

DRAGON AT THE DOORSTEP: REGIONAL CONTEST BETWEEN INDIA & CHINA



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**RESEARCH
BRIEF**

Dragon at the Doorstep: Regional Contest between India & China

Wini Fred Gurung

Abstract: With the growing proximity and influence of China in the region, the significance of India is at stake. China is slowly taking over the neighbours of India, encircling it from all sides. It is about time to act on the reality that China's achievements are detrimental to India. New Delhi needs to get done with its "laid-back" attitude. Gone are the days when it was acceptable to make errors. One small mistake could prove to be a huge setback for India. It needs to bounce back in the game and reclaim its position in the region.

Beijing's influence in world politics is inevitable and India has to live with the fact. It should, therefore, try its best to maintain a strong stance and counter China's influence in the Indo-Pacific region. India should adopt every measure possible to foster regional cooperation to deter an extreme change in the dynamics of power politics in South Asia.

This research brief examines India's interest in the neighbourhood and extended neighbourhood vis-à-vis Chinese presence in the region. Being two of the most populous countries, both hold a significant position in world politics and economy. Based on New Delhi's expanding interests and the increasing economic challenges, this paper aims to highlight the clashing Sino-Indian interests and suggests the possible measures before the Dragon at the Doorstep advances further

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Wini Fred Gurung as a Research Intern at The Kootneeti wrote this brief report on India's engagement in neighborhood and extended neighborhood vis-à-vis China. Wini holds a Post Graduate degree in Politics with specialisation in International Relations from Jawaharlal Nehru University, New Delhi. She has previously interned with the Observer Research Foundation, New Delhi.

As the Sino-Bangladesh ties deepen, is India out of the game?



Benar News (16/05/2019): "China No. 1 Foreign Investor in Bangladesh, New Official Figures Show."¹

Benar News (11/09/2019): "A Chinese-built solar power plant started supplying electricity to Bangladesh's national grid on Wednesday, producing about 7.4 megawatts of energy, two weeks after Dhaka and Beijing agreed to implement renewable projects in the South Asian nation, officials said. The Chinese firm ZTE Corporation built the Kaptai solar power plant in the hilly district of Rangamati in the southeast at a cost of more than 1.1 billion takas (\$13 million), project manager A.T.M. Abduzzahed told BenarNews."²

Benar News (12/09/2019): "China To Help Bangladesh Build Submarine Base, Senior Official Says...Beijing will help Bangladesh construct its first submarine base ...The two submarines that Dhaka purchased for the U.S. \$205 million are berthed at a Bangladeshi naval base in Chittagong, navy officials said."³

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China No. 1 Foreign Investor in Bangladesh, New Official Figures Show

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China To Help Bangladesh Build Submarine Base, Senior Official Says

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News clippings from Dhaka-based Benar News

- ¹ <https://www.benarnews.org/english/news/bengali/bangladesh-china-05162019180504.html>
- ² <https://www.benarnews.org/english/news/bengali/bangladesh-china-09112019180815.html>
- ³ <https://www.benarnews.org/english/news/bengali/submarine-base-09122019155029.html>

The aforementioned events are simply a few of various instances corroborating the fact that the bilateral ties between China and Bangladesh have been escalating gradually. They have become the epitome of new-age partners. However, this has not always been the case. From former adversaries to being strategic partners, they surely have come a long way. If we look back to 1971, China supported its all-weather ally Pakistan during the liberation of Bangladesh.

It also vetoed the latter's entry as a member state to the United Nations. However, today they seem to have put everything behind the past, with their relationship only evolving over the years.

India has always played a major role in the politics of South Asia. However, in the last few years, China has taken over the position and managed to maintain a strong stance for itself. This has resulted in a shift in power dynamics in the region. China has emerged to become the biggest arms supplier to Bangladesh. It also has a massive bilateral trade with the country, amounting to approximately \$12 billion. Just when it seemed like it couldn't get better than this, Behold! China signed the Asia Pacific Trade Agreement (APTA), which removes tariff barriers from commodities imported from Bangladesh. Now that is a deal which cannot be said no to.

Moreover, China is the only country with which Bangladesh has signed a defence agreement. Signing the much controversial 21st Century Maritime Silk Road and the Silk Road Economic Belt initiatives, Bangladesh has in-turn acted on its part to maintain cordial ties with China. Bangladesh is important as it is one of the important pivots of maritime and overland connectivity between the Indian Ocean and China's landlocked provinces.

Who is gaining?

By the looks of it, China is taking every step possible to woo Bangladesh. Be it by bolstering bilateral trade, funding Dhaka's developmental projects or being partners in road connectivity collaborations, China has managed to maintain a solid presence in one of the fastest developing economies in Asia. However, it cannot be disregarded that these activities are exercised according to Beijing's terms and conditions which implicitly works in its favour. It is gaining tremendously from the bilateral trade amounting to almost \$9 billion trade gap. Bangladesh intends to become a developed nation by 2040 and to achieve that it needs to develop its infrastructure and boost its economic efficiency. This has given China yet another advantage over Bangladesh, considering Beijing's age-old tactic of "assisting" developing countries.



Chinese President Xi Jinping with Bangladesh Prime Minister Sheikh Hasina/ Image: Daily Star

Following this, China has become a major development partner of Bangladesh, becoming the no. 1 foreign investor in the country. One thing is for sure. Beijing sure knows when and how to hit the soft spot!

There are many reasons why China is going out of the way to help Bangladesh. First thing first, its presence in one of the most significant countries in the South Asia region has proven to be a threat to India, much to its wishes. Bangladesh's close proximity with the Siliguri corridor, which is an area of contention between India and China would help the latter to keep an eye on India's activities in the region.

The ports in Bangladesh are another important asset for China, which could be used for supply of its energy. This reduces its dependence on the disputed Straits of Malacca and helps in easy transportation of its supplies. Bangladesh's cheap labour could prove to be advantageous for China.

Sino-Bangladesh relation could seem like that one of interdependence. However, this has only increased Dhaka's dependence on Beijing. Also, this relation is strongly based on deep-rooted interests of China. Its debt-trap policy has worked out well in its favour in many countries like Pakistan and Sri Lanka. Bangladesh should be wary about the same and be vigilant in every activity involving China.

