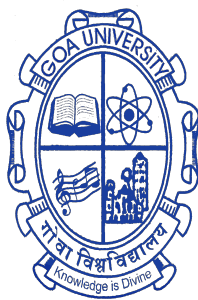


1st India Forum on China

DECIPHERING CHINA'S QUEST FOR GLOBAL AND REGIONAL LEADERSHIP



REPORT



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ABOUT

The Institute of Chinese Studies (ICS) together with the India Office of the Konrad-Adenauer-Stiftung (KAS) organized the 1st India Forum on China at International Centre Goa on 15 and 16 December 2017 in cooperation with the University of Goa. The conference proposal originated in the recognition that it is necessary to analyze and assess China's increasingly explicit and ambitious strategies of seeking regional and global leadership, evident at the Belt and Road Forum held in Beijing in mid-May 2017. It is also imperative to understand the nature and implications of China's leadership quest, evaluate its strategic narratives, and assess limitations and constraints faced by China in the pursuit of its regional and global goals. The Forum discussed among other things, China's Belt and Road Initiative (BRI), its acquisition of Western technology firms and the implications of the rapid modernization of the Chinese People's Liberation Army (PLA). The 1st India Forum on China brought together renowned scholars and practitioners from India and abroad to discuss and debate these issues in an Indian setting and keeping in mind specific Indian interests and concerns. Given that it was held shortly after the 19th Congress of the Communist Party of China, the deliberations and outcomes of the Congress too informed the discussions at the Forum.

INTRODUCTION

The 1st India Forum on China was inaugurated by the Governor of Goa Her Excellency, Smt. Mridula Sinha and in her address she underlined the importance of India's value-based foreign policy approaches and of observing and analyzing its northern neighbour closely. The Inaugural Session also saw addresses to the distinguished audience by Amb. Ashok K. Kantha, Director, Institute of Chinese Studies, Delhi, Mr. Peter Rimmel, Resident Representative to India, Konrad-Adenauer-Stiftung and Prof. Varun Sahni, Vice-Chancellor, Goa University.

Amb. Shyam Saran, currently Member, Governing Council of the ICS, former Indian Foreign Secretary and Prime Minister's Special Envoy delivered the Keynote Address at the Forum highlighting the broad transitions taking place globally and reflecting upon how the emerging challenges in the international arena could be tackled in the context of China's rise and its quest for leadership both regionally and globally. Saran noted that there were three major transitions underway: technologically-driven globalization, a shift of the 'locus' of economic and military power from the global West to the global East and, a rise in transnational, cross-boundary challenges, among others, of international terrorism, global warming, food and water scarcity and the proliferation of weapons of mass destruction. And it is China's handling of these seminal challenges, he noted, 'which will determine the prospects of its quest for global leadership'.

Arguing that there is little doubt that China seeks global leadership, he noted that what is problematic in China's quest for leadership is its belief that its unique political model of 'socialism with Chinese characteristics' can be exported to the rest of the world. This approach, he argued, failed to display a cosmopolitan spirit, an ability to engage with different cultures and accommodate different ways of thinking.

Saran further noted that even though China rhetorically championed multipolarity, in practice it was far from living up to its proposed ideals. Rather, China has sought to gain a monopoly on power and create a power hierarchy among nations based on a historical interpretation of its own place in the Asian and the global order. Such attempts by China to dominate the international political order, Saran predicted, would result in the 'crystallization of a countervailing coalition' in which India could play a very important role. In his view, 'if there is any country which has the prospect of not only catching up with China but overtaking it, it is only India.' Saran concluded by highlighting that in the context of the above-mentioned transitions in the global political and economic arenas and given its limited role in it so far, India should be galvanized to enhance not only its technological, military and economic capabilities but also to maintain and further strengthen its democratic credentials so as to form a robust and plausible alternative to the Chinese model.



STRATEGIC OVERVIEW OF CHINA'S QUEST FOR LEADERSHIP IN GLOBAL CONTEXT

In his presentation on how China was trying to reinvent or reshape the world order in its own interests, Prof. Prasenjit Duara of Duke University, USA, raised the important question of to what extent the cultural, economic and political flexibility of the imperial Chinese tribute framework could prevail over its militaristic, nationalistic and expansionist ambitions? China certainly was not operating in the same world context of 50 years ago when the US was able to combine its cultural soft power with military and economic power.



