

Chapter 2

India, China and East Asia

G.V.C. Naidu

An appraisal of India–China relations in the context of East Asia has to consider two key aspects. One, both had not been major factors in the region till recently, but in a remarkable shift of events, they are now emerging as important determinants of regional economic and security order; and two, along with their growing roles in East Asia, their bilateral relations are witnessing an unprecedented transformation. Backed by rapidly expanding economic relations, they are becoming multifaceted and thus increasingly complex. With China's rise as the predominant power in East Asia and India's emergence with rapidly growing stakes in East Asia, it is obvious that they meet here. Consequently, there is no question that their interests are clashing and competition is mounting, but there is also remarkable political alacrity now than ever before to ensure that relations do not spin out of control. Even as East Asian security continues to be on the cusp of a profound change, it would be reckless to draw hasty inferences merely because there have been occasions in the recent past that may have implied that these two Asian giants are headed towards an irreconcilable rivalry, if not an all-out armed conflict. Both are acutely conscious of the fact that they are rising almost simultaneously and are seeking greater strategic spaces concomitant with their growing interests and expanding stakes that are no more limited to the earlier confines of their immediate vicinity. Yet, both are also equally aware of their strengths (and weaknesses) and the ability to undermine each other's interests. The wariness is evident in their military build-up.

Even while they globalise their economies, log eye-popping growth rates, fundamentally reorient their military capabilities and harbour ever bigger political ambitions, it is but natural that East Asia has emerged as the principal arena where China and India's interests not only converge but also intersect. It is further compounded by the fact that this region also happens to be complex in every sense

G.V.C. Naidu (✉)

Centre for Indo-Pacific Studies, School of International Studies,
Jawaharlal Nehru University, New Mehrauli Road, 110067 New Delhi, India
e-mail: gvcnaidu@gmail.com

of the term, economically the most dynamic and at the same time confronted with huge security challenges that could potentially undermine regional peace and stability and thus disrupt economic vibrancy. The bottom line is that East Asia is witnessing extraordinary shifts in its political/security architecture. Hence, questions have been raised on whether the region will emerge as the theatre for India and China to play out their competition/rivalry and what the implications for the rest of the region will be. Or will they find ways to peacefully coexist by joining hands in the management of regional security? It is too early to speculate; nonetheless, some new signs are visible.

A broad tendency among analysts to dub relations between India and China as a zero-sum game and claim that they are bound to remain rivals and their antagonism will manifest most prominently in the Indo-Pacific region may be far-fetched. A closer look at the way relations are evolving, their guarded approach, deepening engagement and enormous caution while dealing with each other signify that they want to avoid a collision course.

To be sure, suspicions do abound. The Chinese are anxious about India's strong forays into East Asia through its Look East policy, in particular its participation in what China considers a US-led containment strategy along with Japan and its involvement in the South China Sea even if ostensibly in search of energy resources. Similarly, India has always been wary of close links between Beijing and Islamabad and is sceptical of every Chinese move in India's immediate neighbourhood, its long-term ambitions in the Indian Ocean and its attempts to keep India away from East Asian affairs. As areas of interaction steadily expand—global, regional and bilateral—there is no denying that they will remain competitors—for natural resources, in particular energy, to satiate their fast-expanding industry and consumption with rising incomes, for markets, for investments (both ways) and, more importantly, for political influence. However, they are most unlikely to allow competitive elements lead to an open political and/or military showdown. Occasions to enable them to join hands unreservedly have also cropped up—as in climate change negotiations and in the promotion of the BRICS (Brazil, Russia, India, China, South Africa) forum as a kind of alternative reference point to the existing global order. Consequently, both face the challenge of keeping their relationship on an even keel. While this needs to be factored in while sizing up the India–China relationship, what is significant is that the self-imposed red lines they would not like to cross are vital indicators of how the two sides seek to deal with each other. This dynamics will influence their relations in the East Asian region.

2.1 Backdrop

For nearly two millennia before colonialism, China and India were, on one hand, the two largest global economies and held sway over the rest of Asia (Madison 2007). Yet, it is remarkable that they managed their relations without stepping on each other's toes. The vibrant economic, political, cultural and religious links that characterised the relationship were snapped by colonial rule across Asia.

Interestingly, for India, the emergence of a Communist Party-led China as a unified, independent nation in the post-colonial era did not matter. On the contrary, New Delhi looked at developments in China as a triumph of anti-colonial and anti-imperialist forces and thus extended full support by becoming the first noncommunist country to recognise communist China (and follow a 'one-China' policy). The bonhomie in the 1950s is in fact testimony to the fact that ideological differences were hardly an issue.

The thing is, despite the enormous influence these two countries exerted historically on the rest of the region (but remained on the margins during the long colonial rule and during much of the Cold War), they never faced off with each other, let alone get involved in a confrontation, nor did their interests ever clash. Indeed, they never dominated each other or made attempts to upstage one another in any way till the fissures began to develop in the backdrop of Beijing's attempt to usurp Tibet. A series of events—beginning from the Dalai Lama fleeing to India and Indian concerns over the status of Tibet, which historically had served as a buffer between the two giants; the border dispute cropping up as a major issue; and perhaps a number of miscalculations—have had their share in leading up to the border skirmish. They went to war with each other for the first time in 1962. That lone incident—however compounded by other developments at the domestic as well as international level—has bedevilled relations so much that it has generated enormous mistrust, animosity and rivalry.