How is India Loosing?

There was a time when India had a favourable position over political, military and economic aspects of South Asia, with the United States being secondary to it.

India was rightly called the "Big Brother" of the region. With China's entrance, it is slowly losing the grip and position it held once, with America's presence slowly fading too. Trump's extreme foreign policies and backing off from significant deals like the

Trans-Pacific Partnership, the [Iran Nuclear Deal](#) and the Paris Agreement has only led to scepticism regarding its loyalty and commitment towards other countries. This has thus, resulted in many Asian countries like the Philippines and Indonesia to change its strategies and slowly tilt towards the Dragon. None can blame them though!

The question here is how is it faring so well for China? Where is India going wrong? “The Chinese are using their abundance of labour, capital and workforce to project their influence,” said Mira Rapp-Hooper, a scholar of Asian security issues at Yale Law School. She added, “It’s mostly taking place in countries where the U.S. does not have a lot of influence or give a lot of aid.” China’s abundance of economic resources and capabilities is just what the developing countries require, and China is doing it just right.

What can India do?

With the growing proximity and influence of China in the region, the significance of India is at stake. China is slowly taking over the neighbours of India, encircling it from all sides. It is about time to act on the reality that China’s achievements are detrimental to India. New Delhi needs to get done with its “laid-back” attitude. Gone are the days when it was acceptable to make errors. One small mistake could prove to be a huge setback for India. It needs to bounce back in the game and reclaim its position in the region. To begin with, India can work on the economic front by strengthening its bilateral trade with Bangladesh. In 2017, India announced a \$5 billion loans for Bangladesh, which is the largest amount ever invested by India in Bangladesh. Such initiatives will maintain its prominence in the country.



Bangladesh & India on Map

Cultural exchange is another aspect through which both countries can work upon. The two Asian countries share a lot of cultural similarities, considering their history. This can enhance their relationship even more. India and Bangladesh are member states of regional organisations like the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation ([BIMSTEC](#)). These organisations should be functional to encourage regional synergy. The 'Neighbourhood First' policy should be given the optimal preference to enhance bilateral ties in the region. This will further help to strengthen India's preeminence and assurance in South Asia.

Establishing prominence, however, comes with conditions. India should cease itself from being involved in the internal politics of Bangladesh. China's concept of non-interference alongside its economic investment has worked well in its favour. India should try to do the same. Meddling in domestic matters of other countries should be a strict no-no.

There are long-pending disputes between India and Bangladesh. One such important dispute is the Teesta water treaty. This is one of the reasons impeding the chances of betterment in the relationship between them. The countries should come to the table to work on a plausible deal to solve it. This will help in bringing ease in tensions to some extent between them.



Chinese Premier Li Keqiang, centre, and Bangladesh's Prime Minister Sheikh Hasina review an honour guard during a welcome ceremony at the Great Hall of the People in Beijing, Thursday, July 4, 2019. (AP Photo/Mark Schiefelbein, Pool)

Conclusion

Beijing's influence in world politics is inevitable and India has to live with the fact. It should, therefore, try its best to maintain a strong stance and counter China's influence in the Indo-Pacific region. India should adopt every measure possible to foster regional cooperation to deter an extreme change in the dynamics of power politics in South Asia.

The US could also bounce back to revive its relevance in the region and what better way than to partner with India! Together, they could promote regional balancing with win-win situations for the countries, in substitution to the debt-trap policy of China. As the Indo-Pacific region is slowly being engulfed by the dragon, it is the right opportunity for India to exhibit its potential of being the-next-big-thing!

India & Mongolia: Across the Chinese dragon



Indian Prime Minister Narendra Modi meeting with the President of Mongolia Battulga Khaltmaa in New Delhi/ Image: Twitter

The year 2019 marked the 64th anniversary of the establishment of diplomatic ties between India and Mongolia.⁴

President Khaltmaagiin Battulga of Mongolia began his five-day State visit on 19th September 2019, the first in last ten years by a Mongolian President. He was received by Indian Union Minister Kiren Rijiju and later by his Indian counterpart President Ram Nath Kovind at the Rashtrapati Bhavan (President House). The countries came together with the aim to intensify bilateral relations and cooperation between them.

Located between China and Russia, Mongolia is a small landlocked country in Central Asia. It shares a cordial relationship with India ever since it declared it as its “spiritual neighbour” and “strategic partner” in 1955. The relationship fostered with the spread of Indian culture and Buddhism into Central Asia. Buddhism brought the two countries closer as Mongolian students and scholars flocked to India to study at Nalanda University about the religion. The countries share a lot in common in terms of culture, democracy and history. Mongolia’s preservation of Sanskrit language in the

