

# **Chinese Diplomacy towards Pakistan**

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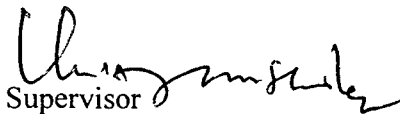
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CERTIFICATE

This is to certify that the dissertation entitled "CHINESE DIPLOMACY TOWARDS PAKISTAN", submitted by Alka Pillai, in partial fulfillment of the requirements for the award of the degree of MASTER OF PHILOSOPHY, is her own work and has not been previously submitted for any other degree of this or any other university.

We, therefore, recommend that this dissertation be placed before the examiners for evaluation.

  
Supervisor

  
Chairperson

# CONTENTS

Acknowledgement

**Chapter 1** **1-19**

Introduction- Chinese Diplomacy towards Pakistan:  
The Early Phase

**Chapter 2** **20-44**

Diplomacy in the Post-Cold War Period

(i) Economic

(ii) Defense

**Chapter 3** **45-70**

Implications for India

**Chapter 4** **71-82**

Conclusion

**Select Bibliography** **83-88**

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## Chapter 1

### Evolution of Chinese Diplomacy towards Pakistan

Security considerations and compulsions of power politics have been vital factors in the development of Sino-Pakistani relations. Chinese policy and its consequent diplomacy in Pakistan merit consideration because they have been remarkable not only in terms of efficacy but also because they demonstrate exceptional continuity and resilience. After four decades of gradually evolving relations, significant links have been established between China and Pakistan, covering defence, foreign affairs, intelligence sharing, nuclear energy, industry and infrastructure – with military interactions at the core.

Pakistan was among the first countries to recognize the Peoples' Republic of China on January 4, 1950, and establish diplomatic ties with China<sup>1</sup>. It joined India in September 1950, to support a resolution seeking to unseat the Kuomintang delegation at the United Nations and replace it with that of the People's Republic. But from 1953 onwards Pakistan voted with the US on the issue of China's admission to the United Nations. Pakistan's posture

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<sup>1</sup> Jain, J.P., *China, Pakistan and Bangladesh*; (New Delhi: Radiant Publishers, 1974)

was obviously guided by its military alliance with the United States of America and Pakistan's membership in the Central Treaty Organization (CENTO) and South East Asian Treaty Organization (SEATO). The SEATO in particular was designed to contain China and the Chinese steadfastly denounced it as a tool of 'American Imperialism'. Chinese reaction however was milder than what could have been. It was surprisingly soft in its criticism of the three Asian countries, Pakistan, Thailand and the Philippines, which joined the SEATO.<sup>2</sup>

Since its rise to power in 1949, the Chinese Government had viewed the US as its principal enemy engaged in a process of establishing a network of alliances to encircle China. The perception was reinforced by the bilateral pacts and Mutual Defence Assistance agreements Washington concluded with Japan, Taiwan, South Korea, Thailand, Laos, and Pakistan. Hence in the early fifties the Chinese government embarked on a dual-track counter-encirclement strategy of its own. On one hand it sought to establish close political and military links with Washington's main rival, the Soviet Union, and on the other hand it sought to improve its ties with neighbouring states by

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<sup>2</sup> *ibid.*

using a combination of economic and diplomatic measure. As part of this strategy, in the South Asian region, Beijing endeavored to develop close ties with India. In the fifties the Chinese media frequently described the Indian leadership as 'progressive bourgeoisie'<sup>3</sup> and the mild Indian criticism of Chinese actions in Tibet were ignored. Exchange of high-level delegations between India and China popularized the slogan 'hindi-chini bhai bhai'.<sup>4</sup>

Despite an obviously pro-Indian policy in South Asia, China avoided alienating Pakistan and criticism against Pakistan for its membership of SEATO were mild and indirect. Pakistani government was portrayed as naïve and ignorant rather than an accomplice in the US strategy of containing China<sup>5</sup>. This Indo-centric but not anti-Pakistan policy was clearly evident in China's neutral and cautious stand on the Kashmir issue. Instead of aligning itself with the Indian interpretation of the nature and solution of the dispute, Beijing restricted itself to acknowledging that a dispute existed and encouraging its solution through direct

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<sup>3</sup> Dutta, Sujit, "China and Pakistan: End of a Special Relationship"; *China Report*, 30:2, 1994

<sup>4</sup> Bhattacharjea, Mira Sinha, "1962 Revisited"; in Acharya, Alka and G.P.Deshpande,ed., *50 Years of India China: Crossing a Bridge of Dreams*; (New Delhi; Tulika, 2001)

<sup>5</sup> Mehamud, Khalid; "Sino-Pakistani Relations: An All Weather Friendship"; *Regional Studies*, Islamabad, vol. XIX, No. 3, Summer, 2001.

negotiations between India and Pakistan but without American influence.<sup>6</sup>

It is remarkable that in as early in 1955, when Pakistan was still a member of SEATO, its Prime Minister Mohammad Ali Bogra was able to initiate a dialogue with China at Bandung. He denounced the Soviet Union, but described China as a friendly and peace-loving neighbour. He persuaded Premier Chou En Lai that Pakistan membership of SEATO was not directed against China, and even offered to mediate between China and USA on Taiwan and other issues. Addressing the conference, Chou En Lai said: 'the day before yesterday after lunch, I paid a visit to the PM of Pakistan. He told me that although Pakistan was a party to a military treaty, Pakistan was not against China. Pakistan had no fear China would commit aggression against her. As a result of that, we achieved a mutual understanding although we are still against military treaties.'<sup>7</sup> Consequently, although the Bandung conference was marked by a high-profile display of Sino-Indian friendship, it also saw the beginning of a strategic understanding between China and Pakistan. During

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<sup>6</sup> Ibid.

<sup>7</sup> *China Pakistan Relations, 1947-1980*, Documents edited by K. Arif, Vanguard Books, Lahore, 1984, p.9



1955-56, cultural contacts between the two countries expanded at a rapid pace and scores of delegations were exchanged. In October 1956 Pakistani Prime Minister H.S. Suhrawardy went on a twelve-day official visit to China. Premier Chou En Lai returned his visit within two months. China's prompt response was an indication of its desire to built bridges with Pakistan, albeit it was also part of China's larger diplomatic offensive to ward off the US led encirclement campaign. In September 1957, when the Pakistani delegation at the United Nations first abstained from voting and then changed its position and asked to be counted among the opponents of the resolution considering China's admission to the United Nations, the Chinese reacted with less anger than was anticipated. In a rather low-key critique, the *People's Daily* wrote that it was quite understandable that Suhrawardy would want to say pleasant things about the Americans in order to get more aid. That the Chinese considered Pakistan to be a valuable ally is thus evident.<sup>8</sup>

Sino-Pakistan relations suffered a setback with the coming to power in 1958 of the strongly anti-communist military ruler, Ayub

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<sup>8</sup> *The Pakistan Times*, Lahore, October 1, 1957

Khan, who entered into a bilateral defense agreement with the USA. In October 1959 Pakistan voted in favor of placing the Tibetan question before the United Nations assembly.<sup>9</sup> In wake of the Tibetan revolt Ayub Khan put before PM Jawaharlal Nehru the proposal for a joint defense plan for the sub-continent.<sup>10</sup> India's refusal of the pact and US military aid to India during the Sino-India border dispute led Pakistan to reverse its policy. China did not move unhesitatingly, into an entente with Pakistan. In March 1961 the Pakistan government proposed to the Chinese that negotiations be held to demarcate the boundaries between Xinjiang and Kashmir. It took China almost a year to respond. When China did finally accept Pakistan's proposal to commence these negotiations, it clarified that the agreement would have to provide that, once Pakistan and India solve the dispute over the ownership of Kashmir, renegotiation would take place with the relevant sovereign authorities so as to replace this temporary agreement by a formal boundary treaty.<sup>11</sup>

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<sup>9</sup> Chatterjee, Shibashis, "50 Years of China's Pakistan Policy: A Partnership through evolving World-View", in Banerji, Arun Kumar, and Purusottam Bhattacharya, *People's Republic of China at Fifty- Politics, Economy and Foreign Relations*; (New Delhi, Lancer Books, 2001)

<sup>10</sup> Jain, J.P., *China, Pakistan and Bangladesh*; (New Delhi: Radiant Publishers, 1974)

<sup>11</sup> Chaudhri, Mohammad Ahsen, Strategic and Military Dimensions in Pakistan – China Relations, in, Ali, Mehrunisa (ed), *Readings in Pakistan's Foreign Policy (1979-98)*, (Karachi, OUP, 2001)

Not surprisingly, the Sino-Pakistan relations developed rapidly after the 1962 India-China military conflict. The Sino-Pakistan border agreement was signed on 2 March 1963.<sup>12</sup> Chinese economic and military aid started flowing into Pakistan on the basis of a growing political understanding. The relationship was based on purely strategic calculations and not any ideological affinity. It is this pragmatic basis, which has given this relationship an extraordinary stability and longevity. While a shared strategic perspective has provided the primary motivation for the long lasting Sino-Pakistan entente, there have been other important considerations as well:

- During the cold war years, Pakistan was a significant help to China in managing relations with the super powers. China was able to extract Pakistan's assistance both in befriending USA and in confronting the Soviet Union.
- China needed a friend in the Islamic world, which consisted of a large number of countries that viewed communist China with suspicion. Many of these are the world's most oil rich countries. For instance, China

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<sup>12</sup> Jain, J.P., *China, Pakistan and Bangladesh*; (New Delhi: Radiant Publishers, 1974)

sought Pakistan's help in establishing its relationships with Saudi Arabia and the post-Shah Iran.

- Friendship with Pakistan has also to be seen in the context of China's problem with its rebellious Muslim province of Xinjiang.

Till the end of the cold war and the Soviet collapse in 1991, Sino-Pakistan relations can be divided into three clearly identifiable phases: 1950-61, 1962-71, 1972-89.

In the fifties the two countries recognized each other and established diplomatic and trade ties, but these ties were not close because Pakistan and the PRC belonged to two opposite camps in the cold war and China had close relations with both India and Soviet Union. The first major interaction between the two countries was at the Afro-Asian conference at Bandung in 1955 when the Chinese premier Chou En Lai met Pakistan's PM Mohammad Ali Bogra. It was there that Bogra clarified to Chou En Lai that the reason Pakistan had joined the SEATO in 1954 was to confront India rather than China. Bandung is a significant milestone because of the fact that Chinese and Pakistan top

leaders 'in their very first personal encounter had achieved a better understanding of each other's point of view'.<sup>13</sup>

During most of this phase the two sides maintained a 'correct' relationship while maneuvering to establish closer ties. General Ayub's rise to power, his pro-US leanings that lead Pakistan to join the US and other's in the UN in condemning Chinese human rights violation in Tibet in 1959, and his call for a joint India-Pakistan front against the Soviet Union and China, and rising tide of ultra-leftist in China after 1957 ensured that the budding relationship saw a regress.