What has changed is that their interests, which had been largely confined till the late 1990s to the bilateral arena, are now intersecting in East Asia, a region that is at the forefront of global economic growth. Consequently, its overall weight in global affairs is also concomitantly increasing in a big way, and hence developments here will have larger implications for the rest of the world as well. With a combined gross domestic product (GDP) of around US\$28 trillion in PPP terms, East Asia is already almost as large as the US and the European Union put together (and set to overtake them by 2014). Besides being home to nearly half the global population, the world's fastest and largest growing markets are located here. Now that the talks have already begun for a region-wide free trade agreement called the Regional Comprehensive Economic Partnership (RCEP), it will throw up an entirely new element. Today, three out of four of the world's largest economies are located in East Asia. By several estimates, China is likely to become the largest economy by 2035–2040, and India is already the third largest in PPP terms. By 2008, China emerged as the largest manufacturing nation, surpassing the US, and is also the world's largest trading nation. Despite considerable slowdown in the last couple decades, Japan continues to be an economic powerhouse. The Asian economic tigers, followed by Southeast Asia and China, were the biggest beneficiaries of Japanese aid, investments and technologies. Although the Japanese economy is a laggard compared to the rest of the region, it would be imprudent to underestimate its strengths: aside from huge personal financial assets at around US\$17 trillion (as of December 2012), it is the third largest economy with a GDP of over US\$5 trillion. More importantly, it is still a leader in several niche advanced technologies. If Abenomics works out, it could bounce back once again.

Others such as South Korea, Singapore, Hong Kong and Taiwan have emerged as major capital-surplus countries, with rapidly expanding economic roles. Of the total of nearly US\$7 trillion foreign exchange reserves held by the East Asian nations, these four countries alone have nearly US\$1.5 trillion. In addition, virtually the entire Association for Southeast Asian Nations (ASEAN) region is doing exceptionally well economically. Though a latecomer, Vietnam has already joined the league of high performers and Myanmar's story is beginning to unfold too. Added to this is India, relatively a new entrant. With its huge human resource base, a demographic advantage and a strong hold on certain niche areas such as information technology and pharmaceuticals, India is forecast to emerge as a major economic growth driver in the region in the coming years.

Unlike in the past when their fortunes were dependent on the US and West Europe, and the heavy reliance on their markets, the East Asian countries are coming of age economically today. They have exhibited remarkable resilience in the wake of 2008 economic crisis in the US and more recently in the Eurozone. Intra-Asian trade—at nearly 59 % in 2011—is growing faster rather than trade with outside the region. Similarly, East Asian investments are increasingly being bound within the region. These indicate not merely the declining importance of traditional markets such as the US and Europe, but growing opportunities and expanding markets in East Asia. Under the Chiang Mai Initiative, which came about in the aftermath of the 1997 financial crisis, a reserve pool of US\$240 billion by 2012 is in operation meant to tide over if the region faced with a similar crisis.

The innumerable bilateral and multilateral free trade agreements (FTA) and regional cooperation arrangements that the East Asian countries are involved in are a sign of growing regional integration. As of September 2012, 'there were 103 FTAs in effect involving one or more countries from the region, most of them bilateral. There are another 26 signed FTAs, 64 under negotiation and 60 more proposed (Menon 2013). Additionally, there are several regional multilateral mechanisms to promote economic cooperation, such as the Asia Pacific Economic Cooperation (APEC), ASEAN Dialogue and Summit Partnership Meetings, ASEAN Plus Three (APT) and East Asia Summit (EAS). Among these, the RCEP involving the ten ASEAN nations, China, Japan, India, South Korea, Australia and New Zealand will be a mega-FTA.

However, the region is not without its problems on the political and security fronts, prompting some to describe the current environment as two Asias (Feigenbaum and Manning 2012). In fact, at times they appear to be so unnerving that they might derail the region's economic juggernaut. Besides several flashpoints, the region is home to the world's largest (and probably most intractable) unsettled territorial and maritime boundary disputes. There is not a single country that is free from one of these. Some of them are minor but many are major and politically highly contested. For instance, the boundary dispute between India and China involves some 95,000 km². Many of the above have acquired considerable salience now compared to the past, either because of their geostrategic advantage or because of the vast natural resources they possess.

The other dimension of regional security are relations among the major powers. The regional powers, China, India and Japan, are redefining their roles and increasingly becoming more assertive. This is likely to be an enduring feature of East Asia in the coming years and will play a key role in any new regional order. The post-Cold War order led by the unipolarity of the US has collapsed with the rise of new power centres, and a lack of classic balance of power is adding to the anxiety of many small and medium countries. If history is any guide, it is inevitable that the rise of new powers not only disturb the status quo but they also try to constantly expand their strategic space at the cost of other existing dominant powers, leading to a clash of interests and tensions and quite often wars. It constitutes a major part of the discourse on Asian security whether this region too will go through the trajectory that other regions have traversed, such as Europe. On the other hand, there are others who argue that developments in the nineteenth- and early twentieth-century Europe are not necessarily the best guide to the future of East Asia, especially because of massive globalisation process that is current underway and unprecedented economic interdependence, which will make the cost of conflicts simply too much to bear. Whichever course East Asia takes, one thing is pretty certain: the post-Cold War unipolarity is transiting towards an East Asian multipolarity. This transition is unnerving because one is not sure if it is going to be smooth and free of conflicts, keeping regional peace and stability unaffected—a precondition for continued economic dynamism and development.