With constraints on its military power, whether China could deploy its soft power to 'influence outcomes' among other nations with financial and economic leverage and a sense of fair exchange remains to be seen. Duara suggested that China was engaged in a new version of the 'walking on two legs' strategy: soft power of culture and economic diplomacy (in Central Asia and Pakistan, for example) and of military expansionism (as in the South China Sea). In the age of many deterrents to open warfare, he said, the military component will probably be found in proxy wars: outsourced either to allies, mercenaries, rebels and terrorists. Whatever its vision of national power, China's soft power, in Prof. Duara's view, would have to incorporate more democratic participation in its ventures abroad.

Amb. Shivshankar Menon, Chairman, ICS Advisory Board and former Indian National Security Advisor and Foreign Secretary, speaking on the 'Strategic Underpinnings of China's Foreign Policy', divided his observations of Chinese strategies into those over the short-term and long-term. China's foreign policy, in other words, cannot be seen as a linear phenomenon. Rather, Menon suggested, China's foreign policy would change in accordance with its external circumstances as it has historically. In the short run, Menon argued, China has and will continue to have a growing edge over other players in the strategic theatre, given its rapid economic growth, the economic dependence of other nations on China and its growing military power. Closer to home China is already enjoying the benefits of the US withdrawal under the transactional and protectionist Donald Trump administration. This last point enabled China to initiate the implementation of its vision of a hierarchical world order with itself occupying the highest rung. Despite this upbeat potential given the prevailing conditions, Menon argued, China although doing economically much better, is still a long way from catching up with American military power.



Over the longer term, the strategic underpinnings of China's foreign policy, Menon argued, would depend upon several factors: demography, economy, technology, geography and internal politics. The future demographic conditions and China's unique geographic conditions where it borders 13 land neighbors, Menon argued, would undermine China's foreign policy objective of attaining global and regional leadership. Chinese demography is aging, and this, Menon observed, would affect not just its economic potential but also the PLA's strategic calculations for achieving military dominance. China's geography, on the other hand, is not as favorable as that of the US, which has allowed the US to establish hegemony in the western hemisphere.

For Menon, factors like economy, technology and internal politics would, unlike its demography and geography, enhance China's engagement with the outside world: as despite the decrease in the share of exports in Chinese GDP – the main driver of China's successful economic story in the last few years-China will continue to depend on outside sources for energy resources and therefore would want to shape its external strategic environment; technologically China has a long period of catching-up to do with the West. China's internal politics increasingly taking a nationalistic path will also have a bearing on its foreign policy by undermining effective diplomacy that inevitably involves negotiations and compromises; a chauvinistic internal realpolitik would also be reflected as assertive foreign policy. Menon concluded by saying that although China's short-term strategic underpinnings would allow it to be assertive, in the long run China's activism would run into increasing friction and opposition.

Amb. Bilahari Kausikan, Ambassador-at-large and former Permanent Secretary, Ministry of Foreign Affairs, Singapore, talked about his view of the principal features in China's approach towards Southeast Asia under the leadership of Xi Jinping. He began by reminding the audience that given that Southeast Asia lies at the strategic crossroads linking the Pacific Ocean with the Indian Ocean

and the Persian Gulf, it was always the location of contestation between major powers for centuries. As a result, the countries of the region have from long and often difficult experience, learned to deal with the situation by using major power competition to advance their own interests and preserve as much autonomy as possible.



While American engagement in Southeast Asia is irreplaceable, China's strengths in the region could also be overstated. Southeast Asian leaders are realistic and pragmatic who understand that gains for China in one domain could be offset in other areas. Southeast Asia would be flexible in positioning itself in this situation.

CHINA'S GREAT POWER AMBITIONS: INSTRUMENTS AND DRIVERS

Dr. Chisako T. Masuo of the Department of Social Studies, Faculty of Social and Cultural Studies, Kyushu University discussed recent developments in the Chinese maritime administration arguing that under Xi Jinping, China's maritime administration agencies have aggressively expanded the scope of their activities while simultaneously presenting a benign face to the international community so as to enhance its influence around the globe. Beginning by briefly narrating the historical development of the State Oceanic Administration (SOA), Masuo stated that the year 2006 proved to be a critical year for the SOA as that year saw the



patrolling systems first in the East China Sea and then in the Yellow Sea and the South China Sea. Later in 2009, China passed a legislation called the Island Protection Law, which only on the surface complied with United Nations Convention on the Law of the Seas (UNCLOS). It then established 'Island Protection Programmes' that were to be executed at the national as well as the provincial levels. These programmes, she argued, provided the foundations for China's reclamation activities in the South China Sea as it sought to develop island infrastructure and monitoring and observatory systems. The reclamation activities therefore became a collaboration between the PLA and the SOA.