The second phase covers the sixties when the two countries laid the basis of their relationship, signed a boundary agreement in 1963 and China began to transfer arms to Pakistan, December 1961 marked a turn-in-tide in Sino-Pakistan relations. It was evident when Pakistan broke with its longstanding tradition of voting with the US on question of China's admission to the United Nations. This was the beginning of Pakistan's firm adherence to one-China policy, and reassuring Beijing, as a concrete expression, of a line independent of the American design. It was the outcome of the growing feeling within Pakistan

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<sup>13</sup> Burke, S.M. and Lawrence Ziring, *Pakistan's Foreign Policy: An Historical Analysis*, Karachi, OUP, 1990, p. 180

that dependence on the US was becoming a constraint on Islamabad's diplomatic flexibility and Washington could not be relied upon. All doubts about the validity of the China option for Pakistan were cleared once the Sino-Indian conflict broke out and the US supplied arms to India.

The new option enhanced both Pakistan and China's political manoeuvrability and enabled them to put direct pressure on India. The context in which the relationship was forged and anti-India character it acquired radically raised tensions in India's relations with both Pakistan and China, making a resolution of dispute with both of them very difficult. Sino-Pakistan strategic linkages also radically altered the regional security dimension. Hereafter it was futile to discuss South Asian military issues without taking the Beijing-Islamabad linkages into account.

The year 1967 saw the launching of the Karakoram highway project, which was to establish a road link between Pakistan and China via the Khunjerab pass and open the way for overland trade between the two countries. The project was envisaged as a revival of the historic 'silk route', which had existed for centuries between Xinjiang and Gilgit. The road was opened to

traffic on 16 Feb 1971.<sup>14</sup> The route provided tremendous boost to the development of Pakistan's Northern areas. While Pakistan occupied Gilgit has developed as a major shopping center for Chinese goods, the entire area along the Karakoram highway is flooded with commodities from China.

The third phase covered nearly two decades beginning in the early seventies when Pakistan helped US and China to build ties. This was also the most ideological phase of the relationship as China joined in the united front with the western camp and its followers against the Soviet-led socialist block. This grand coalition, whose initial foundation was laid by the Chinese leaders Mao Zedong and Chou En Lai and US President Nixon and his National Security Advisor, Henry Kissinger in 1972, flourished as the reformist led by Deng Xiaoping seized power within the Communist Party of China within two years after the death of Mao and Chou En Lai. Politically, China provided support and sympathy to Pakistan. It changed its neutral stand on Kashmir by not only signing the 1963 boundary agreement with Pakistan in the occupied territory which belonged to India

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<sup>14</sup> Mehamud, Khalid; "Sino-Pakistani Relations: An All Weather Friendship"; *Regional Studies*, Islamabad, vol. XIX, No. 3, Summer, 2001.

but also by echoing the Pakistan call for a plebiscite.<sup>15</sup> China insisted on describing India as a 'hegemonic' state in its part of the statement in the 1972 Sino-US communiqué, supported the 1974 call for a nuclear free zone in South Asia aimed at curbing the Indian nuclear program and aided Pakistan's nuclear weapons and missile program. Strong political and military ties were also established.

The Afghan civil war and the Soviet intervention in Afghanistan enabled China, Pakistan, the US, and Saudi Arabia along with other anti-Soviet states to forge a formidable front, whose basic foundations were laid by Mao and Nixon. Close Sino-Pakistani co-operation during the Afghan conflict not only enhanced china's influence in Washington but also in many of the Muslim states in West Asia. China concretized both its West Asian and Islamic ties with large-scale arms transfers that helped it significantly enhance its political and economic role on the West Asian region.

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<sup>15</sup> Ibid.



## China's Diplomacy in the 1965 and 1971 Indo-Pakistan Conflicts

The PRC played a limited role in both the 1965 and 1971 Indo—Pakistan conflicts despite full political support to Pakistan.<sup>16</sup> China had changed its political stance on Kashmir after 1963 by deliberately supporting the Pakistani position, however, it did not, militarily intervene to support the Pakistani move to siege territory in Kashmir in 1965. In 1971, it was realistic enough to recognize the ground realities and its own domestic compulsions to make any adventurist move to prevent Pakistan's disintegration and the creation of Bangladesh. However, after an assurance from President Ayub on 7 September 1965 that Pakistan would not submit to the US, the Soviet, or the UN pressure for a settlement on Kashmir favorable to India, the PRC commanded its forces on the Sino-Indian border to remain alert.<sup>17</sup> Moreover, in a blatant attempt to justify its interference in the issue, it sought to accuse India of engaging in provocations against China. In a threatening note to the Indian government the PRC demanded that India 'stop all its acts of aggression and

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<sup>16</sup> Banerji, Arun Kumar, and Purusottam Bhattacharya, *People's Republic of China at Fifty- Politics, Economy and Foreign Relations*; (New Delhi, Lancer Books, 2001)

<sup>17</sup> *ibid.*

provocation against China in the western, middle and eastern sectors of the Sino-Indian border, or otherwise bear responsibility for all consequences arising from its action.<sup>18</sup> This was followed by a Chinese ultimatum to India on 16 September 1965 demanding that it should 'dismantle within 3 days its aggressive military works built on the Chinese side of the China-Sikkim boundary or on the boundary itself. Otherwise the Indian government must bear full responsibility for all grave consequences arising there from.'<sup>19</sup>

The Chinese military 'alert' and the later 'ultimatum' had little influence on the war or its conclusion, though it caused deep concern in India. The conflict came to a halt after the UN Security Council adopted on 28 September a resolution calling for a cease-fire, which was accepted, by both India and Pakistan. The war came to an end on 23 September 1965. Though the war lasted for 17 days, except for making polemical and diplomatic attacks on India, putting military pressure and supplying weapons, China was restrained in its military actions. Its 'ultimatum' too came fairly late and was not followed up by any action, though the war continued well beyond the 3 days

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<sup>18</sup> *Peking Review, China*, No. 28, 17 September 1965, p. 11

<sup>19</sup> *Peking Review, China*, No. 39, 24 September 1965, p.8-9

time limit it had set. Finally, China's 'alert' and 'ultimatum' were sought to be justified on the grounds of provocations on the Sino-India border and were not officially linked to the Indo-Pakistan war. The PRC's realization that both the US and the Soviet Union were likely to react strongly against any Chinese armed move on India during this phase was certainly an important factor in restraining its actions. There were other possible factors as well, including China's disturbed and tense domestic situation, the fact that it had no formal defence alliance with Pakistan and therefore, no commitments, and the awareness that its open involvement would irreparably damage its long-term interests in its ties with India.

During the 1971 war, the Chinese knew that there was really nothing they could or would attempt to do beyond giving moral and political support to Pakistan in the United Nations. China failed to come to Pakistan's rescue at a critical moment in its history. Apparently Bhutto, during his visit to China in November 1971 had tried, unsuccessfully, to persuade China to agree to sign a defence pact to counter-balance the Indo-Soviet Treaty.<sup>20</sup> Kissinger, in his talks with China's UN permanent

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<sup>20</sup> S. Yasmin, *Pakistan's Relations with China*, Islamabad Institute of Strategic Studies, Islamabad, 1980

representative, Huang Hua, on December 10, 1971, urged China to militarily intervene in the 1971 Indo-Pakistan conflict and offered an assurance that the USA “would oppose efforts of others [read the Soviet Union] to interfere with the People’s Republic.”<sup>21</sup> Such hints by Kissinger notwithstanding, China’s dialogue with USA had not yet reached a stage when it could be relied upon to deter a Soviet threat to China, and the primary reason for Chinese non-intervention in 1971 may well have been the unwillingness to risk a Soviet retaliation. Its own armed forces were in some disarray in the aftermath of the purges of the associates of Lin Biao, Mao’s chosen successor who died while trying to flee the country after a failed plot to assassinate Mao. The fact that the conflict occurred in the month of December when the Himalayan passes were snow bound may have provided the Chinese a further alibi for non-intervention. But there were two other disincentives: the easily perceivable intensity of anti-Pakistan feeling in East Bengal; and some concern about long-term impact on India-China relations, which, were beginning to show some slight improvement since 1970.

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<sup>21</sup> Mehamud, Khalid; “Sino-Pakistani Relations: An All Weather Friendship”; *Regional Studies*, Islamabad, vol. XIX, No. 3, Summer, 2001

## Chinese stand on the Kashmir Issue

On the status of Jammu and Kashmir, the PRC in the fifties adopted a neutral stance and even called on other socialist states to follow suit. The Pakistani leadership was disappointed when Premier Chou en Lai in his December 1956 visit to Pakistan did not adopt a more pro-Pakistani position on the issue. The PRC called on both India and Pakistan to settle the problem through bilateral negotiations. The Chinese also announced that they would go by the ground realities in Jammu and Kashmir till a settlement was reached.

However, China's stance began to change after the Sino-Indian differences simmered towards a conflict in the 1959-62 phase. In 1962 China agreed to negotiate with Pakistan on a border settlement in Pakistan-occupied Kashmir. Islamabad had sought such negotiations since 1959.<sup>22</sup> It led to a territorial adjustment, which was vehemently protested against by India as being illegitimate as it was a trade-off in which Indian territory occupied by Pakistan was involved. The only concession that the PRC made to Indian protests was to say that it would re-negotiate the

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<sup>22</sup> Chatterjee, Shibashis, "50 Years of China's Pakistan Policy: A Partnership through evolving World-View", in Banerji, Arun Kumar, and Purusottam Bhattacharya, *People's Republic of China at Fifty- Politics, Economy and Foreign Relations*; (New Delhi, Lancer Books, 2001)

1963 Sino-Pakistan boundary agreement if the status of the territory involved was to change as a result of a future agreement between India and Pakistan.

From 1964 till 1976, during the height of the Cultural Revolution, China moved even further away from its previous position by announcing its 'firm support for the just struggle of the Kashmiri people for self-determination.'<sup>23</sup> Thus, Mao was able to unify ultra-leftism with strategic interests. The position began to change again after 1976 – the year India and China restored ambassadorial ties, which had been snapped since 1961. By 1980 this transition had been established and both Deng Xiaoping and Foreign Minister Huang Hua stated that Kashmir was a bilateral issue that should be solved in accordance with the Simla Agreement and the relevant UN resolutions. The position indicated a renewed Chinese sensitivity to Indian concerns though it did not enormously upset Pakistan because of the reference to the United Nations resolution and its implications for the issue of plebiscite in Kashmir.

This position has seen a further change since 1990. In March 1990, the Chinese Foreign Minister Qian Qichen in New Delhi

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<sup>23</sup> Dutta, Sujit; "China and Pakistan: End of a Special Relationship"; *China Report*, 30:2, 1994

held that the Kashmir issue should be resolved 'via mutual peaceful consultations on the basis of the Five Principles of Peaceful co-existence'.<sup>24</sup> The fact that he did not mention the UN resolution is seen as a position in line with the Indian official posture.