This paper argues that, whereas China figured prominently in India's policy towards East Asia since the late 1970s, it gradually became just one of several factors guiding New Delhi's Look East policy. In other words, China is no more the sole or prime determinant of India's engagement with East Asia. It concludes that India and China will continue to be wary of each other even as each of them steadily tries to gain more and more strategic space. Competition of one sort or the other is likely to continue and intensify, but they have no option other than finding ways to accommodate each other.

2.2 India's Look East Policy and China

Most contend, rightly so, that economic imperatives drove India to start looking eastwards, but the China factor certainly had a role in fashioning the Look East policy (LEP) as it evolved. Whether at the time of its launch or later on, India has economically never been a match for China. Hence, the objective was not so much to counter China, but to ensure that its own interests were not undermined. There was a broad realisation in New Delhi that the end of the Cold War was godsend that enabled it to break free from Cold War shackles and to look beyond its immediate neighbourhood where it had willy-nilly boxed itself in. To its credit, the Indian Navy took the first steps on its own to establish contacts with its counterparts in Southeast Asia and Australia to build confidence and to dispel misgivings that its modernisation in the 1980s was an attempt to project power into the eastern Indian

Ocean region. India was also concerned about the trend of creating regional trading blocs in the early 1990s, prominently in Europe and North America, prompting East Asia too to undertake steps to create their own—the East Asia Economic Group (later Caucus), put forward by Mahathir Mohamad, the Malaysian prime minister, for instance. This would have left India as the only major power not belonging any of these blocs. Second, India also wanted to be part of East Asian economic dynamism to attract more investments from Japan and other countries and to considerably increase its trade with this region. Hence, in the early 1990s, India had no option but to get closer to this region at any cost. This combination of factors was behind the launch of the Look East policy.

A close scrutiny, however, reveals that China has always lurked in the background, sometimes more starkly than others. Most certainly China was a factor after Vietnamese military overthrew the Beijing-supported Pol Pot regime in Cambodia in late 1978. India was the only noncommunist country to diplomatically recognise the Hanoi-installed government in Phnom Penh. Indeed, at the time, India preferred to forego the ASEAN offer of a Dialogue Partnership than to lose a strategic ally in Vietnam that shared common concerns about China.¹ The end of the Cold War also removed Cambodia as a major impediment between India and ASEAN. Interestingly, in the aftermath of the Cold War, the China factor began to figure in Southeast Asian thinking—quite unexpectedly for India—as a result of certain vital geostrategic developments in the early 1990s, which coincided with India's Look East policy, prompting several ASEAN countries (prominently Singapore and Indonesia) to reassess their attitude in terms of enabling New Delhi to play a larger role in regional affairs.

The most important among these was super power military withdrawal. The closure of America's largest overseas bases in the Philippines in 1992, for the first time, resulted in a power vacuum in Southeast Asia. This alone would not have been a major worry, but for other developments that followed, mostly concerned with China's generally assertive stances over its claims in the South China Sea in particular and exhibiting greater ambitions to be the predominant power in general by taking advantage of the new circumstances. The Standing Committee of the National People's Congress of China adopted the Law on the Territorial Waters and Their Contiguous Areas (Territorial Sea Law) in February 1992, asserting China's sovereignty over the Spratly and Paracel Islands, and published a map indicating not just the entire South China Sea from Hainan but all the way up to Indonesia's Natuna Islands as its territorial waters. Although Beijing clarified that the Natunas belonged to Indonesia, it failed to dispel the latter's anxiety. Soon, a series of low-level military spats followed between China and Vietnam and China and the Philippines. Against this backdrop, while the US was keen to re-establish its military presence in Southeast Asia, ASEAN started to weigh other options as it was forced to come to terms with

¹New Delhi was apparently incensed when Beijing decided to launch a military attack on Vietnam in February 1979 (when the Indian foreign minister was in China on an official visit, forcing him to cut it short) to teach Vietnam a 'lesson' (the same language that it had used in the 1962 war with India).

new realities in the changed circumstances, wherein its security role all of a sudden had come into sharp focus. This explains why ASEAN, which was initially unenthusiastic about the Japanese idea of a regional security platform to replicate the European example, came around as a major benefactor of the ASEAN Regional Forum (ARF) in 1993.

Second, India, a large country with formidable military power, figures prominently as a potential countervailing force against China. This is evident if one looks at the debate on the creation of a regional security multilateral framework. Not only did India hardly figure in this, but its attempts to join the ARF were politely rebuffed. By 1995, however, a perceptible change in ASEAN's attitude was obvious when India was made a Dialogue Partner and also offered membership of the ARF.

Still, this cannot be construed as concerted attempts to create a regional power balance of some sort. For most countries of ASEAN, India was an unknown quantity that, after more than three decades of political chasm, it was trying to re-establish links. Its economic reforms, notwithstanding a strong commitment by the top political leadership, were teetering and were undoubtedly no match for the economic prospects China was already presenting. There was, nonetheless, a broad agreement that India's military power, in particular its navy, was formidable.

Among various factors, China's close economic and defence relations with Myanmar, particularly since the crackdown on the democracy movement in August 1988, figured prominently in revisiting India's previous policy of supporting pro-democracy movements. In the new policy framework initiated in 1993, besides engaging the ruling military junta politically, New Delhi also began to strengthen economic links. That was also the time ASEAN started looking for ways to get Myanmar into its fold.

