

**RISING POWER AND REGIONAL SECURITY:  
CHINA AND SOUTH ASIAN SECURITY IN THE  
POST COLD WAR ERA**

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**CERTIFICATE**

21 July, 2003

This is to certify that the dissertation entitled "**RIISING POWER AND REGIONAL SECURITY: CHINA AND SOUTH ASIAN SECURITY IN THE POST COLD WAR ERA**" submitted by **DOMINIC K. KHANYO** in partial fulfilment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY** is his original work and has not been submitted for the award of any other degree of this University or of any other university.

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*To  
My parents  
Who took much interest  
and effort to make me  
aware of the world at an early age*

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**Dominic K. Khanyo**

## INTRODUCTION

In the intellectual imagination and other traditional categories of analysis, the images that China throws up are fascinating, compelling and puzzling. No doubt, China is an important country for various reasons. It is home to about one-fifth of the world's population. It is also one of the world's oldest and most continuous civilizations. In the last two and half decades, a wide ranging series of reforms has resulted in an unprecedented rate of economic development that puts the People's Republic of China in line to become the world's largest economy early in the 21<sup>st</sup> century.<sup>1</sup> According to a prominent economist, if China's growth continues, "the world is in for the biggest change since the Industrial Revolution."<sup>2</sup>

In the military realm, China is a nuclear weapon state and continues to maintain one of the largest standing armies in the world. Its defence modernization programme since its inception in the late 1970s has resulted in transforming the technological quality and force projection capabilities of its armed forces in all aspects.

The ending of the Cold War has left the international system devolving from bipolarity to multipolarity with the US as the pre-eminent power. China has

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<sup>1</sup> Since late 1970s, the Chinese economy has been growing at an average annual rate of more than 9 per cent; put another way, output has more than quadrupled over the last two decades. Projecting relative growth of 8.7 per cent and 2.3 per cent respectively, China will overtake the US in the next ten to twenty years to become the world's largest economy. For details, see "When China Wakes: A Survey on China," *The Economist*, Vol. 325, No. 7787, 28 November - 4 December 1992, pp. 3-18.

<sup>2</sup> Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs*, Vol. 73, No. 6, November-December 1994, p.76.

also emerged as a major world power. Given the fact of its rising military capabilities, its rapidly growing economy with a large attractive market, its geopolitical location and its increasing political and diplomatic influence make China the only potential peer rival to the US.<sup>3</sup> With its recent entry into the World Trade Organization, China is now fully integrated with the global economy. For all of these factors, it has never been more compelling than in the post Cold War era to analyse or to understand China's phenomenal rise and situate it in the context of Asia, as it occupies a special place in the Asian security and strategic environment. More importantly, China's rise to power has implications for its neighbours in Asia with whom it has territorial disputes and geopolitical rivalries. Several strategic analysts have seen the rise of China as a possible threat to regional security.<sup>4</sup> However, it should be noted that such a proposition regarding China is open to debate.

There does not exist much incisive discussion or recognition outside of India of the security implications of China's rise to power for South Asia. Several

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<sup>3</sup> The perception of a resurgent China led to a foreign policy debate in the US regarding its approach towards China in the early 1990s. However, by late 1990s, it became clear that the declared policy of the US Government was to 'engage' rather than to 'contain' China. It should be noted that a premise for both sides in the containment-engagement debate is that China is a force to be reckoned with. For more on this, see Zalmay Khalilzad, et al, *The US and the Rising China: Strategic and Military Implications*, Santa Monica: RAND, 1999.

<sup>4</sup> See for instance, Denny Roy, "The Hegemon on the Horizon," *International Security*, Vol. 19, No. 1, Summer 1994, pp. 149-168. Also see by the same author, "The China Threat Issue: Major Arguments," *Asian Survey*, Vol. XXXVI, No. 8, August 1996, pp. 758-71; Ross H. Munro, "The Asian Interior: China's Waxing Sphere of Influence," *Orbis*, Vol. 38, No. 4, Fall 1994, pp. 585-605; David Shambaugh, "Growing Strong: China's Challenge to Asian Security," *Survival*, Vol. 36, No. 2, Summer 1994, pp. 43-55; Samuel Kim, "China as a Regional Power," *Current History*, Vol. 7, No. 2, September 1992, pp. 247-52; Michael T. Klare, "The Next Great Arms Race," *Foreign Affairs*, Vol. 72, No.3, Summer 1993, pp. 135-152.

factors make it imperative to understand the implications of the growth of Chinese power in the context of South Asia. China's proximity to the Indian Sub-continent raises issues of great concern. Its close and cordial relations with those states in the South Asian neighbourhood such as Bangladesh, Nepal and Pakistan reinforce this point. Nevertheless, the quasi-alliance between China and Pakistan since the 1960s and the military and nuclear dimensions in their interactions demand careful analysis. More importantly, its interactions with India – the dominant power of the region with whom it has unresolved boundary problems – constitute a critical factor shaping the South Asian security environment.

Is China a part of the South Asian regional subsystem? How does China qualify to be included in the regional framework of South Asia? Or on what basis can China be incorporated in the South Asian regional subsystem? In order to tackle these questions, it is imperative to do a brief survey of some of the important definitions or concepts of what constitute a subsystem.

According to William R. Thompson, a regional sub-system is a distinct recognized geographical complex or 'theater of operations' where more than two actors, which are located in close proximity with each other, are involved regularly in intense activities to influence each other's behavior. Basically, there are four conditions or attributes which underlie his definition. First, there should be a certain "degree of regularity and intensity" among actors in the system. Second,



there should be a certain degree of proximity between or among the actors. Third, the system should be perceived by the states/actors both within and outside the system as forming a distinct unit or “theater of operations”. Finally, at least two or more actors should constitute the system.<sup>5</sup>

Another definition of a regional subsystem with similar attributes identified by Thompson is the work of Raimo Vayrynen. He identifies regional subsystems based on mutual geopolitical organizational, common economic and diplomatic linkages of states and by their socio cultural homogeneity.<sup>6</sup> His emphasis on cultural homogeneity is debatable inasmuch as within a region one can find traces of cultural affinity and similarity as well as forces and factors of cleavage or marginalization at work due to distinct historical antecedents, identity assertions or cultural developments. Thus, a region, according to a noted analyst, can also be identified as “a zone of cultural affinity and fracture.”<sup>7</sup>

Another important alternative perspective on the study of regional subsystem is from the viewpoint of strategic/security factors. This approach is found in Barry Buzan’s study of international security, wherein he identifies a region as a “security complex”. Buzan defines “security complex” as “a set of

<sup>5</sup> William R. Thompson, “The Regional Subsystem: A Conceptual Explication and Propositional Inventory,” *International Studies Quarterly*, Vol. 17, No. 1, March 1973, pp. 89-117.

<sup>6</sup> Raimo Vayrynen, “Regional Conflict Formulations: An Intractable Problems of International Relations,” *Journal of Peace Research*, Vol. 21, No. 4, 1984, pp. 34.

<sup>7</sup> Kanti P. Bajpai, “Introduction: International Theory, International Society, Regional Politics, and Foreign Policy,” In Kanti P. Bajpai and Harish C. Shakul, eds., *Interpreting World Politics: Essays for A.P. Rana*, New Delhi: Sage, 1995, pp.30-33.

states whose major security perceptions and concerns are so interlinked that their national security problems cannot reasonably be analysed or resolved apart from one another.”<sup>8</sup> According to Buzan, the basic structure of a security complex is determined by the pattern of amity and enmity and the distribution of capabilities among the principal states or actors within it.<sup>9</sup>

Based on the definitions given by Thompson and Vayrynen (excepting the attribute of geographical proximity in the former’s definition) China is not an ‘insider’ of South Asia, as other states do not perceive it to form a part of the unit or the subsystem. Nor does China perceive itself to be so. Again, based on their definitions, China is not part of the regional organizational structure and does not share cultural affinity or have interdependent economic relations with the states of South Asia.

However, China’s connection or linkage with the South Asian subsystem or its qualification as an ‘insider’ of the region is based on territorial proximity as well as strategic factors, somewhat close to Buzan’s definition. Although he does not include China within the “security complex” of South Asia, he rightly acknowledges it as an important actor of the regional subsystem. Several other strategic analysts also subscribe to the view that China is an important element in

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<sup>8</sup> Barry Buzan, Ole Weaver and Jaap de Wilde, *Security: A New Framework for analyses*, Boulder: Lynne Rienner, 1998, p. 12. This is his latest definition that he proposed in 1983.

<sup>9</sup> Barry Buzan, *People, States and Fear, 2<sup>nd</sup> Edition*, Boulder: Lynne Rienner, 1981, p. 211.

South Asia's strategic environment given the strategic/security factors which connect China to the region.<sup>10</sup> Buzan suggests that China belongs to a "larger security complex" involving the major powers, which influences security alignments and patterns across the international system. This kind of higher security complex also "penetrates and influence the pattern of relations generated in a local complex", for instance, China influencing the pattern of relations in South Asia.<sup>11</sup> China became involved with the South Asian security environment, as those events "fixed an enduring pattern of insecurity for India."<sup>12</sup>

It must be noted that since the South Asian subsystem is 'Indo-centric', given the fact that India occupies the center of the region in every aspect – geographical, historical, socio-cultural and economic – its security competition or rivalry with China forms an important sub-set of violence and a critical factor in South Asian security. In the aftermath of the 1962 war, India undertook large-scale efforts to modernize and augment its force-level as China came to be seen in India as a looming threat along its northern borders. In recent years, India's decision to

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<sup>10</sup> See Vernon Marston Hewitt, *The International Politics of South Asia*, Manchester: Manchester University Press, 1992; Christian Koch, "China and Regional Security in South Asia," The Emirates Center for Strategic Studies and Research, *The Balance of Power in South Asia*, Abu Dhabi: ECSSR, 2000, pp. 76-89; Cheng Ruisheng, "China and South Asia in the 21<sup>st</sup> Century," in Muchkund Dubey and Nancy Jetley, eds., *South Asia and its Eastern Neighbours: Building a Relationship in the 21<sup>st</sup> Century*, Delhi: Konark, 1999, pp. 22-40; Sujit Dutta, "China's Emerging Power and Military Role: Implications for South Asia," in Jonathan D. Pollack and Richard H. Yang, eds., *In China's Shadow: Regional Perspective on Chinese Foreign Policy and Military Development*, Santa Monica: RAND, 1997, pp. 91-114; Swaran Singh, "South Asian Security and China," in Arun Kumar Banerji and Purusottam Bhattacharya, eds., *People's Republic of China at Fifty: Politics, Economy and Foreign Relations*, New Delhi: Lancer's, 2001, pp. 227-253.

<sup>11</sup> Buzan, n.9, p.108.

<sup>12</sup> Ibid. p.108

go nuclear in 1998 was linked to its larger search for security in order to deter any possible Chinese threat or dominance.<sup>13</sup>

Another important dimension of China's involvement in the South Asian strategic environment has been its strong military cooperation with Pakistan, particularly in the nuclear and missile fields. The strategic relationship between Pakistan and its communist neighbour, since the mid 1960s impinges directly on India's threat perception. India grew increasingly concerned at the prospect of a two front attacks by China and Pakistan.<sup>14</sup> This also led to the emergence of a complex triangular strategic relationship in South Asia. The security triangle is characterized by the geo-strategic interweaving of the security interests and policies of the three powers, as they have a "mutually influencing relationship."<sup>15</sup> The ongoing discussion clearly shows how China is connected with South Asia. Its geographical proximity as well as the security and strategic factors form the bases of China being incorporated into the South Asian regional subsystem. This study proceeds to enquire into China's rise to power and its implication for South Asia security in the post Cold War period using the following chapter schema. The first chapter will examine the rise of Chinese power by looking at important

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<sup>13</sup>Raja Mohan, "Post-Pokhran II: Nuclear Defiance and Reconciliation," in *Post-Pokhran II: The National Way Ahead*, New Delhi: India Habitat Centre, 1999, p.9; Also, see Amitabh Mattoo, ed., "India's Nuclear Policy in an Anarchic World," in Amitabh Mattoo, ed., *India's Nuclear Deterrent: Pokhran II and Beyond*, New Delhi: Har Anand, pp. 18-19.

<sup>14</sup>Kanti Bajpai, "Post-Pokhran II: India's Diplomacy and Defence After Pokhran II," in *Post-Pokhran II: The National Way Ahead*, New Delhi: India Habitat Centre, 1999, p. 47

<sup>15</sup>Kanti Bajpai, "Managing a Strategic Triangle: India, China and Pakistan," in P. Sahadevan, ed., *Conflict and Peacemaking in South Asia*, New Delhi: Lancer's, 2001, pp.81-105

components of national power. Basically, two key indicators of power military and economic will be discussed in some detail. The second chapter will delineate India-China relations. The chapter will bring out the areas of cooperation as well as areas of strategic dissonances that exist in their interactions. In order to gauge the extent of China's influence and presence in South Asia, the third chapter will examine China's relations with its smaller neighbour – Bangladesh, Nepal and Pakistan. In order to understand how China continues to impinge on the South Asian security environment, the fourth chapter will survey the implications of a rising China on South Asian security. The chapter will contend that the China factor in the context of South Asia continue to remain a major challenge and a crucial factor influencing India's security perception. The chapter also discusses China's close strategic and military cooperation with Pakistan and Myanmar as another factor that has a bearing on India's security. Finally, the concluding chapter will sum up the findings of the study.

## Chapter I

### THE RISE OF CHINA IN THE POST-COLD WAR ERA

The notion of a rising power implies movement upward in a hierarchical or class system of states. In order to gain such an upward movement, a state should acquire the capabilities or perform well in key indicators such as military, economic, or some other criteria by which nation states are graded. A state may also rise by virtue of the decline of other states: if neighbours/rivals or other great powers or a superpower lose their/its capabilities. The history of world politics is commonly told as a story of the rise and decline of different countries and regions.<sup>1</sup> With the end of the Cold War, a number of states have found themselves in the position to rise through the existing international order. The European Union and a resurgent Russia in Western Eurasia, as well as China and Japan in Asia are the new power centres in evolution with the United States as the globally dominant power.<sup>2</sup>

China is one of the great powers on the rise. Its importance in recent decades can be traced not only to its military potential and economic strength. Also important is its role as a counter balance to Moscow and as a growing

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<sup>1</sup> Cited in Randall L. Schweller, "Management of the Rise of Great Powers: History and Theory," in Alastair Iain Johnston and Robert S. Rose, eds., *Engaging China: The Management of an Emerging Power*, New York: Routledge, 1999, p. 1.

<sup>2</sup> Several International Relations scholars have underscored this point. On the shape of world politics after the Cold War (bipolarity), see Kenneth Waltz, "The Emerging Structures of International Politics," *International Security*, Vol. 18, no. 2, Fall 1993, pp. 44-79; Christopher Layne, "The Unipolar Illusion: Why New Great Powers will Rise," *International Security*, Vol. 17, no. 4, Spring 1993, pp. 130-177.

player in the Persian Gulf, Africa and throughout Southeast Asia.<sup>3</sup> China's rise to power should be, therefore, seen not just as a result of the decline of the Soviet Union but also due to its performance in key areas of military and economic strength, which are important attributes of a great power. Being a great power implies a nation state having certain attributes, which determines its place in the hierarchy of powers in the international system. A great power is a power of the first rank in terms of the reputation for military strength, with a strong economy.<sup>4</sup> The importance of strong economy as a prerequisite to becoming a great military power has been the subject of much recent debate.<sup>5</sup> Formal recognition as a great power is another indicator of great power standing. Great powers have broader or general interests.<sup>6</sup>

Another attribute of a great power is the outcome of war: a great power fighting a successful war or the ability of state to recover from a military or political setback.<sup>7</sup> Besides these criteria, there are the traditional indicators of

<sup>3</sup> For some interesting works on the rise of China as great power and its growing influence in the post-Cold War era, see Nicholas D. Kristof, "The Rise of China," *Foreign Affairs*, Vol. 72, no. 5, November/December 1993, pp. 59-74; Larry M. Wortzel, "China Pursues Traditional Great Power Status," *Orbis*, Vol. 38, no. 2, Spring 1994, pp. 157-175; Samuel S. Kim, "China as a Great Power," *Current History*, Vol. 96, no. 611, September 1997, pp. 246-251; Michael Oksenberg, "China: Tortuous Path onto the World Stage," in Robert A. Pastor, ed., *A Centuries Journey: How the Great Powers Shaped the World*, New York: Basic Books, 1999, pp. 20-35; Evan A. Feigenbum, "China's Military Posture and the New Economic Geopolitics," *Survival*, Vol. 41, no. 2, Summer 1999, pp. 71-88.

<sup>4</sup> A great power is a state with a high level of military capability and capability to project power. It can wage aggressive wars against other states. See Martin Wight, *Power Politics*, Leicester: Leicester University Press, 1978, p. 46; G. R. Berridge and John W. Young, "What is Great Power?" *Political Studies*, Vol. XXXVI, No. 2, June 1998, p. 233.

<sup>5</sup> For example, see Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, London: Unwin Hyman, 1998.

<sup>6</sup> See F. S. Northedge, *The International Political System*, London: Faber, 1976, p. 167; Wight, *Power Politics*, pp. 41-53.

<sup>7</sup> See Wight, *Power Politics*, p. 46; J.S. Levy, *War in the Modern Great Power System, 1945-1975*, Kentucky: University Press of Kentucky, 1983, p. 43; E. H. Carr, *The Twenty Years Crisis 1919-1939* (2<sup>nd</sup> Edition), London: Macmillan, 1946, p. 10

capability of a state such as the size of population, territory, resource endowment and political stability. One of the most important works on the study of great power system is by J. S. Levy. He outlines five criteria, which provide the basis for an analytical historical study to determine the membership of the modern great power system.<sup>8</sup>

An assessment of People's Republic China (PRC) as a rising great power must be based on and informed by the attributes by which great power status is determined. The following sections assess China's power profile, focussing primarily on its military and economic performance during the post-Cold War period.

### **China's Military Power**

China's search for power has been closely tied to its cultural and historical legacy. For the last millennia China had seen itself as the political and cultural centre of the earth, the 'Middle Kingdom' ('Zhonguo' in Chinese). China's claim of moral superiority comes from the influence of Sinocentrism of the ancient Middle Kingdom. Historically, to a considerable extent, China's foreign policy in the 21<sup>st</sup> century involves a quest to redress national grievances and to restore the lost greatness. The fact that China was defeated by foreign powers before it was politically and economically subjugated is deeply etched in Chinese memory. China's commitment to restore its greatness was

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<sup>8</sup> See J. S. Levy, n. 7, pp. 8-49.



strengthened and reinforced by its successful revolution in 1949 with the founding of the People's Republic of China (PRC).

China's military power has constantly been on the agenda since the promulgation of the Four Modernizations in 1978. In 1985, China undertook a major revision of its long standing military doctrines, when the Central Military Commission formally announced that "a world war, a major war or a nuclear war were unlikely in the current historical epoch and that the People's Liberation Army (hereafter PLA) should prepare itself for fighting a local border and limited wars." The doctrine was called "people's war under modern conditions."<sup>9</sup> This doctrine was given a new modernized orientation in 1993, following the PLA's assessment of the American high-tech campaign in the Gulf War against Iraq. Defence modernization still continues, as China grows stronger in its military capabilities. China has the largest armed forces in the world, despite a decade of downsizing, which is continuing the PLA's active strength is roughly 2.8 million compared to for example about 1.4 million for the United States and 1 million for India.<sup>10</sup>

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<sup>9</sup> For an overview on China's military doctrine and strategy, see Paul H. B. Godwin, "The PLA faces the Twenty-first Century: Reflections on Technology, Doctrine, Strategy and Operations", in James R. Lilley and David Shambaugh, eds., *China's Military Faces the Future*, New York: M. E. Sharpe, 1999, pp. 39-63; Also see Nan Li, "The PLA's Evolving War Fighting Doctrine, Strategy and Tactics, 1985-95: Chinese Perspective," *China Quarterly*, no. 146, June 1996, pp. 515-529.

<sup>10</sup> International Institute of Strategic Studies, *The Military Balance 2002-2003*, London: Oxford University Press, 2003, p. 145.

## The Ground Forces

PLA ground forces are divided into seven military regions, twenty-eight military districts and twenty-four integrated group armies besides 900,000 reservists in 80 infantry divisions. The PLA ground forces maintains a significant number of armoured vehicles: 7,010 Main Battle Tanks, 1,200 light tanks, about 5,500 armoured personnel carriers and 14,500 towed artilleries.<sup>11</sup> In 1995, China had taken delivery of about 200 T-80 U Main Battle Tanks and an unspecified number of BMP-3 infantry fighting vehicles.<sup>12</sup> In 1999, China reportedly received from Russia the fire-control system (FCS) of the BMP-3 infantry fighting vehicle (IFV) and the associated 9M117 Bastion laser guided missile. The BMP-3 is the most heavily armed IFV in the world with a 100 mm 2A-70 gun and a 30 mm automatic cannon.<sup>13</sup> In the same year China developed a new long-range artillery system, described as a "super range rocket gun" with a range of 300 km.<sup>14</sup> These acquisitions represent significant advances for the Chinese Army in tanks and armoured fighting vehicles. China has also inducted some 30 additional helicopters for its ground forces consisting of the MI-17, MI-8, Z-9/WZ and Z-11. In early 2000, China developed a new multiple rocket system (MRS) called the A100 to meet the operational requirements of the PLA.<sup>15</sup> Recently, China

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<sup>11</sup> Ibid., p. 146.

<sup>12</sup> Cited in Christopher F. Foss, ed., *Jane's Armour and Artillery, 1996-97*, Coulsdon: Jane's Information Group, 1996, p. 79.

<sup>13</sup> Cited in "China Acquires BMP-3 Fire Control System," *Jane's Defence Weekly*, Vol.32, No.10, 1999, p.22

<sup>14</sup> Christopher F. Foss, "China's New 'Supergun' Artillery Could Hit Taiwan From Mainland," *Jane's Defence Weekly*, Vol.32, No.11, November 1999, p.5.

<sup>15</sup> "China Gets Smerch MRS Technology," *Jane's Defence Weekly*, Vol.33, March 2000, p.20.

has deployed a new self-propelled artillery system – Norinco 6x6 SPG that can be more rapidly transported by land, sea, and air than conventional full tracked artillery system.<sup>16</sup> This clearly shows that China is now looking at developing a rapid reaction type force rather than relying on its traditional heavy units.

Over the last decade, the PLA ground forces have equipped itself through acquisitions and by developing its own weapon systems. The PLA ground force modernization has also emphasized the creation of ‘rapid reaction units’ in order to strengthen mobility and operational coordination for small-scale, low intensity warfare. Around 400,000 troops were being pruned from the ground forces in a three-stage process.<sup>17</sup> With its vast armoured force and personnel, the PLA ground force presents a formidable force.