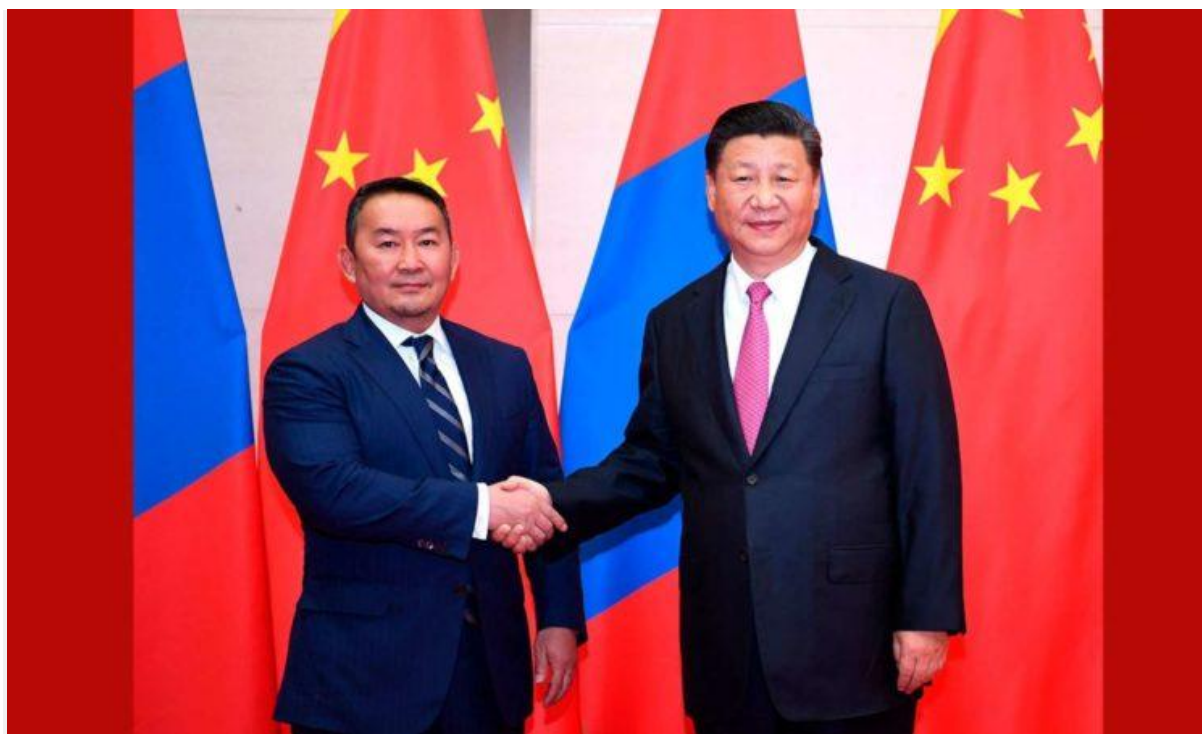
⁴ <https://timesofindia.indiatimes.com/india/mongolian-president-receives-ceremonial-reception-at-rashtrapatibhavan/articleshow/71213125.cms>

form of translation and manuscripts has further deepened the brotherhood. Mongolia's "Third Neighbour" policy has become quite popular as it aims to expand ties with countries other than its two neighbours. India has also been very supportive of the same.

From the day they formally set up diplomatic relations till the present day, the relationship has only gone uphill. Be it by supporting each other in International forums or respecting and exchanging cultural values, they have always had each other's backs. It can be validated through several instances. Under Prime Minister Nehru, India supported Mongolia's membership in United Nations in 1961 and Non-Alignment Movement (NAM) in 1991 respectively.

Mongolia supported India for the seat of non-permanent members of the United Nations Security Council (UNSC) for 2011-2012. They have declared support to each other for UNSC's non-permanent seats for 2021-22 and 2023-24 respectively. Most importantly, Mongolia has always been vocal about India's permanent membership in the United Nations Security Council. The visit of PM Modi in 2015 further intensified the relationship. Following that, the bond has only become stronger over the years.

China's Hegemony in Mongolia



Mongolian President Khaltmaagiin Battulga with his Chinese counterpart Xi Jinping/ Image: SCMP

It is inevitable to talk about the changing international environment and not mention China. Being the neighbour of Mongolia, China has (undoubtedly) influenced the political and economic aspects of the country, to its own benefit.⁵

⁵ <https://thedi diplomat.com/2018/08/china-and-japans-investment-competition-in-mongolia/>

It is one of the closest partners of Mongolia and is its biggest trader and investor. Its involvement is so huge that it is almost impossible for any other country to come on par with its activities in the country. The foreign trade which was a meagre 1.5 percent in 1989 escalated to a drastic 68.5 percent. Within just five months in 2017 that same year, China's direct investment in the country soared high to \$4.1 billion, which amounted to almost 30 percent of Mongolia's foreign investment. The Belt and Road Initiative of China has further given it greater leverage over the country's economy.

Japan is another Asian country which heavily invests in Mongolia. It recently funded the country to build an airport in the capital city of Ulaanbaatar. To counter the same, China's Export-Import Bank proposed to invest a whopping amount of \$240 million soft loans to build a road connecting the airport to the city. Talk about competition, nobody does it better like China!

Clearly, China has managed to grasp Mongolia by the neck. When the latter invited Dalai Lama in 2016, it was going through a severe debt crisis and China was the only country willing to lend money in low-interest rates. Mongolia had to put its foot down and apologise to China in order to seek loans from it. It also pledged not to invite Dalai Lama again. This was just another instance that depicted how vulnerable and dependent Mongolia was on China.

India's Involvement in Mongolia

Comparatively, India has invested very little in Mongolia. The most recent and perhaps, the most significant one is the 'Mongol Refinery Project' under India's Line of Credit (LOC) of \$ 1 billion, which was extended during the visit of PM Modi in 2015. It proposed to set up 1.5 million tonnes per annum greenfield crude oil refinery in Sainshand province. It has further agreed to shell out an additional LOC of \$236 million for the project during the visit of Battulga to construct a medium of transportation of crude oil from the refinery, which it intends to finish by 2022. The LOC now amounts to a lump sum of \$ 1.236 billion. Other initiatives like setting up of the 'Atal Bihari Vajpayee Centre of Excellence in Information and Communication Technology' are also under progress, which is being developed under India's assistance. The recent visit also saw the signing of four Memorandum of Understanding (MoU) in areas of space, disaster management and agriculture.

What Next?

As China assertively establishes its hold in the country, Mongolia is becoming yet another prey to the 'debt-trap diplomacy'. Against this backdrop, India can emerge to be the cushion for the country to lean on. To begin with, India can increase its bilateral trade with Mongolia, which will help the latter to strengthen its economy, making it less dependent towards China.

Increasing investments could give a major boost to the relationship. As China maintains its position of being the highest investor in the country, India can try to counter it by expanding its already-existing investments in the field of tourism, agricultural commodities, dairy products, Information Technology, and mining. The vast stretches of steppes grasslands in Mongolia give India another opportunity for investment in agro-farming. Exchanging culture has proven to be effective in enhancing bilateral ties between countries.

For e.g., India and Nepal or India and Bangladesh. It lies in the very core of the relationship between Mongolia and India too. They should work on this aspect by promoting people-to-people exchanges. India should give equal importance to religious and spiritual courses in colleges and universities so that the Mongolian students come to India. Cultural exchange activities should also be promoted. Regular visits between the two countries should take place. This will give them an opportunity to consolidate their relationship and review their cooperation in areas like defence, energy, infrastructure and so on.