This focus of the SOA in developing capabilities to guard its interests in its 'maritime territory' was, Masuo noted, expanded under the Xi Jinping regime to encapsulate the international maritime space, expanding its focus to the two poles, the deep seas, sea beds and oceans. In order to do so China has sought to acquire global maritime leadership by developing international public goods like the Beidou satellite navigation system and promoting 'peaceful' cooperation under its Maritime Silk Road initiative. On the other hand, domestically China has sought to push for a civil-military fusion, therefore maintaining its security motives in what is otherwise internationally portrayed as a 'peaceful' economic endeavour. As examples of projects undertaken to serve a dual civil-military purpose, Masuo pointed towards the involvement of the civilian COSOCO Shipping in the infrastructure built on the Fiery Cross Reef on the Spratly Islands.

Masuo concluded by arguing that China was attempting to 'establish a new and long-lasting international system favourable to itself, by providing international public goods and demonstrating itself to be a benign supreme power'. China sought to use its developmental support and public goods to systematically 'stabilize its military supremacy' and 'consolidate its rising power in the world'. Echoing Saran, however, she displayed scepticism on whether China's quest for leadership – and essentially hegemony – would be acceptable to other countries in the international system.

Amb. Anil Wadhwa, former diplomat sketched an overview of the Chinese investments in Europe focusing especially on the developments post the financial crisis and reflecting on the impact of Belt and Road Initiative (BRI) on Europe. In his presentation, he highlighted European demand for such investments especially after the financial crisis.

He noted that Chinese investments although diverse, were mostly aimed towards the technology sector and targeted northern Europe's technological sector. He further highlighted the centrality of the Chinese BRI to the Chinese investments in Europe. He pointed out that the main aim of the BRI was to develop the western regions of China but it has now led to the building of various railway lines from China to Europe particularly for freight trains from Chengdu to Europe. China has portrayed the BRI as being 'complementary to Europe' with Chinese investments in European ports and airports; Chinese FDI in Europe has risen by 77 per cent.

Dr. Arvind Gupta, Director, Vivekananda International Foundation focused on China's growing cyber capabilities and what it entailed for regional security. He started by pointing out that like much of the world is concerned with the vulnerability of their cyber systems to Chinese hacking, China is also concerned about the vulnerability of its own cyber systems. He stated that the Chinese have been paying considerable attention to cyber-related issues since the 1990s



Along with China, Russia too, is opposed to an open and free internet. The Chinese have been able to build their own internet system that includes services such as WeChat and Baidu, which is leading to Chinese reducing their dependency on foreign technologies. China now also has the largest robotics company. All of this has created a need for more cyber professionals in China and this too has implications for the direction and development of its foreign and security policies.



and that cyber and space capabilities have also been mentioned in their Defence White Paper. He further elucidated on the contrary views between China and the West, where the West promotes an open internet space while the Chinese advocate for controlling the internet. Gupta noted that the Chinese talk about 'information security' and 'cyber sovereignty', is essentially the application of the theory of sovereignty on digital information within a state. China is of the view that states must have control over the internet.

CHINA'S GREAT POWER AMBITIONS: CONCEPTS AND IDEOLOGY

Prof. Tansen Sen, Director, Center for Global Asia, Professor of History, NYU Shanghai in his presentation titled, 'Zheng He and the 21st Century Maritime Silk Road: The (Re-)Writing of History with Chinese Characteristics' unpacked how China's representation of the Ming era voyager is motivated by its contemporary political needs, suggesting a central role that history has in China's global ambitions. In his view, Zheng He has been used by Chinese authorities for various purposes and, in recent times, especially to promote the BRI and the Chinese territorial claims in the South China Sea. He also pointed out that Chinese academics have often falsely portrayed the voyages of Zheng He



as being essentially peaceful expeditions. Chinese schools and other sources, like comic books, have been used to spread such a narrative and to promote an image of him being a messenger of peace and friendship. The Chinese today have portrayed Zheng He as a hero and have used him as a soft power strategy and the PLA Navy's Zheng He frigate visits different countries in an exercise of Chinese soft power. Along with this, Zheng He is also being used as a bridge and a marker of common heritage for the domestic Chinese population and the overseas Chinese diaspora. Sen, however, contested this positive imagery of Zheng He's voyages by arguing that contrary to being a peaceful

endeavour, the voyages of Zheng He and his fleet used coercive naval power to demand submission of neighbouring polities to the Ming dynasty. As evidence, he pointed out that the ships in Zheng He's fleet had the most advanced weapons of the time mounted on them and also referred to stories of Zheng He's fleet beheading alleged pirates.

