea. Beijing now realises that the ASEAN nations are keen to balance their ties with a 'rising' China with support for US presence in Asia, as well as with growing involvement of India. China suspects the US is now on a course of containment of China with the help of allies like Japan and partners like India. Such thinking contributes in the shaping of Chinese perspectives on India's Look East Policy. What rattled the Chinese is India's willingness to have its own string of pearls in China's own periphery, i.e., in Vietnam through their cooperation in oil and gas, and that too in an area, which China considers its own. That is why the Chinese commentators have been extremely vociferous in the recent days in its criticism of India's Look East policy. Beijing wants an Asia

that it can dominate. India's growing involvement in the Asia-Pacific comes in its way, but if India's Look East policy can contribute to a more balanced Asia where each country can pursue their legitimate interests without disturbing other's security, it will serve its purpose in creating a stable regional order. China will fret about India's Look East Policy, but eventually it will have to accept it as a legitimate pursuit of India's interests, as it has done in the case of accepting India's participation in RCEP (Regional Comprehensive Economic Partnership) that the ASEAN has floated and will soon begin negotiations for, and that it does not threaten China's security or legitimate interests. It only opposes Beijing's irredentist claims.

China was both a determinant and a constraint in India's Look East Policy. China was undoubtedly an important factor in shaping the policy, but it also acted as a constraint, for India's hesitation and caution in taking an active role in Asia-Pacific security issues until very recently, was a function of its desire to avoid ruffling the feathers of Beijing. India was concerned that any action, diplomatic or military, toward East Asia on its part that might be perceived by China as impinging on its sphere of influence in Southeast Asia, will have a direct bearing on its own relationship and will complicate it further. Now that the countries in the region have become wary by the sudden assertiveness of China, India has somewhat overcome its hesitation to take a more assertive role by its firmness in continuing with oil and gas cooperation with Vietnam in the South China Sea despite China's objections. In the last Bali summit in 2011, India has also affirmed, along with the United States and the ASEAN, its support for freedom of navigation and free flow of maritime trade across the vital sea lanes of the South China Sea. The Navy chief, Admiral D.K.Joshi's statement in December 2012 that Indian warships would be prepared to set sail for the South China Sea if the country's economic interests there are threatened in any way, again, shows that India is now a major stakeholder in the freedom of navigation and protection of sea lanes of communication. He has also justified India's position by suggesting that the exploration projects do not violate international law, and that China's opposition has no legal basis. However, mere statements will not do. Indian navy's regular deployments to Southeast Asia are not enough, they have to be supported by its show of nerve by assisting littoral nations in ensuring the freedom of navigation along the South China Sea. The ASEAN is

interested in India's active involvement in Asia's evolving strategic order. India must respond proactively. It must contribute its effort in creating a new strategic architecture for Asia that ensures its own pivotal role in it. Implementation holds the key to India's sustained engagement both at the ASEAN level as well as at the East Asian Community level. India should continue delivering on its promises and take proactive efforts in providing assistance to the ASEAN region. India must convey the message to China quite clearly and forcefully that India's LEP is in no way directed toward 'containment' of China, as Beijing claims, but an attempt to promote India's political, economic and strategic interests in Southeast and East Asia, and also an insurance against any attempt by China to harm India's vital interests in the region. Finally, India must augment and consolidate its position in the region by its 'niche' soft power, i.e. education, culture and democracy and play an effective and enduring role in the region by leveraging such comparative advantages to build interdependence and mutual benefits that can contribute to peace and stability in Southeast and East Asia.

The monograph explores China's perception of India's Look East Policy (LEP) and how that affects India's strategy in the Asia-Pacific region. Beijing does not favour a strong Indian presence and influence in Southeast Asia. China is both a determinant and a constraint in India's Look East Policy. China is undoubtedly an important factor in shaping the policy, but it also acted as a constraint, for India's hesitation and caution in taking an active role in Asia-Pacific security issues until very recently, was a function of its desire to avoid ruffling the feathers of Beijing. LEP is in no way directed toward 'containment' of China, as Beijing claims, but an attempt to promote India's political, economic and strategic interests in Southeast and East Asia, and also an insurance against any attempt by China to harm India's vital interests in the region. It argues that India must augment and consolidate its position in the region by its 'niche' soft power, i.e. education, culture and democracy and play an effective and enduring role in the region by leveraging such comparative advantages to build interdependence and mutual benefits that can contribute to peace and stability in Southeast and East Asia.



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