Click on the image to see Tweet by Indian Embassy in Mongolia

India has benefited hugely from Modi's "Act East policy". This has put the country in a higher pedestal as most of the countries like Mongolia are tilting towards it due to

China's growing assertiveness. This has also given India a chance to start afresh, a possible leader in Asia. The repercussions of the recent visit have higher chances of deepening ties between India and Mongolia. As the leaders of both the countries jointly inaugurated the statue of Lord Buddha at Gandan Monastery and discussed issues ranging from bilateral to global, they agreed to increase their cooperation not only as strategic partners but spiritual brotherhood too. This proves a point that as Beijing encroaches inside South Asia, India will not be far behind, ready to counter it!

How has China changed the Indo-Vietnam dynamics?



Indian Prime Minister Narendra Modi with his Vietnamese counterpart Nguyễn Xuân Phúc

India and Vietnam's age-old friendship goes way back to mid-1900s- the era of struggle for independence, the formation of the two nations and the cordial relationship that was shared between the founding fathers- President Ho Chi Minh (Vietnam) and President Rajendra Prasad and Prime Minister Nehru (India). It would be justified to say that it is indeed a time-tested friendship, owing to the fact that they have stood up for each other in times of crisis. India supported the independence and unification of Vietnam, while also opposing the United States on its atrocities during the Vietnam War in the late 1960s. Regular meetings have helped strengthen the relationship between them. Consequently, trade and economic ties have seen tremendous growth and areas of cooperation have only expanded over time. Further, their cooperation through platforms like the UN, WTO, ASEAN, East Asia Summit, Mekong Ganga Cooperation, the Asia Europe Meeting (ASEM) and India's 'Act East Policy' has given a major boost to their liaison.

China's palpable influence has shaken the geopolitics in the Indo-Pacific region. There is hardly any country which does not have a dispute or an issue with it. Speaking on Vietnam, its claim over the South China Sea alongside countries like Malaysia, the Philippines, Brunei, Taiwan and China itself has led to bitterness in the relationship. India's own share of border disputes is old news.

Indian Prime Minister Nehru with Vietnamese President Ho Chi Minh/ GOI Archives

Such a state of affairs has resulted in the formation of many regional organisations to counterbalance the “Dragon Hegemony” in Asia. There has been an increase in cooperation in bilateral as well as multilateral forums. India and Vietnam relationship is one such example of the same. Under the Modi government, their ties have fostered and deepened to new heights in all areas: social, economic and cultural. In fact, the establishment of a Comprehensive Strategic Partnership in 2016 remains one of the most important platforms of discussion between the two.

Coming to trade, there has been a substantial surge in bilateral trade. The trade which amounted to \$7.8 billion in 2015 saw it multiply to a whopping \$14 billion in 2018 and is further expected to hit \$15 billion by 2020. In 2019, India was placed 22nd among the countries who invested in Vietnam with a sum of \$28.44 million. It maintains its position among the 10 biggest foreign investors in the country with 223 projects with the capital of \$913.33 million as of April 2019.

India and Vietnam share robust defence cooperation. For more than a decade, they have been holding defence policy dialogues annually at the deputy ministerial level to discuss issues on bilateral, regional and international levels of mutual interest. The latest dialogue was held in Ho Chi Minh City, Vietnam on October 3, 2019.



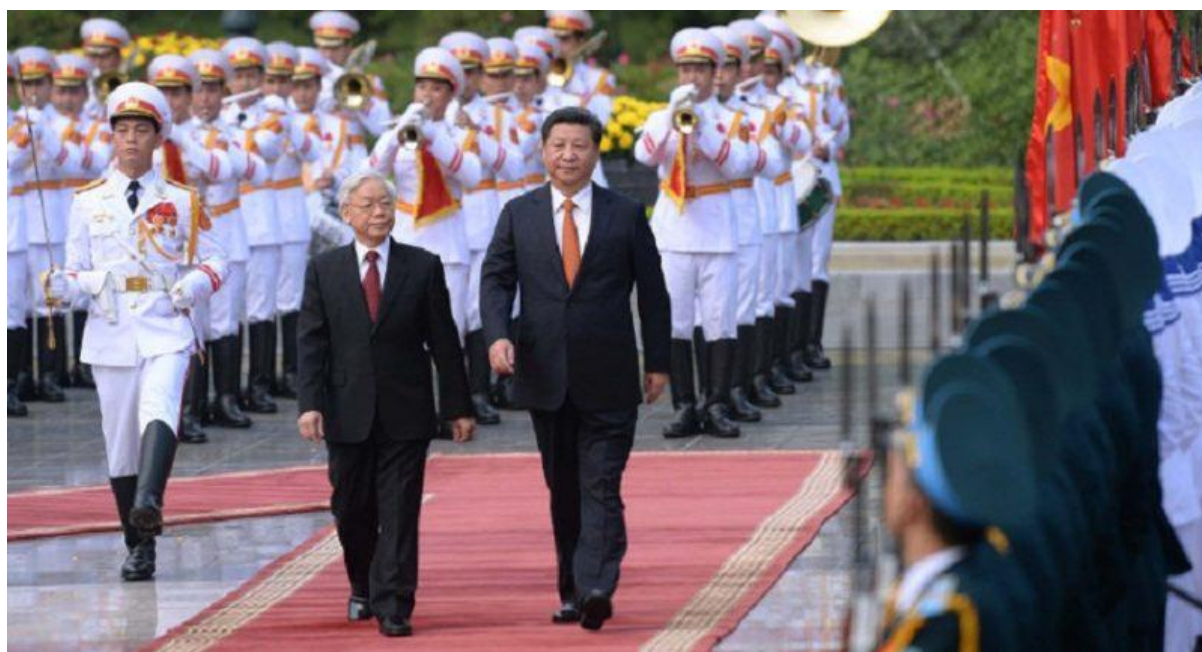
Indian Prime Minister Nehru with Vietnamese President Ho Chi Minh/ GOI Archives

They have also committed to conducting regular exercises and training in the defence sector. They held their first six-day long military exercise in Madhya Pradesh on January 29, 2018.