Sen also elucidated the nature of Chinese claims towards the territories of the South China Sea. Along with the usage of maps used by Zheng He to make current claims in the South China Sea, they also make their claims by arguing that Chinese were the first to name, visit and map those territories. These really were very selective interpretations and Sen noted that the relationship of the islands in the South China Sea to China was very different from the one that present day Chinese academics profess. He also debunked the Chinese claims of being the first to name, visit and map the islands in the South China Sea stating that Indians and Malays were already present in these regions before the Chinese. Evidence of this was in the fact that the Chinese names of some of these islands were actually transliterations from the Malay language.

Aligning with Sen's broader argument on the Chinese reinterpretation and falsification of history, Amb. P. Stobdan, Senior Fellow, Institute for Defence Studies and Analyses, Delhi, argued that Buddhism played a very important role in Chinese foreign policy as China sought to use a historical element – in this case the pervasive influence of Buddhism in Asia – to achieve its contemporary goals of regional leadership. He began by making the observation that the connection of Buddhism to foreign policy springs from the deep roots that Buddhism has in Chinese domestic life.

Arguing the indispensability of Buddhism in Chinese history and society, Stobdan noted that contrary to the underreporting of the influence of religion in Chinese society by the county officers,

religion in reality had a pervasive impact on Chinese society. The Chinese state has also sought to embrace Buddhism as it sees it as a unifying rather than a dividing force. The state's suppression of the ethnic Tibetan minority, he said, was on political rather than on religious grounds. He further added that Buddhism has in fact been taken up by Xi Jinping as an instrument to instill discipline and morality within the party. These robust domestic connections of Buddhism are also reflected in the manner in which the Chinese state characterizes itself to attain leadership in the region. Like Sen's argument that China has increasingly used Zheng He as an instrument of soft power to build regional relations, Stobdan, too, pointed out how Chinese foreign policy has relied on Buddhism to build their relations with neighboring countries. Specific instances like in 1956 when China gifted Buddhist relics to Myanmar and India as part of a diplomatic effort can be highlighted.



More recently, Xi Jinping has also linked Buddhism with the BRI by invoking it in important Buddhist sites like Lumbini in Nepal, Hambantota in Sri Lanka and in Myanmar. Stobdan urged India to take Buddhism seriously in diplomacy with China.

Prof. Richard Rigby, Professorial Fellow, Crawford School of Public Policy & Executive Director, China Institute, Australian National University, Canberra, examined the thinking of Xi Jinping; the 'primus sine pares' in contemporary Chinese political life, as Rigby called him.



Before delving into Xi's enunciations in the 19th Congress of the Communist Party of China, Rigby pointed out two important trends in the Chinese political discourse under Xi. First, Xi's increasing attention to Chinese history, something that in the pantheon of PRC leaders only Mao Zedong could be credited with knowing a great deal about. The history instrumentalised by Xi, however, is one that is intended to suit China's current political needs and therefore, belies an objective, sincere chronicling of the Chinese past. Second, Rigby observed that in recent times China has also sought to take seriously what he called the 'vision thing' – the articulation of a grand narrative of the future, something that has so far been a domain dominated by the West and its intellectuals. Under Xi, China has sought to puncture the Western 'discourse hegemony', by introducing its own concepts in the political vocabulary, Belt and Road Initiative being perhaps the most important of all. Therefore, Xi has sought Chinese ascendancy not just through material growth but also by trying to dominate the world of ideas.

Rigby further argued that with all the significant material and intangible transformations taking place in China, questions on the ends that China sought to strive towards has become a topic of academic contention. Although, nobody could predict the future, Rigby noted that Xi certainly 'thinks he knows, or at least knows what he wants'. To examine the 'Xi Jinping Thought', Rigby went on to flesh out some important pointers from Xi's speech at the 19th Congress.

Xi's ideological underpinnings recognizes the transformative changes, highlighted by Shyam Saran in his inaugural speech, of multipolarity, globalization and the rise of transnational challenges like international terrorism and climate change. To meet these changing situations Xi called for cultural diversity and collective action so as to realize a 'shared future for mankind'.