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<sup>24</sup> *ibid.*

## **Chapter 2**

### **Diplomacy in the Post-Cold War phase: economic and defense relations**

#### **Economic Relations**

China-Pakistan economic ties developed in the backdrop of growing political and strategic relationship between the two countries. This includes trade, communication links, financial and technological assistance, infrastructure build-up and cooperation in the energy sector.

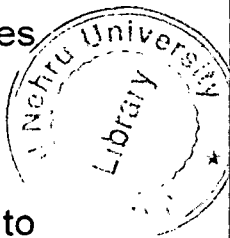
China started forging economic and trade ties with Pakistan in the early 1950's, which took a definite shape in the 1960's. In January 1963 the two countries signed the first trade agreement. The agreement was based on 'most favored nation' treatment in trade, commerce and shipping. The Chinese delegation offered Pakistan long-term credit and technical assistance for setting up small and medium-sized industries.

Pakistan has developed multimode trade relationship with China, that is, barter trade, border trade and cash trade. At present, however, trade with China is conducted almost entirely on cash basis in convertible currency, besides nominal border trade.



In April 1958, China offered to supply Pakistan machinery and capital equipment in exchange for Pakistani cotton and other raw materials. In August 1958, Pakistan signed a barter trade agreement with China. In September 1963, the two sides signed a barter trade agreement for the exchange of Pakistani raw jute with coal and cement from China. In August 1966, China and Pakistan signed a barter agreement for Pakistan to import 1 lakh tones of Chinese rice. In January 1967, China agreed to supply 150000 tones of food grains to Pakistan over the next 5 months. In April 1968, Pakistan and China signed a barter agreement for exchanging goods worth 11 million rupees. In May 1970, the two countries signed the Third General Barter Trade Agreement, which provided for exchange of goods worth rupees 116 million on a self-balancing basis. Barter trade declined in the seventies and eighties and gave way to cash trade in the 1990's.

In October 1967, Pakistan and China signed an agreement to facilitate overland trade between Pakistani occupied Gilgit and Chinese Xinjiang. The purpose of this arrangement has been to develop and promote cooperation between the bordering regions of the two countries. The trade is regulated through the exchange of letters with specified items and ceilings for trade on



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an annual basis. The first exchange letter envisaged transaction of goods worth Rs. 250,000 annually each way. On July 1971, Pakistan and China signed a new trade agreement for exchange of goods between Gilgit and Xinjiang via the ancient Silk Route. In May 1972, Pakistan and China signed another border trade agreement. The last exchange of letters for conducting border trade with China took place on 28 December 1983. The ceiling was enhanced from 100 million rupees to 200 million rupees each way. In the end of 1998, the utilization was rupees 99.40 million. The latest agreement was valid upto 31 December 2000. Pakistan's ministry of commerce has conveyed its consent to extend the agreement upto the end of 2003.

The dimensions of Sino-Pakistan trade have however, remained modest. In 1969-70, Pakistan exported approximately 138 million rupees worth goods – jute manufactures, raw jute, raw cotton, and 'other articles' – to China. This figure formed a little over 4% of her total exports for that year. It imported some 95 million rupees worth of Chinese chemicals, coal, cotton, yarn, drugs and medicines, iron and steel, paper and paste board, spices and other articles, representing less than 2% of her total

import trade.<sup>25</sup> In December 1972, China and Pakistan signed an agreement under which Pakistan was to export 40 million rupees worth of cotton yarn, textiles, and hosiery goods to China. Pakistani exports in the 1960's and 1970's included surgical instruments, sports goods, fruit juices, cutlery, and medicinal herbs

In 1982, Sino-Pakistan Joint Commission for Economics, Trade and Technology Cooperation was established. Bilateral trade picked up in the early 1980's but declined towards the mid-1980's. However, it regained momentum in the late 1980's.

Bilateral economic and trade relations gained further momentum in the 1990's. However, the dimensions of trade remained modest. Its volume for the last many years has been hovering around 1 billion dollars a year, which is quite modest. The position of China in Pakistan's exports is 16<sup>th</sup> and in imports 7<sup>th</sup>.<sup>26</sup>

At present the Chinese exports to Pakistan primarily consist of machinery and equipment, electronics, textile machinery, electrical items, steel products, pig-iron, motors and generators,

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<sup>25</sup> Anwar Hussain, Syed, *China and Pakistan*, Karachi, OUP, 1974

<sup>26</sup> *Economic Survey of Pakistan*, Government of Pakistan, 1999-2000

petroleum products, chemicals, surgical instruments, pharmaceutical products, dyeing and tanning material, telecommunication appliances, rubber manufactures, transport vehicles, non-metallic minerals, metal working machinery, cement plants, fertilizers, vegetables and fruits, sugarcane, tea and coffee, paper and paper-board and other articles.

The imports from Pakistan consist of raw cotton, leather goods, textile fabrics, petroleum and its products, chromium ores and concentrates, fish, sugar etc. It is noteworthy that Pakistan's exports to China have registered an aggregate growth of 240% in the 1994-2000 period, but this was mainly due to export of cotton and cotton products which comprise more than 80% of Pakistan's total exports to China.

### **Economic assistance from China**

China started giving economic assistance to Pakistan in 1965 when it extended an interest free loan of \$60 million for promoting economic and technical cooperation. The loan was utilized to finance Pakistan's Third Five Year Plan (1965-70). Half of this loan was made available for import of commodities and the other half for projects to be selected subsequently. The portion earmarked for the commodities was utilized mainly for

import of coal and cement for the erstwhile East Pakistan, iron and steel, electrical and other equipment for East and West Pakistan. China also provided 100000 tones of wheat and 50,000 tones of rice. While part of these food shipments were financed from the balance available in the commodity portion of the earlier loan, the remainder was financed by an additional loan of \$6.9 million signed on 17 January 1967. In addition, two industrial projects, one in East Pakistan and the other in the western wing, were financed from the project portion of the Chinese loan.<sup>27</sup>

Until 1970's all Chinese economic assistance to Pakistan was in the shape of grants, which totaled US\$ 106.4million. The grants were made on three occasions: \$60 million during the Second Five Year Plan, \$47.485 million during the Third plan, \$2.884 million during the fiscal year 1970-71.<sup>28</sup>

In November 1970, Pakistan and China signed an agreement for an interest-free loan of over \$200 million for Pakistan's Fourth Five Year Plan. Pakistani sources reported that to date China has pledged a total of \$ 307 million in economic assistance,

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<sup>27</sup> K.Arif, ed. *China Pakistan Relations, 1947-1980*, Lahore, Vanguard Books, 1984, p. 274

<sup>28</sup> Anwar Hussain, Syed, *China and Pakistan*, Karachi, OUP, 1974

including the \$200 million pledge announced in November 1970. But until June 1972, only \$5.994 million out of the total amount pledged had actually been dispersed; the rest being in the pipeline or in the realm of intention.

From 1970 to date, Chinese economic assistance has been almost entirely in the shape of loans and credits. Between 1975-80, a loan of \$ 15.40 million; 1980-85 \$ 60.50 million, 1985-90 \$ 224 million and 1995 \$ 218.50 million were extended to Pakistan. In December 1996, a grant assistance of 50 million renmimbi (rmb) yuan was given for various projects. In 1998, another grant assistance of 50 million Yuan was extended which is likely to be utilized for repairs of the Karakoram Highway. In 1999 another grant assistance of 50 million Yuan was given to Pakistan. In all, total grant assistance of 183million Yuan was extended to Pakistan between 1995 and January 2000 of which 40.81million Yuan is still unutilized.<sup>29</sup>

In February 1998, China extended a medium term loan of 150 million dollars at a low interest rate of 1.6% above libor being part of a balance-of-payments support measure. By the end of December 1999, total Chinese economic assistance stood at

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<sup>29</sup> Economics Affairs Division, Government of Pakistan

\$1.7 billion. Out of this, technical assistance is to the tune of 1.568 billion Yuan, including grant of 1.077 million Yuan and an interest free loan of 830 million Yuan. While defense projects received a total assistance of 1.876 billion Yuan, including a grant of 1.077 billion Yuan and loans of 799 million Yuan. Total grants assistance constituted 52.67% and interest free loans made up 57.33% of the total Chinese economic assistance. As many as 34 projects were completed while 7 are underway and two are currently being negotiated with China. There was also a goods procurement loan of 400 million Yuan in addition to 2 billion Yuan for the armed forces.

**Economic Assistance from China (million US \$)**

Period	Grants	Loans/Credits	Total
1960-65	60.00	----	60.00
1965-70	46.40	----	46.40
1970-75	----	217.40	217.40
1975-80	----	15.40	15.40
1980-85	----	60.50	60.50
1985-90	----	224.60	224.60
1990-95	----	218.50	218.50
1995-99	12.00	80.00	92.00
<b>Total</b>	<b>118.40</b>	<b>816.40</b>	<b>934.80</b>

Source: Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Karachi

## **Infrastructure**

China has assisted Pakistan in building a number of monumental projects such as the Karakoram Highway, the Heavy Mechanical Complex, Heavy Foundry and Forge, Heavy Electrical Complex, Heavy Industries, all at Taxila, the Pakistan Aeronautical complex at Kamra, the Saindak Integrated Mineral Project, Saindak (Baluchistan) and a Nuclear Power Plant at Chashma. These projects are symbols of economic and technical support extended to Pakistan to achieve the objective of self-reliance. The Chinese, in collaboration with Pakistani manufacturers have also helped in establishing a number of cement plants, fertilizer plants, thermal power stations, paper mills and glass factories.

The technology support and investment from China for establishing a sustainable heavy engineering base has contributed towards the development of Pakistan's engineering industry. The major units of State Engineering Corporation of Pakistan – HMC, HEC, HMC-3- are the leading symbols of Pakistan – China cooperation in the field of heavy engineering. These units regularly maintain liaison for technical assistance and technological upgradation with their Chinese counterparts. These engineering units have acquired significant potential for



the manufacturing of a wide range of capital goods through indigenous design and manufacturing of complete sugar mills, cement plants, chemical plants and thermal power plants, along with a host of engineering goods such as industrial boilers, cranes, pressure vessels, road constructions machinery, automotive components, irrigation pumps, electric motors, power transformers etc.<sup>30</sup>

### **Energy sector**

China has made substantive contribution to Pakistan's power sector. It includes both thermal and hydel power generation units. Besides, China has assisted Pakistan in the designing and manufacturing of the 300-mega watt Chashma nuclear power plant, built with the collaboration of the Chinese National Nuclear Cooperation.

