



India's Northeast and Southeast Asia Chinese Interests and Strategies

Prof. Srikanth Kondapalli

Center for Chinese Studies, Jawaharlal Nehru University, New Delhi

Unlike in the past, China's interests and strategies toward Indian Northeast and Southeast Asia are becoming more comprehensive and complex in nature. While China viewed these two regions from minimalist foreign and security perspectives earlier, it is expanding these interests and strategies to include maximalist goals and non-traditional security aspects. Triggers for this change in China's stance are located in three decades of reform and opening up policies, enhancing comprehensive national strength of the country as a part of its big power ambitions, urge for expanding relations from the previous bilateral to multilateral networks, and the like.

While there are several nuances and mixed outcomes on several specific issues related to Indian Northeast and Southeast Asia, it can be argued that China's interests and strategies toward these two regions are expanding. Another caveat is that due to the diversified nature of the two regions, broader aspects of China's interests and strategies are considered in this paper.

I CHINA & SOUTHEAST ASIA

The significance of the Southeast Asian region for China is obvious in geographical, historical, cultural, economic, and strategic aspects. Geographical proximity, sharing of land and maritime borders, successive migrations of people across the borders for centuries, economic relations, religious contacts, etc. have facilitated growing political cooperation and/or competitive trends in the region. China's Yunnan and Guangxi provinces share land borders with Myanmar, Laos, and Vietnam for about 4,000 kilometres while its maritime borders are with Philippines, Vietnam, Malaysia, and Brunei. Southeast Asia is

straddled between some of the most significant economic growth areas of East and South Asia, important sea lanes of communication and chokepoints are located in the region with its obvious impact on the flow of global and regional merchandise and energy resources.

China's maximalist approach in Southeast Asia is for political dominance of the region by replacing US/ Japanese influence in the long run as that would constitute the building blocks toward becoming a major power. Chinese close politico-military tie-ups with Myanmar, military cooperation with other countries including arms export, aid, joint exercises, etc; military build-up, especially the power projection forces like the long-range aviation, naval forces, and marine corps and active diplomatic and political thrust in the region form the sinews of this approach. After 12 years, China sent ships to Indonesia in March 2007. China has also increased cooperation with ASEAN on issues related to pandemics like SARS and avian bird flu. In March 2007, it undertook tests with several ASEAN countries on bird flu. Again, China provided aid of about \$1.5 million in early 2006 to the Philippines military to counter the "communist rebels".

A series of policy initiatives have been taken by China to engage the Southeast Asian region to encompass confidence building measures at the bilateral and multilateral levels which includes high-level political and military visits, active participation in regional dialogue mechanisms, enhancing further economic and trade relations, etc. it is analysed that of all the forces political, economic, military and cultural China has been successful in the political sphere in convincing the ASEAN countries to have a favourable view of China in the recent period (Jingyi 2007).

By 2002, China signed declarations of cooperation with the ASEAN and has either solved or in the process of solving land and maritime disputes. While such "normalisation" of relations between China and Southeast Asian countries has several other facets and differences, certain long-term understanding between the two is being worked out. China concluded a FTA with the ASEAN that is to be in place between 2010 and 2012, signed a treaty of amity and cooperation and tripartite agreement with Vietnam and Philippines on South China Sea dispute, initiated defence cooperative measures, etc. China assiduously kept away the US from the late 2005 Kuala Lumpur, January 2007 Cebu and Singapore meetings of the East Asian Summit, while its initial efforts to keep away India and others were unsuccessful due to the pressures of Singapore and Japan.

China-ASEAN trade is more than \$150 billion, making China the ASEAN's fifth largest trading partner and ASEAN the sixth largest trading partner for China. To facilitate further trade between the two, China and the ASEAN countries have agreed to give shape to the 2000 proposal and set up an FTA in late 2002. If realised by 2010 (for the older members of ASEAN and 2015 for its "new" members), this would be the world's biggest such zone, with estimates of a combined market of 1.7 billion people, regional GDP of \$2 trillion and international trade worth \$1.2 trillion, that would place FTA next only to the North American Free Trade Area and the European Union. It is proposed to remove all tariff and non-tariff barriers to goods and services, and provide for preferential treatment to the "new" ASEAN members so that they could catch up economically with the rest. The next substantive step came in July 2005, when China-ASEAN agreed to implement goods trade agreement. In addition to reduction in tariffs in 2005, next year witnessed signing of free trade deals. Further, in January 2007, both agreed to cut barriers to trade in services such as transport, tourism, and telecommunications.