The grand imagery sketched by Xi about what China has achieved and seeks to achieve, however, belies the realities of China's domestic and international position, Rigby argued. China faces geopolitical challenges in its immediate neighbourhood as tensions continue to simmer in the Korean peninsula and long-running territorial and strategic issues with India, Japan and the US continue to persist. Moreover, China faces massive domestic challenges that it has to find ways to cope with. Rigby concluded by noting that although Xi Jinping has attempted to weave the ideological basis of China's leadership with a peculiar interpretation of history, how a more powerful China impacts the global sphere cannot plausibly be predicted in the 'New Era' with unique, unprecedented conditions.

REGIONAL DIMENSIONS

The fourth and fifth sessions aimed to unspool China's quest for leadership in both India's immediate neighborhood and the wider global context by examining recent trends in China's foreign and security policies.

Prof. C. Raja Mohan, Director, Carnegie India sought to sketch out China's involvement in India's neighbourhood to its northwest and discussed the possible implications for Indian security. He began by pointing out the vulnerabilities for India in the region. Referring to the Great Game of geopolitical one-upmanship between Russia and Britain in the 19th century, Mohan made the important observation that for the first time an East Asian power, China, was beginning to dominate the region, complicating the situation for India.



The unification of China and the division of India that took place during almost the same time in the late 1940s has had implications, which can be seen even today, giving rise to a structural problem. Mohan stated that a unified China created problems for India, as a divided India gave China more room to manoeuvre. He also highlighted a contradiction between India's romanticism over China and China's realism towards India. He argued that while India talked about high political values, China did the handholding for Pakistan.

He also pointed out the difference in the usage of Panchsheel by the two countries, something that India highly romanticises while China has been using it as a realist tool to assert its power. Mohan went on further to talk about the centrality of the idea of connectivity to the modern Chinese state. He pointed out the importance that Chinese leaders have placed on connectivity, historically. To start with Sun Yat Sen who dreamt of railway lines across the country to Jiang Zemin's 'going west' policy, he argued that with the current railway and other connectivity projects under Xi Jinping, China is changing the geography of Asia. He also talked about the current trends of Chinese power projections, central to which were the building of overseas Chinese naval bases. He argued that the Chinese base in Djibouti, its arms supplies to Pakistan, of submarines to Bangladesh and a formal Chinese military base in Gwadar will all have deep implications for India.

The Chinese have been projecting their power through different institutional mechanisms, such as granting Sri Lanka an observer status in the Shanghai Cooperation Organisation and the Chinese themselves demanding memberships in various regional groupings. He ended by posing the serious question of whether India could counter China by reintegrating the economies of South Asia with itself.

Prof. Christian Wagner, Senior Fellow, German Institute for International and Security Affairs, Berlin focused on the Belt and Road Initiative (BRI) of China and its impact on South Asia.



Wagner pointed out that while India's neighbours consider China as being politically neutral, they view the BRI itself as being somewhat problematic. In addition, the weakness of South Asia's regionalism makes it easier for China to set down roots in the region. He further noted that the BRI has the potential of fundamentally altering South Asian regionalism and its medium- to long-term implications range from debt traps for smaller nations to threats to local industries. He argued that the South Asian nations will have to manage balancing their national development, transparency, local grievances and Chinese interests. And in some cases it may even cause national divisions, like in Pakistan where the elites are happy with the BRI and the China Pakistan Economic Corridor (CPEC), although among the locals, who are directly affected by the projects, there are growing concerns as they see the project as a threat to their employment.

Wagner went on to talk about the security implications of especially the CPEC on India-Pakistan relations. In this regard, he stated that both negative and positive scenarios were possible. The negative scenario could be that there would be an escalation of India-Pakistan hostilities due to CPEC. If the CPEC increased expendable income for the countries involved, this in turn would also result in increased military expenditure which may lead to higher chances for hostilities. However, in the latter case, China may not side with Pakistan as any India-Pakistan hostility would cause a strain on Chinese investments. The positive scenario on the other hand could be that CPEC tames hostilities between India and Pakistan as Pakistan's dependency on China could limit its room to manoeuvre.

Jabin T. Jacob, Fellow, Institute of Chinese Studies, Delhi discussed the important role that its provinces play in China's foreign policy strategy. Beijing has been encouraging provinces to take up such roles and also codified protocols for such interactions. China has encouraged 'friendly visits' and 'study visits', by CPC delegations and



provincial delegations respectively, as a way of avoiding the more onerous protocol of official state visits. Even when state visits occur, there is also often provincial representation, especially when these involve China's immediate neighbours. For instance, in a recent visit to Vietnam, Xi Jinping took along the party secretaries of the three provinces of Guizhou, Yunnan and Guangxi, all bordering or near neighbours to the Southeast Asian nation. China has sought to link relevant provinces with major inter-regional trade initiatives, like Yunnan with the Bangladesh-China-India-Myanmar Regional Economic Cooperation Forum and the Tibet Autonomous Region (TAR) with Nepal.