Thermal power stations built with Chinese assistance are Guddu Thermal Power Station unit no. 4; Jamshoro Thermal Power Station Unit no. 2,3,4; and Muzaffargarh Thermal Power Station unit no. 4,5,6. China also provided gait and hydraulic hoist equipment for the Ghazi-Barotha Hydro-power Project. It also includes machinery supply, installation and commissioning and

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<sup>30</sup> Hussain, Ahmed Siddiqui, "Pakistan-China cooperation in engineering sector", *The News*, 1 October 2000

spans over the period from 1977-2002. In this regard China National Machinery and Equipment import and export Cooperation (CMEC) has played a leading role.<sup>31</sup>

China has agreed to provide assistance and technical support for setting up mini or medium sized hydel projects in Pakistan. Pakistan is also seeking involvement of Chinese corporations in wind energy generation in the country.

### **Gwadar Sea Port / Makran Coastal Highway**

In August 2001, Pakistan and China signed a formal agreement under which Chinese government will provide financial support of \$200 million for the construction of the first phase of the Gwadar seaport and Makran coastal highway. Construction work started in December 2001 and will be completed within a period of three years. It will have three berths, carrying all essential facilities for handling trade business. The first phase will cost a total of \$ 250 million of which 200 million are to be provided by the Chinese government and the remaining 50 million to be arranged by the government of Pakistan. The Chinese

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<sup>31</sup> CMEC, set up in 1978, is a foreign trading corporation engaged mainly in the contracting of international engineering projects and the import and export of machinery and electrical products as well as in foreign economic and technical cooperation. The company had two representative offices, one in Karachi and the other in Lahore, but as the business is reduced, they will be merged and the Lahore office will be closed. In Pakistan the company started business in 1981. In 1983, it started work on Guddu Barrage Power project which was completed in 1986. It was a \$58 million project.

government will provide the financial assistance both in terms of grant and loan for the execution of the two projects.<sup>32</sup>

Some independent estimates suggest total project cost at \$800 million. The project is expected to be completed in about six years. There is also a possibility that US firms may build a pipeline from the Central Asian republics, via Afghanistan to Pakistan (Gwadar).

Chinese Premier, during his visit in May 2001, had announced that he would depute the minister for communications to examine the project and on his report China would extend assistance to Pakistan. Both projects hold commercial as well as strategic significance and would contribute to the social uplift of Baluchistan. Gwadar is expected to emerge as the second alternative seaport of Pakistan, which in any crisis situation would give Pakistan navy the ability to move naval assets away from vulnerable locations. Gwadar is near the mouth of Gulf of Oman about 50 miles from Pakistan's border with Iran. It would provide port, warehousing, trans-shipment, and industrial facilities for trade with over twenty countries, handling traffic to/from ports of Sri Lanka, Oman, UAE, Saudi Arabia, Qatar,

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<sup>32</sup> Business Recorder, Karachi, 11 August 2001

Iraq, Iran, and the land-locked countries like Afghanistan, Uzbekistan, and Tajikistan.<sup>33</sup> The port of Karachi currently handles about 90% of Pakistan's shipping.

The Makran coastal highway project is expected to cost \$200 million. The government has done some initial work on the project by lining up 100 km land from Leyari (Baluchistan) to Gwadar.

Both these projects will play a central role in enhancing transit trade through Pakistan. The Chinese investment in the mega projects is seen in the west as strategically motivated as they have strategic significance as well. The *Washington Times* stated that development of Gwadar port would give Beijing “ a potential staging ground to exert influence along some of the world’s busiest shipping flowing into and out of Persian Gulf.”<sup>34</sup>

### **Defense and Security Cooperation**

Given the predominance of the strategic factor in the relationship, defense has been the key area of cooperation between China and Pakistan. China, along with the United States and France, has been the most important supplier of

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<sup>33</sup> The News, Pakistan, 16 May, 2001

<sup>34</sup> The News, Pakistan, 1 June, 2001

arms to Pakistan. For over two decades Pakistan has been a regular and one of the largest markets of Chinese military hardware. Joint and licensed production of select Chinese weapons in Pakistan and the high-level military exchanges and contacts are now well established.

Between 1965 and 1982 China was Islamabad's most reliable and largest supplier of all kinds of weapons. It accounted for one-third of the value of Pakistani weapons imports from 1966-1980, substantially more than that of the next largest suppliers – France and the United States. Supplied at 'friendship prices', the attraction of the Chinese arms was considerable for the Pakistani military. Though prices rose considerably in the eighties as Beijing promoted arms exports with a view for money, Chinese weapons still remain cheap by international standards. While they are not very sophisticated by western or even Soviet standards, they are functionally useful, and enable cash short countries such as Pakistan to afford a large arsenal.

According to Mushahid Hussain, between 1963-1980, when China hardly charged for its arms transfers to its allies, the total military assistance provided by it to Pakistan was worth \$1500

million<sup>35</sup>. The free aid and friendship prices involved in the Chinese arms transfers to Pakistan make a correct assessment of the value difficult. Western estimates are substantially higher. The Stockholm International Peace Research Institute (SIPRI) in its 1992 estimates said that between 1987-91 the total Chinese arms transfers to Pakistan were worth \$ 1027 million at 1990 constant prices. Only Saudi Arabia, Iran and Thailand had received more from the PRC in this five-year period.

Mushahid Hussain's report makes this point amply clear. After 1980, he writes: 'The free-aid concept of furnishing arms to Pakistan was replaced by supply through purchase from various semi-autonomous Chinese corporations. However, the Chinese were considerate in matters of cost and prices when it came to dealings with the Pakistan army.'<sup>36</sup>

A large number of joint military industrial projects have also been launched. The PRC has set up aircraft refitting factories for the overhaul and modernization of the F-6 and F-7 and Q-5 jets. The two countries are working on the productions of the K-8 trainer. With China's assistance, Pakistan is establishing indigenous

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<sup>35</sup> Hussain, Mushahid, *Pakistan-China Defence cooperation- an enduring relationship*, International Defense Review, No. 2, 1993, p.108-11

<sup>36</sup> *ibid.*

capacity to produce a modern version of the T-69 main battle tank (MBT), upgraded to include a laser range finder, a 105 mm gun, computerized fire control system and enhanced armour and engine capability. China is also assisting Pakistan in developing its own version of the PRC-designed HY-5 surface to air missile as well as the Red Arrow-8 anti-tank missile. In 1990, China and Pakistan signed a ten-year Memorandum of Understanding (MOU) on defense covering cooperation in weapons procurement, military production and R&D, and the transfer of military related technology.<sup>37</sup>

Reports about China's assistance to the Pakistani nuclear weapons programme and the supply of M-11 missiles that can carry nuclear warheads reveal the lethal character of the Sino-Pakistani military ties. It creates insecurity for the entire region and the issue has emerged as a problem in both Sino-US and Sino-Indian relationships. No arms control mechanism in south Asia can work without taking the China Pakistan collaboration in these two areas into account. The progress Pakistan has made with Chinese assistance, including training for its military in Saudi Arabia with Chinese CSS-2 IRBMs deployed there,

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<sup>37</sup> Chaudhri, Mohammad Ahsen, *Strategic and Military Dimensions in Pakistan – China Relations*, in, Ali, Mehrunisa (ed), *Readings in Pakistan's Foreign Policy (1979-98)*, (Karachi, OUP, 2001)

indicates a potential for nuclear-tipped missiles in Pakistan. Its adverse effect on Indian security can hardly be overstated and it certainly complicates confidence-building efforts between India and China. While this strategic relationship initially grew out of the mutual needs of China and Pakistan in countering the Soviet and Indian security threats, respectively, it continues to serve the two countries' national security interests in the post cold war era. Pakistan relies on China as a trusted ally in dealing with India from a position of military weakness; Beijing values its close ties with Islamabad, both to extend its influence to south Asia and to balance against India. Commercially, as China began its economic reform and opening up in the early 1980's defense industries and arms exporting companies were under tremendous pressure to tap into the lucrative international arms market. Pakistan became a valued customer for Chinese arms. Finally, given US concerns about an emphasis on missile proliferation issues, Beijing has also found it useful to exploit them for bargaining in dealing with Washington on issues important to China such as US arms sales to Taiwan, and Theatre Missile Defense system deployment in East Asia, among others.



## Nuclear ties

Pakistan's covert nuclear programme, whose central feature is the gaseous uranium enrichment centrifuge facility at Kahuta was launched in 1972 by President Bhutto in order to overcome its strategic weakness against India and to provide it the weapons with which it could achieve its foreign policy goals. China – which had acquired gaseous uranium enrichment technology in the 1960's – did not provide the equipment for Kahuta. It has been argued by some experts that though the Chinese had information about uranium enrichment, because of their successful experience with gaseous diffusion, they did not have the uranium centrifuge technology that Pakistan was assembling at Kahuta.<sup>38</sup>

However, there have been regular reports in the media about the Chinese support to Pakistan's weapons programme. These include reliable reports of Chinese technicians being present at Kahuta. The most serious of these reports is that China transferred to Pakistan a design based on its fourth nuclear explosive device as well as tested, or allowed a Pakistani

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<sup>38</sup> Dutta, Sujit; "China and Pakistan: End of a Special Relationship"; *China Report*, 30:2, 1994

nuclear explosive device to be tested at Lop Nor in Xinjiang.<sup>39</sup> Hard evidence necessary to verify these reports – given the vehement denials by China and Pakistan- is difficult to come by because of utmost secrecy and the clandestine nature of the Sino-Pakistani relationship in this and other defense related sectors.

China has also supported the overall Pakistani nuclear programme in many ways. In September 1986, the two countries signed an agreement committing Chinese assistance to the nuclear sector. Under this arrangement, the PRC sold 2 mini research reactors to Pakistan in November 1989 and February 1990. In November 1989, China also agreed to sell a three hundred megawatt pressurized water nuclear plant based on the design of its first nuclear energy plant at Qinshan, then under construction. In August 1990, Beijing agreed to supply enriched uranium to Islamabad.

According to John Garver, China's support for Pakistan's nuclear effort is rooted in a desire to see it 'remain outside India's orbit.... China's overriding strategic interest is to keep Pakistan independent, powerful and confident enough to present

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<sup>39</sup> Subramaniam, R.R., *India, Pakistan and China*, New Delhi, ABC Publishers, 1989

India with a standing two-front threat.... China's leaders believed that possession of nuclear weapons was one factor deterring attack by the vastly superior superpowers, and they may have concluded that nuclear weapons are Pakistan's best long-term guarantee of independence from Indian hegemony.<sup>40</sup>

China's nuclear exports have been driven also by economic considerations. The reform in defense industries that began in the early 1980's called for conversion to production of more civilian consumer goods. While other defense industrial sectors (e.g. Defense Electronics) have registered marked progress in converting a significant bulk of their production into civilian consumer goods, the nuclear industry lagged behind and ranked the lowest. At the same time, transforming the industry from its originally defense-focused and nuclear-weapons-oriented R&D and production to one that could meet increasing energy demands required the importation of advanced Western technology and its know-how, which in turn needed be funded using hard currency. It is not surprising, then that the industry had increasingly looked for foreign customers to generate the necessary funds.