Another issue is the energy and trade dependence of China on Southeast Asia. This issue

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has a potential to divide both India and China in the long term. Several Chinese reports indicate the concerns on Chinese dependence on the sea lanes of communications in Southeast Asia, specifically Straits of Malacca's. In 2008 China imported about 180 million tonnes of oil, nearly 80 percent of which passed through these Straits. In addition, burgeoning trade with South Asian and other countries is largely dependent on these Straits. Nearly 25 percent of global shipping passes through the South China Sea. Any disruptions to these supply lines could drastically affect the oil prices but also the economies of several countries.

China is exploring alternate routes like access to the Indian Ocean through Myanmar. China concluded defence agreement with Malaysia and has been actively pursuing a "string of pearls" strategy in the Indian Ocean Region and contiguous areas. However, some Chinese do recognise the Indian role in stabilising the situation. There is a possibility of cooperating with India in the fields of intelligence and technology to mitigate the challenges posed in the Straits. (Renfei 2004). Due to this, China conducted joint naval operations with India in November 2003 at Shanghai, December 2005 at Cochin, and regular port calls are being explored such as the Indian Naval visits to Qingdao in April 2007. Some believe that the launch of "string of pearls" strategy by China is to some extent linked to India's Look East Policy (Khurana 2008). Besides, the Indian policy of building a joint command at Andaman & Nicobar Islands has some bearing on the Chinese activity in Southeast Asian region (Chaudhary 2007).

II

CHINA & INDIA'S NORTHEAST

Distinct from the Southeast Region is the Indian Northeast, which is also contiguous to the southwestern regions of China. China's interests and strategies differ here on many issues, but fundamentally, sovereignty clashes over Arunachal Pradesh, national security concerns over indigenous peoples living in contiguous territories, etc remain similar. China's interests in this region are broadly related to expanding physical connectivity, gaining access to the Indian Ocean, mitigating energy contingencies, and evolving interdependencies for stabilising remote regions in the absence of progress in border talks with India. As a relatively more developed region, South-western portions of China could then have attained commanding position in this area. China had been assiduously expanding bilateral and multilateral interactions in the region towards these objectives.

In order to realise this, China spearheaded in August 1999 the Kunming Initiative (Bangladesh-China-India-Myanmar grouping BCIM) with delegates from China, India, Myanmar and Bangladesh participating. Subsequently, meetings were held at the respective capitals of these countries focusing on infrastructure development projects, tourism, economic development, etc. While China, Myanmar and Bangladesh appeared to stress Track 1 level, India prefers a Track 2 dialogue process underling the latter's reservations.

The BCIM area is about 2.12 million sq. km. (of which the Indian northeast is about 255,000 sq. km) with a population of about 400 million (of which there were about 30 million in the Indian north-east) and abundant natural resources connecting the under-developed markets of the Indian sub-continent with China and South East Asia. The "complementary" role of Chinese south western resources (metallurgy, chemical, electromechanical, textile, tobacco, paper making, etc) with that of the Indian northeast potential (in minerals, agriculture, aquaculture and electronics), Myanmar (land, forests, oil, precious stones) and Bangladesh (natural gas, coal, water resources, garments) are stressed in this grouping.

Domestic business and political considerations in China preceded the BCIM proposal. Chinese south-western provinces of Sichuan and Yunnan are in the throes of modernizing their economies. However the Sichuan initiative was lost (along with nearly 5 million migrant labourers) to the Special Economic Zones in the South-eastern Coastal Regions which is suitable for the export-oriented economic model. Nevertheless, following the current drive to open up the western regions the investment climate has been slowly shifting towards these south-western provinces. In addition, the State Owned Enterprises are either being consolidated into large groupings or are being sold to private entrepreneurs in the process of marketization. A large private entrepreneurs' exhibition was held at Kunming in 2001 for further development of the region. In this context, a railway line proposal linking interior south-western provinces to the nearest coastal regions (Myanmar, etc) for further export was made in 1995 at the National People's Congress in Beijing (coincidentally after China's military Logistics Director Gen. Zhao Nanqi questioned whether Indian Ocean is India's ocean in 1993!). It was argued that a railway line would be able to expand trade volume, especially in iron and phosphorous imports, as such current trade (conducted by the medium and low level trading

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companies) is uneconomical by sea. Close economic and political cooperation between China and Myanmar resulted in developing roads and waterways from Yunnan to the Indian Ocean through the Irrawaddy River. Two railway routes identified include: Dali (Yunnan)- Tengchong and Myitkyina (Myanmar)- Ledo (India); and Xiangyun and Ruili (Yunnan) - Lashio and Mandalay (Myanmar) - Chittagong and Dhaka (Bangladesh) - Calcutta (India).