Jacob used two specific cases to make his argument. First, he highlighted the extensive linkages built up by Chinese provinces such as TAR and others like Sichuan and Yunnan with Nepal as part of a larger Chinese foreign policy outreach. In particular, TAR has been encouraged to develop a dynamic relationship with Nepal in order to enhance regional economic ties as well as curtail the outflow of Tibetan dissidents from China. The TAR, Sichuan and Yunnan were directed to provide post-disaster relief and assist in reconstruction after the devastating Nepal earthquake of 2015. To increase connectivity in the region, direct flight facilities from Sichuan

and TAR to Nepal have been started and China's investments in Nepal also focus heavily on the smaller country's border districts with TAR.

Jacob's second case was that of Xinjiang and its role in China's interactions with the Central Asian Republics. Apart from the strong and growing economic and infrastructure links with Central Asia and further to Europe, the Chinese state has also been encouraging Xinjiang's Uighur scholars to study the culture and literature of not just Xinjiang but also of the region as a whole, so as to enable itself to influence the historical memories and the discourses in the region.

Amb. P. S. Raghavan, Convenor, National Security Advisory Board began his talk on China-Russia Relations in the 2010s by acknowledging the present period as representing the 'best relationship period' between the two countries. Areas of convergence between China-Russia range from political-economic to the military, which have been facilitated by over 20 meetings between Chinese President Xi Jinping and Russian President Vladimir Putin since 2014. China also supported Russia during the Ukraine Crisis when Western powers imposed economic

sanctions and sought to isolate it as a punishment for annexing Crimea. Putin also talks of convergence between the Russian initiative of the Eurasian Economic Union and China's Silk Road Economic Belt. Whereas cooperation seems to be rising, China's increased influence in the Russian backyard and Russian engagement with Vietnam or Japan remain areas of tensions between the two countries.

Elaborating on the strategic importance of the Suez Canal for China, Dr. Mordechai Chaziza of the Department of Politics and Governance, Ashkelon Academic College, Israel, pointed out the importance of the Suez Canal in China's trade calculus with Europe and that because of the important strategic location of the Canal, the implication for the region's security dynamics would be significantly impacted as China increases its presence. China also saw Egypt as a gateway for Chinese entry into Africa due to its geographical location and it being a regional power asserting influence in the region.

Prof. David Arase, from the Johns Hopkins University-Nanjing University Center for Chinese and American Studies, fleshed out the strategic



and political dynamics evolving in Northeast Asia as China's ideas about its centrality in the region took root and it became more assertive in imposing its vision of the world order. He began by sketching out China's vision of regional order arguing that China is challenging the American-led post-WWII liberal hegemonic order and is gearing itself to establish a new hierarchical order, a recreation of the central and supreme position that ancient Chinese empires accorded themselves. This China seeks to achieve by using assertive security and foreign policy tactics, so as to push its only plausible challenger, the US, out of the region and to coerce its neighbours to surrender to its vision. He further said that such efforts at redefining the regional order drive have increased under the Xi Jinping regime.

This radical reinterpretation of regional political order and the strategies China had undertaken to achieve its goals, Arase noted, have upset the strategic calculations of China's Northeast Asian neighbors. He observed that Taiwan, which has for long been at the top of China's 'core interests', has seen its relationship with China spiral downwards after the election of the independence-leaning Tsai Ing-wen government; Japan, which has seen several provocations by China's revanchist territorial drive, has under the current conservative government of Prime Minister Shinzo Abe, sought to increase its own military deterrence capabilities, apart from relying on the US for security. Meanwhile, the North Korean nuclear issue has allowed China to exploit South Korea's dilemmas and derail possibilities of the latter's trilateral partnership with Japan and the US.

Finally, Arase noted that in all of these the US is most likely to play a very important part. Given the convergence of the security interests of the US, South Korea, Japan and Taiwan, he argued that the role the US is likely to play would most likely produce a conflictual rather than a cooperative framework of regional relations. The 'Trump factor' with its belligerent rhetoric towards China, and given the support that the American

president enjoys from influential circles in the US including the Pentagon and many US businesses, the US-China strategic rivalry would likely sharpen under Trump. Arase concluded saying a new era of rivalry in the Northeast Asian region was at hand.