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<sup>40</sup> Garver, John W., *China and South Asia*, The Annals of the American Academy, January 1992, p 83

US law requires that sanctions be placed on countries that export equipment or technology restricted by MTCR guidelines, and in June 1991 the United States imposed sanctions on China for allegedly exporting M-11 missile technology to Pakistan and planning to export M-9 missile technology to Syria. The Missile Technology Control Regime (MTCR)<sup>41</sup> is a set of guidelines regulating the export of missiles, unmanned air vehicles (UAVs), and related technology for those systems capable of carrying a 500 kilogram payload at least 300 kilometers, as well as systems intended for the delivery of weapons of mass destruction (WMD).<sup>42</sup> In a press briefing, Chinese Foreign Ministry spokesperson Wu Jianmin stated:

“China did supply some conventional weapons to Pakistan, including a very small number of short-range tactical missiles... China’s short-range missiles [are] those with a range of about 200 kilometers.... On the range of missiles, there are different definitions in the international community. China hopes an

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<sup>41</sup> MTCR

<sup>42</sup> the MTCR was formed in 1987 by the G-7 partners, and is an informal voluntary arrangement, not a treaty or an international agreement. The MTCR consists of common export policy applied to a common list of controlled items. Each member implements its commitments in the context of its own export laws. In addition to the MTCR’s members, a number of countries unilaterally observe or “adhere to” the guideline.

international common understanding on this issue will be reached through consultations on an equal footing.”<sup>43</sup>

In November 1991, China for the first time gave verbal assurances to the United States that it would adhere to the MTCR guidelines, in return for which the United States lifted the sanctions. This deal was finalized in February 1992, when China gave written assurances that it would abide by the MTCR.

In August 1993, the United States again imposed sanctions on China for allegedly transferring M-11 missile technology to Pakistan. China responded by calling the sanctions groundless and threatening to scrap its promise to abide by the MTCR guidelines. The impasse was broken in October 1994, when China and the United States issued a Joint Statement on Missile Proliferation, in which China agreed to ban all exports of MTCR-class missiles and the US agreed to lift sanctions.

On 11 November 2000, the State Department of the United States announced that it was waiving sanctions on Chinese entities for the past sales of missile technologies to entities in Iran and Pakistan. These exports, which dated back to 1992,

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<sup>43</sup> Xinhua, 20 June 1991 and 21 June 1991; in FBIS Special Memorandum, 18 December 1991, quoted in China's Missile Exports and Assistance to Pakistan, [www.nti.org](http://www.nti.org)

violated the 1990 Missile Control Act. In response to these actions, the Chinese Foreign Ministry issued its most stringent and specific policy statement on missile non-proliferation to date.

China stated:

“China is opposed to the proliferation of weapons of mass destruction... China has no intention of assisting, in any way, any country in the development of ballistic missiles that can be used to deliver nuclear weapons (i.e., missiles capable of delivering a payload of at least 500 kg to a distance of at least 300 km.)”<sup>44</sup>

On 1 September 2001, however, the US government imposed economic sanctions on a Chinese company for shipping missile technology to Pakistan in violation of a bilateral agreement in November 2000 in which China pledged to stop such transfer and to promulgate export control laws covering missile technology exports. The US government said that the China Metallurgical Equipment Corporation in late 2000 and early 2001 shipped missile technology to Pakistan that would assist its Shaheen 1 and Shaheen 2 programs. The Chinese government vociferously denied violating the November 2000 accord or that

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<sup>44</sup> Chinese statement on Missile Nonproliferation, November 2000, quoted in China's Missile Exports and Assistance to Pakistan, [www.nti.org](http://www.nti.org)

a Chinese company had shipped missile goods to Pakistan. In a Washington Post article, a senior US official listed four conditions for the lifting of the missile sanctions imposed on China. These are:

1. China must first put a halt to sensitive exports from the China Metallurgical Equipment Corporation.
2. China must also reaffirm its agreement of November 2000 with the United States to refrain from helping other countries develop missiles capable of delivering nuclear weapons.
3. China must drop its argument that missile contracts signed before November are not covered in the accord.
4. As outlined in the November agreement, China must establish a system of export controls to regulate the transfer of sensitive technology in an organized fashion.<sup>45</sup>

According to a biannual CIA report on global proliferation developments, China during the last half of 2000 continued to

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<sup>45</sup> Sipress, Alan, US Lists Conditions for Lifting Sanctions, The Washington Post, September 2, 2001, quoted in China's Missile Exports and Assistance to Pakistan, [www.nti.org](http://www.nti.org)

provide Pakistan with technical assistance to its missile programs. The report stated:

“During the reporting period, Chinese entities provided Pakistan with missile-related technical assistance. Pakistan has been moving towards domestic serial production of solid-propellant SRBMs with Chinese help. Pakistan also needs continued Chinese assistance to support development of the two-stage Shaheen II MRBM. In addition, firms in China have provided dual-use missile-related items, raw materials, and/or assistance to several other countries of proliferation concern, such as Iran, North Korea, and Libya.”<sup>46</sup>

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<sup>46</sup> Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, 1 July through 31 December 2000, quoted in China's Missile Exports and Assistance to Pakistan, [www.nti.org](http://www.nti.org)



## Chapter 3

### Implications for India

China-Pakistan relations continue to be a cause of concern for India. India's relations with Pakistan, since the two attained independence, have been plagued with mutual distrust and animosity. Relations with China, on the other hand, started off on a note of trust and camaraderie, only to be maligned with discord of a degree that caused the two countries to fight each other in 1962. For India it remains a perpetual worry that her two largest territorial neighbours, occupying strategic geographic locations and having the potential to endanger her territories at any given point of time, should also be engaged with each other in a conspicuous friendship. That such a friendship is significantly directed against India is perhaps the most prominent source of Indian apprehension.

In the post-Cold War world, China and India find themselves at the receiving end of the changes in global strategic environment. As the world headed from a bi-polar to uni-polar to an increasing multi-polar international order, both the Asian nations feel cheated in particular ways. China continues to sulk over what it perceives as the highly unbalanced, United States-dominated

uni-polar world of the post-Soviet era. Beijing has been very resentful of Washington's pronouncements on the issues of human rights, weapons sales, and nuclear technology transfers, and trade issues. India, long allied with the Soviet Union, has been thrown off balance by the disintegration of its former ally and has come under pressure from Washington on a range of issues – from nuclear weapons and missile proliferation to intellectual property rights and economic liberalization. New Delhi also shares China's distaste for American meddling in regional powers' acquisitions of nuclear and missile technology. Similarly, both are concerned that the industrialized North is setting the international economic and political agenda "in total disregard of the developing world's interests and views" on issues such as environment, human rights, non-discriminatory access to technology and a new world order.<sup>47</sup> Both are fully aware that the basic premise of American strategy in the post-Cold War world is "to prevent the emergence of any great power that can challenge American dominance in Europe or in Asia." And both are keen to emerge as independent power centers in a multi-polar world, which means a world where America's relative

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<sup>47</sup> Malik, Mohan J., "China-India Relations in the Post-Soviet Era; the continuing rivalry"; *China Quarterly*, No. 142, June 1995

power declines and regional power dominate in their respective spheres of influence.

While in the long run China sees its strategic military strength and growing economic power as offsetting American hegemony, in the short run China seeks to establish itself as a leader of a block of nations challenging American supremacy. Chinese leaders and strategists have time and again pointed out that China will not be satisfied with being a second - rate or a regional power but would like to become a world economic and military power.<sup>48</sup> At the same time the Chinese want to thwart any attempts by Asian countries, like India, to form any alliance against what they perceive as the common "China threat". China's diplomacy in the South Asian region is a manifestation of its desire to portray itself as the sole leader of the region.

Since the mid-1980s, Indo-Pakistan relations have deteriorated considerably. Military build-ups, mutual hostility and support to secessionist elements have led to a perpetual game of brinkmanship, sabre-rattling and war hysteria. India expresses its concern that Sino-Pakistan relations have had a spiraling, deteriorating effect on both Indo-Pakistan and Sino-Indian

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<sup>48</sup> Glaser, B.S., "China's security perceptions: interests and ambitions", *Asian Survey*, Vol. XXXIII, No.3, March 1993

relations. India looks at the establishment of cordial Sino-Pakistan relations as a strategy to counter weight India's influence and standing not only in the region but also in the world. India continues to high light that Chinese military and nuclear assistance to Pakistan have served to offset a regional arms race. According to India, China has availed of the mistrust and animosity between India and Pakistan, which has historical roots, in order to perpetuate its self-interest. New Delhi is further irked by the fact that Chinese backtracked on the path of friendship which India and China had embarked upon in the 1954 Panchsheel Agreement. India continues to see the war of 1962 with China as a betrayal by the Chinese of the Hindi-Chine Bhai Bhai understanding. That China, after such a betrayal, could actually help and assist India's arch rival Pakistan in its efforts to create greater unrests for India, has served to ignite the passions of the Indians.

As the center of South Asia occupying almost 80% of the South-Asian territory, India has historically seen itself as the leader of South-Asian people. Nehru even envisaged India as not only leading the region into a non-discriminatory, equal world, but also the Third World. As a champion of the Non-Aligned

ideology, India, its leaders hoped, would lead the world into a new social order, based upon Satya and Ahimsa. India's visions were rudely interrupted by one neighbour who refused to make peace and another who instigated the first neighbour and provided it with the means of perpetuating the hostility.

Over the years, India has vociferously expressed its concerns over Chinese transfer of missile and nuclear technology to Pakistan. India had also been wary of the military and nuclear prowess of the Chinese themselves and has continued to view it as the "number one threat". India has been equally concerned about Chinese assistance to Pakistan in the field of delivery systems. In August 1993, the US government, no longer able to ignore mounting evidence, imposed a two-year sanction on both China and Pakistan in retaliation for the transfer of Chinese M-11 missile components and technology to Pakistan. The sanctions were lifted after the US-Chinese agreement of October 1994. However leaks by the US intelligence community in subsequent months spoke of strong evidence of Chinese shipments of complete M-11 missiles. This was followed by reports of Chinese assistance to Pakistan in building a secret plant for production of medium-range missiles. In mid-

September 1999, Reuters news agency published a new US intelligence report, which stated publicly for the first time that Pakistan had received M-11 short range ballistic missiles from China and not only “components” as earlier claimed by the White House and the State Department.<sup>49</sup>

Persistent American efforts to coax China to terminate its sales/ assistance to Pakistan in the missile and nuclear field have had only limited effect. At a hearing of the Senate Foreign Relations Sub-Committee on the Near East and South Asia on 13 July, 1998, Robert Einhorn, Deputy Assistant Secretary of state for Non-Proliferation, admitted that despite efforts by Clinton to persuade China not to provide Pakistan with additional missile technology “we do not believe that this has been resolved”. Asked about China’s reported delivery of 34 complete M-11 missiles to Pakistan, Einhorn apparently remained silent but said that if confirmed by the Administration the latter was bound under the US law to clamp the stiff category I sanctions.<sup>50</sup>

India steadfastly brings forth such evidence to prove that its long held views of nuclear and missile proliferation by the Chinese to

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<sup>49</sup> Ranganathan, C.V. and Vinod C. Khanna; *India and China – The way ahead after “Mao’s India War”*; (New Delhi; Har Anand Publications, 2000)

<sup>50</sup> *The Hindu*, 15 July 1998

Pakistan holds ground. This is not to say that Chinese help has been the sole determining factor for Pakistan's nuclear and missile development. India acknowledges that in the case of missiles, Pakistani capabilities have received significant inputs from sources other than Chinese, most importantly from North Korea. Not unexpectedly, China has vigorously denied assisting Pakistan's nuclear weapons program or acting in contravention of the MTCR, which China undertook to abide by in 1993 (without yet having fully subscribed to it). China insists that its nuclear cooperation with Pakistan aims at peaceful use of nuclear energy, and is under the safeguards of IAEA. China claims that it honours its obligations as a signatory of the NPT. In the face of hard evidence citing sale of Chinese M-11s to Pakistan, China confronts the evidence by saying that there are differing views on the distance a missile must be capable of traveling for it to fall within the gambit of the MTCR. China claims that the missiles it has supplied to Pakistan can travel over a distance of 280 kilometers, as against the stipulated requirement of 300 kilometers for them to fall within the purview of the MTCR.<sup>51</sup> It is evident that China continues to challenge the rules and frameworks charted out by the US.