### **PLA’s Nuclear and Missile Forces**

With the detonation of an atomic weapon in 1964 and the acquisition of delivery systems a decade later, China became a member of the exclusive nuclear club possessing the world’s third largest nuclear arsenal, just behind the United States and Russia.<sup>18</sup> Although China possesses the third largest nuclear forces ahead of France and Britain, the exact numbers of China’s nuclear arsenals have remained shrouded in secrecy. According to most Western observers, the widely accepted figure of China’s nuclear forces includes

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<sup>16</sup> “China Reveals More Details of New 6 x 6 SPG,” *Strategic Digest*, Vol. 32, No.9, September 2002, pp.1186-1187.

<sup>17</sup> “PLA Seeks Mobility in Force Cuts,” *Strategic Digest*, Vol. XXXIX, No.3, March 1999, p.439.

<sup>18</sup> See Paul Bracken, *Fire in the East: The Rise of Asian Military Power and the Second Nuclear Age*, New York: Harper Collins, 1999, p.109.

approximately 300 deployed nuclear warheads and 150 tactical weapons.<sup>19</sup>

These weapons were primarily dedicated to the strategy of minimum deterrence. However, over the years, China's policy on nuclear deterrence has gradually shifted from being described as minimum to limited deterrence.<sup>20</sup>

China has an inter-continental nuclear capability. The Second Artillery Corps, which constitutes the operational apex of Chinese nuclear forces, fields about ten to twenty Dongfeng (East Wind) model 5 (DF 5) inter-continental ballistic missiles, which can strike targets in most of the continental United States.<sup>21</sup>

These missiles constitute the first leg of the Chinese nuclear triad. A new mobile ICBM, the solid fuel DF-31, is currently being flight-tested, and another DF-41 is reportedly under development.<sup>22</sup> The second leg of the Chinese nuclear triad is sea-borne systems. The Xia-class nuclear powered ballistic missile submarine (SSBN) armed with twelve Julang-1 (JL-1) missiles forms the single most critical component of China's nuclear triad enhancing the credibility of the deterrence by adding second strike capability.<sup>23</sup>

<sup>19</sup> See John Wilson Lewis and Xue Litai, *China Builds the Bomb*, Stanford: Stanford University Press, 1998, p. 251; SIPRI estimate puts the total number of China's nuclear warheads at a little over 400, see SIPRI Yearbook 2002: *Armaments, Disarmament and International Security*, Stockholm: SIPRI, p. 556.

<sup>20</sup> See Swaran Singh, "China's Nuclear Deterrent," in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China Relations in the Twenty-first Century*, New Delhi: Har Anad, 2000, pp. 66-67; for an extremely valuable discussion on the issue of nuclear weapons, see Alastair I. Johnston, "Prospects for Chinese Nuclear Force Modernization: Limited Deterrence versus Multilateral Arms Control," *The China Quarterly*, No. 146, June 1996, pp. 548-77.

<sup>21</sup> Cited in Zalmay Khalilzad, et al, *The United States and a Rising China: Strategic and Military Implications*, Santa Monica: RAND, 1999, pp. 39-40.

<sup>22</sup> For an overview of the capability of Chinese nuclear and missile forces, see Yen Chun, "Unmasking the Secret of China's Nuclear Counter Attack Force," in *FBIS-CHI*, 10 April 1996, pp. 5-8; For the Chinese development of surface to air and anti-ship missiles, see Zong Shu and Xiao, "Chinese Air Defence and Anti-ship Missiles," *FBIS-CHI*, 23 January, 1996, pp. 30-39.

<sup>23</sup> Singh, n. 20, p. 67.

China also deploys strategic bombers to deliver nuclear warheads.

Despite being the first delivery system of the Chinese nuclear triad it has not been accorded high priority. Some of its bombers include the vintage Beagle (H-5 or IL-28) and Badger (H-6 or TU-16). Recently there were some new bombers being inducted with the old fleet. They include about 48 Sukhoi-27, (SU-27), four to eight TU-22 bombers and four Illyushin-76 transport planes.<sup>24</sup> These innings have enhanced the capabilities of the third leg of the Chinese nuclear triad.

China has invested heavily to develop a family of short, medium and intermediate range ballistic missiles (SRBMs, MRBMs and IRBMs respectively). It has about 200 IRBMs, 600 MRBMs and about 500 SRBMs.<sup>25</sup> Most of these missiles can carry nuclear or conventional payloads. China has also successfully developed its well-known M-11 and M-9 models, which are not only deployed in China's eastern flank but also to other Asian countries. Ballistic missiles have been an area in which the Chinese have demonstrated significant technical competence.

China is vigorously pursuing a nuclear modernization programme to improve the survivability, accuracy, and safety of its strategic forces in conjunction with its conventional military modernization. In early 2000, reports

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<sup>24</sup> "China Assembled Su-27 Make Their Flight Test," *Jane's Defence Weekly*, Vol. 31, no. 8, 24 February, 1999, p. 16.

<sup>25</sup> IISS, *The Military Balance 2001-2002*, p. 146.

indicated that China was making progress towards fielding land attack cruise missiles (LACMs).<sup>26</sup> Moreover, the recent American plan to operationalise a National Missile Defence System as well as the Theatre Missile Defence would certainly put pressure on China to accelerate its strategic modernization, developing more missiles with Multiple Independently Targetable Re-entry Vehicles (MIRVs) equipped with counter measures.<sup>27</sup> China remains strongly opposed to the deployment of such missile defence systems. Today, China is the only Asian power possessing nuclear weapons based on the triad of delivery systems. China's nuclear forces create a fundamental asymmetry of power between China and other Asian states. Its nuclear and missile capability provides China with international status as a great power.

#### **The PLA Air Force (PLAAF)**

The PLAAF maintains seven Military Regions Air Force (MRAF) with 470,000 personnel, 120 medium range bombers, 200- 250 reconnaissance planes and around 4000 combat aircrafts, which include the J-6, J-7, H-6, SU-27SK, J-11/81 and SU-30SK.<sup>28</sup> With the enumeration of the new military doctrine in 1985, air force modernization has received top priority. Over the past decade China has invested in foreign weapons acquisitions for its air force, especially from Russia. China purchased twenty-four SU-27 aircrafts in 1991.

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<sup>26</sup> "China Close to Fielding Land -Attack Missiles," *Strategic Digest*, Vol. XXX, No.6, May 2000, p.677.

<sup>27</sup> See Sha Zukang, "US Missile Defence Plan: China's View," *Disarmament Diplomacy*, January-February, 2000, pp. 4-6. Also see, "China: Asian TMD Would Trigger New Arms Race," *Defense Week*, Vol.20, No.3, January 19, 1999, p.2.

<sup>28</sup> IISS, *The Military Balance 2002-2003*, p.147.

In May 1995, China purchased twenty-two additional Su-27s.<sup>29</sup> In early 1996, some reports described a much larger \$2.2 billion deal that would enable China to co-produce the Su-27 with Russia.<sup>30</sup> China has also acquired six Ilyushin 76 (Il-76) long range transport aircraft. Reports of China negotiating the purchase of upto seventy-two Su-30MKS appeared along with reports of the acquisition of the Sovremeny destroyer.<sup>31</sup>

However, it was only during the visit of Russian Deputy Prime Minister Ilya Klebanov in early 2000 that the two sides signed a \$2 billion deal on the sale of 60-80 Su-30MKI fighter jets. In March 1997, Israel and Russia agreed to sell the Phalcon/A-50 AWACS to China. Russian sources report that China may purchase up to eight of the early warning aircraft.<sup>32</sup> In early 1998, a report noted that China has purchased four Il-78s, a long-range aircraft with air-to-air refueling capability.<sup>33</sup> China is also currently developing two new fighter aircraft. The J-10 is a high performance, multi-role fighter that is based on Israel's Lavi fighter. Flight tests reportedly began in March 1998.<sup>34</sup> China and

<sup>29</sup> Cited in Richard D. Fisher, Jr., "Foreign Arms Acquisition and PLA Modernization," in James R. Lilley and David Shambaugh, eds., *China's Military Faces the Future*, New York: M.E. Sharpe, 1999, p.96

<sup>30</sup> See David A. Fulghum, "China Buys Su-27 Rights from Russia," *Aviation Week and Space Technology*, Vol.144, No.7, 12 February 1996, p.60.

<sup>31</sup> "China Expands Reach with Destroyers," *Jane's Defense Weekly*, Vol. 27, No.2, January 15, 1997, p.5.

<sup>32</sup> "Beijing to Acquire AEW Capability," *Jane's Defense Weekly*, Vol.27, No. 22, June 4, 1997, p.12.

<sup>33</sup> Cited in Paul Beaver, "China Focuses on Core Aerospace Production," *Jane's Defense Weekly*, Vol.29, No.10, March 11, 1998, p.27.

<sup>34</sup> "China Starts to Flight Test New F-10 Fighter," *Flight International*, Vol.153, No.4626, May 20-26, 1998, p.5.

Pakistan are co-developing the FC-1, a lightweight, single engine, multi-role fighter, with the assistance of Russia's MIG- MAPO Company.<sup>35</sup>

China's Air Force modernization, by developing its own systems and acquisitions from abroad, have significantly improved its air power and is pushing the Air Force closer to the goal of all-weather power projection. Today, the United States can boast of such a capability in Asia. However, China is not far away from possessing such a force.

### **China's Naval Power**

The PLA's Navy (PLAN) has received special attention since the defence modernization efforts began in the early 1980s. This partly reflects Chinese leaders strategy to meet China's growing maritime interests and sea-borne regional challenges, in particular China's sovereignty over disputed island groups and territorial waters in the South China sea, and the longer term goal of developing a blue-water navy. Over the last decade, along with the modernizing process, it has developed of new naval strategy and sophisticated acquisitions have led to a significant improvement in PLAN's power capabilities and reach.<sup>36</sup> China's Navy has over 250,000 personnel in three

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<sup>35</sup> Cited in Zalmay M. Khalilzad et al, *The United States and a Rising China*, Santa Monica: Rand, 1999, p.57.

<sup>36</sup> The 1985 transformation of China's national military strategy re-oriented the PLA away from its almost exclusive concern with continental defence. Lui Huaqing, the then Navy's commander-in-chief, was entrusted to prepare an analysis laying out a long term plan for naval development, which resulted in the enumeration of the new naval strategy requiring a shift from the traditional goal of coastal defence to active off-shore defence. For more on this, see John W.Lewis and Xue Litai, *China's Strategic Sea Power: The Politics of Force Modernization in the Nuclear Age*, Stanford: Stanford University Press, 1994, pp.213-230; Also see Anil Joseph Chandy, "China's Naval Power,"



fleets (the North, East and South Sea Fleets), around seventy to eighty sub-surface ships, and sixty-three surface combatants.<sup>37</sup> The next section addresses some of the crucial vessel components of the Chinese Navy.

### *Sub-surface Forces*

The vast majority of the PLAN's submarines are the Ming and Romeo classes conventional submarines back up by five Chinese-built Han class nuclear attack submarines. These Han class submarines are armed with Ying Ji (C-801) SSM as well as torpedoes for self defence and anti-submarine warfare. At the core of PLAN's subsurface forces is the solitary Xia class nuclear powered ballistic missile submarine (SSBN), equipped with twelve Julang-1 (JL-1) ballistic missile, which forms the single most critical component of China's nuclear triad.<sup>38</sup>

In the mid 1990s, China purchased from Russia four Kilo class conventional submarines.<sup>39</sup> The Kilo submarine has advanced stealth features like a skewed propeller that reduces noise and makes the submarine more difficult to detect. The indigenous production of the Song class submarine has also gathered momentum in recent years. The Song class submarine is considered to be by far the most modern conventional submarine built in

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in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China's Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, pp.77-102.

<sup>37</sup> IISS, *The Military Balance 2002-2003*, p.147.

<sup>38</sup> *Ibid.*, p.147.

<sup>39</sup> Cited in Fisher, n.24, pp.102.

China, which features a teardrop shaped hull and a skewed propeller for greater stealth.<sup>40</sup>

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*Surface Forces*

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The PLAN's surface combatants consist of different classes of destroyers and frigates numbering around sixty-three vessels. It has around sixteen Luda Type I, II, III, and IV class of guided missile destroyers.<sup>41</sup> In the mid 1990s PLAN commissioned various new models and types of vessels. They include six to eight Jiangwei (Type-05) guided missile frigates, two Luhu class missile destroyers, three Dayun class fleet replenishment ships and thirty-seven new LSM amphibious assault ships.<sup>42</sup> The 4,200 tonne Luhu class vessels and the Jiangwei are indigenously designed second generation vessels, which are better equipped than the predecessors in terms of engines, radar systems and armaments. The Luhu class is equipped with the French Thomson-CSF Crotale, surface-to-air missile (SAM) system, with a host of electronic counter-measures, good communications and sea-keeping qualities.<sup>43</sup>

One of the most recent entrants into the PLAN destroyer inventory is the newly acquired Russian Sovremeny class destroyer.<sup>44</sup> The 7,600 ton

<sup>40</sup> *Jane's Fighting Ships 1998-99*, p.115

<sup>41</sup> IISS, *The Military Balance*, n.32, p.146.

<sup>42</sup> Cited in Paul H. Godwin, "From Continent to Periphery: PLA Doctrine, Strategy and Capabilities Toward 2000," *China Quarterly*, No.146, 1996, pp.464-487.

<sup>43</sup> For details about the *Luhu* destroyers, see Felix k. Chang, "Beijing's Reach in the South China Sea," *Orbis*, Vol.20, No.3, Summer 1996, pp.518-526.

<sup>44</sup> Very likely, impatience with the pace of domestic modern ship design was the dominant reason leading China to purchase two *Sovremeny* class missile destroyers in early 1997. See "China Expands Reach with Destroyers," *Jane's Defense Weekly*, Vol.27, No.2, January 15, 1997, p.5. Also see Nogel Holloway, "Brothers in Arms," *Far Eastern Economic Review*, March 13, 1997, p.20.

Sovremeny has a balanced suite of weapons – eight Moskit 3M80E (NATO designation SS-N-22 ‘Sunburn’) anti-ship missiles, one Kamov-27 ‘Helix’ anti-submarine helicopter, forty-four SA-N7 ‘Gadfly’ surface-to-air missiles – in addition to advanced radar and sonar systems to defend against incoming missiles and torpedoes.<sup>45</sup> The Sovremeny is a truly effective ship as it combines in one platform credible anti-ship, anti-air, and anti-submarine systems as well as coastal bombardment capabilities. In 1999, China launched its largest, advanced and most powerful warship. The 6,600 tonne Shenzhen is the lead ship of the Luhai class of destroyers and will enhance the ability of the PLAN to project its power.<sup>46</sup>

The Chinese Navy has certainly made progress in the quantity and quality of vessels in its inventory over the past decade, with its acquisitions and production of advance, faster, more powerful destroyers and frigates. The number of surface combatants increased, while several obsolete submarines were either decommissioned or put into reserves. China has more surface combatants, submarines and amphibious ships than all the ASEAN countries combined. Today, while China’s navy still ranks third in the world in overall size, its capabilities have improved significantly.

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<sup>45</sup> Cited in Chandy, n.36, p.92. For more details on the *Sovremeny*, see *Jane’s Fighting Ships 2001-2002*, p.583.

<sup>46</sup> “China Launches a Powerful New Super Warship,” *Jane’s Defence Weekly*, Vol. 31, No.5, February 1999, p.16.

## China as a Space Power

Today, space is considered as the fourth environment for military operation after land, sea and air. China is considered to have emerged one of the major competitors to the US in the area of space technology in the post-Cold War period. Although China has made slow and steady progress in military space technology over the last thirty years, it has pursued a military space programme with greater vigour in the post Cold War period. This could be due to the influence of major events such as the 1991 Gulf War, the NATO intervention in Kosovo and the US plan to operationalise the Ballistic Missile Defence System. In the Gulf War and the Kosovo conflict, the US had demonstrated its ability to conduct asymmetric operations by using space-based technologies.<sup>47</sup> During the last decade, China has made a number of advances in its space programme. On August 14 1992, the Long March 2E, a high propulsion vehicle was successfully launched. On May 12, 1997, the Dong Fanghong 3, a large capacity communication was sent into the orbit. Long March 3, a high earth orbit and high propulsion vehicle was successfully launched in August 1997. In October 1997, China successfully launched a Long March 3B booster. The launch of this, China's most powerful satellite booster indicated that it has scored consecutive successes in a year in the Long

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<sup>47</sup> Cited in Godwin, n.9, pp.54-55.

March variants.<sup>48</sup> A resource satellite co-developed by China and Brazil was launched successfully in October 1999.<sup>49</sup>

### **Military Related Space Programmes<sup>50</sup>**

This section briefly discusses the development and acquisition of various space technology by China that have got a direct bearing on its military space programme. Currently, the Long March (LM) series forms the bulk of Chinese launch vehicles. With this series, China has demonstrated the capacity to launch a variety of payloads into a range of orbits. With this technology, China has the capability of launching military satellites. China is also among one of the few selected countries with multiple launch sites. In 1998, China completed testing of a new satellite antenna intended to provide real time battlefield communication capabilities to PLA, according to an official *People's Daily* newspaper report.

China has given a high priority to the development of communication satellites. Its first military communication satellite was launched in January 2000. It is considered to be China's first advanced technology spy satellite. In the area of navigational satellite, where it used to depend on foreign satellites,

<sup>48</sup> "China's Long March 3B Launches The Apstar 2R," *Flight International*, Vol. 152, No.4598, Oct 29 – Nov. 4, 1997, p.14.

<sup>49</sup> For more on the important events in China's space programmes, see Li Ning, "Thirty Years of Development in Space Technology," *Beijing Review*, June 19 2000, p12. Also see Philip Clark, "China's Designs on the Race for Space," *Jane's Intelligence Review*, Alexandria, April 2000, p.178.

<sup>50</sup> It should be noted that it is very difficult to pinpoint a particular space technology purely from the military point of view, as most of these technologies are dual-purpose technologies. China, as an emerging economic giant, is also concentrating in improving its industrial-base and developing new technologies.

China has developed its own. Today, China with its Beidou Navigation Test Satellite (BNTS) programme has successfully launched navigational satellites into the geo-stationary orbit in April 2000.<sup>51</sup> These satellites can be used for navigational positioning services for ships, aircrafts and railway transport.

China is also developing a new generation of photo-reconnaissance satellites, the FSW-3 series. The latest in the series is the Ziyuan-2 (ZY-2) satellite launched on September 1, 2000.<sup>52</sup> China has also been working on the areas of micro satellites. The launch of a satellite in this category, the Tsinghua, in June 2000 by a Russian booster has put China into a select group of countries that can design and operate micro satellites. China has three meteorological satellites. These satellites give China the added advantage of accurate weather inputs during operations, which is an important variable in planning an amphibious strike or even a concerted air-missile attack.

China's space journey in the last decade has been impressive. Its capabilities are focussed in the areas that are most likely to have both military and economic benefits. By possessing an indigenous capability it has proved that China's military space power cannot be underestimated.

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<sup>51</sup> Cited in A.V. Lele, "China as a Space Power," *Strategic Analysis*, Vol.26, No. 9, April-June 2002, p.257.

<sup>52</sup> *Ibid.*, p.259.

## China's Military Expenditure

It is difficult to give an accurate and universally accepted figure of China's military expenditure because of the lack of transparency and unreliability of its statistical data. There exist a considerable difference between Chinese official figures and other estimates. However, by taking into account all the estimates, China's military spending over the past decade shows an increasing trend. For the period 1993-95, Chinese defence spending has grown, posting a 9.1 per cent increase from \$27.4 billion in 1993 to \$31.7 billion in 1995.<sup>53</sup> Again, since 1995, the rate of increase in China's military expenditure has been sustained at a high level.

Over the period from 1995-2000, it increased at an annual rate of 11 per cent, from \$31.7 billion in 1995 to \$ 42 billion in 2000.<sup>54</sup> In terms of absolute size, China's military spending is among the highest in the world, as high as the amount spent by most of the major European powers. PRC's military expenditure in the year, 2000 was \$42 billion, while Russia, France, Britain, and India spent with \$ 60 billion, \$35 billion, \$ 34 billion and \$14 billion, respectively. The US spent a whopping \$ 291 billion in 2000. China's relative defence burden is low, and the state spends 4 per cent of its GDP on defence, which amounts to only \$30 per capita in the year, 2000.<sup>55</sup>

<sup>53</sup> IISS, *Military Balance, 1996-97*, p.176.

<sup>54</sup> IISS, *Military Balance, 2001-2002*, pp.145-46; also see *SIPRI Yearbook 2002: Armaments, Disarmament and International Security*, New York: Oxford University Press, 2002, pp.250-51.

<sup>55</sup> IISS, *The Military Balance, 2001-2002*, p.19, 53, 75, 112, 162, 188; according to SIPRI estimate (at 1998 constant prices) China ranks seventh in the world of countries with the highest military spending in the year 2001 with \$27 billion, trailing behind the US with \$281 billion, Russia with \$

It is clear from the ongoing discussion that over the last decade, China's military power in terms of the actual numbers and sophistication is growing. China's continuing thrust on modernising its ground forces, strategic forces, air force and navy by developing its own systems and through sophisticated foreign acquisitions have significantly improved China's military power.

### **China's Economic Power**

China's economic performance, ever since the last two decades has been one of the most successful economies in the world. It had tremendously added to its comprehensive national power. The policy of economic reforms initiated by Deng Xiaoping in 1978 set in motion an impressive rate of economies growth for China over the following two decades, making it one of the fastest growing economies of the world. During 1990-95, it was estimated that China's Gross National Product (GNP) per head increased in real terms, at an average annual rate of 8.9 per cent, one of the highest in the world. China's Gross Domestic Product (GDP) increased in real terms at an average annual rate of 10.1 per cent during the period 1990-2000.<sup>56</sup> This is quite a remarkable achievement and unprecedented in comparison to other larger economies such as the US and India whose average annual growth rate of GDP stood at 3.5 per cent and 5.9 per cent respectively during the period 1990-2000.<sup>57</sup>

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43 billion, France \$ 40 billion, Britain with \$37 billion and ahead of India with \$12.9 billion. See *SIPRI Yearbook, 2002-03*, p.235 (Table 6.2).

<sup>56</sup> World Bank, *World Development Report 2002*, New York: Oxford University Press, p.236.

<sup>57</sup> *Ibid*, p. 237.



According to the World Bank's purchasing power parity (PPP) estimate, China with a GDP of \$ 5415 billion in 2000 has become the second largest economy in the world, after the US (\$ 9902) and ahead of Japan (\$ 3487). If we accept the projection of the 1995 Rand study, China's GDP will reach \$ 11.3 trillion by the year 2010 (in 1994 PPP dollars) compared to \$ 10.7 trillion for the US, \$ 4.5 trillion for Japan, and \$ 3.7 trillion for India.<sup>58</sup> China's economic prowess is reflected in other indicators of developments as well. According to World Development Report, 2000-2001, the percentage of people below the poverty line is only 6.<sup>59</sup> By the international poverty line (\$ 1 a day, using 1985 PPP) the percentage of rural poor came down from 60 per cent in 1978 to 11.5 per cent in 1999.<sup>60</sup> In terms of Human Development Index (HDI) China belongs to the medium HDI group in the 96<sup>th</sup> rank, ahead of India in 124<sup>th</sup>. The daily calorie supply for the average Chinese is 2729 (in high HDI countries, it is 2897). Adult literacy stood at 84.1 while life expectancy at birth is 70.5.<sup>61</sup>

China's performance in the key sectors of the economy over the last decade has been impressive as well. It may be useful to look briefly at China's performance in some of the important sectors of the economy during the last decade.