India's May 1998 nuclear tests, avowedly to counter the potential Chinese threat, elicited mixed reactions from East Asia. When the issue came up at the July 1998 ARF meeting in Manila, a group of countries led by Australia, Japan, the Philippines and China sought to condemn India.² However, the attempt was thwarted because some ASEAN countries were strongly in India's defence. It was a clear indication that these countries were looking at India as a potential balancer to a nuclear-armed China.

However, in a remarkable turnaround, the advent of conservative leadership under George W. Bush in the US (and a few years later Junichiro Koizumi in Japan), who became openly critical of China's authoritarian government, brought the focus on India as a potential ally to counter China. Both these politicians (especially Koizumi) endeavoured to revisit their relations with India in a more fundamental way. China's first real concern about India in East Asia became palpable when Bush enlisted New Delhi's support to his ballistic missile defence programme in 2001. Then came the famous 2005 India-US Nuclear Agreement, which was followed by a series of other security cooperation arrangements. One could see the Bush administration strongly articulating a major role for India in East Asia. On the other hand, Koizumi signed the

²The Clinton administration even went to the extent of suggesting a partnership with China to compel India to reverse its nuclear decision, leading to strong reactions from New Delhi.

historic Eight-Point Initiative on a visit to India in May 2005—one of the most comprehensive agreements that Japan has ever signed other than with the US. The joint statement, titled ‘Japan–India Partnership in the New Asian Era: Strategic Orientation of Japan–India Global Partnership’, was a clear endorsement of India’s role in East Asia. When seen against Japan’s cold shouldering of India’s efforts to forge close links with East Asia, perhaps with the calculation that it might complicate Tokyo’s ambitions to play a bigger political role in the region in the early 1990s, and the bitterness it exhibited as a result of the nuclear tests, it is astounding that India has emerged as the second most important strategic partner to Japan after the US. There is no question that a common concern about China has been a major driver of this.

These developments had a major impact on China’s thinking about India, and its unease over growing India’s relations with and involvement in East Asian affairs was palpable. For long, China had dubbed India as a predominant power in South Asia, implying that it did not belong to East Asia. The launch of the informal Quadrilateral comprising the US, Japan, India and Australia, and the two major military exercises that India conducted in 2007, was probably the clearest signal to Beijing that these countries could join hands to counterbalance it. As expected, China took serious objection and expressed its concern in no uncertain terms. The change in political leadership in Australia, with the Labour Party winning the elections in 2007, and around the same Shinzo Abe—seen as a China baiter—being replaced by Yasuo Fukuda, a moderate, brought an end to the Quadrilateral. After several years, the US, Japan and India security cooperation had taken a new avatar in the form of the Trilateral, which, unlike the Quadrilateral, was a formal mechanism. So far, it has been a low-key affair, confined to senior bureaucrats in the foreign affairs ministry, but it is emerging as a key mechanism for security cooperation. The agenda of the Trilateral ostensibly covers several issues, including China.

Given its steady expansion, the Look East policy has become multifaceted; aside from political and economic aspects, strategic interactions with East Asia have begun to emerge as a notable dimension. What began in the early 1990s as an attempt to assuage Southeast Asian concerns over the impact of Indian naval expansion has since gathered an unprecedented momentum. The initial success in fashioning defence cooperation with a few East Asian countries has stimulated India’s defence outreach programme in such a big way that it now includes a wide array of activities, such as strategic dialogues, bilateral and multilateral exercises, training programmes, high-level visits, technology cooperation agreements and some instances of arms transfers as well. Compared to 1990 when Vietnam was the only country with which India had some strategic understanding (sans a formal agreement), a decade and half later, it had forged defence and strategic links of one kind or another with most countries of East Asia as part of its ‘defence diplomacy’.³ New Delhi has been striving hard to broaden and strengthen these ties. A measure of its success can be gauged from the fact that a section on ‘Defence Relations with

³In 2003 alone, India entered into eight agreements or memoranda of understanding on defence cooperation and held seven ‘defence dialogues’ (*Ministry of Defence Annual Report 2003–04* [New Delhi: Government of India, 2004, pp. 185–186]).

Foreign Countries' has started appearing in the annual reports of the defence ministry since 2003–2004. Since the Indian Navy was the trailblazer in this endeavour, it created a separate Directorate of Foreign Cooperation at its headquarters in 2004. It is obvious that India's exponential increase in its strategic relations with East Asia has significant security implications for the region in general and China in particular. It is not that China is the sole reason for these links, but it certainly is a factor in some cases.

2.3 India, China and East Asia

Since the early 2000s, there have been signs of rising tensions between India and China corresponding with India's qualitative shift in its East Asian engagement. Aside from Myanmar, now several issues in East Asia can be related to India and China one way or another. In fact, an intensifying competition can be seen virtually across the entire East Asian region to varying degrees—from wooing ASEAN, as was evident when New Delhi (and Tokyo) offered to sign a comprehensive economic cooperation agreement in 2003 to match a similar initiative by Beijing in 2002, to joining hands with Japan, from active participation in regional multilateralism to attempts at creating power balance vis-à-vis China. China resisted the expansion of the APT to include India prompting Japan to come up with the idea of creating a new forum in the form of the EAS. When it was launched in 2005, China tried unsuccessfully to block India's membership, but the majority prevailed. In the following section, we look at some examples where India and China's interests overlap.