India has considerable investments in the fields of energy, industry park infrastructure development, IT, pharmaceuticals, and agriculture. They have further planned to bolster trade and investments in the textile industry, marble mining, sugar processing in Vietnam, promote tourism and enhance people-to-people exchanges.

“Dragon Hegemony”

As mentioned above, Vietnam has its own share of issues with China, the South China Sea dispute being one among the many. Vanguard Bank is another area of contention where they frequently have long-standing maritime tensions with China trying to stop Vietnam from exploring in the disputed territory. However, the country is still dependent on China for various reasons, inadvertently or inevitably. Also with China's increasing proximity, India's stance in the country is under threat. Of late, Chinese products have been losing their credibility in the US due to tariffs and trade barriers. As a result, Vietnam will be seeing a lot of Chinese manufacturing units, real estates and infrastructure in its land.



Chinese President Xi Jinping, right, and Vietnamese Communist Party Secretary General Nguyen Phu Trong, centre, reviews an honour guard during a welcome ceremony at the presidential palace in Hanoi Thursday, Nov. 5, 2015. (Hoang Dinh Nam/Pool Photo via A

India also faces stiff competition as a supplier of raw materials in Vietnam's textiles and garments industry. While earlier it was an important exporter of the same, China, the world's largest textile and garment exporter has taken over the position.

India's occasional hand-over of concessional Lines of Credit for defence industry cooperation and implementing other socio-cultural infrastructure projects in Vietnam is commendable. However, the interest rate of 1.75% for 20 years is relatively higher than that provided by China, Japan and Korea. This has seen a tilt India to East Asian countries.

Taking about finance and investments, India may be in the top 10 but China is usually among the top ten sources of foreign investment in Vietnam. Its total registered capital increased from \$700 million in 2011 to \$2.4 billion, three-fold increase with an annual growth rate of 18%. In recent years, it has diversified its investments from light industry and consumer sectors towards construction, manufacturing, processing and large construction projects and projects in the energy sector.

Scope for cooperation

Though New Delhi is already investing a generous amount in Vietnam, there are few other areas where it could expand its investments, which could prove beneficial for both parties. Vietnam is one country, entirely dependent on fossil fuels, which already seems to be going scarce. This would consequently lead to stagnancy in economic growth as the country does not have proper access or technologies to generate renewable energy. India could invest in this area, which could bring down a lot of pressure from the non-renewable sector.

India ranks as one of the major exporters of pharmaceutical products to Vietnam. However, there has been very little progress since 2017 due to issues that have arisen between the exporters and the companies bidding them. India can work to set up manufacturing units in Vietnam to avoid such mishaps so that there is no blockage to the manufacturing and flow of commodities. Not just pharmaceuticals, India could also set up infrastructures for health facilities like hospitals and training the medical staff as the ratio between the increasing demand for health services and the delivery is unequal. This would fill the employment gap in India to some extent.

While India has already taken steps to invest in the textile industry, it could do the same in marble mining and sugar processing too.

The road ahead

Vietnam is an important country for India's "Act East" policy. The former's advantageous access to ASEAN and other developed markets makes it a pivotal partner for the latter. They do share mutual apprehension towards China's assertiveness. However, Indo-Vietnam ties should not be looked only through the prism of countering China. They have the capability to contribute to peace and stability in the region. With their friendship has stood the test of time, they can become an epitome of new-age friendship, standing strong against all odds.

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Chinese Dragon at the Himalayan Kingdom: A Wakeup call for India?



Nepal Prime Minister K.P. Oli with Chinese President Xi Jinping/ Image: Himalayan Times

During my month-long volunteering to Nepal in August 2019, the city of Kathmandu was still in ruins from the aftermath of the 2015 earthquake that adversely affected human lives, the economy, livelihood, development, and infrastructure of the country. With the country unable to recover from the devastation on its own, I was not surprised to see most of the renovation activities being financed by China. The contribution of India, its immediate neighbour, was barely noticeable amidst the Chinese hustle.

On October 12, 2019, the much-anticipated state-visit by Chinese President Xi Jinping took place, **breaking the 23 years hiatus by a Chinese leader** in any Himalayan country. The last visit was carried out back in 1996 by the then-Chinese President Jiang Zemin. Therefore, Xi's visit was a significant event for both countries in order to enhance their bilateral relations. Meeting his counterpart Bidhya Devi Bhandari in Kathmandu, the leaders agreed to cooperate in various sectors to elevate Nepal from the ongoing situation. Xi pledged to invest in infrastructure and improving road connectivity while asking for Nepal to cooperate with China. In return, Bhandari reiterated Nepal's commitment towards China through the 'One-China policy', stating it will not allow

any forces to use its territory against China. “China is ready to work with Nepal to implement the consensus of our leaders, scale new heights in our friendly cooperation,” China’s Foreign Ministry said, heralding a “new chapter for relations.”

Nepal is a small landlocked Himalayan country located between two regional powers India and China. It has been ranked as one of the poorest countries in Asia, with a quarter of its 30 million-strong population living on less than 50 cents a day and some 8 in 10 Nepalese living in rural areas, depending on subsistence agriculture for survival. Its geographical features pose major challenges to its development, impeding economic growth, with its internal resources insufficient to suffice the requirements of the exploding population. The country has also been a victim to a number of natural disasters. A devastating earthquake that struck Nepal in 2015 killed almost 9,000 people, injuring 22,000 and displacing many more. Cut to after the disaster, the Nepalese Government laid out a highly controversial constitution, which was highly criticized for its treatment of ethnic minorities and women.

The turn of events that followed completely [changed the environment of Nepal](#). There were violent and deadly protests in the country’s southern border with India, leading to transport blockade between the two countries. Bilateral trade was affected terribly and there was an acute shortage of food and fuel supply, awakening memories of a year-long blockade by India in 1989 for buying military hardware from China. All in all, the condition of Nepal could only go downhill from here.