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<sup>58</sup> Cited in Charles Wolf, Jr. *et al.*, *Long Term Economic and Military Trends, 1994-2015: The United States and Asia*, Santa Monica: Rand, 1995, pp. 5-8.

<sup>59</sup> *World Development Report, 2001-2002*, p.236.

<sup>60</sup> *Ibid.*, p.236

<sup>61</sup> UNDP, *Human Development Report 2002*, New York: UNDP, 2002, p. 190-192.

### *Agriculture*

Agricultural reforms since 1978 have seen China make huge strides in food security by producing records outputs. Agriculture contributed 15.9 percent of the GDP.<sup>62</sup> As for its percentage share of world agricultural production between 1978-99 in selected agricultural products, China has increased its percentages share in cereal production from 16.91 per cent, in 1978 to 21.17 percent in 1999. The total cereals production recorded 39,0171 tons in 1991 while, in 1999, it increased to 45,5192 tons. The share of wheat production recorded 94,995 tons in 1991, increasing rapidly in 1999 to 113880 tons. Rice production has maintained a steady growth over the decades and contributed 34.62 percent in 1997.<sup>63</sup>

### *Industrial Performance*

China's industrial growth rate has been among the highest in the world. The average industrial growth rate was 11.1 per cent between 1980-90. Since the 1990s, it has averaged at 16.3 percent.<sup>64</sup> Industry contributed 50.9 per cent of the GDP in 2000. According to the World Bank, China's industrial GDP increased at an average annual rate of 13.6 per cent in real terms in 1999-2000. The manufacturing sector contributed an estimated 37.6 per cent of GDP in 2000.<sup>65</sup>

<sup>62</sup> *The Europa Yearbook 2002* (43rd edition), New York: Europa, 2002, p.1052.

<sup>63</sup> All data are from the *FAO, Production Yearbook 2001*, Rome: FAO, 2000, pp. 72-76.

<sup>64</sup> Cited in Nimmi Kurian, *Emerging China and India's Policy Options*, New Delhi: 2001, p.40.

<sup>65</sup> *World Development Report 2002*, pp.236-37.

China is the world's leading producer of steel, chemical fertilizers, cement and television sets. It also leads in the production of washing machines, refrigerators and several other household appliances. Industrial products constitute the bulk of the country's exports.<sup>66</sup>

### *Electronic Sector*

This sector expanded rapidly and has become China's largest industry. China is the world's leading manufacturer of radios, cassette recorders and telephone sets.<sup>67</sup>

### *Computers and Telecommunications*

The computer industry has improved significantly in its quality and competitiveness. Domestic brands such as Great Wall, Legend and Founder have succeeded in ending the monopoly of the foreign brand computers capturing seventy percent of the domestic market.

The production capacity of major telecom products has expanded significantly. China has the second largest number of fixed telephone users and the second largest telephone network in the world.<sup>68</sup>

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<sup>66</sup> Kurian, n.64,p.40.

<sup>67</sup> Ibid.,p.41.

<sup>68</sup> Ibid.,pp.41-42.

### *Energy Sector*

Coal is the main energy source for the country (67.7 per cent in 2000); other sources petroleum (23.3 per cent), hydro-electric power (6.5 per cent) and natural gas (2.5 per cent). In December 1997, China and Russia signed a contract to jointly build the Lianyungang Nuclear Power Plant in Gaogondao of Jiangsu.<sup>69</sup> In the late 1990s, China was increasingly seeking to develop and transport petroleum and gas reserves from Central Asia.<sup>70</sup>

### **China's Foreign Trade Performance**

China's trade performance has been remarkable. Over the past two decades, China's share in total world trade went up from 1 percent to about 4 percent. China has also signed bilateral trade agreement with Japan, the US, Western European countries and Israel, thereby gaining Most Favoured Nation (MFN) status/access to developed markets. The success of trade can be gauged by China's rising foreign exchange reserves which stood as \$ 80.28 billion in 1995 then went up to \$ 144.50 billion in 1998.<sup>71</sup> It increased to \$ 168.85 billion in 2000. In the same year recorded a trade surplus of US \$ 34,474 million. High technology exports constituted 17 percent of manufactured in 2000.<sup>72</sup>

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<sup>69</sup> "China, Russia to Build Nuclear Power Plant," *Beijing Review*, Vol. 41, No. 5-6, Feb. 2-15, 1998, p. 34.

<sup>70</sup> *The Europa Yearbook 2002*, n. 62, p. 1054.

<sup>71</sup> *World Development Report 2000-2001*, p. 314.

<sup>72</sup> *World Development Report 2001-2002*, p. 237.

The share of export of goods and services measured in term of GDP increased from 18 percent in 1990 to 26 percent in 2000.<sup>73</sup> China has also captured more markets for its textiles in Europe and America than it had lost in Asia with a 10.75 percent increase for Europe and 7.62 percent increase for the US market.<sup>74</sup> China's major market for imports and exports are Japan, the US and East Asia, and it has trade surpluses with all its trading partners.<sup>75</sup>

### **Foreign Direct Investment (FDI)**

China's most remarkable achievement has been its ability to attract FDI for joint ventures. China has witnessed rapid growth in attracting FDI since 1992 as it has step up its efforts to built infrastructures and basic industries such as energy, transportation and telecommunication by encouraging foreigners to invest. China's Net FDI inflows in terms of percentage of GDP increased from just 1.0 percent in 1990 to 3.6 in 2000.<sup>76</sup> According to World Bank estimates, the total amount of FDI inflow in China increased sharply during the last decade. It increased from \$3,487 million in 1990 to a whopping \$ 43,751 million in 1998.<sup>77</sup>

FDI plays an important role in Chinese economic growth, and it has contributed to the expansion of exports, productivity gains and employment

<sup>73</sup> UNDP, *Human Development Report 2002*, p. 198.

<sup>74</sup> Cited in Madhu Bhalla, "China and India in the Global Economy," in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China's Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, pp.373-405.

<sup>75</sup> *Ibid.*, p.391.

<sup>76</sup> UNDP, n. 61, p. 204.

<sup>77</sup> *World Development Report*, p. 314

generation. After several years of effort, China finally became a formal member of World Trade Organization (hereafter WTO) on December 10, 2001. This event can be regarded as the second most important change in its economic policy regimes, following Deng Xiaoping's reforms and open-up policy in the late 1970s.

Today China is fully integrated into the world economy. It can fully participate in the WTO decision-making process relating to trade policy matters. As a member, China enjoys automatic MFN status with all other member countries. China has made substantial contribution in the areas covered by the WTO in particular on market access in goods and services, full implementation of WTO rules at the time of accession.<sup>78</sup> Its entry would improve China's export access to international markets under global rules.

### **China and Global Politics**

The substantial accretion to China's military and economic strength also goes hand in hand with its increasing interactions and involvement with the outside world both at the regional as well as at the international level. Its rise to power has been reflected in its wide acceptance as a major player in global politics by other leading states in the international system.<sup>79</sup> Today, having joined the WTO, China is fully integrated into the world economy. Given its economic potential, its huge market, the major trading states decided not to

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<sup>78</sup> Cited in Lin Yifu, "WTO accession and Chinese economic impact on agriculture financial sector and state own enterprises," *Social Sciences in China*, Special Issue, Vol. 23, Winter 2002, pp. 67-69.

<sup>79</sup> Some analysts on China have underlined the importance of China's relations with other major power in the post cold war era as an important attribute of China's great power identity. For example, see

keep China out of the WTO. Nevertheless, China also realised the benefits and the advantage of tying its economy to the global trading regime.<sup>80</sup> China has come into the forefront of world politics. It is now increasingly seen as a rising power with the capability to challenge Western domination of world politics. In the late 1990s, China was determined to oppose what it sees as US hegemonism. In 1998, it played a leading role with France and Russia in forcing the US and Britain to desist from use of force against Saddam Hussein. In 1999, China along with Russia criticised NATO military operations in Yugoslavia.<sup>81</sup>

Beijing also strongly opposed US plans to deploy a national missile defence as well as a theater defence, terming it a threat to regional security and global stability.<sup>82</sup> Recently, China promulgated new regulations to control the export of certain chemicals and dual use biological agents.<sup>83</sup> The measures are designed to enhance China's image as a credible and serious power with the necessary political will to curb the proliferation of weapons of mass destruction.

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Gilbert Rozman, "China's Quest for Great Power Identity," *Orbis*, Vol. 43(3) Summer 1999, pp. 383-404

<sup>80</sup> See Robert S. Ross, "Enter the Dragon," *Foreign Policy*, No. 104, Fall 1996, pp. 18-25.

<sup>81</sup> "Russia-China Axis Slams US" *The Telegraph*, Calcutta, December 11, 1999.

<sup>82</sup> In response to US NMD planning Beijing announces a programme to boost its second capabilities. For more on this, see Robert A. Manning and Ronald Montaperto, "China: The Forgotten Nuclear Power," *Foreign Affairs*, Vol. 79, No. 4, July/August, 2000, pp. 58-63. Also See "China: Asian TMD Would Trigger New Arms Race," *Defense Week*, Vol. 20, No. 3, January 1999, p.2; "Sino-Russian Summit: Joint Opposition to NMD," *The Hindu*, 19 July 2000.

<sup>83</sup> See P. S. Suryanarayana, "Beijing Issues New Non-Proliferation Norms," *The Hindu*, 21 October 2002.

China's engagement at the regional level has increased over the past decade. Its economic and political influence in Southeast Asia is increasing rapidly.<sup>84</sup> Despite differences over conflicting claims of sovereignty over islands in the South China Sea between China and other countries of the Association Southeast Asian Nation (ASEAN), China has played a leading role in providing economic stability and openness in the region.

In 1999, leaders of ASEAN, China, Japan and the Republic of Korea held a meeting designating themselves as ASEAN +3. In that meeting they issued a joint statement on East Asian cooperation, in which they agreed to strengthen regional unity and address the long-term possibility of an East Asian common market and currency. China's relation with ASEAN reflect a combination of the general orientation of friendship and cooperation, which supports PRC's economic development efforts, and the tendency to view Southeast Asia as part of a Chinese sphere of influence.

China is also actively involved in the political and security sphere of the Southeast Asian regional dialogue, having joined the ASEAN Regional Forum (ARF).<sup>85</sup> This forum displays a potential to break free of US dominance over

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<sup>84</sup> See Alan Hunter and John Sexton, *Contemporary China*, London: Macmillan, 1999, p. 194; Ross H. Munro, "China's Waxing Sphere of Influence," *Orbis*, vol. 38, no. 4, Fall 1994, pp. 585-605; China and some of the ASEAN states have frequently formed an ideological united front in defense of 'Asian values' against Western values. For an interesting article on this debate, see Alan Dupont, "Is There an 'Asian Way'?" *Survival*, vol. 38, no. 2, Summer 1996, pp. 13-33.

<sup>85</sup> ARF is ASEAN's associated security organization. It includes the members of ASEAN and important external states such as China, the United States, the European Union and Russia.



political and security discussions in the Asia Pacific Region.<sup>86</sup> China is also a member of Asia Pacific Economic Cooperation (APEC), which was founded in 1989 to promote multilateral economic cooperation on issues of trade and investment. China in addition plays a crucial role in Northeast Asia, as it is one of the few countries that has influence on the North Korean regime. It has established formal diplomatic relations with South Korea and has excellent trade relations with it.<sup>87</sup> Thus, China wields a stabilizing influence in the Korean Peninsula. In Central Asia, China has taken the initiative in evolving a new model for regional security cooperation by establishing what is known as the Shanghai Five. China believes that the now six-nation partnership, which includes Russia, Uzbekistan, Tajikistan, Kyrgyzstan and Kazakhstan, will strengthen its influence over security affairs in the region and keep American power at bay.

China's regional relationships reflect its changing role in international politics. It shows China's interest in system management, which is characteristic of great powers. China sees itself playing a major role in the shift toward a multipolar world trying to promote peace and stability in its region. China is concerned about creating a congenial atmosphere for its burgeoning economy.

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<sup>86</sup> See Denny Roy, *China's Foreign Relations*, London: Macmillan, 1998, pp. 175-180.

<sup>87</sup> Cited in Marcus Noland, "Why North Korea will Muddle Through," *Foreign Affairs*, Vol. 76, No.4, July August 1997, p. 117-18; Also see Eric A. Mc Vadon, "Chinese Military Strategy for the Korean Peninsula" in James R. Lilly and David Shambaugh, eds, *China's Military Faces the Future*, New York: M.E. Sharpe, 1999, pp. 271-294.

## Conclusion

By conventional measurements of the rise and fall of great powers (in terms of shifts in the international military and economic power balances),<sup>88</sup> China is a rising great power. In the last decade of the post Cold War period, China made concerted efforts in modernizing its military capabilities. It resulted in the gradual enhancement of its military might in areas such as building rapid response and force projection capabilities of the army to enable it to conduct joint operations with the other services; power projection assets in the naval, air and considerable progress in the strategic weapons as well in space programme. All this illustrates that China's military in qualitative and quantitative terms is growing. Its economic performance is impressive enough. Today it is one of the fastest growing economies and a major trading power, fully integrated into the global economy with its entry into the WTO. It has also come to the forefront of world politics by participating in various multilateral fora along with other major powers. Its growing influence and interaction with different regions on issues pertaining to economic, political and security issues shore up Beijing's image as a rising great power in the international system.

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<sup>88</sup> Kennedy, n. 5, pp. XXIV-V.

## Chapter II

### INDIA-CHINA RELATIONS IN THE POST COLD WAR ERA

The chapter provides an overview of India-China's relations in the post-Cold War era and traces those areas of their strategic cooperation as well as their strategic dissonances on specific issues which have consequence for the broader strategic context of South Asia. This chapter is organized into the following sections. The first section discusses political relations covering the exchange of high-level official visits and important agreements between the two neighbours. The second addresses the Pakistan factor in their relationship. The third section examines role of Tibet in India-China relation. The last section deals with the trade and economic interactions between the two countries.

India-China relations over the last five decades and more have gone through a tortuous process. The initial period of their relations were marked by the *Hindi-Chini bhai bhai* (Indians and Chinese are brothers) sentiments and witnessed the signing of the 1954 Treaty between India and the People's Republic of China (PRC). The preamble to the treaty talks about the Five Principles of Peaceful Co-existence ( Panchsheel ), which became the governing principle for the conduct of their bilateral relations.<sup>1</sup>

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<sup>1</sup> The Panchsheel or five principles from which both India and China agree to base their interactions were: (i) mutual respect for each other's territorial integrity and sovereignty; (ii) mutual non-aggression; (iii) mutual non-interference in each other internal affairs; (iv) equality and mutual benefit; and (v) peaceful co-existence. For details, see P.L.Mehta, "India, China and Tibet, 1950-54," *India Quarterly*, Vol.12, No. 1, January-March 1956, pp.3-22.

However, this period of friendly ties between the two states was interrupted by a short but decisive war in October 1962. Following this conflict, relations between India and China have remained frozen throughout the 1960s and early 1970s until the resumption of diplomatic relations in 1976. The period of Sino-India rapprochement continued throughout the 1970s and the 1980s. In 1988, the visit of Rajiv Gandhi, the then Prime Minister of India, brought about a qualitative change in the tenor of India-China relations. The visit resulted in the setting up of a Joint Working Group (hereinafter JWG) to resolve disputes on boundary questions and expand cooperative ties. Besides the creation of the JWG, there were other agreements on science and technology, cultural exchanges and economic interactions. In the 1990s, India-China relations witnessed contacts at all levels – high level political visits, military to military exchanges, institutional exchanges, cultural exchanges and concluded some important agreements.

### **Political Relations**

In 1991, Chinese Premier Li Peng visited India. The two governments signed an agreement on the re-establishment of Consulates-General in Shanghai and Bombay (now Mumbai) and a memorandum on the resumption of border trade between certain locations in India and the autonomous region of

Tibet.<sup>2</sup> In May 1992, R.Venkataraman became the first Indian President to visit China.<sup>3</sup> In August 1992, the then Indian Defence Minister Sharad Pawar visited China. The visit was seen as a move towards normalisation of relations and to discuss the possibilities of troop reductions by both the parties along the Line of Actual Control (LOAC).<sup>4</sup>

Prime Minister Narasimha Rao's visit to China in September 1993 was another landmark in India-China relations as it resulted in the signing of the Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the India-China Border Areas. The agreement established a framework for resolving the border disputes through peaceful and friendly negotiations. The agreement stipulates that both parties will refrain from the use or the threat of use of force against each other and will respect and observe the Line of Actual Control. The agreement also recommends joint consultations in the event of conflict of views. A number of confidence building measures (CBMs) were also agreed upon – the reduction of numbers of troops by stages in mutually agreed geographical locations “in conformity with the principle of mutual and equal security”, notification of military exercises, direct telephone lines between the two sides (military commanders), prevention of intrusion by both sides and mutual decisions on the “form, method, scale and content” of

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<sup>2</sup> See “Rao and Li Review World Scene Bilateral Issues,” *The Statesman*, December 13, 1991; Also see V.D.Chopra, “Sino-Indian Relations: A New Phase,” *Patriot*, 16 December 1991.

<sup>3</sup> Manoj Joshi, “Next-Door Diplomacy: India And Emerging Imperatives,” *Frontline*, Vol.9, No.13, June 20-July 1 1992, pp. 36-38.

<sup>4</sup> See Manoj Joshi, “Coming Closer: Sharad Pawar's China Visit,” *Frontline*, Vol. 9 No. 17, 28 August 1992, pp 37-39.

effective verification measures.<sup>5</sup> The agreement also set up a ten-member Expert Group (EG) on both sides (under the JWG) comprising representatives from the foreign and defence ministries, the armed forces and survey experts or cartographers to assist and advise the JWG.

The most important element of the 1993 Agreement was the pledge by both parties not to threaten to or use force against each other. The signing of the agreement exhibited the willingness of the two governments to ensure an atmosphere of reasonableness and peace in dealing with a sensitive issue. It suggested that the boundary issue would not be allowed to prevent growth in bilateral relations. This cooperative trend in relations was enhanced by President Jiang Zemin's visit to India in 1996. During his visit, a very significant step for the relaxation of tension between the two states was made with the signing of the Agreement on Confidence Building Measures in the Military Field along the Line of Actual Control in the India-China Border Areas.<sup>6</sup> The Agreement outlines exhaustive lists of Confidence Building Measures (CBMs) to ensure peace in India-China border regions.

Article I of the agreement contains a provision which binds both the parties to refrain from the use of military capability against the other side. On the boundary issue, the agreement clearly states that "no armed forces deployed

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<sup>5</sup> Text of Agreements signed between India and China, reproduced in *China Report*, Vol.30, No.1, January- March 1994, pp 101-110.

<sup>6</sup> See John Cherian, "India and China After Jiang Zemin's Visit," *Frontline*, Vol. 13, No.25, December 14 - 25, 1996, pp 33-41.

by either side in the border areas along the line of actual control as part of their respective military strength shall be used to attack the other side, or engage in military activities that threaten the other side or undermine peace, tranquility and stability in the India-China border areas.” The agreement also goes into very specific details about reduction of military forces “within mutually agreed geographically zones” along the LOAC, the exchange of data on reduction or limitation of forces and categories of armaments, and conditions on ceilings on military forces and armaments to be maintained by each side within these zones.<sup>7</sup>

Another important provision in the 1996 Agreement relates to the need to arrive at a common understanding of the alignment of the LOAC, and to speed up the process of clarification and confirmation of the line. There is also a stipulation for the exchange of maps indicating respective perceptions of the entire alignment of the Line of Actual Control as soon as possible.<sup>8</sup> Besides this agreement, there were three other agreements concluded between India and China: Agreement Concerning Maintenance of the Indian Consulate-General in Hong Kong (after the island reverts to China’s rule in July 1997); Agreement on Cooperation in Combating Drug Trafficking and Other Crimes, and an Agreement on Maritime Transport which seeks to obtain most favoured treatment to each other’s ship and avoid double taxation on their sea-borne

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<sup>7</sup> See Text of the four Agreements reproduced in *Strategic Digest*, Vol. XXVII, No.1, January 1997, pp 3-16.

<sup>8</sup> *Ibid.*, pp. 3-16.

goods.<sup>9</sup> However, there was no real breakthrough on the boundary question despite exhaustive lists of CBMs. Jiang's visit was intended to enhance and sustain India-China relations, which had shown a qualitative improvement since the early 1990s.

In 1997, the 10<sup>th</sup> JWG meeting between India and China in New Delhi could not agree on the enforcement of the CBMs agreement. It only ratified the agreement reached during Chinese President Jiang's visit to India in 1996. In 1998, India conducted a series of nuclear tests which resulted in a temporary setback to India-China relations. The Indian government argued that its decision to go overtly nuclear was related to the continuing Sino-Pakistan nexus on nuclear and missile related technologies. The Indian Prime Minister Atal Behari Vajpayee in a "secret" letter to the US president Bill Clinton mentioned China as the major reason for its nuclear tests. In the letter, he stated:

[w]e have an overt nuclear weapon state on our border, a state which committed armed aggression against Indian in 1962. Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem. To add to that distrust that country has materially helped another neighbour of ours to become a covert nuclear weapon state.<sup>10</sup>

Initially, China's response to the 1998 nuclear tests by India was not much different from other members of the Security Council (P-5). However, its stance hardened after learning of the content of Vajpayee's letter to President

<sup>9</sup> Ibid., pp 38-41; For a detailed discussion on the 1993 and 1996 CBMs signed between India and China, see Swaran Singh, "Sino-Indian CBMs: Problems and Prospects," *Strategic Analysis*, Vol. XX, no.41, July 1997, pp 1523- 1544.

<sup>10</sup> Text of the letter reproduced in *China Report*, Vol.35, No.2, 1999, pp 210-211.



Clinton which was leaked to the media. In a joint statement, China and the US, during Clinton's visit to China in 1998, criticised the Indian and the Pakistani nuclear tests. China accused India of trying to establish hegemony in South Asia. It made the distinction between the Indian nuclear and Pakistani nuclear tests. While China was "seriously concerned" about the Indian nuclear tests, it expressed only "deep regret" over Pakistani nuclear tests.<sup>11</sup> The Chinese President went to the extent of blaming India for Pakistan's tests. Just a few days before the Pokhran II explosions, China had reacted sharply to the remarks made by the Indian Defence Minister George Fernandes, terming China as India's "enemy number one". However, India's conciliatory gestures led to an improvement in their relations and India-China ties continued as usual.<sup>12</sup> This was reflected in the posture of neutrality adopted by Beijing during the Kargil conflict in 1999.<sup>13</sup> On the Kashmir issue, China, since 1990, has accepted the Indian position that the issue should be settled peacefully and bilaterally. Even during General Pervez Musharraf's visit to Beijing in January 2000, the Chinese reiterated this position on Kashmir.<sup>14</sup>

The eleventh round of the JWG meeting was held in 1999. Although not much progress was made on the boundary question, the issue of the Sino-

<sup>11</sup> As quoted in M.L.Sondhi and Prakash Nanda, *Vajpayee's Foreign Policy: Daring the Irreversible*, New Delhi: Har Anand, 1999, p. 110.