2.4 India, Myanmar and China

As noted, earlier, New Delhi's discomfort about Beijing's growing influence was one of the factors responsible for a volte-face in its policy towards Myanmar beginning in 1993.⁴ The world's chorus of condemnations of the military-led rule in Myanmar till 2010 failed to deter India from assiduously building close relations with the regime after openly supporting the pro-democracy movement previously. In 1992, the Indian government had awarded Aung San Suu Kyi with the prestigious Jawaharlal Nehru Award for International Understanding, much to the discomfort of the military. By then, China had made major economic, military and diplomatic

⁴India was equally concerned about unabated insurgency in its volatile north-east. Since Myanmar shares borders with four of these states and because there are certain communities that live on both sides of the porous border, it was very difficult to control the insurgency without active Myanmarese cooperation.

inroads into Myanmar. The August 1988 military deal of US\$2 billion to fight insurgency (which India had declined earlier) and the unflinching support that Beijing extended to the military regime facing international sanctions and condemnation following the brutal crackdown in 1988 further distanced India from Myanmar. By the end of the 1990s, China had also emerged as Myanmar's principal aid provider and economic partner. As a key neighbour sharing a long border and whose support in fighting India's own insurgencies in its north-eastern region was critical, the last thing India wanted was Myanmar becoming a satellite to China. Sustained re-engagement and political cultivation enabled India to regain considerable ground. Although Myanmar joined ASEAN in 1997, its influence had always been limited, whereas what really mattered for Myanmar was its relations with the two giants.

True, India cannot match China in providing generous economic assistance and military aid, but its upper hand is its soft power because of its significant influence and strong historical linkages. Myanmar understood that excessive dependence on China was imprudent, and hence, as soon India changed its policy, it was eager to embrace it in order to maintain equal distance between India and China. By the early 2010s, India's trade grew more than tenfold to cross US\$1 billion in a decade, and it managed to get several investment opportunities in energy, telecommunications, railways, hydroelectric power, the Kaladan Multi-Modal Project and the development of Sittwe Port. India is also engaging with Myanmar through the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC), an inter-regional mechanism involving countries from South and Southeast Asia.

The growing political comfort between India and Myanmar can be judged by the fact that India is probably the only foreign country that Yangon has been sending its naval ships to for periodic exercises and to participate in the Milan naval exercises since the mid-2000s. More recently, Myanmar troops have also been receiving training in jungle warfare and counter-insurgency operations in India and in hydrographic surveys with the Indian Navy. After the transfer of the British Islander aircraft, India has also started training the Myanmar Air Force at the Kochi naval base.⁵ In January 2007, during a visit to Yangon, the Indian external affairs minister announced that 'India would be supplying certain military equipment to Myanmar to boost the defence cooperation between the two countries'.⁶ By April 2007, a leading Indian daily claimed: 'After equipping it [Myanmar] with 105 mm artillery guns, T-55 tanks and Islander aircraft, New Delhi plans to help set up a naval aviation wing and to provide training to their personnel.'⁷ Some see BIMSTEC as a counter to China's Kunming Initiative (renamed as Bangladesh–China–India–Myanmar Initiative).

Thus, it is apparent that India and China are in competition to enhance their respective leverage in this geostrategically located and resource-rich nation. Since the August 2010 elections, Myanmar witnessed unprecedented political changes. The establishment of democracy has fundamentally altered its foreign policy orien-

⁵ 'India to Firm up Military Ties with Myanmar', *Hindu* (24 June 2007), at <http://www.thehindu.com/2007/06/24/stories/2007062451200900.htm>, accessed on 25 June 2007.

⁶ See Siddharth Varadarajan (2007).

⁷ *Hindustan Times* (19 April 2007).

tation, with the US and Japan taking a major lead in re-engaging with Myanmar. It means a further erosion of China's influence and gives India opportunities to undertake joint initiatives, especially with Japan and the US.

2.5 Japan–India Partnership in the New Asia and China

India's courtship of Myanmar may not have evoked extensive anxiety in Beijing about likely competition in East Asia, but Japan's moving closer to India since the mid-2000s started the alarm bells ringing loudly. The way the India–Japan relationship has been shaping is a remarkable story, especially considering the fact that they, after having remained on the wrong side of the Cold War, divide for nearly five decades, appeared to gain some traction in the mid-1990s. Since then, it suffered its worst setback following the 1998 Indian nuclear tests. However, a decade later, they had become the best of friends. If Prime Minister Yoshiro Mori's 2002 visit broke the ice, Junichiro Koizumi's 2005 visit can be considered the real turning point.

The limited 2006 defence ministers' agreement was replaced by a more detailed accord signed by the prime ministers in 2008. Known as the Joint Declaration on Security Cooperation, it spells out the mechanics of defence and strategic cooperation involving both foreign and defence establishments. Ever since, numerous dialogues and meetings have been taking place such as strategic dialogues at the foreign minister and foreign secretary levels (and a Track 1.5 strategic dialogue) and 'meetings between the Defence Ministers, Meetings between the Vice-Minister of Defence of Japan and the Defence Secretary of India including Defence Policy Dialogue, Military-to-Military Talks at Director General/Joint Secretary level, exchange of service chiefs, Navy-to-Navy Staff Talks, Service-to-Service exchanges including bilateral and multilateral exercises'.⁸

What had been limited to coastguard-level bilateral maritime exercises has now been expanded from navy to navy—the first one called JIMEX was held in June 2012—along with the first-ever air force-level exercises.⁹ Probably the most inconceivable is the Japanese offer of advanced military technologies to India (the only country outside the US, if reports are true) (Pabby 2011). In an attempt to further consolidate their relations, it has started, since 2010, the Two-Plus-Two mechanism. Initially restricted to the permanent secretaries of the foreign and defence ministries, it is to be elevated to the cabinet minister level (Dikshit 2010). It is noteworthy that Japan conducts similar talks with only the US and Australia.