Madhesi protest in Nepal (2015)/ Image: The Hindu

India-Nepal-China

Indo-Nepal ties hold a historical significance. It goes back to the [1950 Peace and Friendship Treaty and the Treaty of Trade and Commerce](#) that established robust ties between the two countries. As bilateral trade ties increased, multiple other trade treaties were signed in the 1970s and the 1980s. There was also an increase in the number of joint investments in 1978 which further deepened cooperation between them. However, tensions in bilateral relationship surfaced after the Madhesi crisis in 2015, when the Madhesi community blocked important border crossings for trade with India to protest for better representation in Nepal's constitution. With India denying any role in the blockade despite Nepal asking India to take action on it, it blamed the latter stating internal tensions for the same. Among many theories regarding the issue, some believe that the blockade was imposed by India in response to not having a bigger role in the drafting of Nepal's Constitution. India has historically played an active role in Nepal's internal politics. Its support of the transition from a monarchy to multi-party democracy and helping end a decade-long civil war are few of the many instances which prove that India has had a significant influence in Nepal.

India's urge to form a separate province for Madhesis, as the people of Indian ancestry living along the Terai plains of southern Nepal are called, did not go well with Nepal. It was, therefore, rejected by Nepal to avoid identity-based provinces. This created a hostile environment and sourness between the countries, as Nepal blaming India for funding Madhesi leaders. The course of the relationship changed substantially, with Nepal's dependence on India diminishing gradually.

Since then, China has taken advantage of the situation and have initiated bolstering ties with Nepal through the various course of actions, one aspect that China is exceptionally good at. Also, with the present government under Prime Minister K.P. Sharma Oli (leader of the Nepal Communist Party), Nepal has broadened its ties with China even more, while India seems to be lost in the game.

With Nepal's ratification to Beijing's Belt and Road initiative in 2017, it has given greater leverage to China in the country, which will give it easy access to keep a check on Tibet and India. This has changed the geopolitics in the region as India and China struggle to maintain greater prominence than the other in the country.

Areas of interest

Like every other vulnerable country in Asia, China has and is investing billions of dollars in Nepal behind the guise of assisting in the development of the country. However, there is a heavy price to pay in case the countries cannot meet the terms and conditions put forward by China: the dreadful Debt-Trap Policy. [Sri Lanka's Hambantota port](#) is the most vivid example. Unable to pay the debt back to Beijing for constructing the port, they negotiated to hand over the port and 15,000 acres of land around it for 99 years. This has given China closer proximity to India, its major rival in the Indian subcontinent, also giving it leeway in the much advantageous waterway.

Collaborating with China, needless to say, comes with compromises. Jinping spoke on reviving the Arniko Highway linking Kathmandu with Tatopani transit point which was shut down following the devastating earthquake of 2015, constructing the Kerung-Kathmandu tunnel road, supporting education sector and urban development in the country, constructing the Rasuwagadhi-Kathmandu-Lumbini railway line and most importantly, assisting in the post-quake reconstruction by promoting 'Visit Nepal Year 2020'.

All things considered, Beijing has evinced considerable interest in supporting Nepal in all aspects. The backstory being, the aforementioned links makes the Chinese markets accessible to Nepal. It also accentuates Beijing's manoeuvring in south Asia for defence and transit projects. Sometimes, the compromise could widen out to internal politics too. During his visit, Xi briefed the ruling party how to bolster their position through "full and strict governance". But as China's influence rises in South Asia, there have been concerns about whether dealing with President Xi will mean losing sovereignty. Again, Sri Lanka's Hambantota Port can be used as an example here. Nepal's participation in the Belt and Road Initiative (BRI) goes beyond physical connectivity to include connectivity of ideas, trade, people, finance and so much more. It is one of the most important countries for a new trans-boundary railway under the project that would link China to the subcontinent.

In the coming years, Nepal could also witness an exodus of 20,000 exiled Tibetans living in the country, considering the enmity between [China and Tibet](#). And this could happen sooner than expected as President Xi and PM Oli discussed an extradition treaty for the same. However, to much relief, Nepal has postponed the treaty, for now, citing reasons of possible infringement of sovereignty. But when it comes to China, it surely knows how to get things done.

China has already established its businesses all over Nepal. It has managed to break the sole dependence on Indian internet providers with Chinese internet bandwidth. The country sees thousands of Chinese tourists every year and Chinese-language institutions are proliferating with time. Hundreds of students travel to China more than India for education. India needs to pay heed to this as a sign of warning and buckle up to regain its lost status.

India, which used to secure the position of the highest investor in Nepal until a few years back has been replaced by China with the latter amounting to 60% of foreign direct investment (FDI) commitments (US\$79.26 million). China is the single largest FDI source for Nepal with its relevance not just in small projects, but in considerable ones, like airports, roads, transmission lines, railway, optical fibre network and many more. India now ranks second with US\$36.63 million, followed by the US and Japan. This has come as a worry to India because it does not enjoy the same impact as it had, not just in Nepal but with almost all its neighbours. Losing its influence in Nepal would be a huge setback for India as it is an important buffer state with China.

India needs to wake up!

It is quite comprehensible now that India is falling behind in its diplomacy and finesse as compared to China. It should analyse the areas it is lagging on and work on it. Firstly, it should respect the sovereignty of Nepal. Just because Nepal is reliant on it does not mean it should interfere in the internal politics of the country. Being the 'Big Brother', it should let Nepal perform on its own and not impose its beliefs and opinions on it.

Increasing its investments and assistance to Nepal could be another aspect where India can work on. With Nepal struggling to revive itself from the destruction of 2015, India could give significant assistance in developmental activities. Backing Nepal in international forums like the United Nations could help India win back the trust. The ever-changing dynamics of geopolitics due to the presence of China are inevitable and India should take extra measures to be on par with it with minimum assertiveness. Or else, the Indo-Nepal friendship that has managed to hang on all these years could only remain in history books.

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Beijing: The new “Big Brother” of the Indian Ocean?



One of the busiest water routes in the world, the Indian Ocean is of utmost significance as a means of connectivity and flow of trade. Acting as a bridge to the Middle East, Africa, and South Asia with the rest of Asia and Europe, it accounts for about 40% of the passage of the world's oil supply. For India, it is of paramount importance as most of its trade is carried out through sea. It also acts as a natural barrier to India's territorial defences. All in all, the ocean plays an important character in defining the national security of India. Noting its significance for the country, India plays a key role in maintaining cooperation in the region as a “big brother”.