<sup>12</sup> "George Downplays China Controversy," *The Asian Age*, 7 May, 1998; Also see "China is Not Our Enemy, says Government," *The Economic Times*, 29 October, 1998; On Sino-Indian business ties, see "China's No.1 Firm to Open in India," *The Economic Times*, 3 October, 1998; "Sino-Indian Business Meet On March 15," *The Hindustan Times*, 5 March 1999.

<sup>13</sup> See Swaran Singh, "China's Policy of Neutrality in the Kargil Conflict," *Third World Impact*, Vol. X, No.116, August 1999, pp. 20-27.

<sup>14</sup> See "Pak Fails to Get China Backing on Kashmir," *Asian Age*, 20 January 2000.

Pakistan nexus in the nuclear field was believed to have come up for discussion.<sup>15</sup> In June 1999, the Indian Foreign Minister visited China at the height of the Kargil conflict to acquaint the Chinese leadership of his country's position. The visit led to a change in India's official posture towards Beijing. Jaswant Singh sought to allay all fears and misunderstandings by underlining that New Delhi did not consider China as a threat.<sup>16</sup> During the visit it was also decided that both sides would make a clarification on the LOAC in the subsequent meetings of the JWG. The visit also led to an agreement by the two governments to initiate a security dialogue.<sup>17</sup> This meeting is important for two reasons. First, it was held despite India-Pakistan hostilities. Second, it was China that proposed the establishment of a security dialogue.

The Indian and Chinese delegations met in Beijing from March 6 to 8, 2000 for a security dialogue that was agreed upon during Minister of External Affairs Jaswant Singh's visit to Beijing. This bilateral official interaction on security matters is the first of its kind between the two countries. The dialogue is unique because instead of a broad survey, officials dealing with security and strategic matters were engaged in issues-specific and region-specific discussions on security.<sup>18</sup> The importance and implications of a Sino-Indian security dialogue lie in the fact that it is the first security dialogue after India went overtly nuclear and that it was held despite China's strong criticism of

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<sup>15</sup> See "China Wants Border Issue Properly Handled," *The Hindu*, 28 April 1999.

<sup>16</sup> See "Jaswant's China Trip Highly Rewarding," *The Hindu*, June 17 1999; also see "A New Sino-Indian Beginning," *The Hindu*, June 17 1999.

<sup>17</sup> See Bharat Bhushan, "China Proposes Security Dialogue," *The Hindustan Times*, 15 June 1999.

<sup>18</sup> "India, China Discuss Security Concern," *The Hindu*, 7 March 2000.

India's nuclear tests. The dialogue was also held despite India's objection to China's defence, nuclear and missile collaboration with Pakistan.

In January 2001, Li Peng, Chairman of the Standing Committee of the National People's Congress of China (the Chinese Parliament), visited India. He was accompanied by a large delegation of Chinese officials, businessmen and political aides. Li Peng's visit can be considered as one more step in the direction of normalization between China and India since the temporary downturn in their relations following the nuclear tests in 1998. The process continued with the Chinese Prime Minister Zhu Rongji's six-day visit to India in January 2002. The visit came at the time when Indian and Pakistani troops were eye-ball to eye-ball in the aftermath of the attack on the Indian Parliament on December 13, 2001. The two neighbours had a wide-ranging discussion on bilateral issues as well as international issues covering the hostility on the Indo-Pakistani border. Prime Minister Atal Behari Vajpayee is believed to have explained New Delhi's position on the issue.<sup>19</sup> Premier Zhu strongly supported India's stand on terrorism as he strongly declared that, "China is opposed to terrorism in all its forms, no matter when or where it occurs or who it is directed against."<sup>20</sup>

It is during this visit that Zhu reiterated the Chinese position that the India-Pakistan dispute should be resolved through negotiations. India and

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<sup>19</sup> See John Cherian, "Zhu Rongji in India," *Frontline*, Vol.19 No.3, February 2-15, 2002, p 122.

<sup>20</sup> As quoted in "China Argues with India's Stand on Terrorism," *Indian Express*, January 14, 2002.

China agreed to expand cooperation in order to combat terrorism, which has assumed a global dimension. It was also announced that the two governments would hold a regular dialogue on the subject and constitute an anti-terror consultative mechanism. However, it should be noted that going by the official statements of both the governments, the visit was aimed more at expanding economic ties.<sup>21</sup>

Despite regular meetings of the JWG and the high-level official visits and other meetings, discussions regarding the most fundamental issue affecting Sino-Indian relations, the boundary question, remained unresolved. The CBMs process is also slow and insipid. In the last decade, between 1989 and 2000, twelve meetings of the JWG took place. Some of the achievements of the JWG are the agreement of 1993 on the maintenance of tranquility and the 1996 military CBMs. At the eighth meeting of the JWG, held in August 1995, India and China agreed to

pull back two posts, two on each side located in immediate proximity to each other in the Sumdorong Chu valley in the Eastern Sector. The disengagement of the post was carried out in October-November 1995.<sup>22</sup> Another achievement of the JWG in the opening up of border trade in the early 1990s.

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<sup>21</sup> Cherian, n.19, pp. 122-23.

<sup>22</sup> Cited in Ministry of Defence, (GOI), *Annual Report 1995-96*, New Delhi: MoD, 1996, p.4.

A significant breakthrough was made in the eighth meeting of the Sino-Indian Expert Group (EG) held in Beijing in November 2000, where both sides exchanged maps of the LAC as perceived by them respectively in the Middle Sector of the India-China boundary. The Middle Sector – a 545 km stretch between Himachal Pradesh and Uttranchal – is the least controversial of the three sectors over which the two neighbours disagree. But still, getting China to discuss anything substantive was a major achievement.<sup>23</sup> At the twelfth meeting of the EG held in Beijing 2000, the two sides started discussion on the clarification of the LAC in the western sector in the China boundary.<sup>24</sup> Although progress made on the boundary issue has been significant, it is far from being solved as the negotiations thus far have not led to a demarcation.<sup>25</sup>

### **The Pakistan Factor in India-China Relations**

Though Sino-India relations, over the past decade or so, have taken a positive turn and relations are improving gradually, a major problem persists, and it has generated serious concern for India. Sino-Pakistani cooperation in the nuclear and missile fields is a matter of particular concern to India, given its

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<sup>23</sup> "Sino-Indian Ties Look up: Jaswant," *The Hindu*, 25 November 2000; Also see "PM, Li Happy Over LAC Delineation Process," *The Hindu*, 16 January 2001.

<sup>24</sup> Cited in Ministry of External Affairs (GOI), *Annual Report 2002-2003*, New Delhi: MEA, 2003, pp. 7-8.

<sup>25</sup> See Srikant Kondapalli, "Negotiating Borders or Bordering on Negotiations," in P. Sahadevan, ed., *Conflict and Peacemaking in South Asia*, New Delhi: Lancers, 2001, p. 331.

adversarial relationship with Pakistan. This Sino-Pakistani nexus is a major irritant in India-China relations.<sup>26</sup>

Sino-Pakistani cooperation in the nuclear field started in the early 1970s. It continued throughout the 1980s as the Chinese assisted the Pakistani nuclear programme by providing nuclear weapons designs and transferred technology for the production of weapon's grade uranium as well as research reactors. The Sino-Pakistani nexus in nuclear technology continued in the post-Cold War era, raising serious concerns for India. In 1995, according to a report quoting US intelligence sources, around 5000 'ring magnets' were reportedly sold to the A.Q. Khan Research Laboratories in Pakistan by the China Nuclear Industry Energy Industry Cooperation (CNEIC) of China.<sup>27</sup> These 'ring magnets' are considered to be crucial components, which are required during uranium enrichment.<sup>28</sup> Besides this clandestine cooperation between China and Pakistan in building nuclear weapons, China has been involved in the building of Pakistan's civilian nuclear programme.<sup>29</sup>

India has also been equally concerned about Chinese assistance to Pakistan in the field of delivery systems (missiles). In August 1993, the US government imposed two-year sanctions on both China and Pakistan in

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<sup>26</sup> See Sujit Dutta, "India-China Relations In The Post Cold War Era," *Strategic Analysis*, Vol.XVI, No.11, Feb 1994, pp. 1411-1430; K.Subrahmanyam, "Sino-Pak Nuclear Deal: New Light on an Old Alliance," *The Times of India*, August 30, 1995.

<sup>27</sup> Chintamani Mahapatra, "American Approach to Sino-Pakistan Nuclear and Missile Cooperation," *Strategic Analysis*, Vol.21, No.10, January 1998, p.1412.

<sup>28</sup> Singh, n.9, p.555.

<sup>29</sup> Ibid., p.555.

response to the transfer of Chinese M-11 missile components and technology to Pakistan. The contract for the sale of M-11 missiles between China and Pakistan was reportedly signed in the late 1980s.<sup>30</sup> It was only in 1993 that the missiles were inducted into the Pakistani armoury.<sup>31</sup> The sanctions were, however, lifted after the US-Chinese agreement of October 1994. In 1995 there were reports of Chinese transfers of M-11 missiles and assistance in building a production facility for these missiles near Rawalpindi in Pakistan.<sup>32</sup>

Besides Sino-Pakistani cooperation in the nuclear and missile fields, China continues to give assistance to Pakistan's defence-related heavy industry and is also engaged in the transfer of conventional arms to Pakistan. In fact Pakistan's weapon inventories are mostly of Chinese origin. Over the past decade, the Indian government has raised the issue of defence cooperation with Pakistan, particularly in the nuclear and missile fields.

Thus, according to the annual report of the Ministry of Defence (MoD) 1995-96, "the acquisitions by Pakistan from China of sophisticated weapon systems, including missiles as well as uranium enrichment equipment, has a direct bearing on India's security environment."<sup>33</sup> This kind of assessment of the China-Pakistan nexus as a major source of concern for India's security

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<sup>30</sup> Anil Joseph Chandy, "India, China and Pakistan," in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, p.321.

<sup>31</sup> Brahma Chellany, "The Challenge of Nuclear Arms Control in South Asia," *Survival*, Vol. 35, No. 3, Autumn 1993, p.126.

<sup>32</sup> Cited in Kapil Kak, "Pakistan's Ballistic Missiles: Sword Arm of a New Influential?" *Asian Strategic Review, 1997-98*, New Delhi: IDSA, 1998, p.290; Also see "Missile Transfers," *The Times of India*, 8 July 1995; "China Helping Build Missile Factory," *Asian Recorder*, Vol.XXXII, No.14, September 30 – October 6, 1996, p.29941.

<sup>33</sup> As quoted in Sondhi, n.1, p. 103.

environment has appeared in the subsequent MoD annual reports as well. In June 1998, the Indian Prime Minister Atal Behari Vajpayee, while spelling out the very core of his government's China policy, stated that China should pay attention to India's concern about its cooperation with Pakistan in nuclear and missile areas because "given Pakistan's approach in India, assistance in the defence field to Pakistan affects India's security directly and adversely."<sup>34</sup> The Indian Government has argued that the Sino-Pakistani collusion in the nuclear and missile fields is one of the reasons for India going overtly nuclear in the summer of 1998 at Pokhran.<sup>35</sup>

In the aftermath of Pokhran II, a crisis emerged in Sino-India relations and the consequence was that the political and security dialogue, which was being held at the informal functional level and the JWG meetings, were discontinued. It was only after Indian Foreign Minister Jaswant's visit to China in July 1999 that the two governments agreed to resume the JWG meetings.

Given India's adversarial relationship with Pakistan, China's role in supporting and assisting Pakistan in the area of crucial weapons and missile technologies is seen by India as a threat to its security environment and thereby undermining its power and influence in the South Asian region. This can also be seen in the perspective of China playing the classic balance of power game.

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<sup>34</sup> Ibid. , p.8.

<sup>35</sup> The Government of India, "Paper Presented to Parliament on Evolution of India's Nuclear Policy," reprinted in Amitabh Mattoo, ed., *India's Nuclear Deterrent: Pokhran-II and Beyond*, New Delhi: Har Anand, 1998, pp. 356-57.



China's defence cooperation and defence assistance programme with Pakistan will continue to be a major source of tension in Sino-Indian relations. This will continue to inform as well as affect India's perceptions of Chinese interests and motives in the region.

### **The Tibet Factor in Sino-Indian Relations**

Tibet has been another obstacle or area of concern in Sino-Indian relations ever since its forceful occupation by China in 1950. Even in the post Cold War period, Tibet is a ticklish issue in Sino-Indian relations. China is highly suspicious of India's intentions on Tibet given the fact that India has given shelter to thousands of Tibetans and the Dalai Lama on its soil. Besides, China has stationed its strategic intermediate range ballistic missiles (IRBMs) and inter-continental ballistic missiles ICBMs in Tibet which can easily target India. India is directly or indirectly involved or concerned about all such "internal security issues both within its borders and those of its neighbours."<sup>36</sup> Tibet continues to play an important role in their relations. One of the major factors is that Tibet is closely connected with the strategic interests of both India and China.<sup>37</sup>

Historically, even the British had treated Tibet as a buffer state between India and China during the colonial period. During the initial years of after

<sup>36</sup> Raju G.C. Thomas, *India's Security Environment: Toward the Year 2000*, Carlisle Barracks, Penn.: Strategic Studies Institute, 1996, p.4.

<sup>37</sup> For more on this point, see Dawa Norbu, "India, China and Tibet," in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, pp.275-297.

India's independence, India had treated Tibet as a buffer state when the then Indian Prime Minister Jawaharlal Nehru stated, "we cannot allow that barrier to be penetrated because it is also the principal barrier to India."<sup>38</sup> The Chinese military occupation of Tibet in the early 1950s totally upset Indian calculations, as it lost Tibet as a security buffer against China, and has never felt secured from that side.<sup>39</sup> By the signing of the 1954 Sino-India Treaty on Tibet, India surrendered its military and administrative presence in Tibet and recognized Tibet as an autonomous region of the People's Republic of China. Thus, India lost the formidable Tibetan buffer state and so, military-wise, according to one Indian security expert, "It (the treaty) made India's position untenable all along the border and permanently imperiled it in the strategic realm."<sup>40</sup>

In the post-Cold War period, Tibet is still a sensitive issue in Sino-Indian relations. For China, the presence of the Dalai Lama in India since the late 1950s when he was granted asylum as also the presence of Tibetan refugees is a matter of deep concern. The Chinese are wary of India's attitude towards the Tibetans. In meetings with Indian officials, Chinese have invariably raised the subject of Tibet, shown concern over India's sympathy for the Tibetan cause and wanted India to honour the 1954 Treaty of recognising

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<sup>38</sup> *Jawaharlal Nehru Speeches, 1949-1953*, New Delhi: Publications Division, Government of India, 1963, p.252.

<sup>39</sup> For more on this, see Dawa Norbu, "Tibet in Sino-Indian Relations: The Central of Marginality," *Asian Survey*, Vol. 37, No. 11, November 1997, pp.1078-95.

<sup>40</sup> Bharat Karnad, "Getting Tough With China: Negotiating Equitable, Not Equal Security," *Strategic Analysis*, Vol.XXI, no. I, January 1998, pp.143.

Tibet as an autonomous region of China. They also want a ban on any political activity in India soil by the Dalai Lama's government in-exile.<sup>41</sup>

India has made its position on Tibet very clear. Time and again successive Indian governments have reiterated the policy that Tibet is an autonomous region of China and that any anti-China political activities by Tibetans are not permitted on Indian soil. On the other hand, India is concerned about China's refusal to grant real autonomy to Tibetans as promised and to engage in meaningful dialogue with the Dalai Lama. China's unhelpful attitude towards holding negotiations with other Tibetans in exile and engaging in strong-arm repressive measures to ensure political control are sources of tension as well as misunderstanding between India and China. India has also pointed to the increasing militarisation of Tibet and the dumping of radioactive wastes as these have implications for its security.<sup>42</sup>

In April 2000, the 14-year old Ugyen Trinley Dorji, the 17<sup>th</sup> Karmapa, the head of Kagyupa sect of Tibetan Buddhism, became the center of public attention and controversy. His escape from the Tsurphu monastery in Tibet into India created another tension point between India and China. Chinese spokesmen have cautioned India against giving political asylum to the Karmapa. They have stated that India giving asylum to the Karmapa would be

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<sup>41</sup> See Surjit Mansingh, "India-China Relations in the Post-Cold War Era," *Asian Survey*, Vol. XXII, no. 3, March 1994, p.299.

<sup>42</sup> Cited in Sondhi, n.9, pp.100-01.

in contradiction to the principle of peaceful coexistence and that this could affect India-China relations adversely.<sup>43</sup>

Some of the problems created by the Karmapa's escape into India which needed to be resolved involve India's policy stance on human rights and its attitude towards politics in the Tibetan community in India. The government of India has been cautious on the Tibetan issue. The Karmapa episode had made the Chinese wary, despite India taking a cautious note and moderate attitude towards the Karmapa. The Karmapa issue reflects the sensitive nature of any issue related to developments in Tibet and concerning Tibet, which impinges on India-China relations.<sup>44</sup> During the visit of the Chinese Premier Zhu Rongji in 2002 the kind of subtle differences and misgivings between the two neighbours persisted. China expressed its discomfort over the activities of expatriate Tibetans indicating that it felt they were aimed at sabotaging the friendly relation between India and China. However the Indian External Affairs spokesperson responded by suggesting that "...any position expressed in the past" on the issue by India had not been "diluted ....The demonstrations by the Tibetans were part of what was allowed in a democratic country within the laws of the land."<sup>45</sup> Even after five decades or so of Chinese occupation, the Tibet factor looms large in Sino-Indian ties.

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<sup>43</sup> Cited in J.N.Dixit, *Indian Foreign Policy and Its Neighbours*, Gyan Publishing House, 2001, p. 256

<sup>44</sup> Kanti Bajpai, "India, China and Asian Security," in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, p. 48.

<sup>45</sup> "India, China Agree on All Issues but Dalai and Tibet," *The Times of India*, 16 January 2002.

## **Trade and Economic Relations**

Apart from the areas of concern in India-China relations, which have been discussed above, both countries have shown an interest in strengthening ties in the area of economy and trade. This section looks at India-China bilateral trade in the post-Cold War period. One of the significant achievements of the normalisation of relations in the post-Cold War era has been the expanding economic and trade ties between the two states.

The normalisation in their relations has led to a rise in their bilateral trade and economic interactions. India-China trade began to take a positive turn after the signing of a series of trade protocols by both governments in 1984, when they replaced differential tariffs with most-favoured nation terms for each other. The protocols of the agreement enumerated an expanding list of items for trade, specified areas of possible joint ventures and declared its intention to increase the low volume of trade.<sup>46</sup> Another significant move towards expanding trade and economic ties was made during Chinese Premier Li Peng's visit to India in December 1991.

During his visit, three important agreements were concluded between the two governments. These agreements were related to cooperation in economic spheres, particularly the resumption of border trade, opening of

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<sup>46</sup> Mansingh, n. 41, pp. 295-97.

consulates in Bombay and Shanghai, and cooperation in space research and technology.<sup>47</sup> Garbyang in Uttar Pradesh (in India) was the first border point to be opened up in 1991 followed by Gunji in Uttar Pradesh in 1992 and Shipki La in Himachal Pradesh.<sup>48</sup> The first Sino-Indian joint venture was launched in Orissa (in India) between Mid-east Integrated Steels Limited of India and China's Metallurgical Import Export Corporation (CMIEC) in January 1993.<sup>49</sup>

Bilateral trade and economic exchange between India and China have increased gradually in the last decade or so. The two-way trade between the two countries showed an impressive increase from US\$265 million in 1991 to \$1.9 billion in 1998.<sup>50</sup> The current trade volume between the two countries is US\$3 billion (in 2002).<sup>51</sup> In 1993, the value of bilateral trade touched US\$ 675.73 million, a dramatic increase in just two years (compared with the 1991 value). In 1994, India became China's largest trading partner in South Asia overtaking China's close ally, Pakistan.<sup>52</sup>

The total value of exports from India to China increased from US\$ 416.57 million in 1993 to US\$ 1230 million in the year 2000. China's export to India accounted for US\$ 1561 million in the year 2000, which is a dramatic increase compared to just US\$259 million in 1993. The balance of trade was in

<sup>47</sup> "Rao and Li Review World Scene Bilateral Issues," *The Statesman*, 13 December 1991.

<sup>48</sup> Singh, n. 9, p.552.

<sup>49</sup> "Beijing Establishes Joint Venture in India," *Xinhua*, reprinted in *FBIS-CHI-94-205*, October 24, 1994, p.22.

<sup>50</sup> Cited in C.V. Ranganathan and Vinod C. Khanna, *India and China: The Way Ahead After Mao's India War*, New Delhi: Har Anand, 2000, p. 174.

<sup>51</sup> Cherian, n.19, p. 123.

<sup>52</sup> See IMF, *Direction of Trade Statistics Yearbook, 2001*, Washington, D.C: IMF, 2001, p.534, p.924.

China's favour in the year 2000. The last time India had a trade surplus with China was in the year 1996. Mineral products and iron and steel are the two largest items of India's exports to China. Other significant export items include chemicals, jewelry and semi-precious stones, animal products, vegetable oils, pharmaceuticals and printing products.

For China, the largest export item is textile materials (silk yarn). Other important Chinese exports include machinery (electronics and mechanical), medical and surgical equipment, vegetable products and transport equipment. Organic chemicals also form a huge chunk of China's exports to India.<sup>53</sup> China has a number of joint ventures in India. These joint ventures are in the spheres of iron, metallurgy, optical fibres, bio-technology, telecom cables, spare parts for aircraft, and forestry products. Chinese companies represented in India include China Metallurgical Import Export Corporation (CMIEC), China National Machinery Import and Export Corporation (CNMIEC), China National Petroleum Corporation (CNPC) and the Fortune Group. Indian companies have also established joint ventures in China. Companies like Ranbaxy and Hero Motors have pioneered the trend by establishing joint venture with Chinese company to manufacture their products. Some of the other companies represented in China are Wockhardt, Tata Exports, NIIT,

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<sup>53</sup> Cited in Shahul Hameed, "India and China: The Economic Relationship," in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, pp. 208-10.