Otherwise very fastidious about nuclear issues, Tokyo endorsed the Indo-US nuclear deal without reservation at the Nuclear Suppliers Group (NSG) in 2008 and has even initiated talks for possible civil nuclear cooperation in June 2010. Consequent to the Fukushima nuclear accident, the talks have hit a roadblock but

⁸ *Joint Declaration on Security Cooperation between Japan and India* (22 October 2008), at http://www.mofa.go.jp/region/asia-paci/india/pmv0810/joint_d.html, accessed on 19 November 2013.

⁹ http://indiannavy.nic.in/sites/default/files/PRe1_120609_JIMEX12_Indio-Japan-Ex.pdf, accessed on 2 July 2012.

are expected to be resumed since the government of Japan—under intense pressure from nuclear industry—has in principle stated that it would not oppose export of nuclear reactors and technology.

What is striking is that, irrespective of which political party is in power and who is at the helm, India's overall strategic significance has not been lowered. On the contrary, it has been on the rise. The same is true in the case of India. India's Prime Minister Manmohan Singh, for instance, said that India and Japan are 'two major pillars of new Asia' and called their relationship 'one of the most important bilateral relationships we have. A strong India-Japan relationship will play a significant role in the emerging Asian security architecture.'¹⁰ It is the first time such an emphatic underscoring of the India-Japan role in East Asia has been proclaimed. Although both sides have taken sufficient care, China—its rise, growing nationalism and its assertive attitude over its territorial claims—is a key factor that has contributed to Japan and India moving closer, and hence much of their bilateral strategic focus is on East Asian security.

That Japan is fundamentally reorienting its security policies (and its Self-Defense Forces deployments) to meet the China challenge is in no doubt. In fact, its 2004 defense guidelines clearly dubbed China a security threat, drawing strong reactions from Beijing.¹¹ It reiterated this emphatically once again in the new National Defense Program Guidelines issued in December 2010.¹² The remarkable changes that Japan is effecting to its defence policies largely stem from concerns about China. From Tokyo's viewpoint, the current political flux and security uncertainty that the region is facing needs an appropriate power balance so that an enduring, stable multipolar regional order takes shape. In this endeavour, India is seen as a formidable partner sharing similarity of interests and concerns.

2.6 India, the US and China

Connected in more ways than one is the burgeoning India-US strategic partnership and cooperation on East Asian security. Ever since these countries began to re-engage in a big way in the aftermath of the Cold War, much of the focus in the first decade had been primarily on bolstering bilateral relations. However, as part of broadening their security cooperation, they are increasingly turning attention to the security of the Indo-Pacific region. Speculations had also been rife—given the growing bonhomie between the US and India and between India and Japan—that a

¹⁰ 'Strong India-Japan Ties Key to Asian Security Architecture: PM', *Business Standard* (21 October 2008), at http://www.business-standard.com/article/economy-policy/strong-india-japan-ties-key-to-asian-security-architecture-pm-108102100013_1.html, accessed on 19 November 2013.

¹¹ 'China Criticizes Japan's New Defense Guidelines', *Japan Times* (12 December 2004), at <http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20041212a1.htm>

¹² 'New Defense Strategy', *Asahi Shimbun* (editorial, 20 December 2010), at <http://www.asahi.com/english/TKY201012190135.html>, accessed on 20 December 2010.

new loose arrangement sans a treaty (some dubbed it the 'Asian NATO') comprising the US, India, Japan and Australia might be created (Blank 2003). The idea was apparently discussed in May 2003 when top Indian policy makers visited the Pentagon. This, expectedly, drew strong reactions from China.¹³ On a practical level, during the relief operations following the December 2004 tsunami, the need to have greater interoperability among friendly nations was strongly felt. With Japan, in particular, the proposal by Shinzo Abe, the former prime minister, to create an 'arc of freedom and democracy' in Asia comprising the US, Japan, India and Australia, led to the formation of the informal Quadrilateral, which was discussed at the senior officials' level on the sidelines of the ARF meeting in Manila in May 2007.

Enthusied by the success of the first-ever trilateral maritime exercises in April 2007 off the Japanese coast (the Indian Navy participated in such exercises for the first time in the Pacific), larger and militarily more significant exercises were hosted by India in September 2007, called Malabar II, in the Bay of Bengal, which also included Australia and Singapore. Sensing that these moves were largely aimed at it, Beijing reacted sharply. The Quadrilateral came to an end with change of leadership, with PM Fukuda in Japan and the new Labour government in Australia not wanting to take part in something that China had serious objections to. Even though India and the US hold a bilateral dialogue on East Asia annually, the need to create a formal trilateral mechanism among these three countries had been felt. The issue was broached during the Indian foreign secretary's Tokyo visit in April 2011.¹⁴ It was brought up again during the US secretary of state Hilary Clinton's July 2011 visit, resulting in its launch whose first meeting was held in late 2011. As the Indian foreign minister stated, bilateral and trilateral India-US cooperation will aim at creating a 'peaceful and stable Asia, Pacific and the Indian Ocean regions, and the evolution of an open, balanced and inclusive architecture in the region. We will continue to work together, and with other countries, towards this goal through various mechanisms, such as our bilateral dialogue, the regional forums and our trilateral dialogue with Japan.'¹⁵ Non-traditional security issues, including countering terrorism and tackling a number of maritime security challenges, are part of this, but it would be naïve to miss its hedging intent for unforeseen contingencies (read China's behaviour).