Amb. R. Viswanathan, former Ambassador of India to Argentina, Uruguay and Paraguay gave an overview of China-Latin America relations defining China as *amigovio* or a 'friend with benefits' for Latin America considering the economic benefits that they accrued from Beijing without having to undergo similar experiences as they had with the US after the announcement of the latter's Monroe Doctrine in 1823. Being the largest trading partner for Brazil, Chile and Peru, China is also second-largest partner with Latin America overall having a trade volume of US\$215 billion, which is expected to rise to US\$500 billion by 2025. Chinese import of commodities has helped Latin America lift its poor from poverty due to higher commodity prices. Besides, Chinese credit worth about US\$141 billion has rescued Latin American countries (Argentina, Venezuela) from financial distress. China has also invested in the Nicaragua Canal project, which aims to connect the Pacific and Atlantic Oceans, with total investment amounting to US\$110 billion as of January 2017. He opined that China has presented itself as a constructive development partner for Latin America as against the US that is perceived as a destructive partner.

THE MILITARY DIMENSION

The final technical session of the Forum sought to discuss the military dimensions of China's rise and how these figured in China's search of leadership.

Prof. Arthur S. Ding, former Director, Institute of International Relations, Taipei, Taiwan presented on 'China's Defense Industry Reforms under Xi Jinping'. Providing a brief historical background to the subject, he highlighted the trajectory of the reform measures undertaken since the 1980s. He argued that through this period China sought to, among other steps; diversify its products from military to civilian use, to change its defence industry institutions into enterprises, to increase competition between those enterprises. Ding noted that the reforms initiated in the 1980s have continued in the Xi Jinping era and have, in fact, acquired greater urgency in the implementation as he seeks to make up for the increasing strains on state resources so as to continue on the path of military modernization.

Xi's reform agenda is being carried out in two phases; one, where the defence academic/research institutions are being capitalized and second, where a greater impetus is being given to civilian enterprises in the defence modernization project in China. Ding argued that the reasons underlying the first leg are that the Chinese state wants to reduce its own financial burden, to raise stock market funds by listing these enterprises, to maximize undervalued assets, to cut chronic investment redundancies and lower investment costs. To achieve these ends the Chinese state has classified defence institutions into core and non-core entities where foreign investments in

the former is prohibited to protect China's core capabilities while permitting foreign investments in the later. The motivations for the second leg were to break the monopoly enjoyed by the defence industries in supplying resources and to increase the value of select military technologies by selling it commercially. Ding concluded by observing that the reforms undertaken by Xi would allow him to raise trillions of dollars even as the state's capacity to cope with the resource demand dwindles, thereby allowing the military modernization of China's armed forces to continue uninterrupted.

Vice Admiral Anil Chopra (retd), Member, National Security Advisory Board, India speaking on China's expanding naval footprint regionally sought to make a distinction between sea power and naval capability. Despite significant naval capability, China faces too many strategic vulnerabilities to become an influential sea power. China's aspiration to become a naval power is manifested in the form of the 'string of pearls' strategy and the Belt and Road Initiative. China's ambition of becoming a great power coupled with economic imperatives of accessing energy resources and markets, were the rationale behind its naval expansion. While explaining China's Indian Ocean challenges, Adm. Chopra pointed towards China's Malacca Dilemma, the rising presence of major powers in the Indian Ocean constraining its actions, the vulnerability of Chinese bases to attacks from other maritime powers, lack of allies, lack of global naval presence and its lack of operational experience.



CONCLUSION

Dr. Garima Mohan of the Global Public Policy Institute, Berlin in her report of the conference highlighted four key themes – China's domestic and external drivers of engagement, its instruments of power, its narrative and the regional responses. China's domestic and external drivers of engagement include trade, transferring excess capacity, its restricted geography and the US retreat from Asia. She also recognized China's attempt to set technical, manufacturing, legal and governance standards, as an instrument to facilitate this engagement with the world. China has evoked a historical narrative designed to push its ties with countries or to gain support for its projects, such as the Belt and Road Initiative.

While acknowledging economic benefits, South Asian and Southeast Asian countries have been cautious in engaging with China, considering its domestic political consequences. In his concluding address, Amb. Shivshankar Menon suggested that in China categories like 'civil-military' and a whole host of other standard expressions or terms of analysis used by the outside world simply did not exist or were not appropriate or useful. Therefore, the key to understanding Chinese foreign and security policies was to also study China's internal dynamics and recognize the importance of history in influencing Chinese behavior, even as it was not to be taken as the only guide for the process.