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<sup>51</sup> See page 33.

## **Nuclear tests by India and Pakistan**

According to India, assistance of this variety by China to Pakistan, in addition to the moral and political support that it has extended always to Pakistan, has led to the worsening of the security environment of the South Asian region. The Bharatiya Janata Party (BJP) that led the 14-party coalition government that took office in March 1998 assumed power determined to deal more vigorously with what it perceived to be India's deteriorating security environment. A firmer approach to dealing with China was central to this thrust. The new approach implemented by Prime Minister Atal Behari Vajpayee's government shortly after taking over, included four elements:

1. More frank public expression of Indian concerns about China's activities in South Asia;
2. Open establishment of India as a nuclear power possessing a minimum nuclear deterrence;
3. A marginally more assertive policy on the ultra-sensitive Tibet issue; and
4. Reaching an understanding with the United States regarding India's deteriorating security situation, including the threat posed by China.



In contrast to the policy of the earlier Indian governments that refrained from publicly acknowledging concerns about China, in May 1998, Defence Minister George Fernandes focused on China's military ties with Pakistan and Myanmar, labeling China as India's "threat number one".<sup>52</sup> Shortly after Fernandes' remarks, a spokesperson for China's Ministry of Foreign Affairs characterized them as "ridiculous and not worth refuting". "China does not constitute any threat to other countries." Fernandes' "criticism of China's relations with other countries" was "a groundless fabrication" which has "seriously destroyed the good atmosphere of improved relations between the two countries. The Chinese side has to express extreme regret and indignation over this."<sup>53</sup>

The Indian government also adopted marginally tougher policies on the Tibet issue. During an April 1998 visit to India by People's Liberation Army (PLA) Chief of Staff General Fu Quanyou – the first-ever such visit – the government tolerated a hunger strike by six young Tibetans protesting against "Chinese aggression against Tibet." Indian police finally intervened only when several protestors were on the verge of death. This toleration of high

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<sup>52</sup> "China is threat number one," *Times of India*, 4 May 1998.

<sup>53</sup> Foreign Ministry News Briefings, *Beijing Review*, 25-31 May 1998, p.7

profile protests during the visit by an important Chinese official was a sharp departure from previous Indian policy.<sup>54</sup>

On 11 May, 1998, India conducted three underground nuclear tests. Significantly, Beijing's initial response was subdued. The Chinese Ministry of Foreign Affairs stated China's "grave concern" over the tests, which were "detrimental to peace and stability in the South Asian region".<sup>55</sup> Beijing radio, however, explained the tests in terms of India's rejection of western pressures – an interpretation that implied approval of the tests. As India conducted two more tests on 13 May, Beijing responded more severely to this second round and it strongly condemned the tests.

On 13 May 1998, Prime Minister Vajpayee sent a letter to US President Bill Clinton explaining the rationale of the tests. The letter talked first and longest about the threat from China that India faces. Sixty-eight words targeted China, compared to forty-eight addressing Pakistani threat to India. India had "an overt nuclear state" on its borders; "a state which committed armed aggression against India in 1962." Although India's relations with

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<sup>54</sup> Tibet policy ignored to allow hunger strike, *Asian Age*, New Delhi, 28 April 1998

<sup>55</sup> Garver, John W., "The Restoration of Sino-Indian Comity following India's Nuclear Tests", *China Quarterly*, No. 142, June 1995

“that country” had improved in the last decade, “an atmosphere of distrust persists mainly due to the unresolved border problem.” Referring to China’s assistance to Pakistan’s nuclear weapons effort, Vajpayee continued: “To add to the distrust, that country had materially helped another neighbour of ours to become a covert nuclear weapons state.” Vajpayee then solicited American understanding and proposed closer Indian-American cooperation: “We hope that you will show understanding of our concern for India’s security,” he said.<sup>56</sup>

Chinese response made it clear that the “anti-China” justification of India’s nuclear tests was of greater concern to Beijing than the tests themselves. According to Ye Zhengjia, it was “preposterous” that Indian leaders should make “anti-China” statements in order to justify the tests. Indian leaders “clearly understood” that it was “inconceivable” that China’s nuclear weapons might be used “against a friendly good neighbour like the Indian people” and the “Sino-Pakistan cooperation did not threaten India.” “But in order to reduce Western sanctions against India, it played “the China threat card” in the West, thereby damaging Sino-Indian relations” and “creating a major

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<sup>56</sup> ibid

new obstacle” to the development of those relations.<sup>57</sup> The first semi-official discussion between Chinese and Indian scholars, in December 1998 was summed up by Prof. Wang Hongwei as: “Although the Chinese side expressed understanding of India’s need to carry out nuclear tests for its security needs, it could not understand why India thinks China’s nuclear weapons are a threat to India, and felt that India should not have used China as the reason for its plans for realizing nuclear weapons.”<sup>58</sup>

What comes out from this is that both Chinese and Indian leaders are extremely sensitive to the alignment of the other vis-à-vis the United States, and this fact is the key to understanding China’s strongly negative reaction to Indian moves in early 1998. The letter that Vajpayee wrote on 11 May posed a direct challenge to Beijing’s long-standing efforts to refute the “China threat theory”. With the souring of U.S.-PRC relations in the 1990s, Beijing became fearful of a new US-led effort to contain China. Consequently, Beijing went to considerable lengths to refute the “China threat theory”. Also, Vajpayee’s letter meant

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<sup>57</sup> Ye Zhengjia, “Experience and lessons in 50 years of Sino-Indian relations”, *International Studies*, No. 4, 1999, quoted in Garver, John W., “The Restoration of Sino-Indian Comity following India’s Nuclear Tests”, *China Quarterly*, No. 142, June 1995

<sup>58</sup> Wang Hongwei, “Frank dialogue, dispelling doubts, increasing trust”, *South Asia Research*, No 1, 1999, quoted in Garver, John W., “The Restoration of Sino-Indian Comity following India’s Nuclear Tests”, *China Quarterly*, No. 142, June 1995

that India had begun to lay directly before the United States Indian concerns about China's relations with other countries of South Asia. From Beijing's perspective, China's relations with other countries were not the proper concern of India, let alone the subject of Indian representations to the United States. For Beijing, New Delhi's concern with China's ties to other South Asian countries was a violation of the Five Principles of Peaceful Co-existence, according to which states have a right to determine for themselves their own foreign relations. For India to presume to judge what was appropriate in Sino-Pakistan or Sino-Myanmar relations was in fact a manifestation of Indian hegemonism.

At a fundamental level, Vajpayee's letter implied an Indian-US alignment based on a common understanding of the China threat. China, the letter asserted, was a covert proliferator of nuclear weapon and missile technology. It sought to justify a substantial increase in the defence capability of India by acquiring a nuclear deterrent. The "game plan" behind the Governments frank talk about the China threat, according to *India Today*, was to "make common cause with anti-China

lobbies, especially in the US.”<sup>59</sup> This was a profoundly dangerous development for China. China could accept India armed with nuclear weapons, but an India aligned with the United States would be far more threatening.

To counter this development Chinese diplomats went to work to mobilize international pressure on New Delhi. They urged the United States to adopt tough sanctions against India, and when Pakistan tested nuclear weapons two weeks after India, urged Washington to distinguish between India and Pakistan and focus primarily on India as the initial transgressor.<sup>60</sup> China jointly sponsored with the United States, a meeting of the Foreign Ministers of the Permanent Five members of the Security Council of the United Nations on 4 June that adopted a Joint Communiqué pledging the Permanent Five to co-operate closely to secure Indian and Pakistani freezing of the nuclear weapons programmes, prevent the escalation of arms race in South Asia and strengthen the nuclear non-proliferation mechanism in that region. Two days later China joined again with the other members of the Security Council to pass Resolution 1172

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<sup>59</sup> Raj Chengappa, Manoj Joshi, “Hawkish India,” *India Today*, 1 June 1998

<sup>60</sup> Sutter, Robert, South Asia crisis: China’s assessment and goals, Congressional Research Service memorandum, 11 June 1998

condemning India and Pakistan nuclear tests, demanding these countries to refrain from further tests and calling upon them to stop the nuclear weapon development programme. On 9 July 1998 when India proposed to Beijing the conclusion of an agreement for no-first-use of nuclear weapons, Beijing replied that India should first abandon its nuclear weapons project and sign unconditionally the CTBT and NPT.

Beijing also made clear to New Delhi that the Sino-Pakistan military relations would remain close. In August 1998 Pakistan Army Chief of Staff and Chairman of Joint Chiefs of Staff, Gen Jehangir Karamat paid a 10 day visit to China at the invitation of PLA Chief of General Staff, General Fu Quanyou. During his visit Karamat met the Vice-chairman of China's Central Military Commission, General Zhang Wannian, to "exchange views on issues of common concern". Several subtle messages were conveyed by Karamat's visit: New Delhi's efforts to limit the Sino-Pakistan military relation were futile; China and Pakistan would cooperate to deal with the deteriorating security situation created in South Asia by India's nuclear tests and new drive for hegemony.

Beijing also apparently broadened its covert assistance to Pakistan's missile programme after May 1998. Shipments of speciality steel, guidance systems, motors and technical assistance increased.<sup>61</sup> The North China Industries Corporation, one of China's major arms merchants, delivered to Pakistan for test trails three prototypes of improved models of China's Type-59 main battle tank. By March 2000 one version of the T-59 had been selected and was on display during the military parade in Islamabad celebrating Pakistan's national day.