¹³ 'US Dreams of Asian NATO', *China Daily* (18 July 2003), at http://www1.chinadaily.com.cn/en/doc/2003-07/18/content_246030.htm

¹⁴ 'Japan, India, US to Team up to Tackle Security, Economic Issues', Asia News Network (1 June 2011), at <http://www.asianewsnet.net/home/news.php?id=16585&sec=1>, accessed on 2 June 2011.

¹⁵ Ministry of External Affairs, Government of India (19 July 2011), at <http://www.mea.gov.in/mystart.php?id=100517854>, accessed on 21 July 2011.

2.7 Vietnam, India, South China Sea and China

The South China Sea has emerged as the latest and probably the most unlikely place for diplomatic sparring between India and China, involving Vietnam as well, exacerbating tensions between the two. Ever since it became public that the Indian government-owned Oil and Natural Gas Corporation plans to prospect for hydrocarbons jointly with Petrovietnam in what Vietnam claims is its territorial waters, China has raised objections, contending that it impinges on its sovereignty. The dispute is complicated as several countries in the littoral have varying claims. The South China Sea issue has acquired enormous significance because of its geostrategic location connecting the Indian and Pacific Oceans, through which some 40 % of global trade passes. It is estimated to be rich in both living and non-living resources, and importantly, control over this sea offers huge strategic advantage vis-à-vis the rest of the East Asian region.

A series of developments beginning from China's new assertions in early 2010 that the South China Sea constituted a 'core interest' and its sovereignty over the Spratlys (it occupied Paracels in 1974) was 'indisputable' has led to strong reactions from other disputants. Further, the US secretary of state, Hilary Clinton, vociferously voiced American concerns in the ARF meeting in Hanoi in July 2010 that the US had a 'national interest in the freedom of navigation, open access to Asia's maritime commons' and that it should be settled peacefully according to the norms of the international law. She also proposed that there was need to find a multilateral solution to the dispute and expressed support for a 'collaborative diplomatic process'. She also offered America's services for this. Expectedly, China reacted strongly to Clinton's remarks with the Chinese foreign minister, Yang Jiechi, categorically opposing any effort to 'internationalise' the problem. A number of run-ins with Vietnam and the Philippines led these countries to air their umbrage at China's belligerent attitude openly for the first time at the Shangri-la regional security forum in Singapore in June 2011.

India came into the picture first when its statement at the 2010 Hanoi ARF meet more or less reiterated what the US and several others had urged, that is, freedom of navigation, access to maritime commons and peaceful resolution of the dispute based on international law, which was contrary to Beijing's stated position of bilateral settlement. An Indian company entering into a deal with its Vietnamese counterpart to explore for oil and natural gas riled the Chinese. Even while China took serious objection to it, the media in both countries appear to have played a major role in stoking the row; the language used by the Chinese media, for instance, appeared provocative. For instance, a *People's Daily* editorial noted:

India and Vietnam inked an agreement for joint oil exploration in the South China Sea on Wednesday. Both countries clearly know what this means for China. China may consider taking actions to show its stance and prevent more reckless attempts in confronting China in the area.

Furthermore, it cautioned that:

Once India and Vietnam initiate their exploration, China can send non-military forces to disturb their work, and cause dispute or friction to halt the two countries' exploration. In other words, China should let them know that economic profits via such cooperation can hardly match the risk.... India has its ambitions in the South China Sea. However, its national strength cannot provide solid support for such ambitions yet. Furthermore, this is not India's urgent task in building itself into a great power. Even in respect of its own interests, India is just poking its nose where it does not belong. Indian society is unprepared for a fierce conflict with China on the South China Sea issue.¹⁶

India, on its part, asked China not to indulge in any activity in the Pakistan-Occupied Kashmir (POK) region (Bagchi 2011). In a meeting with his counterpart Wen Jiabao on the sidelines of the East Asia Meeting in November 2011, India's Prime Minister, Manmohan Singh, assured China that: 'Indian exploration activity in the South China Sea was 'purely commercial' and the issue of sovereignty over sea-waters should be resolved according to international law and practice (Reddy 2011) To be sure, there are saner voices on both sides urging restraint. The Indian government has repeatedly played down most of the recent controversies. Similarly, the relatively nationalist *Global Times* of China carried an opinion piece urging that 'China and India must not go for the throat' even while castigating that 'currently India is a bit pushy in its relations with China. The country appears to be highly interested in facing off with China. But that contest is not the primary focus of the Chinese society.' It also said that 'both countries should stay calm and not take small issues to a level of strategic hostility. India's power and its development will not make it a strategic enemy to China.'¹⁷

The India–China wrangle should be seen against the backdrop of growing defence cooperation between Vietnam and the US and between Vietnam and India. Further, Vietnam became the fourth country (apart from the US, Australia and India) that Japan has initiated its Two-Plus-Two dialogue with and increased security cooperation. There is a growing feeling in China that Vietnam is standing up to China in its claims (supported by 'outside powers') and that Hanoi has been responsible for internationalising and multilateralising the dispute. From India's point of view, the dispute in the South China Sea is between China and Vietnam, and it is up to them to settle it, while Indian energy prospecting activities are limited to what Vietnam claims as its own territorial waters. China, on its part, perceives Indian actions as attempts to fish in troubled waters, which further complicates the issue. The fact of the matter is, whatever the Chinese thinking, by taking a hardline position, it may have contributed to internationalising the issue.