However, in recent years, China has changed the geopolitical status of the Indian Ocean Region through its Belt and Road Initiative (BRI) which involves the South China Sea and the Indian Ocean. Many Asian countries have signed the connectivity project and they have seen a massive increase in the activities of China in internal matters too. It has been able to establish a firm hold for itself, thereby threatening the position of India in these countries which were once highly dependent on India. Following this, two island nations have drastically altered their foreign policies: Sri Lanka and the Maldives.



Sri Lanka's Mahinda Rajapaksa, left, toasts with China's President Xi Jinping (AP Photo/Kim Kyung-Hoon, Pool)

Leased or Leashed?

China and Sri Lanka share a cordial relationship owing to their history where Colombo highly supported Mao's Communist government. The ties further bolstered during Colombo's twenty-six-year civil war where Beijing provided resources to help counter the heavily-armed Tamil Tigers. Since then, China has proven to be an important partner to Sri Lanka. It is the biggest single lender to Sri Lanka. After the end of the civil war, Beijing actively participated in the renovation process through hefty investments and starting up new projects amounting to around \$15 billion. The investment which was a meagre \$16.4 million in 2005 rose to \$338 million by 2015. Of the many projects, two highly important investments were made in the Hambantota Port Development and the Colombo Port Project.

Hambantota Port is one of the busiest shipping lanes in the world. In 2002, the government under Prime Minister Ranil Wickremesinghe envisaged building a new port in the area. It was then that China not only offered a loan of \$1.1 billion but also provided Chinese contractors. Considering it as goodwill, Sri Lanka did not realise what it was getting into when it accepted the assistance from China. Things started unfolding when the port became functional in 2010 and could not reach up to the

expectations with only 44 ships being handled since 2015 and began running in loss. Unable to even pay back the interest payments, the then Prime Minister, Ranil Wickremesinghe leased the port to China Merchants Port Holdings Co. to compensate for the debt. This move was opposed by Rajapaksa's party. Thereafter, the port was taken over by China as a foreclosure. It physically took control of the port in 2017 on a 99-year lease. Now it is the Chinese who have the jobs and who have gradually started settling in the area, leaving the locals stunned and jobless in their own country. Therefore, the port always finds a special mention in every research paper when it comes to China's debt-trap policy.

In November 2019, Sri Lanka elected a new government with the former defence secretary Gotabaya Rajapaksa as the President. With the new government came new promises. He plans to rework on the move by the previous government to lease the port by undoing it. However, it is still too early to make a statement on how the new government will deal with China. Even though it might have opposed the Hambantota port move, Rajapaksa's party has always been positive about its alliance with China evincing its advantages of ethnic and cultural diversity and make the country less dependent on India, its immediate neighbour.

Debt with the Dragon

Similar to Sri Lanka, the island state of Maldives share a special relationship which started in 1972 and strengthened after the visit of President Xi's visit to the Maldives in 2014, the first-ever by a Chinese leader. China has become the largest source of tourists in the Maldives. However, Maldives has also fallen prey to China's debt-trap policy. According to former Maldivian President Mohammed Nasheed, the island nation owes a debt of \$3.4 billion for projects during Yameen's time. According to his recent statement, starting this year on, 15% of the nation's budget would go to repay it.

The ever increasing influence of China in these nations could prove detrimental to India. China has invested millions of dollars in these countries for its own vested interests. The loans granted are provided at extremely high rates which becomes difficult to pay back, failing which China exercises its debt-trap policy. The failure to repay the debts eventually allows China to take over major infrastructures of the debt-ridden country, sometimes severely affecting the sovereignty of the state.

Being the big brother of the region, India has certain responsibilities to fulfil in order to secure its neighbours. China's increasing proximity to the two nations could encircle India and help China in achieving its ambitions of BRI. China's assistance to these countries has resulted in more dependence on the dragon than the big brother itself.

India should strengthen its ties with its neighbours to secure its position in the region. It should increase its investments, preferably with rational interest rates so that the countries can build their trust in India and believe in its genuine goodwill to help them.

There should be frequent meets between the leaders of the states. After a victorious win in the second term, Modi's first overseas visit was to the Maldives and Sri Lanka. This proved to be an important gesture to reflect the special relationship that the countries share. In the Maldives, the leaders signed a large number of memorandums and agreements to focus on expanding maritime security cooperation covering hydrography, exchange of white shipping information and a coastal radar system linking the Maldives to India's larger surveillance network. They also inaugurated a training facility for the Maldives National Defence Force in Maalifushi.



India's Prime Minister Narendra Modi is seen with Sri Lanka's President Maithripala Sirisena during his welcome ceremony at the Presidential Secretariat in Colombo, Sri Lanka, June 9, 2019.

In Sri Lanka, Modi reaffirmed its support to the country to fight against terrorism, following the Easter Sunday attacks. They also held discussions on counterterrorism, security, and economic development. These visits were a way of redeeming its position in the region that has been shaken by China's influence and assuring its solidarity and support to the nations. With the new government coming to power, India should grab the opportunity to regain what is lost and take necessary actions to work on its relationship with long-term commitments in both countries.

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India needs to up its game in Myanmar amidst Chinese influence



Chinese President Xi Jinping with Myanmar State Counsellor Aung San Suu Kyi

With a land boundary of over 1600 kilometres along Arunachal Pradesh, Manipur, Mizoram and Nagaland, and a maritime boundary in the Bay of Bengal, India and Myanmar share a special relationship owing to their cultural and religious association. It is a beneficial partner for the foreign policy of India as it acts as a bridge connecting India to other Southeast Asian countries, which is pivotal for deepening PM Modi's 'Act East Policy'. Buddhism is another factor which plays an important role in enhancing their relationship.

India and Myanmar hold various discussions through forums where the leaders meet regularly to discuss issues concerning them. Few important ones are the Joint Consultative Commission (JCC), the National Level Meeting (NLM), the Regional Border Committee Meeting (RBCs), Joint Trade Committee (JTC). They also meet on the sidelines of various multilateral meetings like the ASEAN-India summits, BIMSTEC summits and East Asia summits and conduct state visits. Such frequent contacts between the leaders have strengthened their relationship over time.