### **The Kashmir Issue**

Besides the issue of arms transfer, it is China's position on the Kashmir issue that is used as one of the litmus tests by analysts of China-India-Pakistan triangular relations. The unending Indo—Pakistan confrontation on Kashmir has presented China with uncomfortable moments, as it has to a large number of other countries. In response to the Sino-Pakistan communiqué of May 3, 1962, announcing their agreement to conduct boundary negotiations, the Indian government protested to the Chinese that in the light of certain earlier Chinese statements it was under the impression that China had accepted, without any

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<sup>61</sup> Garver, John W., "The Restoration of Sino-Indian Comity following India's Nuclear Tests", *China Quarterly*, No. 142, June 1995



reservations, that the sovereignty over the entire state of Jammu and Kashmir vested solely in India. In their reply, the Chinese asked, "When did the Chinese government accept without any reservations the position that Kashmir is under Indian sovereignty? The Indian government could not cite any official Chinese document to prove this arbitrary contention but, basing itself solely on the guesswork and impression of Indian diplomatic officials who have been to China, insisted that Chinese government and authorities had made statements to that effect... with regard to the Kashmir dispute, it has been the consistent position of the Chinese government to be impartial and to wish that India and Pakistan will reach a peaceful settlement..."<sup>62</sup>

However, there have been nuanced variations in the Chinese stand. The critical point is whether or not reference is made to the "relevant United Nations resolutions". The presence of this phrase is regarded as a pro-Pakistani tilt; its absence an acceptance of the Indian position that the Shimla Agreement mandates that the two sides seek a peaceful solution through

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<sup>62</sup> Note given by Chinese Foreign Ministry to the Indian Embassy on 31 May, 1962, cited in Ranganathan, C.V. and Vinod C. Khanna; *India and China – The way ahead after "Mao's India War"*; (New Delhi; Har Anand Publications, 2000)

bilateral dialogue. As Sino-Indian relations improved the Chinese began to drop references to the UN resolutions, though there has been some lack of consistency, particularly when it comes to statements made in Pakistan.

Quite apart from the impact on India-China relations of any reference to the UN resolutions, insistence on a solution of the highly sensitive political issue of sovereignty, by the exercise of self-determination by the people of what is regarded as a part of a nation state, could in the long run have unpredictable consequences for China itself. Further, China too has insisted on a purely bilateral approach in dealing with its Southeast Asian neighbours on the issue of South China Sea Islands.

The improvement of Indo—China bilateral relations, which accelerated after Rajiv Gandhi's visit to China in December 1988, also had a spin-off effect on Sino-Pakistan relations. Careful comparison of Chinese statements during the Indo—Pakistan crisis of 1989-90 over Kashmir, with the statements in earlier crises, shows a marked weakening of what has been described as China's "verbal deterrent support" to Pakistan.

Pakistani commentators who have watched the evolving Sino-Indian rapprochement with some concern were particularly

perturbed at the statements made by Jiang Zemin during his visit to the sub-continent in November-December 1996. The speech delivered by him at the Pakistani Senate on December 2 was seen as hinting at the end of a special relationship with Pakistan. The primary focus of the talk was China's relations not with Pakistan but with South Asia as a whole. There appeared to be – from the Pakistani perspective – a disconcerting equation of India and Pakistan. The Pakistani senators could not have relished Jiang's advice, "If certain issues cannot be resolved for the time being, they may be shelved temporarily so that they will not affect the normal state-to-state relations."<sup>63</sup> This appeared to apply to Indo—Pakistan relations, and by implication to Kashmir, a formula that China had succeeded India in getting to accept as far as the Sino-Indian border question was concerned.

The Chinese position on Kashmir can, thus, be summarized in the following four propositions:

1. The problem is a "left over from history"; that is, the present governments of India and Pakistan are not responsible for it.

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<sup>63</sup> Ranganathan, C.V. and Vinod C. Khanna; *India and China – The way ahead after "Mao's India War"*; (New Delhi; Har Anand Publications, 2000)

2. It is a complicated and sensitive issue; that is, it cannot be resolved overnight.
3. It should be settled by India and Pakistan through peaceful consultations; that is (a) bilaterally and not through international intervention, including Chinese intervention, and (b) peacefully, and not through jihads etc.
4. If it cannot be solved for the time being, shelve it and get on with other "normal state-to-state" relations.
5. Clearly, this is a position closer to the Indian stand than that of Pakistan. However, when India-China relations dip, China does mention UN resolutions. Further, in the face of Pakistani displeasure, the last proposition regarding 'shelving' is rarely articulated publicly.

Even in the aftermath of deterioration in Sino-Indian relations following Indian nuclear tests in 1998, the Chinese, with an eye on the long term implications, decided against any too pronounced a pro-Pakistan or anti-India tilt on the Kashmir issue. But there was a hint of a renewed reference to the UN resolution. For instance, the Chinese Ambassador to New Delhi, Zhou Gang, in the course of a newspaper interview in September 1998, gave the following carefully crafted answer,

“China’s position on the Kashmir issue has been consistent. The Kashmir dispute is a historical legacy, over which India and Pakistan have had differences since 1947. The UN has adopted several resolutions on the Kashmir issue. India and Pakistan have come to an understanding on the basis of the Shimla Agreement. The Chinese side sincerely hopes that India and Pakistan will resume a dialogue that is open and frank in order to resolve the Kashmir issue peacefully.”<sup>64</sup>

As the Kargil conflict escalated in May 1999, China’s reactions were carefully analyzed in India. The mini-war added urgency to both Chinese and Indian desires to repair their strained relations. Continuation of strained Sino-Indian relations placed Beijing in a seriously disadvantageous position. In the first instance, tense Sino-Indian relations would reduce the ability of China to work with the United States as a “strategic partner” in upholding “peace and stability” in South Asia. A more remote but even greater danger for Beijing was that as India and Pakistan slid towards war, China might end up supporting Pakistan alone.<sup>65</sup> In a worst-case scenario for Beijing, an India-Pakistan

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<sup>64</sup> The Times of India, 14 September 1998

<sup>65</sup> Garver, John W., “The Restoration of Sino-Indian Comity following India’s Nuclear Tests”, *China Quarterly*, No. 142, June 1995

war, Pakistan would expect some level of Chinese support and assistance. If Beijing failed to provide this, such inaction could well endanger the Sino-Pakistan entente that constituted the very foundation of China's South Asian strategy. Yet to provide such assistance to Pakistan in the context of already sour China-India relations could have a seriously adverse impact on its alignment with the United States.

The repair of Sino-Indian relations in 1999 did not mean the dilution of Sino-Pakistan military cooperation. China - Pakistan military exchanges continued uninterrupted by the Kargil fighting. Beijing rejected Islamabad's efforts to internationalize the Kashmir issue, but paired this with continuing Chinese support for Pakistan's military capabilities, in spite of Indian objections and in spite of the small-scale war under way between Pakistan and India.

As if to underline the fact that restoration of Sino-Indian comity would not interfere with Chinese assistance to Pakistan military development efforts, shortly after President Narayanan's visit to Beijing in May-June 2000, Beijing agreed to help modernize Pakistan's air force. It agreed to sell Pakistan 50 F-7MG fighters. Pakistan's purchase of Chinese F-7MGs was announced by

military ruler Pervez Musharraf shortly after the commissioning of a Chinese-aided nuclear power plant in central Punjab. About the same time, Pakistan also backhandedly confirmed US reports of Chinese assistance to Pakistan's missile programme by accepting that it had received nothing from China with regard to missile development that was incompatible with Beijing's obligations under the Missile Technology Control Regime.

Li Peng arrived in New Delhi in January 2001. Li's visit was the first by a top-level Chinese visitor since the May 1998 tests, and the first since Jiang Zemin's 1996 visit. On the last day of Li's visit, India tested the intermediate range missile Agni II with a range of 2,000 kilometers and capable of reaching southern China. The timing of the test "was not a mere coincidence", according to *The Pioneer*, but "makes it clear that India would like to deal with Beijing on a one-to-one basis and not from a position of disadvantage".<sup>66</sup> The paper noted that China had tested a nuclear weapon during the 1992 visit by Indian President Venkataraman. "The message, if there is any in the test's timing, is that India's nuclear and missiles programmes are

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<sup>66</sup> *The Pioneer*, 19 January 2001

here to stay and that this country will deal with China on the basis of equality.”<sup>67</sup>

The resumption by mid-2000 of declarations of bilateral friendship and mutual non-threat alongside “frank” but unproductive exchanges of view in the Sino-Indian security dialogues about Pakistan-China links, indicates the crux of the Sino-Indian relationship. The diplomatic requirements of both sides make it imperative that a level of comity and professed friendship be maintained. Parallel with this, however, are deeply divergent perceptions and interests regarding China’s role in the South Asian-Indian Ocean region.

Mutual comity and professed friendship are instruments of the policies and diplomatic initiatives of both Beijing and New Delhi. For China, it essentially means that India should accept China’s claims of non-threat and not concern itself with China’s military ties to various South Asian-Indian Ocean countries. It also implies from the Chinese perspective that New Delhi ought not to align with the United States to contain China. For New Delhi, on the other hand, Sino-Indian friendship means that Beijing should show understanding of Indian security concerns

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<sup>67</sup> *ibid.*



regarding Chinese activities in South Asia. Closely related to this is a second Indian proposition: that China should remain neutral in conflicts between Indian and other South Asian states, first and foremost with Pakistan.

The foreign policy decision makers of India's BJP-led government were deeply concerned with China's growing military-security links with countries around India's periphery. Indian leaders increasingly fear their nation is sliding into a situation of encirclement by Chinese military-security positions – regardless of whether or not that is Beijing's intention. New Delhi wants to bring these concerns to Beijing's attention. This is a fundamental point of the new "security dialogue" from New Delhi's perspective. China, on the other hand, views Indian concerns about China's various link with South Asian countries as a manifestation of India's hegemonistic designs. This implies that checking India's hegemonist proclivities requires the maintenance of a balance of power in South Asia, especially that Pakistan be kept strong enough to continue focusing Indian attentions in that direction, thereby limiting its ability to achieve hegemony in South Asia.

In addition, India and China are extremely sensitive to the other's relation with the United States. New Delhi fears US tacit support for Chinese efforts to strengthen Pakistan militarily, and to a lesser extent for Chinese efforts to expand its military ties with other South Asian countries. China, on the other hand, deeply fears Indian alignment with the United States and/or US disengagement from Pakistan that would leave China with complete responsibility for supporting that country.