The roadway construction project plans include the following: 1,472 km Ruili (Yunnan)- Bamuo to Rangoon (Myanmar); 540 km Heinnitang to Myitkyina- Stilwell Raod to Ledo (India); 730 km Ruili to Bamuo and Myitkyina to Stilwell Road to Ledo; 770 km Ruili to Bamuo and Tamu (Myanmar) to Imphal (India); Nagaland (India) - Myanmar; and India-China road - 200 kms of the Gongshang county (Yunnan) to Gecha county (Tibet) [built by 1999] and about 200 kms from Chayu county (Tibet) to Lido (India) [incomplete]. The waterways projects include: Through Ilowai River from Yunnan to Muse to Bamuo port [length 1,563 km. and width 600 meters; handling capacity 3.9 million tons] in Myanmar.

Chinese officials assume that this economic cooperation would lead to "unity of the developing countries and [their] joint fight against hegemonies" and contribute to "establishing the new-multi-polar world order and safeguard [emphasis added] the peace and stability of Asia and the world". Upon the realization of the economic benefits flowing from these cooperative efforts, the four countries, according to Lai Xiaorong, are to set up a "companionship facing the 21st century". In this context, an Asian Forum was formed at Bo Ao in Hainan Province in 2001 (attended by other members like Myanmar, Bangladesh, Pakistan and Nepal, though Indian Embassy officials at Beijing or New Delhi ignored the meeting initially). Broadly, this framework fits into the Chinese government's overall strategic considerations of complete "normalization" in all fields of economic, social, and political aspects prior to solving the border problem with India.

Development of infrastructure, especially transport routes, have been one of the crucial aspects of

the BCIM agenda. The Trans Asian Highway (TAH) was conceived in 1960 and has about 25 member countries with three (including Russia and Korea) expected to join in the near future. Its length is about 15,000 km. The Trans Asian Railway (TAR) was conceived in 1959. However both TAH and TAR faced problems with the outbreak of Vietnam, Cambodian, Iran, and Iraq wars. A fresh impetus was given in the 1980s. However, BCIM has proposed several alternate routes from the one existing but under repair or at places missing. Bangladesh has proposed a short route that reduces the railway line by about 400 km from Kunming via Imphal to Dhaka. Huge investments are required either to construct or upgrade the TAH/TAR. As there is no significant trade in this region, the infrastructure cost may act as a deterrent for its further progress. Other related projects include those connecting to Southeast Asia: Kunming to Singapore; Bangkok highway from Kunming (to be built by 2005); Lunming to Laos, etc. In this context the Indian government has shown some interest in the infrastructure development projects. The Shukla Commission Report ["Transforming the Northeast"] of March 1977 advocated the concept of constructing a Trans-Asian highway and railway linking Indian northeast with China through Myanmar. The BRO has constructed the 160 km Tamu-Kalewa-Kalemayo road at a cost of Rs 92 crores connecting Myanmar.

Trade that follows from the construction of transport routes is another area of concern for the BCIM. The official trade figures among these countries reveal a definite rise. For instance, Indo-Myanmar trade increased from Rs 444 cr in 1993-94 to about \$995 million in 2008. Similarly, Indo-Bangladesh trade increased from Rs 1050 cr in 1992-93 to \$3.6 billion in 2008 and India-China trade from a nominal \$ 3.5 billion in 2001 reached \$50 billion in 2008. In the approximate border trade figures there has been significant unofficial trade between India-Myanmar and Bangladesh. Through Moreh to Myanmar the unofficial trade figures are about Rs 2000 cr per annum, Champai and Lungwah to Myanmar is about Rs 500 cr and 100 cr respectively and through West Bengal and Tripura to Bangladesh its Rs 1165 crores.

IV CONCLUSIONS

China is today facing several bottlenecks in pursuing its interests in Southeast Asia and in Northeast India. As mentioned earlier in this article, sovereignty factor had been important for the relative stalemate between China and these

countries. Due to differences between the ASEAN members, China had been so far able to make some headway on South China Sea dispute. Not much progress have achieved in the Indian Northeast case due to security concerns of the Indian establishment as well as non-resolution of border disputes. While the local government in Arunachal Pradesh had suggested opening up border trade points with Tibet, this was not acceptable to China. On the other hand, India is wary of the dependencies of the Northeast Region given the relatively industrialised Southwestern Regions of China. In this situation, India had proposed direct links with Southeast Asia (through Myanmar) or through the maritime dimensions rather than linking up with China. On the other hand, China has been lukewarm to the Indian proposals for pan-Asian FTA as this might enhance Japan, Singapore, and other countries' leverages. Overall, despite the prospects for increasing trade and economic development, China's interactions with Southeast Asia and Indian northeast are fuelling concerns in some quarters of these regions.

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*SEARP is supported by the SAEA Group,
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