Bilateral trade has also remained consistent with a total of US \$2.18 billion as of 2016-2017. India is the fifth-largest trading partner of Myanmar, predominantly in the agricultural sector. It is also the eleventh largest investor in the country with \$743.642 million on projects, especially of oil and gas sector. According to the [Ministry of External Affairs](#), India's development assistance is over \$1.75 billion in projects like the Kaladan Multimodal Transit Transport Project; the Trilateral Highway Project, which is an East-West corridor connecting our Northeast with Myanmar and Thailand; the Rhi-Tiddim road; assistance for border area development in Chin State and the Naga Self-Administered Zone by financing bridges, roads, schools and small health centres; assistance in setting up institutions for higher learning and research, namely Myanmar Institute of Information Technology, Advanced Centre for Agricultural Research and Education, Myanmar-India Centre for Enhancement of IT Skills, India-Myanmar Industrial Training Centres; capacity assistance in public health by supporting upgradation of Yangon Children's Hospital and Sittwe General Hospital and the construction of a 200-bed women's hospital at Monywa; the Rakhine State Development Programme; restoration and conservation of Ananda Temple in Bagan and the repair and conservation of 92 earthquake-damaged pagodas; reconstruction of Yamethin Women Police Training Centre, etc.

The Chinese factor in Indo-Myanmar dynamics

Myanmar's strategic location has been an issue of contention between India and China as their interests clash over the country, thereby affecting its foreign policy. Like in every other South Asian country, these two major powers try hard to counterbalance the presence of one other through various means. However, China is way ahead in many aspects as it shares deeper and stronger ties with Myanmar. For instance, it is the fourth largest investor in the country with more than \$1 billion. It also provides significant assistance through grants, debt relief and interest-free loans. It remains the largest supplier of weapons and military aid since 1989 to the country and provides its army with training in the technical use of weapon systems. It has also consolidated its support for Myanmar in international forums by vetoing resolutions against the military junta of the country in the United Nations Security Council.

India had for years, neglected Myanmar in its foreign policy and these years of indifference gave an opportunity to China to take over in the country. At present, India

is trying to make up for the loss and it has been successful to some extent. However, there are still problems which create a hindrance to its betterment. During Myanmar's democratic movement following the military regime in 1962, India openly showed its support to the movement. This created a sense of enmity from different ethnic tribes like the Ahoms and Chins. Contrary to India's action, China stated that the internal matters of the country should be dealt with by itself without the interference of its neighbours. Also with the imposition of western sanctions and policy isolation of Myanmar, the country has been favourable towards China and is overly dependent on it. Even though Myanmar has evinced its interest in developing its dynamics with India, it still tilts towards China to sell its resources.

Myanmar's to collaborate with China in building a 30,000-sq mile offshore economic zone to facilitate the exploitation of natural resources could prove to be a threat to the interests of India in the Indian Ocean. China has allegedly built monitoring facilities in Myanmar's ports to keep an eye on India's maritime activities, leaving India worrying about its security.

Why is Myanmar important to India?



Myanmarese State Counsellor Aung San Suu Kyi with Indian Prime Minister Narendra Modi

Like mentioned above, Myanmar is an important gateway to bolster India's updated 'Act East Policy'. The highway which connects India, Myanmar and Thailand is paramount as it connects other Southeast Asian nations. Also with increasing Chinese

influence in the region and gradually encircling India through its 'string of pearls' policy, it is imperative for India to improve its relationship with its neighbours, especially with Myanmar with which it has had a rocky past.

Myanmar is slowly transitioning from a military regime to a democratic government. This change has created a platform for many players, namely Japan, Germany and other ASEAN members to counterbalance China, thus increasing competition for India and a sign of alarm that it needs to up its game.

How can India counter China's proximity in Myanmar?

In Myanmar, India's lag has been China's gain. The vacuum of indifference on the part of India and China filling it has resulted in Myanmar favouring the latter. Myanmar's easy access to the Bay of Bengal is only one of the many assets to China's encirclement strategy, which is detrimental to India. In reality, Myanmar is an important country for China to check on India. Keeping all these things in mind, it is important for India to revive its relationship with Myanmar.

However, much to India's relief, Myanmar has been quite sceptical about China's interest in the country of late as most of the business and properties in various parts of Myanmar is under Chinese control. Chinese immigrants are also increasing day by day and the fear of debt-trap policy has left the country uneasy to cooperate with China. The leaders have realised the consequences of their over-reliance on China as they have seen its own neighbours like Sri Lanka and Bangladesh falling into the pit of the debts of China. Thus, they have been looking for opportunities to improve their ties with other countries and halted several projects involving China, like the suspension of the Myitsone Dam sponsored by China. This is the right moment for India to swoop in and be the perfect alternative.

Education is one area where India can work on as it comparatively has an upper hand in this sector to China. Internal conflicts and transition to democracy has affected the education sector in the country and it is in dire need for investment in this same. India has taken up some initiatives like the establishment of Language Laboratories and Resource Centre and the Agricultural Research and Educational Centre. There has also

been the establishment of a close collaboration between the Indian Institute of Information Technology (IIIT) in Bangalore and the Myanmar Institute of Technology. India could increase its investments and sponsor more projects to build educational infrastructures.

The involvement of India in the economic aspect has also not been up to the mark. Now that it is moving towards democracy, it provides ample opportunities for India to work on its interests and re-engage in this field so India should grab it. As a sign of goodwill, India could also invite Myanmar politicians who are new to democracy to give them experience on how democracy works in a diverse society.

People-to-people contact has always proven effective in improving bilateral relations. Myanmar and India have similar communities like the Kachin, Kuki, Naga and the Shan, who were separated during the creation of India and Myanmar in 1947 and 1948 and now live along the India-Myanmar border. Also, a significant Indian diaspora of around 2 million people resides and work in Myanmar, mostly in the farming sector. To enable contact between the countries, road and bus links, train services and visa-on-arrival facilities could be initiated.

With a slight aversion towards China, now is the right time for India to make up for what was lost and live to its tag of the “big brother” of the region. This will prove beneficial for its foreign policy not only in Myanmar but in the whole of Southeast Asia.

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