## Chapter 4

### Conclusion

✓ The international system has entered a phase of uncertainty and rapid change following the end of the Cold War and the disintegration of the Soviet Union. In Asia, new states have emerged neighbouring China and Pakistan. The Soviet Union is no longer a factor in their relationship – ideologically or militarily. As is the case with other countries, China and Pakistan have been forced to react to these changes and restructure their foreign policies in order to accommodate the new conditions. The emergence of a new global correlation of forces, the strong international concern about proliferation of weapons of mass destruction and missiles indicate that Sino-Pakistani relations, based largely on arms transfer and military cooperation, could run into problems with the United States and jeopardize Chinese attempts to qualitatively improve its ties with India, Afghanistan and the new Central Asian states. On the other hand, China also seems to pose an incessant challenge to the United States by continuing to preserve its missiles and nuclear links with Pakistan. It has been able to use its relations with Pakistan as a pressure point against the United States on the Taiwan issue.

As the US-Taiwan relations improve, China transfers a fresh batch of missiles or related technology to Pakistan making the South Asian region a virtual sore-point for the US,

Washington has imposed various sanctions on PRC for clandestinely helping the Pakistani missile programme. The fact that the bulk of China's arms transfers, including missile sales, has been to four countries in the turbulent, oil rich conflict zone of west Asia - Iraq, Saudi Arabia, Iran and Pakistan – has only served to heighten US anxieties about China.<sup>68</sup>

There has been a significant shift in the US and western approach towards Pakistan in the aftermath of the Afghan accord, the Soviet disintegration, and the Gulf war. The fear of aggressive Islamic fundamentalism and militant nationalism married to military power and indigenous programmes of weapons of mass destruction and missiles in the critical oil producing areas of West and Central Asia has gripped western policy makers ever since President Saddam Hussain of Iraq invaded Kuwait. Iran has been seen as a threat ever since the fall of the Shah regime and the rise of the militant Islamic clergy to power in 1979. The Clinton administration in 1993 declared

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<sup>68</sup> China's missile exports and assistance to the Middle East, [www.nti.org](http://www.nti.org)

Iran, Iraq, Syria, Libya and Sudan as 'terrorist' states. Pakistan is already in the category of states that face various arms embargoes because of its military and weapons development programme. It has also emerged as a major source of drugs and a center for trans-border terrorism. Islamabad managed to avoid being labeled 'terrorist' through some astute diplomacy and because the Pentagon and the Central Intelligence Agency (CIA) continue to have strong ties with the Pakistani military-bureaucratic establishment. The US defence and intelligence agencies believe that Pakistan should not be pushed towards isolation and extremism, and this can be done by maintaining American influence in Islamabad. Pakistan, they also believe, with its strategic location could play a moderating role in the Islamic world as well as serve as a channel of communication to Iran and the more militant forces in West and Central Asia as it did in the past. Since September 11, 2001, Pakistan has again emerged in the US thinking as a strategic partner, a 'frontline' state. Pakistan, due to its strategic location, has been used as a US air base, and a station for US military in its operations against the Taliban regime in Afghanistan.

Considering the embargoes imposed by the US on arms sales to Pakistan and the high commercial rates of US weapons, China is seen as the only reliable and reasonable supplier of weapons. In 1990 the two countries signed a ten-year Memorandum of Understanding (MOU) on defence cooperation. Joint work on Pakistan's main battle tank (MBT) and the K-8 trainer programme are significant areas of current collaboration. Since the Chinese too face western, especially the US, sanctions and restrictions in the military technology sector, Pakistan will have its sympathy. International factors, however, clearly have their impact on this key area. The nature of Sino-Pakistan military trade and collaboration will, therefore, be the area to watch out for as far as India is concerned.

✓ Pakistan continues to have strong political ties with China, and in keeping with the established tradition it backed the People's Liberation Army (PLA) crackdown on demonstrators in China in June 1989. Political and military ties continue to flourish. However, its foreign policy agenda drawn up in relation to India – especially in regard to Kashmir – remains incomplete. Unless Pakistan's India policy is redefined, China's help would be

perceived to be necessary, especially if the issue comes up in the UN Security Council.

Geopolitically, Russia, India and Vietnam would continue to be the land powers around China that would require its greatest attention despite the current trend towards détente with all three. With Pakistan as an ally China would enjoy a better balance of power in the region. Pakistan would also continue to be a security belt adjoining the sensitive Muslim province of Xinjiang buffeted by winds of Islam and Turkic ethnicity blowing across Central and West Asia. Pakistan and China could combine their efforts to shape the strategic environment in South, West and Central Asia. Pakistan remains China's land corridor to the Gulf and West Asia – a region that has already emerged as a major market for Chinese military exports and labour, and which is likely to become a key supplier of energy if the PRC fails to make the expected oil strikes in Xinjiang's Tarim basin soon.<sup>69</sup> Sino-Pakistani naval cooperation is also likely to grow in this vital region. If Pakistani economy takes off Chinese capital could move in to exploit the opportunities in this friendly country and the gulf region through a series of joint ventures, laying the basis

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<sup>69</sup> Dutta, Sujit, "China and Pakistan: End of a Special Relationship"; *China Report*, 30:2, 1994

of enhanced trade and economic ties that are at present a weak link of the relationship.

✓ Relations between India and China too are critical both to Asian and global security. Given that the two countries together are home to more than one quarter of the world's population, their relationship is of utmost importance. In addition to the demography, the fact that these countries have a good resource base and that they represent emerging markets for goods, services and technology ensures them a central role in any future regional arrangement. From the Chinese perspective, India is the only country in Asia (aside from Russia) that has the size, might, number and intention to match China.<sup>70</sup>

✓ The politics of the Sino-Indian relationship are not entirely understood, nor is the role of China in South Asia. To some degree, the exact nature of the strategic competition between China and India is puzzling. India's obsession with China is only matched by Pakistan's obsession with India. Yet, while there certainly exists a border dispute as well as a psychological rivalry, serious questions must be raised as to whether this is enough justification to incinerate two billion people. The scar on

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<sup>70</sup> Koch, Christian, China and Regional Security in South Asia, in, *The Balance of Power in S. Asia*, The Emirates Center for Strategic Studies and Research, 2000



India's national psyche left by the 1962 defeat cannot be underestimated. There is a legacy of humiliation and grievance that remains a central component of Indian thinking about China. As a result, the notion has crystallized within India that the only language China understands and respects is one based on national strength. One of the most important lessons that India drew from the border conflict was that it would be extremely damaging for India to let down its guard. India assumes that while Pakistan represents the more immediate short-term threat, only China possesses the ability to threaten Indian vital interests.

Since the end of open hostilities, it has been Chinese policy to keep India in check by making alliances with India's neighbours. China has been pursuing a policy of indirect containment and encirclement with regard to India. It has also shown itself to be adept at the use of arms transfers as an instrument of foreign policy. The central component of this policy has been the development of relations with Pakistan. But China has also placed emphasis on building ties with Sri Lanka, Nepal and Burma, all in an effort to isolate India. As far as India is concerned, this Chinese policy has cast doubts over long-term

Chinese intentions. In order to avoid being intimidated during a possible future crisis, India has placed great emphasis on deterrence as a key aspect of its security policy.

Problems between India and China persist despite an atmosphere of rapprochement. China maintains its strong relationship with Pakistan and supports Pakistan's military establishment; and Beijing has continued to pursue a policy of military sales to India's other neighbours, such as Myanmar. India on the other hand, remains opposed to the freedom granted to China in terms of developing and modernizing its own nuclear weaponry, and sees China as wooing the US and standing in the way of India's aspirations. In this context, India argues that the difference between the two countries in terms of power and recognition is the nuclear option, and that once the nuclear asymmetry is rectified, a border agreement between the two can be worked out. Still, this fact does not change China's strategy of hemming in Indian power and influence.

Given its size and capabilities, China possesses a capacity for mischief in India's vicinity. Nowhere is this more evident than with regard to the development and status of Chinese-Pakistani relations. For China, Pakistan represents a balancing factor in

the regional strategic equation) China has actively participated in setting up the Pakistani nuclear programme, providing Islamabad with key technology, including the blueprint for an actual nuclear device. (From a broader perspective, the combined strategic and political advantages that China receives from its relationship with Pakistan easily outweigh any advantages that might accrue to Beijing from closer ties with New Delhi. From the Chinese decision-making point of view, if Beijing were to sacrifice its relationship with Pakistan in the hope of improving ties with India, it would ultimately lead to China's exclusion from the region on terms dictated by India. This in turn would strengthen India's regional position at China's expense and allow India to focus its military resources on the Sino-Indian border. In that sense, Pakistan fulfills a key strategic objective of China's South Asian policy by preventing Indian hegemony over the region. At the same time it is also important for China to reassure Pakistan of its support, so that the leadership in Islamabad does not feel the need to give in to Indian power)

Although India declared its nuclear capability in May 1998, the world was aware that India had the technology for a while now for its nuclear programme. This implies that there is really no

immediate need for China to change its policy towards South Asia, since for the last 20 years it has been based on the assumption that India possesses nuclear capability. To date, the Chinese have not acknowledged that a strategic threat from India exists. In essence then, reaction by China to the Indian nuclear tests can be seen as a classic case of realpolitik. The Chinese are also quite aware that it will still take some time for India to establish an operational nuclear-strike capability. Both India and Pakistan are thought to be capable of putting together nuclear weapons in a reasonably short time, although so far, neither claims to have deployed them. Still, China is unlikely to allow India to become a member of the nuclear club, since this would mean that China itself would lose its status as Asia's sole nuclear weapons state. The same ground for opposition applies in the case of Pakistan.

What is of greater concern at this stage is the danger of an accelerated, provocative missile-testing phase. The nuclear arms race between India and Pakistan could well spawn a parallel missile race, as each country seeks to develop a medium and long-range missiles that can ultimately carry nuclear warhead, the only difference being that Pakistan's

missiles are focused solely on India, while Indian missiles have to take China also into account. Another area, in which increased competition between India and China could become obvious, in addition to the ballistic missile arena, is in the naval field, where China has been determined to obtain blue-water capability, partly to counter some of India's advantages. With an 18,000 kilometer coastline and the lingering conflict over Taiwan, as well as Chinese claims to the whole of the South China Sea, adequate naval power projection capabilities are seen as essential, if China is to maintain its regional level of influence.<sup>71</sup>

Chinese diplomacy towards Pakistan has survived tough international situations and varied forms of sanctions. The relations between the two countries are based on real politics, guided by their mutual desire to restrain India's development as an important and significant power in the international arena. Today, China faces a dilemma. On the one hand, it has to be very careful in responding to any Pakistani request for further assistance in the nuclear weapon and missile fields because of the American pressure, its own international treaty

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<sup>71</sup> . . . . . ibid

commitments, its interest in stable Sino-Indian relations and its own security concerns. On the other hand, it would not like to see the nuclear power balance in the sub-continent tilt too heavily in India's favour.

In the meanwhile, unless there is a very significant reduction in China's military collaboration with Pakistan, particularly in nuclear and missile fields, there will continue to be a widespread perception in India that China pursues a deliberate anti-Indian strategy in its relationship with Pakistan. Many in India will continue to argue that China's objective is to constrain India by a threat of a two front war and by locking it within South Asia so that it cannot emerge as a rival to China on the wider regional and global stage.

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