¹⁶ 'India–Vietnam Oil Exploration Deal Must Be Stopped', *People's Daily* (14 October 2011), at <http://english.peopledaily.com.cn/90780/7617306.html>, accessed on 19 November 2013.

¹⁷ 'China and India Mustn't Go for the Throat', *Global Times* (29 November 2011), <http://www.globaltimes.cn/NEWS/tabid/99/ID/686231/China-and-India-mustnt-go-for-the-throat.aspx>, accessed on 29 November 2013.

2.8 Conclusion

Given this background, characterising India–China relations in East Asia as strategic rivalry (like the one between the US and the former Soviet Union during the Cold War) would be misleading. There is undoubtedly political competition and both would be wary of each other. At the same time, if the recent reconciliatory signals emanating from Beijing are any indication, it seems China is willing to recognise that India has strong interests in East Asia, implying that it has a role there that should be accordingly accommodated. Similarly, notwithstanding long-term concerns, India is exhibiting considerable understanding on China's mounting interests in the Indian Ocean. They have, in fact, cooperated to counter rampant piracy in the recent past.

India may have a slight upper hand strategically since it has a clean historical record, is not involved in territorial disputes and shares several common interests with the US, Japan, Vietnam and Indonesia. But the containment of China is futile and India is not likely to be party to any brazen attempts do so. It cannot match, at least for foreseeable future, China's economic attractiveness. Also, India itself wants to gain from China's economic rise.

Moreover, India's interests in East Asia are versatile and diverse, including a range of security challenges in the non-traditional domain. Close links, especially with Japan and the US, with whom it never had any bilateral problems in the first place, are seen to be mutually beneficial both in terms of maintaining regional peace and stability, and working towards building a new stable, multipolar regional order. In other words, there is a host of other considerations that are driving India's policy towards East Asia rather than just China.

Yet, as explained earlier, as China and India rise and as their strategic footprints expand, they are bound to view each other's security policies and military build-up with ever greater suspicion. What appears fairly clear is that both are aware of their strengths and shortcomings and have drawn their own redlines while dealing with each other by refraining from undertaking certain actions that are seen highly inimical and provocative. While recognising the fact that they, as in the past, will continue to be significant players in the future too, managing their relations in East Asia will be the biggest challenge for them as well as for the rest of the region. In the final analysis, Beijing has to factor in growing India's role in East Asian affairs rather than wish it away or pretend that it is non-existent or deliberately try to keep it away although New Delhi will be wary of getting sucked into spats involving Beijing and its neighbours.

References

- Bagchi I (2011) Keep off PoK, India warns China. Times of India, 16 September 2011. <http://timesofindia.indiatimes.com/india/Keep-off-PoK-India-warns-China/articleshow/10000158.cms>. Accessed 19 Nov 2013
- Blank S (2003) Inherent dangers in an "Asian NATO". Asia Times, 19 September 2003. http://www.atimes.com/atimes/South_Asia/EI19Df05.html. Accessed 19 Nov 2010

- Dikshit S (2010) India–Japan ties enter strategic sphere. *Hindu*, 4 July 2010. <http://www.thehindu.com/news/national/article498924.ece>. Accessed 19 Nov 2013
- Feigenbaum EA, Manning RA (2012) A tale of two Asias: in the battle for Asia's soul, which side will win—security or economics? *Foreign Policy*, 31 October 2012. http://www.foreignpolicy.com/articles/2012/10/30/a_tale_of_two_asias. Accessed 16 Nov 2013
- Madison A (2007) *Contours of the world economy, 1–2030 AD: essays in macro-economic history*. Oxford University Press, Oxford
- Menon J (2013) How to multilateralise Asian regionalism. *East Asia Forum*, 6 January 2013. <http://www.eastasiaforum.org/2013/01/06/how-to-multilateralise-asian-regionalism/>. Accessed 16 Nov 2013
- Pabby M (2011) In a first, Japan offers to sell aircraft to India. *Indian Express*, 17 November 2011. <http://www.indianexpress.com/news/in-a-first-japan-offers-to-sell-aircraft-to-india/876950/>. Accessed 19 Nov 2013
- Reddy BM (2011) India tells China its interest in disputed sea “purely commercial”. *Hindu*, 18 November 2011. <http://www.thehindu.com/news/national/article2638645.ece>. Accessed 19 Nov 2013
- Varadarajan S (2007) India to supply military equipment to Myanmar. *Hindu*, 22 January 2007. <http://www.hindu.com/2007/01/22/stories/2007012208851400.htm>. Accessed 19 November 2013

India and China in the Emerging Dynamics of East Asia

Naidu, G.; Chen, M.; Narayanan, R. (Eds.)

2015, XIII, 178 p., Hardcover

ISBN: 978-81-322-2137-1