POLITICAL

- China's Belt and Road Initiative and other political initiatives are based on wrong interpretations and even wilful misrepresentation of historical facts. As a peer civilization to China, India will have to do more to counter false Chinese versions of history that are used to undergird Chinese foreign policy objectives.
- India and other democratic nations need to be more confident about espousing and promoting democratic values abroad in order to provide an alternative to the Chinese model of hierarchy and hegemony.
- Specifically on the BRI, it is time for New Delhi to walk the talk on its 13 May 2017 statement by the MEA on why it was not participating in the Belt and Road Forum in Beijing and start offering support to BRI host countries to build up competence and expertise in the legal, economic and legislative fraternity of these countries to help them pre-empt as far as possible the negative effects of BRI projects. This could be in the form of helping these countries formulate governance norms to various infrastructure projects such as the formulation of environmental impact assessments, detailed project reports, financial and legal accountability standards, etc.
- India needs to come up with a foreign policy framework that can work not just for itself but also inspire the wider neighbourhood. It could try and reimagine Panchsheel for example.
- India needs to be more economically invested in its neighbourhood and to balance its regional and global ambitions.
- India needs a more active presence in existing political and economic regional organisations to match its talk of being a responsible regional actor.
- India needs to be at the forefront of strengthening South Asian regionalism – this will inevitably need India to manage its national development and security interests also taking into account those of its neighbours.
- India will have to improve its relations with Pakistan in order to both regain its regional standing and to push back against Chinese hegemony.

MILITARY

- There is need for closer cooperation between the Indian navy and the navies of the neighbouring maritime states such as Thailand, Sri Lanka and Indonesia for the better management and surveillance of the Indian Ocean region.
- Intelligence and information sharing mechanisms between the Indian naval forces and the naval forces of the ASEAN as well as other regional Indian Ocean states needs to be increased.
- Indian military diplomacy needs to be promoted to make up for shortcomings and lack of capacity of India's regular diplomatic establishment.

ECONOMIC

- India needs to to engage more fruitfully with Chinese state-owned enterprises, even as it insists on the highest legal and security standards. While the Chinese might want to call their projects in India part of the BRI, accepting Chinese capital need not mean accepting Chinese versions of history, claims to superiority or foreign policy objectives.
- India and like-minded countries should work at establishing of more South Asia- and Southeast Asia-centric regional economic corridors, in order to enhance regional economic cooperation among these countries in a fair and equitable manner.

- India and developed Western economies all need to be more careful about the sale of frontier edge technology companies and start-ups to Chinese majors. India should cooperate with the EU and US to ensure that critical technologies are not subverted for non-democratic means as is happening currently in China.

CONNECTIVITY

- Where Chinese projects are already underway, India should in cooperation with the US or Japan or any other like-minded country focus on implementing other projects with better standards and accountability as a way of showing host governments and populations how it is done in a fair and accountable manner.
- New Delhi will have to do a better job of marketing its projects and association with Japan and other Western democracies in the field of development and connectivity projects in order to compete better with Chinese infrastructure projects.
- India should focus as a top priority on improving and building more transport infrastructure such as roads and highways with the neighbouring states such as Myanmar, Nepal, Bangladesh. Engagement with the CPEC should also be considered.

- ⚙️ There need to be more direct flights from Indian cities to nearby countries especially in Southeast Asia to both promote visibility and economic activity.
- ⚙️ India needs to take Buddhism seriously in diplomacy with its immediate and extended neighbourhood. There is a need of more active, streamlined and institutionalized approach towards Buddhism in India's foreign policy.
- ⚙️ Indian states must be given greater freedom and resources to engage in India's neighbourhood economic foreign policy initiatives. This could also probably lessen negative impressions of India in the neighbourhood and make India appear less threatening or hegemonic.
- ⚙️ As part of its soft power outreach, India too should offer greater opportunities both for its own citizens to visit and study in China as well as for those from other countries, including China, to visit and study in India.
- ⚙️ India should encourage scholars and experts to study more foreign languages, cultures and literatures as a way of building up soft power and countering false Chinese narratives and interpretations.
- ⚙️ India should promote and fund more academic and research collaborations between Indian institutions and counterparts in Southeast Asia, Central Asia and elsewhere in South Asia.

EDUCATION

- ⚙️ India has to work harder at reforming its school and university syllabi to ensure history is taught better.
- ⚙️ Democracies in the developed West should be able to offer greater openness and financial support to citizens from authoritarian states as well as developing nations in order to showcase the strengths of their political system. Such inward-looking and anti-immigration policies as of the current Donald Trump administration in the US make China look much more attractive by contrast