Lupin Laboratories, Orind, Vam Organics, Larson and Toubro, and Essel Packaging.<sup>54</sup>

Despite the improvement in India-China trade ties, problems still remain which could effectively hamper the scope of their economic cooperation. In January 1999, the Sino-Indian Track II Dialogue, which was held in New Delhi, identified some of the obstacles in India-China trade and economic cooperation. These obstacles include the political environment, the information gap between business communities, anti-dumping duty on some Chinese products, visa problems, lack of direct airline and shipping links and inadequate infrastructure to support the potential growth of trade, tourism and investment.<sup>55</sup> On the positive side, recently, during the visit of Li Peng, Chairman of the Standing Committee of the National People's Congress to India, China expressed its interests in computer and software. Li Peng being in India for nine days and visiting Hyderabad and Bangalore, the so called IT cities of India, underlies their interests not only in expanding trade but specifically expanding technological cooperation in the sphere of information technology.<sup>56</sup>

In the post Cold War period, the economic and trade ties between India and China have been expanded. Despite an impressive growth rate, the total

<sup>54</sup>Ibid., p.212; Also see Nimmi Kurien, *Emerging China and India's Policy Options*, New Delhi: Lancers, 2001, pp.167-175.

<sup>55</sup> Cited in Gulshan Sachdeva, "India-China Economic Cooperation in a Growth Triangle?" in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and The Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, p. 220.

<sup>56</sup> "Looking Beyond the Boundary," *The Telegraph*, 10 February 2001.




volume of India-China trade forms only a small fraction of each country's share of international trade (the volume of India-China trade accounts for 0.4 per cent of China's foreign trade, while for India, Chinese trade makes up 2.34 per cent of India's total foreign trade).<sup>57</sup> What this increasing growth rate indicates is that there remains a vast potential, which needs to be tapped. India-China trade continues to be restricted to traditional items only. The two countries should focus more on diversification in their bilateral trade ties by broadening the scope to include various commodities and services.

### **Conclusion**

Despite the temporary downturn in their relations, following the 1998 nuclear tests by India, India-China relations in the last decade have shown a distinct improvement. The process of normalization of Sino-Indian relations, which took off in the late 1970s has continued during the 1990s. Some of the important developments and achievements include the India -China agreement on the maintenance of peace and tranquility on the line of actual control in the India-China border areas, the 1996 agreement on confidence building measures in the military field along the line of actual control, and the initiation of the security dialogue in March 2001. Besides this, another area of co-operation between the two countries is the steady growth of trade ties. Apart from these agreements and developments, there were high-level visits, institutional exchanges and other contacts.

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<sup>57</sup> Cited in Kurian, n. 54, p.172.



Although relations between India and China in the post Cold War period have improved steadily, there are still areas of concern and obstacles which hinder the prospect of improvement in their relations. India remains concerned about Sino-Pakistani co-operation in defence, nuclear and missile fields. China remains concerned about India's policy on Tibet. Tibet continues to be a ticklish issue. Lastly, the boundary dispute between India and China is the biggest unresolved problem in the relationship. The CBMs process remains extremely slow moving.

## **Chapter III**

### **CHINA AND ITS SMALLER NEIGHBOURS**

This chapter examines China's relations with its smaller neighbours of South Asia, namely Bangladesh, Nepal and Pakistan, in the post-Cold War period. The aim of the chapter is to assess the role played by China in influencing these smaller neighbours. It also discusses how China as an extra-regional power has been an important factor in determining India's perceptions and interactions with the other South Asian states, particularly with Pakistan.

With the end of the Cold War, China has emerged as a major world player. It is also a major Asian power. China abuts the South Asian region and has common borders with four of the seven states of South Asia – India, Nepal, Bhutan and Pakistan. Bangladesh does not have common borders with China, but it is located in the neighbourhood, separated by Northeast region of India. China has maintained close and cordial relations with these small South Asian states, which some analysts believe is aimed at countering India's power and ambition in the region. In fact, given India's size, population and its military might, most of its neighbours have had perceptions of India as being hegemonistic, and so these smaller states have often sought extra-regional power to counter-balance Indian power. These small South Asian countries give importance to their relationship with China.

## CHINA-BANGLADESH RELATIONS

During the 1971 Bangladeshi Liberation War, China had supported Pakistan. This liberation struggle and Pakistan's attempt to suppress it was considered by China as Pakistan's internal affair and India was accused of expansionism and interference in its internal affairs. In fact, the Chinese response to the Bangladesh's Liberation War was also guided by the regional dynamics of Cold War politics. Given the very close relations of Bangladesh with India and the Soviet Union, China's response to the Bangladeshi war of independence was negative and hostile. It vetoed the UN membership application of Bangladesh in the Security Council in 1972. However, a series of events enabled China to reverse its policy – Pakistan's formal recognition of Bangladesh, Sheikh Mujibur Rahman's assassination in 1975 and the distance Bangladesh began to keep from India and the Soviet Union.<sup>1</sup>

This section discusses China-Bangladesh relations. The section is organized in the following themes. First, it traces the historical background of their relationship. Second, it addresses political relations by highlighting the high level official visits between the two countries. Third, it discusses their military ties. Lastly, it examines trade and economic interactions.

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<sup>1</sup> Although India was initially supportive of Bangladesh, their relations deteriorated in the later period. The threat perception of Bangladesh underwent significant changes leading this South Asian state to develop close linkage/ties with China and the Arab World, See Md. Zaglul Haider, "Bangladesh-China Relations: A Review," in Verinder Grover, ed., *Encyclopaedia of SAARC Nations*, New Delhi: Deep & Deep, 1997, pp.759-772.

## Historical Background

China officially recognized Bangladesh on 31 August 1975 and diplomatic relations between China and Bangladesh were established in October 1975. The convergence of the security perceptions of Bangladesh and China as well as the Chinese expression of solidarity and support for Bangladesh's struggle to protect its sovereignty and independence against the forces of hegemonism and expansionism provided a sound basis for the progressive development of Sino- Bangladeshi relations. The warming up of relations between the two neighbours began in January 1977 when President Ziaur Rahman visited China. During Zia's regime, Chinese military aid to Bangladesh was an important area of cooperation between the two countries. In fact, Beijing became Dhaka's major arms supplier after the Soviet Union scrapped all military assistance to Bangladesh following the assassination of Sheikh Mujibur Rahman. A number of agreements were signed between China and Bangladesh in order to promote economic cooperation.<sup>2</sup> The improving relations between the two neighbours were further intensified and expanded during Ershad's era, in the early 1980's. General Ershad, who came to power in 1982, made several visits to China, between 1982 to 1990.<sup>3</sup> These visits reaped rich dividends for Bangladesh in the sphere of economic and military cooperation.

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<sup>2</sup> Ibid., pp.769-70.

<sup>3</sup> See *Asian Recorder*, Vol. XXXVI, No.37, 10-16 September 1990, p.2132.

During one of his visits to Beijing in mid June 1980, a protocol was signed between the two countries, which opened up certain new areas of cooperation- infrastructure construction works, exchange of scientific and technical information as well as personnel, and institutionalization of consultation on international and bilateral relations. In the late 1980's another significant aspect of China- Bangladesh relations was the military ties. It was well known that China, by then, was one of the leading arms supplier to Third World countries. China became the largest supplier of arms and ammunitions to Bangladesh in the 1980s. During the period 1982-1992, Bangladesh purchased arms worth \$1104 million, of which \$ 500 million was the amount spent on Chinese arms. Apart from supplying military equipment to Bangladesh, China also provided training to its defence personnel.<sup>4</sup>

Through the supply of arms, China was able to expand its influence over this small South Asian state, apart from the benefit it received as a source of foreign exchange earning. By the late 1980s, China had become Bangladesh's closest partner, cementing the relationship with numerous trade and cultural agreements, construction projects and military transfers.

### **Political Relations**

The close and cordial relations between China and Bangladesh continued in the post-Cold War period with the exchange of high level official

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<sup>4</sup> See Mohammad Tajuddin, *Foreign Policy of Bangladesh*, New Delhi: NBO, 2001, pp.197-99.

visits. In 1991 the Bangladeshi Prime Minister Khaleda Zia visited China. This visit was aimed at expanding trade ties between the two countries and witnessed the signing of the Thirteenth Barter Accord. In the same year the Sino-Bangladeshi Joint Economic Commission meeting was also held. In this meeting, a number of issues related to trade, economic and technical cooperation were concluded.<sup>5</sup> Thus, China became a dependable political, strategic and economic ally of Bangladesh.

In 1993, Prime Minister Khaleda Zia visited China. During the visit, she assured the Chinese that their time-tested relationship would not undergo any change due to changing relationships the world over, following the ending of the Cold War.<sup>6</sup> Their friendly enduring relations were further strengthened with the visit of the Chinese Vice-Premier and Foreign Minister Qian Qichen to Bangladesh in February 1994.<sup>7</sup>

The 1996 general elections in Bangladesh brought the Awami League to power under Sheikh Hasina. The regime was committed to building closer ties with India, unlike previous regimes which mostly maintained close relations with China.<sup>8</sup> However, Sheikh Hasina's regime was also committed to

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<sup>5</sup> The Joint Economic Commission was established on November 3, 1983 during the Ershad regime. The formation of the commission was another landmark in Bangladesh-China relations. The joint commission provides an effective mechanism to review the progress and implementation of various protocols signed between the two countries.

<sup>6</sup> Cited in Shyamali Ghosh, "Bangladesh and China: A Stable Relationship", in R. Chakravarti, ed., *Foreign Policy of Bangladesh*, New Delhi: Har Anand, 1994, p.308.

<sup>7</sup> Ibid, p.308.

<sup>8</sup> Cited in R.V. Kumar, *The Chinese Air Force Threat*, New Delhi: Manas, 2003, pp.166-67.

sustaining the friendly and enduring relationship with China. This became evident with her two-day official visit to China in September 1996, the second country after Saudi Arabia which she visited after assuming the Prime Ministership of the country. Earlier, she had visited China as the leader of the opposition party in September 1993. During the visit, Prime Minister Hasina along with her forty member delegation not only met the Chinese President Jiang Zemin and Premier Li Peng but also had interactions with Vice-Premier and Foreign Minister Qian Qichen and the defence minister.<sup>9</sup> The interactions with the Chinese leaders covered the entire gamut of bilateral relations in the fields of politics, defence cooperation and economic ties.

In January 2000, Chinese premier Zhu Rongji visited Bangladesh in a bid to review ties and strengthened economic cooperation between the two countries. The visit of Premier Zhu was of special significance as this was the first visit at this level after quite a long gap. During the visit, the Chinese premier reassured Bangladesh of his country's friendship and its commitment to remain a development partner. The Bangladeshi Prime Minister Pegum Kaleda Zia visited China in December 2002, leading to the signing of important agreements on defence, trade and other construction works. China-Bangladesh relations in the post Cold War period witnessed exchange of several political visits. These official visits although not very frequent reinforced the close ties between the two neighbours.

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<sup>9</sup> See Parmanand, "Beijing and Dhaka: An Era of New Equation," *The Statesman* (Calcutta), 2 October 1996.



## Defence Ties

Apart from the exchange of high-level official visits between China and Bangladesh, another important facet of their relations is defence cooperation. In fact, China has been the largest arms supplier to Bangladesh and one of the few countries in the world supplying arms to Bangladesh, since the establishment of diplomatic relations between the two neighbours. Most of the arms transfer from China to Bangladesh took place during the 1980's and early 1990's. However, in the later part of the 1990's, there was relatively little activity in terms of arms transfer between the two countries. Some of the significant Chinese arms sale to Bangladesh in the early 1990's included A-5 and Chengdu F-7 fighter aircraft, Huang Feng class naval vessel, F-6 aircraft and Hai Ying 2 missiles and launchers. Besides these, there were other supplies of smaller military equipment like pistols, AK47 assault rifles, anti-riot guns, artillery pieces and anti-tank guns.<sup>10</sup>

In the period 1996 to 1997, Bangladesh received around six to eight T-43 class minesweepers from China. And in the period from 1999 to 2000, China's military transfers to Bangladesh included F-7 BS fighter aircraft, FT-7 fighter/aircraft trainers, radar control systems and surface to ship missile systems.<sup>11</sup> Apart from arms transfers, the defence personnel of Bangladesh

<sup>10</sup> Cited in "Global Arms Market," *Strategic Digest*, Vol. XXIX, No.10, March 1994, p.423.

<sup>11</sup> See *SIPRI Year Book: World Armament and Disarmament*, Stockholm: SIPRI, Subsequent years from 1997 to 2001

were trained regularly in China. Recently, one of the significant achievements in China-Bangladesh military ties has been the signing of an agreement on defence cooperation between the two neighbours. It was signed during the visit of the Bangladeshi Prime Minister Khaleda Zia to Beijing in December 2002. Under the agreement (which is considered as an umbrella defence agreement), China became one of the main suppliers of defence equipment, providing support to Bangladeshi's defence sectors. The deal is aimed at modernizing the armed forces of Bangladesh.<sup>12</sup> Thus, in the post Cold War period, China continues to be an important partner of Bangladesh in the area of defence as it is one of the few countries that supplies arms to Bangladesh.

### **Trade and Economic Ties**

Perhaps, in the post-Cold War period, China and Bangladesh have tended to show more interest on areas of trade and investment as well as economic aid on the part of China. During the last decade, China's foreign policy has stressed more on economic cooperation and development, as the Chinese Foreign Minister Qian Qichen during his visit to Dhaka in 1994 indicated that economic development tended to be the dominant factor in international relations and that "the developing countries should coordinate and cooperate for common economic growth."<sup>13</sup>

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<sup>12</sup> See *Strategic Digest*, Vol. 35, No. 1, January 2003, p.58.

<sup>13</sup> As quoted in Ghosh, n.6, p.309.

Bangladesh for its part, also put more emphasis on economic interactions with its communist neighbour. Over the last decade, several bilateral agreements were concluded between China and Bangladesh in areas of technology, agriculture, transport and communications, energy and science and technology. In 1992, China and Bangladesh concluded a three-year agreement on trade in order to redress the trade imbalance. Bangladesh also extracted Chinese assurances for setting up joint venture projects in urea, textiles and machine tools production. In addition, there were two other agreements aimed at evolving a mechanism to protect each other's investment and eliminate double taxation.<sup>14</sup>

During the visit of the Bangladeshi Prime Minister Sheikh Hasina along with her forty-member delegation to China in 1996, she urged the Chinese business community to make use of the investment opportunity in Bangladesh.<sup>15</sup> The two countries concluded a protocol in early 1998 for the construction of the fifth Bangladesh-China Friendship Bridge. In February 2000, China and Bangladesh signed an agreement for the construction of 100 mw hydro-power plants on Matamuhuri and Sangu rivers in Bangladesh. Under the agreement China also agreed to provide expertise and technical assistance to Bangladesh on flood control, disaster prevention, water resources utilization and irrigation.<sup>16</sup>

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<sup>14</sup> See R. Chakrabarti, "China and Bangladesh," *China Report*, Vol.30, No.2, April-June 1994, pp.149-159.

<sup>15</sup> Cited in "Beijing and Dhaka: An Era of New Equation," *The Statesman* (Calcutta), 2 October, 1996.

<sup>16</sup> Cited in Harun ur Rashid, *Foreign Relations of Bangladesh*, Varanasi: Rishi, 2001, pp.137-38.

In December 2002, during Prime Minister Khaleda Zia's visit to China, the countries concluded agreements relating to trade and construction work. Under the agreement on trade, China agreed to provide grants of about US \$ 7.25 million, and also for the construction of the sixth Bangladesh-China friendship bridge. China also agreed to provide Bangladesh an additional soft loan of over US \$ 6.4 million. The balance of trade has continuously tilted in favour of China. The total export (value) of Bangladesh to China amounted to \$97 million in the year 2000-2001, while China's total export to Bangladesh in the same period amounted to \$ 1378 million.<sup>17</sup>

Ever since the establishment of their diplomatic relations, China and Bangladesh have maintained close and cordial relations with each other. Even in the post-Cold War era, their relations have been very cordial. China-Bangladesh relations started on a negative perception of India (and the Soviet Union). China realized in the early 1970 that its policy of non-recognition was pushing Bangladesh deeply into the Indo-Soviet Union alliance. Thus, China changed its policy and supported the admission of Bangladesh's membership in the United Nations as well as officially recognized it in the mid 1970's. During the Cold War era, China and Bangladesh held identical views on many regional and global issues. China had also supported Bangladesh in its disputes with India. The Chinese foreign minister addressing a UN meeting on the occasion

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<sup>17</sup> IMF, *Direction of Trade Statistics Year Book*, Washington DC: IMF, 2001, p.121, p.167.

of Nepal- Bangladesh treaty cooperation said, "... we firmly support the reasonable position taken by Bangladesh on the question of sharing the water of the Ganges."<sup>18</sup>

However, the end of Cold War and the thaw in Sino-Indian relations since the Indian Prime Minister Rajiv Gandhi's visit to China in 1988 had all brought about a shift in China's policy towards bilateral issues/disputes in the region. China withdrew its support on the Ganges river water question and agreed with India's stand that the issue should be bilaterally resolved, which was in contrast to its policy during the Cold War period. This was evident from the statement made by the Chinese Vice-Premier and Foreign Minister Qian Qichen during his visit to Dhaka in 1994, when he stated, "... I do not think it is appropriate for China to take up the Farakka issue and I believe this problem should be resolved between Bangladesh and India bilaterally."<sup>19</sup> Nevertheless, the negative strategy of nurturing a fear complex about India's designs in the region, which was pursued by Bangladesh and China in the Cold War period seems to have given way to greater rapprochement and cooperation between Delhi and Beijing in the post Cold War era. China continues to supply arms to Bangladesh and is still committed to close cooperation with Bangladesh in areas of economics and trade. However, these China- Bangladesh interactions do not pose problem(s) or concern(s) for India.

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<sup>18</sup> The Chinese Foreign Minister Chiao Kuan Hua's speech at the General Assembly (UN) dated 5 October 1976, Document no.229, cited in R.K. Jain, ed., *Documents on China and South Asia Relations, 1947-80*, Delhi: Radiant, 1981, p.262.

<sup>19</sup> As quoted in Ghosh, n.6, p.308.

## CHINA-NEPAL RELATIONS

This section examines China-Nepal relations and situates these interactions within the South Asian security environment in order to assess Chinese influence in the region. This section is organized into the following themes. First, it traces the historical background of their relations. Second, it discusses political relations between the two neighbours. Lastly, it addresses trade and economic ties.

Nepal is one of the South Asian countries which share common borders with both China and India. The strategic location of Nepal has weighed heavily in the strategic thinking of China and India. Nepal is considered as an important factor in the security perception of China given its proximity to Tibet, which China considers as its soft strategic underbelly. In order to safeguard its vital strategic interests, China needed Nepal's active cooperation in not letting the Tibetans and any other external powers use its territory for anti-Chinese activities as also to ensure Nepal's commitment to support its Tibet policy. China's interactions and interest in Nepal are linked to its political objective of presenting itself as a major competitor and a counter-weight to Indian influence in the region.<sup>20</sup>

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<sup>20</sup> See Narayan Khadka, "Chinese Foreign Policy Toward Nepal in the Post Cold War Period: An Assessment," *China Report*, Vol.35, No.1, 1999, pp.62-70.

As for India, the importance of Nepal lies in the fact that its security perceptions in the northern frontiers have been linked to Nepal.<sup>21</sup> Emphasizing this point, Prime Minister Jawaharlal Nehru declared in one of his speeches in Parliament, “The principal barrier (the Himalayas) to India lies on the other side of Nepal... we cannot allow that barrier to be penetrated... much as we stand for independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our security.”<sup>22</sup> Over the years, India and China have exerted their influence over this small landlocked Himalayan kingdom. China has also been an important determinant in Indo-Nepalese interactions.

### **Historical Background**

China and Nepal concluded an agreement on 1 August 1955, which formally led to the establishment of diplomatic relations between the two neighbours, based on the five principles of peaceful co-existence. The then king of Nepal, King Mahendra, was responsible for evolving a new policy for the conduct of Nepal’s foreign relations with its policy of “equal friendship with India and China”.<sup>23</sup> Following the establishment of diplomatic relations between China and Nepal, the former adopted policies to spread its influence in Nepal by establishing trade ties, granting economic aid and by maintaining

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<sup>21</sup> Nepal is the northern gateway to the Indian Gangetic plains. Due to the absence of natural barriers between Nepal and India, the security of India in its northern frontiers is inextricably tied up with that of Nepal.

<sup>22</sup> India, *Lok Sabha Debates*, Vol.VIII, No.6, December 6, 1950,col. 1267-71.

<sup>23</sup> Leo E. Rose, *Nepal: Strategy for Survival*, Berkeley: University of California Press, 1971, p.210.

cordial relations with Nepal.<sup>24</sup> This was evident with the signing of two treaties in 1956, by which Nepal recognized Tibet as a part of China renouncing its extra-privileges from Tibet. Nepal was also granted economic aid worth \$12.7 million.<sup>25</sup>

China-Nepal relations were further strengthened with the visit of the Chinese Premier Chou Enlai to Kathmandu, which resulted in the conclusion of the Peace and Friendship Treaty between the two countries in April 1960. However, in the mid 1960s, a border clash took place between the Chinese troops and Nepalese border guards in the Mustang sections of the Nepal-Tibet border. The matter was closed after China paid some compensation to Nepal. The dismissal of the Koirala government by King Mahendra in December 1960 gave China an opportunity to enhance its influence in the Himalayan state by voicing its open support for King Mahendra and helping the Royal regime resist Indian government pressure to come to terms with the dissidents in the Nepali Congress.<sup>26</sup>

In the 1970s, China-Nepal relations grew steadily closer. Nepal became one of the major recipients of Chinese assistance for several projects like roads, irrigation canals, hydropower, paper making plants and textile mills. Direct air

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<sup>24</sup> M.D. Dharmdasani, "China's Economic Aid to Nepal: Nature, Motives and Dimensions", in Verinder Grover, ed., *Encyclopaedia of SAARC Nations* (Vol.5), New Delhi: Deep & Deep, 1997, pp.471-98.

<sup>25</sup> Ramakant, "Nepal's Foreign Policy and China," *India Quarterly*, Vol. XXVIII, No.3, July Sept. 1971, p.207.

<sup>26</sup> See S.K. Chaturvedi, "Changing Global Scenario: The Role of China as an Intrusive Power in Indo-Nepal Relations," in Verinder Grover, ed., *Encyclopaedia of SAARC Nations*, Vol.5, New Delhi: Deep & Deep, 1997, pp.506-7.



links were established and Nepal-Tibet trade was encouraged. There was also an exchange of high-level visits between the two neighbours. In the mid 1970s Nepal promulgated the idea of a zone of peace with full Chinese support that was a cause of concern for India, as it believed that the unstated purpose of the plan was to extricate Nepal from its security obligations to India assumed under the 1950 Treaty signed between India and Nepal.<sup>27</sup> Thus, India did not endorse the zone of peace plan.

In the 1980s, the close and cordial ties between China and Nepal expanded into the area of defence. China transferred arms to Nepal in the late 1980s. It became a cause of concern for New Delhi and thereby had a negative impact on India-Nepal relations as well. It was reported that, in June 1988, Nepal received a huge consignment of arms and ammunition in about 500 trucks, worth \$20 million from China. The military transfer included anti-aircraft guns, medium range missiles, AK-47 rifles and huge quantities of ammunition.<sup>28</sup> India responded by protesting that the arms purchase violated the spirit of the 1950 treaty. It also blockaded Nepal, ostensibly to punish it for the weapons purchases from China. India closed down thirteen of the fifteen transit points on its border with Nepal. India's general approach was that Nepal should have been sensitive to India's security concerns and that Nepal's special economic relationship was contingent upon accepting a special relationship

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<sup>27</sup> Ibid., p.509.

<sup>28</sup> S.D. Muni, "Chinese Arms Pour into Nepal", *The Times of India*, 1 September 1988.

with India.<sup>29</sup> China had employed policies of arms sales, extending grants in aid and project works in order to spread its influence in the Himalayan Kingdom.

### **Political Relations**

In the 1990s, the political change in Nepal with the restoration of democracy and the frequent change of regime had not led to a change in the pattern of interactions between China and Nepal. The two neighbours have maintained close and friendly ties with each other even in the post Cold War period. Nepal continued its cooperation with China and was supportive of China's policy in the region as well as in Tibet. Nepal's parliamentary speaker, in an interview with the official Xinhua News Agency of China in 1992, vindicated his country's support for Chinese rule in Tibet by declaring that "Nepal would prevent Tibetans engaging in activities (in its soil) which go against China's interest" and reiterated that "Tibet is an autonomous region of China."<sup>30</sup>

In April 1995, the Nepalese Prime Minister Manmohan Adhikari paid a five-day official visit to China in a bid to renew and strengthen ties between the two countries. During the visit he also reiterated Nepal's stance on the issue of Taiwan and Tibet, suggesting that "Taiwan and Tibet are integral parts of

<sup>29</sup> See John W. Garver, "China-India Rivalry in Nepal: The Clash over Chinese Arms Sales", *Asian Survey*, Vol. XXXI, No.10, October 1991, pp.956-75.

<sup>30</sup> As quoted in "Nepal Vows to Keep Tibetans in Check," *Bangkok Post* (Bangkok) 18 June 1992.

China, and Nepal has restricted any anti-China activities in Nepal.”<sup>31</sup> His counter-part Premier Li Peng emphasized the need for expanding and developing close ties between the two countries and also promised to continue China’s support for the economic development of Nepal. He also underlined the need for creating a new economic order in the world as he asserted, “we are all equal partners of international community irrespective of their size and political system”.<sup>32</sup>

The friendly and enduring character of China-Nepal relations was further reinforced and enhanced with the visit of the Nepalese Prime Minister Sher Bahadur Deuba to China in April 1997. During the six-day official visit, the two neighbours concluded an agreement on economic and technical cooperation and an agreement for the establishment of non-governmental cooperation was also signed between the two neighbours. An agreement on a consultative mechanism was also concluded between the ministries of foreign affairs of both the states. China and Nepal expressed their wish to see the maintenance of peace, stability and development in South Asia. The Chinese Premier Li Peng, during the visit, spoke highly of Nepal’s support for China concerning the Tibet issue. China also promised grant assistance to Nepal.<sup>33</sup> In

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<sup>31</sup> As quoted in “Nepal Wants to See Further Growth in Ties With China,” *Rising Nepal*, (Kathmandu) 18 April, 1995.

<sup>32</sup> Ibid.

<sup>33</sup> See “Deuba in Beijing” *Nepal Rising* (Kathmandu) 24 April 1997.

fact, over many years, China's assistance to Nepal has played an important role in furthering Nepal's economic development.

### **Economic Interactions**

Economic and trade ties between China still remain far from being substantial. The total export (value) of Nepal to its communist neighbour amounted to just \$2 million in 1994, which slightly increased to \$6 million in the year 2000. Nepal's total import from the People's Republic of China (including Hong Kong) increased from \$97 million in 1994 to \$305 million in the year 2000.<sup>34</sup> The balance of trade used to continuously tilt in China's favour. China's total export to the Himalayan kingdom accounted to \$205 million in the year 2000, which remained at just \$82 million in 1994. While China's import from Nepal amounted to \$2 million, which reached \$10 million in the year 2000.<sup>35</sup> However, over the years, China-Nepal bilateral trade has shown some signs of improvement.

In July 2002, Nepal concluded four bilateral agreements with China concerning the ways and means of enhancing economic cooperation through infrastructure building, border trade, terrorism development as well as the opening of a new honorary consulate in Shanghai.

China-Nepal relations have been cordial since the establishment of diplomatic relations between the two neighbours. Ideology was never an

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<sup>34</sup> IMF, *Direction of Trade Statistics Yearbook*, Washington, DC: IMF, 2001, p.167.

<sup>35</sup> *Ibid.*, p. 167.

overarching factor in China's policy towards Nepal. Nor has Nepal built its relations with China on the basis of emulating any developmental model from its communist neighbour. Although Nepal's policy towards its two big neighbours had been based on an equitable relationship or equal friendship with China and India, apprehension on the part of Nepali leaders of India's policy in the early 1950s made Nepal move closer to its northern Himalayan neighbour. India also did not support the policy of equal friendship pursued by Nepal, as it believed that the policy represented an attempt at reducing Nepal's excessive dependence on India. China and Nepal in the early phase of their relations had based their relationship on restraining India's pressures and influence in the Himalayan kingdom. China had often sought to ensure its presence in Nepal and presented itself as a countervailing force to Indian influence. China was supportive of the monarchy's regime while its main opposition, the Nepali Congress, was strongly backed by India.

The end of the Cold War and China's improving relations with India as well as the ushering in of democracy in Nepal in the early 1990s brought about a change in the policies of both China and Nepal towards India. Nepal and India have also moved ahead from suspicion and misunderstanding of the past. Their relations, over the years, have shown some improvement. They have agreed to be sensitive to each other's security concerns. Currently, the security concerns arise from the use of Nepal's territory by Pakistan's Inter Services-Intelligence (ISI) as a launching pad for terrorist activities in India.

Though the economic and trade ties between China and Nepal remain being modest, the two neighbours have maintained friendly and enduring relations. Situating the relationship between China and Nepal within the framework of China's South Asian policy or within the South Asian strategic environment, Beijing continues to be one of the few arms suppliers to Nepal, provides economic assistance and gives aid to Nepal for economic development and other purposes, apart from maintaining cordial state to state interactions. All of these indicate China's efforts at exerting influence in Nepal. The imperatives of geo-politics remain a constant factor in influencing Chinese diplomacy towards Nepal.

### **CHINA-PAKISTAN RELATIONS**

This section seeks to examine China-Pakistan relations with a special focus on their close defence cooperation in sensitive and strategic technologies. The section contends that the special relationship that exists between China and Pakistan has had an impact on India's interactions with them as well as on the South Asian security environment.

This section is organised into three parts. The first traces the historical background of China-Pakistan relations. The second part discusses political relations as well as the economic interactions between the two neighbours. The

last part examines China-Pakistan military ties with special focus on their collaboration in the nuclear and missile fields.

### Historical Background

The cordial relations between China-Pakistan can be traced back to 1955 at the Afro-Asian conference in Bandung when the Pakistani Prime Minister Mohammad Ali Bogra met with his Chinese counterpart Zhou Enlai and initiated a dialogue with him. Over the years, China-Pakistan relations evolved through a series of high-level political visits and exchanges in scientific and cultural fields as well as cooperation in defence and trade ties. In 1956, the Pakistan Prime Minister H.S. Suhrawardy visited China, which was reciprocated by Zhou Enlai's visit in the same year.<sup>36</sup> China-Pakistan relations developed further in the 1960s. The China-Pakistan border agreement was signed on March 2, 1963. The agreement incorporated a proviso about re-negotiation (of the demarcation of the boundary) once the issue of sovereignty over Kashmir was settled between India and Pakistan. Understandably, India contented that there was no common border between China and Pakistan and that the latter had ceded some 2700 square miles of Indian territory to China out of the part of the Indian state of Jammu and Kashmir, which it had illegally occupied.<sup>37</sup> Thus, the association between China-Pakistan with a shared

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<sup>36</sup> Swaran Singh, "South Asian Security and China," in Arun Kumar Banerji and Pursottam Bhattacharya, eds., *People's Republic of China at Fifty: Politics, Economy and Foreign Relations*, New Delhi: Lancers, 2001, p.235.

<sup>37</sup> *Ibid.*, p. 236

hostility towards India began to emerge. Likewise, India also began to view Sino-Pakistan relationship with suspicion and anxiety.

During the 1965 India-Pakistan war, China supported Pakistan by providing military equipment and threatened to open another front against India. In the late 1960s, China and Pakistan drew closer to each other with the opening of the Xinjiang-Gilgit trade route. Pakistan played a special role in the US-China negotiation leading to the establishment of full diplomatic relations between the two countries in the early 1970s. In 1971, during India-Pakistan war, China gave its full political support, apart from providing arms to Pakistan.<sup>38</sup> Throughout the 1960s and 1970s, China was supportive of Pakistan on the Kashmir issue.

It was only from the 1980s onward that a shift came about in China's approach to the issue, probably due to the warming up of relations with India which started in the mid 1970s. China began to look at the Kashmir issue as a bilateral issue and called for its peaceful settlement.<sup>39</sup> However, China-Pakistan military relations remained close throughout the 1980s. In fact, in the early 1980s, China was reported to have supplied Pakistan with a nuclear weapons design and also exploded a nuclear device at Lop Nor for Pakistan. In the post-

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<sup>38</sup> See R.K. Jain, *China and South Asian Relations 1947-1980*, New Delhi: Radiant, 1981, pp.31-97

<sup>39</sup> See John Garver, "Sino-Indian Rapprochement and the Sino-Pakistan Entente," *Political Science Quarterly*, Vol. 3, No. 2, 1996, p.327.



Cold War period, China and Pakistan have continued to maintain close relations with each other.

### **Political and Economic Relations**

In the post Cold War period, China-Pakistan relations were strengthened by the exchange of several high level official visits. In October 1991, Chinese president Yang Shangkun arrived in Islamabad for a four-day official visit, in a bid to improve ties with Pakistan. As the Chinese State Councillor and Defence Minister Qin Jiwei has remarked that the exchange of official visits between the leaders of China and Pakistan indicate "a special relationship."<sup>40</sup> As a high-ranking Pakistan official declared, "of the five permanent members of the UN Security Council, Pakistan's relations with China have stood the test of time."<sup>41</sup>

In December 1993, Pakistan's Prime Minister Benazir Bhutto visited China in a bid to renew their old friendship. The importance of China to Pakistan is cogently captured in her comment, which stated, "Pakistan regards its relationship with China as a cornerstone of its foreign policy."<sup>42</sup> During the visit the two neighbours vowed to renew and cement ties, which range from military exchange to close trade links, including construction of a Chinese nuclear power plant near Islamabad. In the mid 1990s, the exchange of visits

<sup>40</sup> As quoted in "China's Rare Tilt to Pak," *National Herald* (New Delhi), 27 October 1991.

<sup>41</sup> Pakistan's foreign affairs secretary general Akram Taki in an interview, quoted in "N-Issue Figure in Sharif-Li Talks," *Hindustan Times*, January 26, 1992.

<sup>42</sup> As quoted in "Benazir in Beijing to Renew Ties," *New Strait Times* (Kuala Lumpur) December 28, 1993; also see "Benazir in Beijing," *Deccan Herald*, 30 December 1993.

continued between the two countries. In September 1995, the Pakistan Foreign Minister Assef Ali visited Beijing. In December 1996, Chinese President Jiang Zemin visited Pakistan.

However, if there is at all a problem which at times has strained China's smooth interactions with Pakistan, it is the unrest in the Xinjiang Autonomous Province of China. Some local guerrillas from the province reportedly used to get their training and other logistical support from camps located in Pakistan. In fact, in the period 1992-1994, as a display of displeasure with Pakistan, China temporarily closed down travel across the Khunjenrab Pass and the Karakoran Highway which connects Pakistan to Xinjiang. Since then Pakistan has promised to cooperate with China in combating terrorism and other separatist forces.<sup>43</sup>

Despite this small setback China and Pakistan continued to maintain close ties which were further strengthened with the Pakistan Prime Minister Nawaz Sharif's four-day official visit to China in February 1998. The visit was also aimed at ensuring special economic cooperation including a notable amount of military aid and Chinese investments in Pakistan.<sup>44</sup> Apart from this visit, in the late 1990s there were exchanges of visits of high-ranking military officials between the two neighbours. For instance in April 1999, Chinese

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<sup>43</sup> See Aditya Bhagat, "China Tries to Quell the Xinjiang Uprising," *The Pioneer* (New Delhi) 27 February 1997.

<sup>44</sup> M.B. Naqvi, "A Visit to Beijing," *The Times of India*, (New Delhi) 22 February 1998; Also see "Pakistan Prime Minister Visits China," *Beijing Review*, Vol. 41, No.9, March 2-8, 1998, p.10.

Defence Minister General Chi Haotian visited Pakistan. In the same year, Pakistan's Army chief visited China. Senior Chinese communist party leader Li Peng also visited Pakistan in April 1999.

In June 1999, during the Kargil conflict, the Pakistan Foreign Minister Sartaz Aziz made a short trip to Beijing causing a great deal of speculation in India. Given Pakistan's complete diplomatic isolation on the Kargil episode, he had reportedly gone there to solicit support from China. However, far from supporting Islamabad, China adopted a guarded posture on the issue. Within a few days gap, the Pakistani Prime Minister Nawaz Sharif visited Beijing, but he cut short his five-day visit by two days to return home. Sharif was evidently unable to get China's support. Beijing maintained its balanced approach on the issue, much to Pakistan's chagrin and to India's satisfaction.<sup>45</sup>

In January 2000, in a bid to strengthen the traditional friendship and cooperation between the two countries, Pakistan's military ruler general Pervez Musharraf paid a two-day visit to Beijing. It was his first foreign visit outside the Arab world since seizing power in a coup in October 1999. During the visit an accord on economic and technical cooperation between the two neighbours were concluded.<sup>46</sup> It can be noted here that unlike other countries, China did

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<sup>45</sup> See Anil Joseph Chandy, "India, China and Pakistan", in Kanti Bajpai and Amitabh Mattoo, eds., *The Peacock and the Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, pp.328-329; Also, see Swaran Singh, "China's Policy of Neutrality in the Kargil Conflict," *Third World Impact*, Vol. X, No.116, August 1999, pp.20-27.

<sup>46</sup> "Musharraf's Beijing Visit," *Tribune* (Chandigarh) 20 January 2000.

not condemn the October 12 military coup in Pakistan that brought General Musharraf to power. Neither has it been pressing for a return to civilian rule. The frequent exchange of high-level visits, which characterized the China-Pakistan special friendship, continued with the visit of Chinese Premier Zhu Rongji to Pakistan in May 2001. Again in December 2001, General Pervez Musharraf after assuming office as President of Pakistan paid a visit to China. During the four-day official visit, President Musharraf and his Chinese counterpart Jiang Zemin re-affirmed their close and strong ties.<sup>47</sup> The visit also marked the 50<sup>th</sup> anniversary of diplomatic relations between the two neighbours.

### **Economic and Trade Ties**

While the political dimension of Sino-Pakistan interactions would rate a high score, the economic dimension of their interactions, over the last decade, has remained far from being in commensurate with the kind of special relationship they maintained. In fact, this is in contrast to India-China relations, where the quantum of trade and related technical cooperation over the last decade has been steadily rising. In 1994, India became China's largest trading partner in South Asia replacing Pakistan. However, political interactions between China and India remain far from being great, with the unresolved boundary dispute yet to be settled.

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<sup>47</sup> "Pak, China Affirm close Ties," *The Times of India* (New Delhi) 21 December 2001.

One of the significant areas of China-Pakistan economic and technical relation cooperation has been the construction of nuclear power plants. In 1996, China began building two nuclear power plants in Pakistan, one at Chasma and another at Kahuta, with a capacity of 300 mw and 90 mw respectively.<sup>48</sup> In the same year China and Pakistan along with two other Central Asian republic – Kazakhstan and Kyrgystan – ratified the transit trade treaty, which could allow the construction of a new highway connecting Almaty and Bishek and meeting the Karakoram highway which links both China and Pakistan. China's total exports to Pakistan in the year 1994 amounted to \$675 million, which increased slightly to \$753 million in the year 2000. Pakistan's total exports to China accounted to \$54 million in 1994, which increased to \$242 million in the year 2000.<sup>49</sup> The balance of trade used to be in China's favour.

In the post Cold War period, despite the sluggishness in their economic and trade interactions, China-Pakistan relations were marked by frequent high level visits between the two countries, which clearly underlined the traditionally close and enduring relationship between the two neighbours. However, over the last decade, China has toned down its political rhetoric and support to Pakistan on the Kashmir issue. This was evident during the Kargil conflict between India and Pakistan in the summer of 1999, when China took a

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<sup>48</sup> See "China Will Build 2<sup>nd</sup> Pakistan N-Plant," *Strategic Digest*, Vol. XXVI, No. 1, January 1997, p.159; Also see *Asian Recorder*, Vol.XXXII, No.8, Feb 19-25, 1996, p. 25431.

<sup>49</sup> IMF, *Direction of Trade Statistics Yearbook, 2001*, Washington DC; IMF, 2001, p.365.

balanced approach on the issue. On several occasions, the Chinese leadership had reiterated its position on the Kashmir's issue by calling on both the parties to settle the dispute bilaterally and peacefully. However, this has not discouraged Pakistan from continuing its close and strong ties with China. President Mushraff in one of his visits to China underscored this point when he stated, "the cornerstone of Pakistan's foreign policy is its close association and relations with China."<sup>50</sup>

### **Military Relations**

The most controversial and fundamental feature of China and Pakistan relations over the years has been the defence cooperation between the two neighbours. They are some unique and distinctive features of this relationship. It has become a hallmark of China's involvement in the South Asia security environment. It has also caused much anxiety and concern for the predominant power in the region, India.

#### *Cooperation in Conventional Weapons Systems*

China-Pakistan defence cooperation can be traced back to the time when China provided arms aid to Pakistan during the 1965 India-Pakistan war. Following the war, shortly, China reportedly supplied arms to Pakistan worth \$28 million, which included crucial weapon. Components such as the T-55 main battle tanks, and the M-16 (Chinese variants of Mig-16) combat

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<sup>50</sup> As quoted in "Pak, China Affirms Close Ties," *The Times of India*, 21 December 2001.

aircraft.<sup>51</sup> The first official arms transfer agreement between China and Pakistan was signed in July 1966. The transfer was valued at \$120 million and it included T-59 main battle tanks, F-6 fighter aircraft and IL-28 bombers.<sup>52</sup> During the 1971 India-Pakistan war, China once again supplied weapons to Pakistan. In the mid 1970s, China and Pakistan signed a protocol on collaboration in defence production. Over the years, the cooperation has led to the enhancement of Pakistan's indigenous defence production as well as its overall defence capability.<sup>53</sup>

In the 1980s, Chinese assistance to Pakistan continued in the form of setting up various defence oriented industries such as the light aircraft manufacturing factory (LAMF), the Heavy Mechanical Complex at Taxila, the Karachi Shipping and Engineering Work, the aeronautical complex at Kamra and the Al-Khalid project for the manufacture of the MBT-2000 (Main Battle Tank) and the K-8 trainer /fighter aircraft, which were inducted into the Pakistan Air Force in 1995<sup>54</sup>. In 1989, China and Pakistan signed a memorandum of understanding to step up joint procurement and research and development (R&D) in defence, which has, over the years, given a big boost to Pakistan in the modernization of its armed forces.<sup>55</sup>

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<sup>51</sup> Aabha Dixit, "Enduring Sino-Pak Relations: The Military Dimension," *Strategic Analysis*, Vol.12, No.9, December, 1989, p.985.

<sup>52</sup> B.M. Jain, *Nuclear Politics in South Asia, The Search for an Alternative Paradigm*, New Delhi: Rawat, 1994, p.124.

<sup>53</sup> Cited in Shibashis Chatterjee, "Fifty Years of China's Pakistan Policy: A Partnership Through Evolving World Views", in Arun K. Banerji and Purusottam Bhattacharya, eds. *People's Republic of China at Fifty*, New Delhi: Lancers, 2001, pp.116-17.

<sup>54</sup> *Ibid.*, pp.116-17.

<sup>55</sup> See Sumita Kumar, "Pakistan's Nuclear Weapon Programme" in Jasjit Singh ed., *Nuclear India*, New Delhi: Knowledge World, 1998, p. 196.

In 1991, China and Pakistan concluded a defence agreement which led to active Chinese assistance in the production of T-59 and T-85 main battle tanks.<sup>56</sup> In mid 1997, some reports suggested China and Pakistan jointly developing a lightweight fighter aircraft, designated as Super-7/ Chengdu-FC-1.<sup>57</sup> The negotiations for the development and production of the aircraft reportedly took place in mid 1995.<sup>58</sup> In the period between 1994-1999, Chinese arms transfer to Pakistan included twelve to fifteen Karakoram-8 jet trainer aircraft, 300 T-85II at main battle tanks, 100 F-7MG fighter aircraft, Hougjian-8 anti-tank missiles and other military spares.<sup>59</sup>

In December 2001, it was reported that China delivered its new generation F-7 fighter aircraft to Pakistan.<sup>60</sup> The aircraft were meant to replace the ageing 1960s vintage F-6 air defence fighters of the Pakistani Air Force. Along with the aircraft, there were other military spare and air force equipment which were transferred to Pakistan. The Indian government responded to the episode by expressing concerns, as it believed that “such developments would certainly affect our (its) security”, the spokesperson of the Indian Ministry of External Affairs commented.<sup>61</sup> In November 2002, media reports indicated that the Pakistani navy was negotiating with China to buy an unspecified number of

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<sup>56</sup> Garver, n.36, p. 334.

<sup>57</sup> “Pakistan Making Fighter Jets with Chinese Aid”, *Strategic Digest*, Vol. XXXVIII, No.1, January 1998, p.125.

<sup>58</sup> “China-Pakistan to Develop New Aircraft”, *The Times of India*, 5 June 1995.

<sup>59</sup> *SIPRI Yearbook: Armaments, Disarmament and International Security*, Stockholm: Oxford University Press, Subsequent years from 1995 to 2000.

<sup>60</sup> “Pakistan Receives New F-7, Fighters”, *Strategic Digest*, Vol.32, No.2, February 2002, pp. 269-70.

<sup>61</sup> As quoted in “Concern Over Chinese Shipments,” *The Hindu*, 10 January 2002.



F-22 frigates. A statement issued by the Pakistani military noted that the warship would fend off “a treacherous enemy” – India.<sup>62</sup>

### *Cooperation in Nuclear and Missile Fields*

One of the most significant and controversial facets of China-Pakistan defence cooperation is their collaboration in nuclear weapons development and missile technology. It is controversial because it violates the global non-proliferation regime and has caused consternation for India, paving the way for instability and tension in the region. China and Pakistan’s cooperation in the area of nuclear weapons development began during the 1970s. Pakistan’s nuclear and missile programme flourished with direct Chinese assistance in the 1980s. The Chinese were believed to have transferred a complete nuclear weapons design and enriched uranium related materials needed for the production of nuclear weapons to Pakistan in 1983. In the late 1980s to early 1990s, China reportedly sold two research reactors to Pakistan.<sup>63</sup>

In early 1992, an agreement for the supply of light water nuclear reactor using enriched uranium was concluded between the two countries. Media reports in early 1995 indicated the completion of the Chasma nuclear power

<sup>62</sup> See “Pak to Buy Chinese Warships,” *The Times of India*, 13 November 2002.

<sup>63</sup> For more on the history and development of the nuclear cooperation between China and Pakistan, see, PKS Namboodiri, “China-Pakistan Nuclear Axis”, *Strategic Analysis*, Vol.VI, No.7, October 1982, pp. 445-50; Sumita Kumar, “Pakistan’s Nuclear Weapons Programme”, in Jasjit Singh ed., *Nuclear India*, New Delhi; Knowledge World, 1998, pp. 163-66; K. Subrahmanyam, “Sino-Pak Nuclear Deal: New Light on an Old Alliance”, *Times of India*, 30 August 1995; Ashok Kapur, “China and Proliferation: Implications for India”, *China Report*, Vol.34, No.384, 1998, p.408-12; and Samina Ahmed, “Pakistan’s Nuclear Weapons Programme”, *International Security*, Vol.23, No. 4, pp. 174-204.

plant (in Pakistan), which was being built with active Chinese assistance.<sup>64</sup> In late 1995, a US intelligence report disclosed that China had sold 5000 ring magnets to Pakistan's A.Q. Khan research laboratories in Kahuta.<sup>65</sup> These ring magnets are used in gas centrifuges that enrich uranium for weapons production. China initially denied that it had transferred ring magnets to Pakistan. However, after the US Central Intelligence Agency (CIA) confirmed and produced concrete evidence with regard to the transfer, in its report to the Senate Committee on Intelligence.<sup>66</sup> China then argued that it was not a government decision to sell the magnets and that the sale was conducted by the China Nuclear Energy Industry Corporation (CNIEC) a subsidiary of the China National Nuclear Corporation.<sup>67</sup>

Despite its stated commitment to the international non-proliferation regime, China continues its policies of encouraging proliferation to some countries. In the aftermath of the Indian and the Pakistan nuclear tests in the summer of 1998, China along with the other P5 states promised to cooperate in their effort to prevent a nuclear and missile arms race. The P5 states also decided to adopt policies in order to check the flow of nuclear and missile-related technologies to India and Pakistan.<sup>68</sup> However, past experience had

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<sup>64</sup> Cited in K.R. Sudhaman, "Chinese Nuclear Plant in Pakistan Ready", *Times of India*, 3 January 1995.

<sup>65</sup> "Nuclear Technology Transferred to Pakistan", *Asian Recorder*, Vol. XXXII, No.9, February 26-March 3, 1996, p.25439.

<sup>66</sup> "CIA Confirms Chinese Supply of Nuke Technology", *News Time* (Hyderabad), 30 January 1998.

<sup>67</sup> Cited in Chandy, n.43, p.320.

<sup>68</sup> See *After the Tests: US Policy Toward India and Pakistan*, Washington, DC: The Brookings Institution and the Council on Foreign Relations, 1998, pp. 54-55.

already shown that China had, at times, acted in total disregard of such commitments and the international non-proliferation regime. And there still is some ambiguity in its policy towards Pakistan. As the CIA, in the early part of 2000, in its report to the US Congress suggested, it cannot rule out the continuing clandestine transfer of nuclear weapons technology and ballistic missiles by China to Pakistan.<sup>69</sup>

China and Pakistan's collusion in the field of delivery systems and missile related technologies is an equally significant yet controversial aspect of their multi-pronged defence ties. In 1992, a US intelligence report cited the transfer of M-11 missiles (the export version of the Dong Feng -11) by China and Pakistan. The negotiations for the transfer of the missiles between the two neighbours had reportedly taken place in the late 1980s.<sup>70</sup> The episode led to a cause of concern for India and the US, although not for similar reasons.

The US government reacted by imposing a two-year sanction on both China and Pakistan for the alleged violation of the Missile Technology Control Regime (MTCR) guidelines in August 1993. However, the sanctions against China were waived in 1994, after Washington and Beijing arrived at an understanding and China agreed to abide by certain stipulations on missile

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<sup>69</sup> Cited in "CIA Can't Rule Out Secret China-Pakistan Nuke Deals", *The Observer* (New Delhi), 12 February 2000.

<sup>70</sup> The CIA had obtained intelligence in 1992 indicating China had transferred M-11 missiles to Pakistan, see *Asian Recorder*, Vol. XXXII, No.9, Feb 26-Mar 7, 1993, p. 25459.

proliferation. In the case of Pakistan, the sanctions continued until their expiry in 1995.

Again in the year 1995, some media reports indicated the transfer of M-11 missiles to Pakistan. The reports also revealed that Pakistan was building a missile production factory near Rawalpindi with active Chinese assistance.<sup>71</sup> Understandably, this China-Pakistan nexus in the field of missiles was the cause of anxiety and concern for India. As the Indian External Affairs Minister I.K. Gujral told the Lok Sabha, the acquisition of nuclear capable missile by Pakistan was a matter of concern. The acquisition would not only constitute a destabilizing factor in South Asia but would also severely constrain the government of India's efforts towards improving ties with China.<sup>72</sup>

In April 1995, when Pakistan test fired its first intermediate range ballistic missile, *Ghauri* reports started surfacing alleging that Pakistan had got the design and technology of the missile from other countries. In fact, in late 1997, before the missile was actually test fired, a high ranking official of the CIA had already confirmed the development of the *Ghauri* missile when he disclosed that Pakistan had developed a new and sophisticated ballistic missile.<sup>73</sup> The report further hinted that the missile had been developed with

<sup>71</sup> "Missile Transfers", *The Times of India*, 8 July 1995; also see "China Helping Build Missile Factory", *Asian Recorder*, Vol.XXXXII, No. 40, September 30-Oct.6, 1996, p.29941; Kapil Kak, "Pakistan's Ballistic Missiles: Sword Arm of a New Influential", *Asian Strategic Review*, 1997-98 (New Delhi) IDSA, 1998, p.298.

<sup>72</sup> Cited in Chintamani Mahapatra, "Beware of Sino-Pak Cooperation", *National Herald* (New Delhi), 5 September 1996.

<sup>73</sup> Gordon Oehler, the Director of the CIA's Non-Proliferation Centre, in a speech at a conference sponsored by the Jane's Information Group made this revelation; for more on this see "Pakistan has Developed New Missile," *Strategic Digest*, Vol.XXVIII, No. 4, April 1998, pp.667-68.

foreign assistance and that the most likely source of assistance (technical) was China.<sup>74</sup> The *Ghauri's* presence in the Pakistan arsenal is a threat to India as it brings all of India's territory, including the peninsular coastline, within the target range.<sup>75</sup>

Despite objections and protests from India (and the US), China has continued to assist Pakistan in the development and modernization of its missile forces. In the year 2001, the CIA in its report to the US Congress disclosed that Chinese missile-related technical assistance to Pakistan continued to be substantial. It further suggested that, with active Chinese assistance, Islamabad was rapidly moving towards serial production of solid-propellant short-range ballistic missiles.<sup>76</sup> In short, China has been the key source in bolstering Pakistan's fast growing missile capability.

In the post Cold War era, China and Pakistan have maintained close and cordial relations with each other. Frequent exchange of high level official visits between the two neighbours underlined the enduring character of the relationship. An important but controversial aspect of their relations is the multi-pronged defence cooperation, particularly in the areas of nuclear weapons development and missiles. Apart from this nexus, China continues to

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<sup>74</sup> Ibid., pp.667.

<sup>75</sup> "Ghauri Changes Security Equation", *Strategic Digest*, Vol.XXVIII, No.3, March 1998, p.495.

<sup>76</sup> "Chinese Assistance to Pak Substantial: CIA", *The Hindu*, 10 August 2001.

supply and assist Pakistan in the area of conventional weapons systems and is also helping to modernize Pakistan's defence production sectors.

One area where both the two neighbours have not had great success is in their economic and trade ties. Interestingly, in the post Cold War, Chinese foreign and economic policies have focused on promoting international trade and cooperation. In fact, several analysts have suggested that this factor and China's improving ties with India as well as the problem in its restive province of Xinjiang have influenced its policy of greater neutrality in South Asian politics. For instance, during the Kargil conflict, China chose to take a balanced approach on the issue. Even on the Kashmir issue, China continues to maintain the position that the issue should be settled peacefully and bilaterally. In the post Cold War period, the most crucial and controversial aspect of China-Pakistan relations have been their defence cooperation which remains a key concern for India as it has bearing on its security environment.

### **Conclusion**

In sum, in the post Cold War period, commensurate with its rise to power, China continues to have a major influence on smaller neighbouring states of South Asia, as it continues to maintain close and cordial relations with Bangladesh, Nepal and Pakistan. China continues to provide economic aid and grant assistance for infrastructure construction works and various other developmental purposes to Nepal and Bangladesh. China also continues to

maintain its special relationship with Pakistan, especially their cooperation in the area of defence. There still seems to be ambiguity in China's policy on the proliferation of technology (technical assistance) in the nuclear and missile fields. From time to time, media and other intelligence sources/ reports have suggested China's continuing clandestine assistance to Pakistan in building and developing its missile capability. One major shift in China's policy towards the South Asian status is that unlike its policy during Cold War era, when China used to get involved in bilateral issues by openly supporting Pakistan, Bangladesh or Nepal against India, China has in the post Cold War period distanced itself from such bilateral issues by maintaining a balanced approach, calling on the conflicting parties to resolve the issues bilaterally and peacefully. However, the crucial factor of China's involvement in the South Asian strategic involvement is its close defence cooperation with Pakistan. This nexus poses problem for India and remains an unstable element in the interaction involving the three Asian nuclear powers.

## Chapter IV

### IMPLICATIONS FOR SOUTH ASIAN SECURITY

The foregoing chapters have highlighted China's rising power and its interactions with the neighbouring states of South Asia. In the light of its growing power and growing influence in those states, it is imperative to examine whether such developments have any implications for the security of South Asia. This chapter proposes to study just that. This chapter contends that China continues to impinge on the South Asian security environment, as it is a major factor influencing India's security perception.

The chapter is organized in the following themes. First, it discusses how the China factor in the context of South Asia has a bearing on India's security perception. It also deals with China's strategic and security cooperation with Pakistan and Myanmar as another factor affecting India's security perceptions. Secondly, it assesses the emerging pattern of security in the region set against the backdrop of a rising China.

China became an integral part of the South Asian geopolitical and strategic environment following its forceful occupation of Tibet and the border dispute with India which culminated into a short but decisive war in 1962. Another dimension of China's involvement in the region is its special relationship with Pakistan, the multi-pronged defence ties, which resulted in the emergence of a complex triangular security relationship involving the three



Asian nuclear powers. These determine the security profiles of the region. Keeping this aspect in context, the growth of Chinese power – its rapidly increasing military capability – becomes a cause of concern for India. Also given the fact that India is the dominant power in the region, and today is widely seen as an emerging power,<sup>1</sup> the growth of China's power in the neighbourhood presents a formidable challenge to its security environment.

### **The China Factor**

In May 1998, the Indian Defence Minister George Fernandes made a famous remark in a press interview, terming China as “the enemy number one” and further noted that India's “defence preparedness has little to do with Pakistan. Rather it is with China,” which vitiated the atmosphere of India-China relations.<sup>2</sup> However, this kind of assessment of the China threat factor is nothing new. From time to time, the Indian Government has often expressed its major security concern by vindicating China's role in jeopardizing its security environment, such as China's defence modernization, especially augmentation of its delivery systems for nuclear forces and its strategic ties with Pakistan and Myanmar.

The annual report of the Ministry of Defence 1993-1994, assessing India's security environment noted that, “China has embarked on an ambitious

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<sup>1</sup> See Stephen P. Cohen, *India: Emerging Power*, Washington D.C.: The Brookings Institution, 2001; Sandy Gordon, *India's Rise to Power in the Twentieth Century and Beyond*, New York: St Martin's, 1995.

<sup>2</sup> “China is Threat Number One”, *The Times of India*. May 4. 1998.

programme of modernization of its armed forces. It has purchased state-of-the-art fighter aircraft from Russia. There has been a report to the effect that the Chinese have now significantly upgraded their technology in many spheres of military equipment.”<sup>3</sup> The Ministry of Defence (MoD) annual report reflects India’s official articulation of its security environment and the national security objectives it necessitates.

Over the last decade, Indian government has its raised concern about China’s enhancement of its missile to nuclear capabilities. As the MoD annual report of 1996-1997 clearly pointed out: “The progress that China has made in the recent years in augmenting her nuclear armed and missile capabilities will continue to have relevance for India’s security concerns. Upgradation of China’s logistic capabilities all along the India-China border for strengthened air-operation has to be noted.”<sup>4</sup>

Similarly, in its Fifth Report to the Tenth Lok Sabha in 1996, the Parliamentary Standing Committee on Defence, a non-partisan body comprising of all parties represented in the Parliament and working on the principle of consensus, suggested:

China has developed as a major nuclear and missile power. China continues to be the main sources of major weapons including missiles and allied technology to Pakistan, a very hostile neighbor, causing disquiet to the India. Despite warming relations with China, China is, and is likely to remain the primary security challenge to India in the medium and long terms. Its enhancement of missile capabilities and its immense help to Pakistan in the missile programmes are serious

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Ministry of Defence, Government of India, *Annual Report 1993-94*, New Delhi: MoD, 1994, p.4.  
Ministry of Defence, (GOI), *Annual Report, 1996-1997*, p.2.

security concerns to India. The committee feels that India has no option but to continue to develop and upgrade its missile capabilities for deterrence and not for aggression on national security considerations.<sup>5</sup>

In fact, India, over the last decade, remained committed to acquire missile capabilities with enhanced range, aircraft carrier, Airborne Warning and Control Systems (AWACS) and mid-air refueling systems and has acquired state-of-the-art fighter aircraft. Work on the Agni missile project, the Light Combat Aircraft (LCA), the Main Battle Tank and aircraft carrier projects have been sustained.<sup>6</sup> These are in some measure related to China's capabilities. This was evident in the first report of the Standing Committee of Defence to the Twelfth Lok Sabha in 1999. The report indicted:

The Committee welcomes the clearance of the extended range version of the Agni Missile System by the Government. China has developed a large number of missile systems which can target fact of our country against which we have no credible missile deterrent. The committee are of the view that the Government should go ahead full steam in a time bound manner to develop the full range of missiles in additions to the variants of the Agni currently under development as a deterrent to potential enemies from using their ballistic missile capabilities against our assets.<sup>7</sup>

The Ministry of Defence in its latest annual report 2002-2003 had expressed concern about China's rising military power, particularly in respect of its nuclear and missile forces. The report noted, "the asymmetry of nuclear forces is pronouncedly in favour of China." It further suggested, "... as far as

<sup>5</sup> Ministry of Defence, (GOI), *Fifth Report, Standing Committee on Defence (Twelfth Lok Sabha), 1995-96*, New Delhi: Lok Sabha Secretariat, 1996, p. 16.

<sup>6</sup> For more on weapons modernization and major projects, see Ministry of Defence (GOI), *Tenth Report, Standing Committee on Defence 1995-96 (Tenth Lok Sabha)*, pp. 11-27; Also See Ministry of Defence, (GOI), *Fourth Report, Standing Committee on Defence 1995-96 (Tenth Lok Sabha)* pp. 10-21.

<sup>7</sup> Ministry of Defence, (GOI), *First Report, Standing Committee on Defence 1998-1999. (Twelfth Lok Sabha)*, New Delhi: Lok Sabha Secretariat, 1999, pp. 3-4.

India is concerned it cannot be ignored that every major Indian city is within the reach of Chinese missile and this capability is being further augmented to include submarine launched ballistic missile.<sup>8</sup>

In the last decade, China paid considerable attention in modernizing its navy through indigenous efforts and acquisitions from abroad (especially Russia). As a matter of fact, the PLAN has made considerable progress in quality and quantity of vessels in its inventory.<sup>9</sup> Nevertheless, its leadership also indicated their interest in the Indian Ocean as a report of the General Logistic of Department of the People's Liberation Army (PLA) in the early 1990s outlined plans for expansion of its naval capabilities through the construction of bases.<sup>10</sup> Such developments also have had an impact on India's security perceptions, as was evident from the Third Report of the Standing Committee on Defence 1998-1999. The report noted:

In the face of growing interest of the navies by some of the countries, especially of China and USA, and in the face of the steady pile-up high-tech military hardware in her (India's) neighbourhood, the task of the Indian Navy have become manifold... The aggressive manner in which some of India's neighbours are arming their navies is a matter of concern. China has embarked on an ambitious programme of modernization of her Navy. China's sea-based nuclear deterrent in the form of inter-continental ballistic missile (ICBM) capability has provided her with unlimited bargaining capacity in the international

<sup>8</sup> "China a Threat: MoD Report," *Hindustan Times*, 31 May 2003.

<sup>9</sup> For a comprehensive account of China's Navy, see Srikanth Kondapalli, *China's Naval Power*, New Delhi: Knowledge World and IDAS, 2001.

<sup>10</sup> Cited in Phillip L. Ritcheson, "Nuclearization in South Asian," *Strategic Review*, Vol.21, No.4, Fall 1994, p. 41; Also see Harvir Sharma, "China's Interest in the Indian Ocean Ream Countries and India's Maritime Security," *India Quarterly*, Vol. VII, No.4, Oct-Dec, 2001, pp. 67-88. Also see Swaran Singh, "China's Indian Policy – Compulsions Versus Ambitions," *Journal of Indian Ocean Studies*, Vol.8, No.1, August 2000, pp.65-78; Srikanth Kondapalli, "Chinese Navy in the Indian Ocean," *Journal of Indian Ocean Studies*, Vol.8, No.1, August 2000, pp.79-96.

arena. Her ability to extend her naval reach into the Bay of Bengal poses a security threat to our maritime interests.<sup>11</sup>

The China threat factor has seemed to be a major factor affecting India's security perceptions and in regards to its deteriorating security environment as the aforementioned government reports suggests. Even in the summer of 1998, when India went overtly nuclear, the China threat factor was mentioned as the main reason, apart from its assistance to Pakistan in the nuclear and missile fields, for India having to cross the nuclear threshold.<sup>12</sup> The much discussed 'secret' letter from the Indian Prime Minister Atal Behari Vajpayee to the US President (that was leaked to the media) explaining the circumstances leading to the conduct of the nuclear tests also cited China as the main factor.<sup>13</sup>

In sum, China's increasing defence capabilities, especially augmentation and upgradation in its delivery systems and nuclear forces has been one of the major factors affecting India's security perceptions in the post Cold War period. India's efforts to upgrade and modernize its armed forces particularly delivery systems and strategic weapons, as well as acquiring state-of-the-art nuclear capable aircraft are in some measure directed against China's capabilities.

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<sup>11</sup> Ministry of Defence, (GOI), *Third Report, Standing Committee on Defence 1998-99* (Twelfth Lok Sabha, New Delhi: Lok Sabha Secretariat, 1999).

<sup>12</sup> The Government of India, Paper Presented to Parliament on "Evolution of India's Nuclear Policy," Reprinted in Amitabh Mattoo, ed., *India's Nuclear Deterrent Pokhran II and Beyond*, New Delhi: Har Anand, 1998, pp. 356-97; Bidanda M. Chengappa, "China-Pakistan Nexus led to N-Tests: Govt.," *Indian Express*, 26 June 1998.

<sup>13</sup> See Text of letter reproduced in *China Report*, Vol. 35, No.2, 1999, p. 210-11.

Another aspect of the China factor in the South Asian strategic environment that impinges on India's security perception is its strategic and military cooperation with Pakistan and Myanmar. The Sino-Pakistani axis poses a threat to India's security environment given the conflictual and hostile relationship that exists between New Delhi and Islamabad. In the case of China's close strategic cooperation with Myanmar, India's growing concern lies in the imperative of the geostrategic location of the latter as a conduit to the Indian Ocean. Over the last decade, India's has expressed concern over its deteriorating security environment by implicating China's defence and security cooperation with two of India's proximate neighbours. The following instances will make the point clearer. The annual report of the Ministry of Defence for 1994-1995, assessing India's security environment stated:

Beijing is engaged in building strategic road links from its boarder towns to railheads and sea ports of Myanmar. It is helping to develop these ports... Pakistan continues to maintain close ties with China. The latter is a major source of weapons, particularly of combat aircraft, missiles and tanks. The sale to Pakistan of M-11 missile and allied technology by China is a major source of concern.<sup>14</sup>

In fact in the mid 1990s China and Pakistan were caught up in a major controversy following media reports quoting US intelligence sources indicating the transfer of missiles as well as nuclear weapons-related technologies by China to Pakistan. The US imposed sanctions on both of them. India took serious note of the transfer of such sensitive technologies and strategic weapons, as it believed it could jeopardize or threaten its security environment. As the subsequent annual report of the Ministry of Defence for 1995-96 noted:

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<sup>14</sup> Ministry of Defence (GOI), *Annual Report 1994-95*, New Delhi: MOD, 1995, p.3

China has continued with extensive defence collaboration with Pakistan. China is known to be associated with Pakistan's nuclear programme. The acquisition by Pakistan from China of sophisticated weapons systems, including missiles as well as uranium enrichment equipment has a direct bearing on India's security environment.<sup>15</sup>

Similarly, the Eight Report of the Standing Committee on Defence was equally forthright on China Pakistan nexus. In its report to Parliament in 1996, the Committee noted

China continues to be the main sources of major weapons including missiles and allied technology to Pakistan, a very hostile neighbour causing disquiet to India. Its enhancement of missile capabilities and its immense help to Pakistan in the missile programme are a resource security concerns to India. The Committee feels that India has no option but to continue to develop and upgrade missile capabilities for deterrence and not for aggression on national security consideration.<sup>16</sup>

Similarly, the Ministry of External Annual Report for 1997-1998 expressed serious concern about the China's clear strategic and military cooperation with Pakistan and Myanmar. The Report stated, "China's defence Cooperation with Pakistan has direct bearing on India's security environment China's extensive defence collaboration with Pakistan, assistance to Pakistan's nuclear programme, and sale of missiles and sophisticated weapon systems to Pakistan remain a source of concern." It further noted, "we have underlined the importance of paying adequate attention to each other's security concern on vital issues affecting unity, territorial integrity and security."<sup>17</sup>

<sup>15</sup> Ministry of Defence, *Annual Report 1995-1996*, p.4

<sup>16</sup> Ministry of Defence, *Eighth Report, The Standing Committee on Defence, 1995-1996* (Tenth Lok Sabha), New Delhi: Lok Sabha Secretariat, 1996, pp. 3-4.

<sup>17</sup> Ministry of External Affairs, (GOI), *Annual Report 1997-1998*, New Delhi 1998, p.3, p. 41

India's deep concern over Chinese assistance to Pakistan's missile and nuclear weapons programmes is understandable given the fact that India-Pakistan relationship since Independence has been one of enduring antagonism and has witnessed the outbreak of three major wars between the two neighbours. The rivalry and enmity persists in the post cold war period as well. Thus, India considers the Sino-Pakistani axis, especially in the nuclear and missile areas, as a threat not only to its security but also for the security of region as a whole. For instance, the Ministry of Defence Report 1998-1999 noted that "China's assistance to Pakistan's nuclear weapons programme and transfer of missile and missile technology to Pakistan affect the situation in South Asia."<sup>18</sup>

China's help to Pakistan threatens to alter the strategic equations in the region. Over the last decade, Pakistan has made a remarkable stride in the nuclear and missile fields mostly with assistance from its communist neighbour. This could tilt the balance against India. According to an assessment made by some US intelligence officials, Pakistan nuclear arsenal is bigger than India's. Pakistan also has more accurate and effective delivery systems.<sup>19</sup> China's role is seen not only as using Pakistan as a viable

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<sup>18</sup> Ministry of Defence, *Annual Report 1998-1999*, p.2.

<sup>19</sup> For more on this, see "Pakistan's N-might Bigger Than India's Says US," *The Times of India*, 8 Jun 2000; Also see Pravin K. Sawhney, "Pakistan Scores Over India in Ballistic Missile Race," *James' Intelligence Review*, Vol. 12, No.11, November 2000, pp. 31-35.



counterweight to India's power and ambition in the region but also "to tie Indian down in sub-continental concerns."<sup>20</sup>

In the case of China's growing military for strategic cooperation with Myanmar, the underlying the factor affecting India's security concern is the latter's geostrategic location. In the post Cold War period, with China's expeditions modernization and its growing need for the import of fuel and energy resources for its rapidly growing economy China has taken a keen interest in developing the Indian Ocean as an important area of operation. In 1992, a report of the General Logistics Department of the People's Liberation Army outlined plans for the expansion of Chinese naval capabilities through construction of large bases and called for stepping up naval visits in the Indian Ocean and more frequent port calls to the foreign countries in the region. In the report, the Chief of the General Logistics Department, Cho Nam was quoted as saying, "... (China) must extend its naval operations to check attempt by India to dominate the Indian Ocean... we are not prepared to let sum Indian Ocean become India's Ocean."<sup>21</sup> Thus, China's growing military role in Myanmar and India's growing security concern should be seen in this context.

Over the last decade, China has made extensive effort to establish close relations with Myanmar, particularly in the military realm. China extended to

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<sup>20</sup> Anil Joseph Chandy, "India, China and Pakistan," in Amitabh Mattoo and Kanti Bajpai, eds., *The Peacock and the Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 2000, p. 301.

<sup>21</sup> *Asian Recorder*, Vol. 39, No.7, February 12-18, 1953, p. 22912.

Myanmar US \$ 1.5 billion in military aid (which included fighters aircraft, patrol boats, artillery, tanks, anti-aircraft guns and other weaponry) and established a radar station in the Great Cocos Islands. Assistance to Myanmar also included in the form of modernization of naval facilities and installation of new radar equipment on the Hiangyi Islands on the Bassein River as well as development of naval infrastructure at Akyab and Mergui. Myanmar on its part offered the use of its port facilities for repair and maintenance of Chinese naval ships.<sup>22</sup> The high-tech signal intelligence (SIGINT) facility in the Great Cocos Islands, which included powerful radars and communications systems, are presumably to keep an eye on India's missile test firing in the Bay of Bengal and also to monitor Indian naval activity.<sup>23</sup> The growing Chinese presence and assistance programme to Myanmar is seen by Indian defence planners and security analysts as China's attempt at strengthening its flank against India and to gain, in the longer term, a strategic foothold in the region as well as to develop a naval presence in the Indian Ocean.<sup>24</sup>

<sup>22</sup> Cited in Christian Koch, "Burma Slides Under China's Shadow," *Jane's Intelligence Review*, Vol. 9, No.6, July 1997, pp. 320-22; Also, see Bertil Linter, "Burma: Centrifugal Forces," *Far Eastern Economic Review*, 27 February 1992, p.16, Baladas Ghosal, "Trends in China-Bangladesh Relations," *China Report*, Vol. 30, No.2, April-June 1994, pp. 187-202

<sup>23</sup> "China's Signal Intelligence," *Jane's Intelligence Review*, Vol. 7, No.8, August 1995, pp. 365-70.

<sup>24</sup> See, for instance, J. Mohan Malik, "Myanmar's Role In Regional Security: Pawn or Pivot?" *Contemporary South East Asia*, Vol. 19, No.1, June 1997, pp. 52-73; P. Stobdan, "China's Forays into Burma: Implications for India," *Strategic Analysis*, Vol. 16, No.1, April 1993, pp. 21-38; Rahul Roy-Chaudhary, "The Chinese Navy and Indian Security," *Indian Defence Review*, January 1994, pp. 54-5; Swaran Singh, "Myanmar: China's Gateway to the Indian Ocean," *Journal of Indian Ocean Studies*, Vol. 3, No.1, January 1995 pp. 80-89; Gurmeet Kanwal, "Chinese Challenge: Strategic Encirclement of India," *The Statesman*, 8 October 2000.

### **Emerging Pattern of South Asian Security**

In the context of China's rising power in the international system, it will be worthwhile to assess the emerging of pattern of security in the regional sub-system of South Asia. China is considered both as a regional as well as an extra-regional power due to its geo-strategic and security linkage with the region. Besides China, the two important actors in the region include India and Pakistan, and following the South Asian nuclear tests in May 1998, they have become nuclear weapons states, making the security in the region much more volatile. The interactions involving the three Asian nuclear powers are crucial as they determine the strategic profile of the region. The pattern of interactions of the three major actors is one characterized by a triangular strategic relationship. The security policies or behaviour of one actor, affects and influences the policies and behaviour of the other.<sup>25</sup> The dynamic of the complex trilateral relationship is one of enduring rivalry and enmity between Indian and Pakistan and ambivalent amity and competition between China and India.

An interesting yet controversial aspect and which also sustains the triangularity of the system is the close and enduring strategic relationship between Pakistan and China towards India. Pakistan has often counted on China's support to counter India. Similarly, China considers Pakistan as a

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<sup>25</sup> For more on this, see Kanti P. Bajpai, "Managing a Strategic Triangle: India, China and Pakistan," in P. Sahadevan ed., *Conflict and Peccemaking in South Asia*, New Delhi: Lancer's 2001, pp. 81-105.

crucial regional ally and a vital counterweight to India's power and domination in the region. India as a dominant power of the region as well as an emerging power in the international system is the only power in the region that has the potentials to match Chinese capabilities. It is also perceived to be a threat to China's position as a transregional power.<sup>26</sup>

The complex trilateral strategic violation will continue to be a "protracted" one and so will continue to remain as the defining pattern of security competition of the regional sub-system of South Asia. This is because, as one noted analyst argues, "there is very little prospect that any of the three will vanish from the international system as an independent actor and thereby be removed from the triangle. Nor is it likely that any of the bilateral problems between Indian-China, China-Pakistan, and Pakistan-India will be resolved to the satisfaction of both sides in the near future..."<sup>27</sup>

The protractedness of the triangular relationship and the lack of dialogue on nuclear issues among the three Asian nuclear power giving rise to the possibility of a spiraling arms race in the region. As China's power increases militarily, the Indian leadership will probably insist on building up its own

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<sup>26</sup> Chinese assessments of India's future development and international role frequently stress its dangerous military political as well as the instability of Indian democracy. Chinese analysts have been attuned to the prospects of intense rivalry with India. For more on this, see Michael Pillsbury, *China Debates the Future Security Environment*, Washington, D.C: National Defence University, 2000. For an excellent discussion on the importance and role of the two Asian giants in the emerging Asian security environment, see Kanti Bajpai, "India, China and Asian Security," in Amitabh Mattoo and Kanti Bajpai, eds., *The Peacock and the Dragon: India-China Relations in the 21<sup>st</sup> Century*, New Delhi: Har Anand, 200, pp. 26-49.

<sup>27</sup> Bajpai, n.25, p. 83

forces in order to match such capabilities, as China is seen as its major security challenge and a major rival. In so doing, it would put pressure on Pakistan to expand its arsenal/capabilities, with Chinese assistance or otherwise to counter India's capabilities. In fact, Pakistan has always looked for 'parity' with India in terms of military strength.<sup>28</sup> In the area of weapons of mass destruction (WMD), similar pattern of arms racing is likely. Pakistan's nuclear weapons are directed against India's, while India's weapons are related to Pakistan and to China in some measure. Although Beijing does not acknowledge explicitly its nuclear rivalry with India,<sup>29</sup> its response to the US-led Theatre Missile Defence (TMD) could set off another round of nuclear arms racing in the sub-continent. In fact, in early 1999, China's top arms control official warned that efforts by Japan and Taiwan to improve their defence against ballistic missile could ignite a new regional arms race.<sup>30</sup> If China expands its forces and delivery systems in response to the US-led TMD programme, India would be constrained to enlarge its force size and capabilities.<sup>31</sup> This would in effect

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<sup>28</sup> See Manoj Joshi, "The Indo-Pakistan Military Balance and Limited War," *Strategic Digest*, Vol. 33, No.1, January 2003, pp. 16-27; Also see Pravin Sawhney, "India China and Pakistan Conventional Military Rivalry," in P. Sahadevan, ed., *Conflict and Peacemaking in South Asia*, New Delhi; Lancer's 2001, pp. 106-63.

<sup>29</sup> When India went overtly nuclear in May 1998, China was vociferous in its criticism of New Delhi's nuclear ambitions and told India to forget about its pursuit of great power status. Beijing seemed to be disinclined to accept India as a nuclear power. For more on this, see P.S. Suryanarayana, "China Contests India's Nuclear Status," *The Hindu*, 5 March 1999. See also, "China's Statement on India's Nuclear Tests," *Beijing Review*, 1-7 June 1998, p.7

<sup>30</sup> Ambassador Sha Zukang, Director General of China Arms Control and Disarmament Division, speaking at a conference in Washington D.C., had indicated this point, as he was quoted as saying, "If a country, in addition to its offensive power, seeks to develop advanced Theater Missile Defence (TMD) in an attempt to attain absolute security and unilateral strategic advantage, other countries will be forced to develop more advanced offensive missiles. This will give rise to a new round of arms race". As quoted in "China: Asian TMD would Trigger New Arms Race," *Defense Week*, Vol. 20, No3, January 19, 1999, p.2.

<sup>31</sup> A noted Indian security analyst and also former member of the first National Security Advisor Board as well as a member of the group tasked with drafting the nuclear doctrine, Bharat Karnad has forcefully argued for a larger nuclear force in order to match and deter the Chinese and other second

compel Pakistan to expand its nuclear forces, setting off another round of nuclear arms racing in the subcontinent. This sort of a complex and volatile situation could emerge to the extent that China is seen as a major threat and challenge to the dominant power of the region, India, and Beijing continues its strategic relationship with Pakistan, aiding and supplying crucial and strategic weapons systems /technologies.

However, on the positive side, another scenario seems to be emerging, where there is increasing interaction between India and China in areas of economic and trade. Over the last decade they have also made some progress with regards to negotiations on the border issues. Recently they have exchanged maps of their versions of the boundary in the Middle Sector. Another important development was the settling up of a mechanism of a security dialogue on China's proposal.

Despite such positive developments, certain factors remain giving rise to uncertainty and discord in India-China relations. These could threaten the prospect of peace and stability in the region. Despite repeated promises, Beijing still withholds formal recognition of Sikkim as a part of India. In recent years, there have been reports of China constructing roads that stretch into Indian territory across the LAC in the Western Sector, which is widely seen as

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tier nuclear weapons states. See his "A Thermonuclear Deterrent," in Amitabh Mattoo, ed., *India's Nuclear Deterrent: Pokhran II and Beyond*, New Delhi: Har Anand, 1998, pp.108-149.

violating the letter and spirit of the bilateral confidence building measures.<sup>32</sup>

There were also reports indicating Chinese troops intrusion on more than a dozen occasions in the Eastern Sector, particularly in the eastern districts of Upper Subansiri and Dibang Valley (Arunachal Pradesh), both along the international boundary with China.<sup>33</sup>

The issue of Tibet is another irritant in their relations. China is still doubtful of India's policy towards Tibet and its treatment of Tibetan refugees.<sup>34</sup> Apart from these issues, two important factors determining China's behaviour should be taken into consideration as one assesses its rise to power and the kind of implication it can have on the regional security of South Asia. First, China's increasing assertive nationalism<sup>35</sup> and secondly, its deeply rooted realpolitik strategic culture.<sup>36</sup> These are important factors which could influence its behaviour, making it an unpredictable adversary in the region.

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<sup>32</sup> "A Chinese Road into India that New Delhi Doesn't See," *The Times of India*, 21 November 2000; Also See, "Chinese Intrusion Quite Regular," *The Statesman*, 15 November 2000.

<sup>33</sup> "China Often Cross the LAC: Arunachal C.M." *Indian Express*, 14, October 2000; Sishir Gupta, "LAC Violation: George to visit N-E," *Hindustan Times*, 25 October 2000; Also see "George Rushes to Arunachal," *The Pioneer*, 30 October 2000.

<sup>34</sup> "India, China Agree on All Issues But Dalai and Tibet," *The Times of India*, 16 January 2002.

<sup>35</sup> See James Miles, "Chinese Nationalism, US Policy and Asian Security," *Survival*, Vol. 42, No.4, Winter 2000, pp. 51-71; Also see Allen S. Whiting, "Assertive Nationalism in Chinese Foreign Policy," *Asian Survey*, Vol. 4, No.7, August 1993, pp. 913-933.

<sup>36</sup> This has been a major area of theoretical contribution by Alastair Ian Johnston. His work is based on the close study of Chinese history and the classic texts of Chinese strategy. Johnston argues that China's realpolitik strategic culture has been the dominant variable explaining China's strategic behaviour and its high propensity to use force in asserting its claim and in the pursuit of strategic and foreign policy objectives. The dominant strategic thinking assumes that conflict is a constant feature in an ever changing international arena and so in such an environment liminary strength is essential and the application of force is efficacious. See his "Cultural Realism and Strategy in Maoist China," in Peter Katzenstein, ed., *The Culture of National Security: Norms of Identity in World Politics*, New York: Columbia University Press, 1996, pp.216-68. Also see his major work, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, Princeton: Princeton University Press, 1995.

## **Conclusion**

The chapter has examined the implication of China's rising power on South Asian security. It has argued that the China factor in the context of South Asia continues to be an important factor impinging on India's security perceptions. China's defence modernization and augmentation of its missile and nuclear forces pose deep concern for India. Government reports assessing India's security environment have underlined that China continues to remain the primary security challenge to India. Over the past decade, India has emphasized modernization and augmentation of its delivery systems. It has also acquired state of the art fighter aircraft and has plans to acquire force multipliers an aircraft carrier, AWACS, mid-air refueling and electronic warfare systems. All these are in some measure directed not only against Pakistan but also more importantly against Chinese capabilities. The China threat factor was a major reason for India's decision to go nuclear in 1998. India also continues to express concern about China's close strategic cooperation with Pakistan as well as with the military junta in Myanmar. This is seen by India as a potential threat to its security environment given the kind of relationship it maintains with Pakistan and the imperative of the geostrategic location of Myanmar. China close strategic cooperation with Myanmar is considered by India as a potential threat, as it can impinge on its trade and maritime interests. China also continues to maintain cordial relations with Bangladesh and Nepal. The last decade had witnessed increased interactions



and diplomatic engagement between India and China in areas of trade and negotiations pertaining to the boundary dispute. And the various high level contacts between the two neighbours have set in order the temporary downturn in their relations caused by India's nuclear tests. However, given their size, location and self-image as well as their increasing power and standing in the international system they will compete with each other across the politics-strategic-diplomatic and economic chessboard of Asia. Inevitably the growth of these two major Asian powers would increasingly be a major factor shaping Asia's politico-strategic landscape in general and South Asia's in particular.

## CONCLUSION

The end of the Cold War and the collapse of the Soviet Union have undermined much of the global power structure bringing an end to bipolarity. The evolving international system, a world that is characterized by the dominance of the preeminent power of the US along with other relatively weaker great powers, has witnessed China's dramatic rise. This has generated interesting debates and studies about the consequences of its new status on regional and global politics. This study had sought to present an analysis of China's rise to power and its implications for the South Asian security system in the post-Cold War period. It has suggested that security and strategic factors bind China to the South Asian regional subsystem.

Our study shows that, in the post-Cold War period, there has been a gradual enhancement in China's military capabilities as a result of its concerted efforts in modernizing its armed forces. Its defence spending has shown an increasing trend and is among the highest in the world. Modernization of the army equipment includes improving the battlefield survivability of armour and developing advanced version of armoured personnel carriers and main battle tanks as well as artillery systems. A number of personnel in the army were pruned in order to establish more streamlined formations with rapid reaction and force projection capabilities. The Chinese navy also made progress in the quality and quantity of its vessels in its inventory through indigenous production and acquisition from

abroad. The firepower of destroyers, frigates and submarines show substantial improvement though the PLAN still lacks the status of a full-fledged blue-water navy. For its air force, China has acquired state-of-the-art fighter aircraft and has plans to acquire AWACS, mid-air refueling and automatic command and control facilities. Besides, China also undertook the development and production of different types of aircraft, some of them in collaboration with other countries. Our study also shows that the PLA has emphasized modernization of its ballistic and missile capabilities. The liquid-fuelled and silo-based older generation missiles were being replaced by mobile and solid propellant strategic and tactical missiles. China is also enhancing its nuclear and long-range arsenal with long range and MIRV capabilities. China, in the last decade, has made tremendous progress in its space programme. All of this clearly illustrates China's rapidly growing military power.

The study has shown that China's economy is one of the fastest growing economies with a large attractive market. It is one of the world's largest trading powers, foreign trade accounting for a larger proportion of its GDP than is the case with even the US. It is now fully integrated with the global economy. China's industrial performance over the last decade has been remarkable, registering one of the highest industrial growth rates in the world. It has also made tremendous strides in the areas of computers and telecommunications. Overall, the Chinese economy has exhibited a

remarkable growth in the last decade. Along with these two key factors, which indicate its rising power, China's political influence is also growing. It has involved itself productively in many forms of political, security and economic cooperation within the context of regional and many bilateral frameworks. It has been vociferous in asserting its stance on several international issues and affairs – opposing the US-led operation in Yugoslavia, Iraq and the US-plan to deploy a NMD as well TMD. However, it should be noted that China's rapidly growing power and influence is not without the absence of any domestic problems. It has its own share of internal problems – rising dissident movements, the unrest in Xinjiang Province and the growing and the regional imbalance. As things stand, though, China has been able to respond to and manage well such internal threats and challenges keeping them under control.

Commensurate with its upward movements in the hierarchy of the international system of states, China has had a major influence on the smaller neighbouring states of South Asia. It maintains close and cordial relations with those states. They also attach importance to their relationship with China. The study also shows that China-India relations, after a hiatus of a few decades, have exhibited some significant improvement in the post-Cold War period. Apart from the exchange of high-level visits, the two neighbours have expanded their relations in the areas of trade and commerce. Trade between India and China has grown tenfold in the last

decade. However, the total value of their trade forms only a small fraction of each country's share of international trade, which clearly indicates that a vast potential remains. Efforts to resolve the border dispute have resulted in the signing of important agreements on confidence building measures and the maintenance of peace and tranquility in their border areas. Despite the temporary setback in their relations following the 1998 nuclear tests, both neighbours have shown readiness to consolidate their relations by undertaking important initiatives. They have exchanged maps of their versions of the border in the Middle Sector. Another achievement relates to the establishment of a security dialogue in order to address issue-specific and region-specific discussions on security.

Although the pace of Sino-Indian relations recorded an upward trend in the post Cold-War period, there are sensitive issues and problem areas which continue to cause concern for each other. Tibet continues to be a sensitive issue in India-China relations, China is still doubtful of India's intentions in Tibet. India continues to tread a cautious path on the issue. Tibet will continue to remain an important factor in their interactions as it is closely connected with their strategic interests. Another vexing question in China-India interactions is Beijing's multi-pronged defence ties with Pakistan, particularly in the nuclear and missile fields. This dimension is particularly important, as it has given rise to a complex triangular relationship involving the three Asian nuclear powers. Ever since its forceful

occupation of Tibet followed by the boundary dispute with India which climaxed into a war, China became incorporated into the South Asian security environment, besides its proximity with the region. Later, its close defence ties with Pakistan added another dimension to its involvement in the politics and security of the South Asian sub-system. In the last decade, as the study has shown, China has been responsible for bolstering Pakistan's nuclear and missile programme through active assistance and supply of weapons as well as technologies. Nevertheless China is also the main supplier of conventional weapon systems to Pakistan. In the context of the hostility and the bitter rivalry that exists between India and Pakistan, China's strong defence ties in the form of 'building up' Pakistan becomes a major security concern for India as it jeopardizes its security environment. The Sino-Pakistani nexus is also seen as China's strategy to counter India's power and dominance in the region. All this clearly illustrates how China continues to impinge on South Asian security.

Another dyad of security competition in the region is the India-China rivalry. The study has shown that the China factor in the context of South Asia poses a major security challenge for India. Although the Chinese do not seem to acknowledge the rivalry, its rapidly growing military power particularly in regards to the augmentation of its delivery systems and strategic weapons have a direct bearing on India's security perceptions, as the various reports of the Government of India and others writings clearly

show. In the last decade, India has also undertaken projects for the augmentation and upgradation of its delivery systems, acquired state-of-the-art fighter aircraft and is committed to acquiring crucial weapons platforms such as AWACS, aircraft carriers, mid-air refueling and electronic warfare systems. These are all in some measure directed against Chinese capabilities. Another dimension of the China factor that has a bearing on India's security perception is Beijing's strategic cooperation with Myanmar. The move is seen as developing Myanmar as a conduit for the projection of Chinese power and influence in the Indian Ocean. This view becomes pertinent in the light of China's march towards acquiring a blue water naval capability as well as its growing interests and the need for energy resources for its expanding economy.

In sum, China in the post-Cold War era continues to impinge on South Asian security. The Sino-Pakistani nexus continues, sustaining the complex triangular relationship in the region. China continues to be a major security challenge for the dominant power in region, India. Given the nature of the bilateral disputes and the intertwining of their interests, motives and policies, the triangular pattern of the relationship in the region is likely to be a protracted one. China continues to maintain close and cordial relations with Nepal and Bangladesh, marked by its trade and economic presence. Finally, situating a rising China in the context of the emerging pattern of security in the South Asian subsystem, it is unlikely to abandon its support

to Pakistan, as Beijing considers Islamabad to be a trusted regional ally as well as a vital counterweight to India's domination. Nor is it likely to discontinue its cordial relations with Nepal and Bangladesh. The imperative of geopolitics remains a constant factor influencing China's diplomacy towards its smaller neighbours. India and China could emerge as potential partners in promoting Third World issues in the emerging global order, promoting trade and economic cooperation. However, in the long run, more likely China and India will continue their traditional rivalry which is not unusual for two emerging giants with contiguous borders. Either as a competitor or as a potential partner, India and China will have a tremendous effect on the security and stability of South Asia. China will be a key variable in determining the security of the region given its power, standing, geo-strategic location and influence.



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