A famous Chinese saying by ancient Chinese philosopher Lao Tzu says, “Everything reverses direction upon reaching extreme.” History proves Lao Tzu’s maxim, and in the world of international politics, it can be employed to best describe the phases of ‘intense rivalry’ and ‘interdependence’ among States. However, like any other researcher of international politics, I will eschew from calling interdependence a phase of ‘peace’ following that of ‘rivalry’.

Since the beginning of the twentieth century or more precisely the start of World War I, the world has been witnessing an intensive and extensive competition for balancing of power among states. The situation is no different now, although the dynamics of the New World Order have added more variables in the balancing equation. The variables were less natural and more man-made but their outreach and influence have made it beyond the capacity and capability of any State (read human being) to regulate or constrain the unfolding developments. The Cold War was an intense period of international politics and its demise culminated in the emergence of the culture of interdependence – security and economic. The Third World states have been the focus of this culture and, further, China and India are two of the six main actors and emerging powers.

It is interesting to note that the advent of the unipolar world brought economic interdependence and only two decades later the states are finding themselves intertwined into deep security interdependence as well, making the future of economic prosperity and peace perilous. The China-Pakistan-India trilateral relations have an interesting economic and security interdependence equation. It not only reflects their bilateral misgivings but also how extra-regional states’ influence is keeping the regional multilateral mechanisms handicapped.

China is self-reliant in its security capability but interdependent on the world economies for its economic development. In 2009, the U.S., Japan and India were ranked as first, second and tenth, respectively, top trade partners of China.

India, on the other hand, has both economic and security interdependence. For economy it is dependent on China and the U.S. China is India’s largest trading partner and the U.S. second-largest. For its security or military capability, India is dependent mainly on Israel, Russia, France and the USA.

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Pakistan, at the same time, is also locked into economic and security interdependence. It is mostly dependent on China for security and partially for economy. China is Pakistan’s largest defence supplier, but in economic terms, it is the fourth largest trading partner after Europe, the UAE and the USA. Nevertheless, its tilt has always been towards the USA, owing to the superpower’s military and diplomatic prowess.

**Sino-Indian relations**

China and India saw a phase of intense rivalry before concluding a rapprochement in the 1980s. It was not until the formal end of the Cold War that the rapprochement remained merely a macro-diplomatic cooperation (Garver J. W., 1996) agreement. At the outset of the twenty-first century, the two neighbours succumbed to the demands of their growing economic needs and laid the foundation for an economic partnership. Currently, their bilateral trade stands at nearly US$60 billion, and during the recent visit of Chinese Prime Minister Wen Jiabao to New Delhi, the two States set an ambitious but easily achievable new target of US$100 billion by the end of 2015.

China’s decision to reach a rapprochement with India was in no sense an indication of its change of stance on the disputed territories; and so in the case with India. Instead, it was a by-product of the changing international political environment, which indirectly introduced changes in the States’ external relations. The debt crisis and the changing global ideological climate of the unipolar world demanded the developing countries to engage with the outside world much more regularly and refocus development from inward to outward. The unipolar era equally forced the policymakers of China and India to review their place in the world and accordingly adjust their foreign policies.

**Chinese foreign policy trends**

Economic interdependence became the trend of the new Chinese foreign and trade policy. However, it was viewed largely as a tool for becoming modern, not an end in itself. It could be best characterized as a positive but limited source of cooperative behaviour. Economic interdependence introduced pluralisation of actors in Chinese foreign and trade policy. A new and ever-changing mix of forces/actors started reshaping Chinese foreign and national security policy-making institutions and processes. This body of forces included bureaucratic politics and evolving organizations, changing elite views and skills, an altered domestic agenda, increasingly diverse social forces and public opinion, and the growing complexity of the international system itself, including globalization and multilateral regimes.

There was increased influence of inter-governmental pressures of, for example, bilateral US trade actions on market access issues, intellectual property rights, etc, and of multinational corporations (MNCs). The presence of MNCs
grew in 1990s and by 2000 there were more than 500 companies operating 4,500 factories, branches and offices in China. Now, the Chinese foreign policy was to be largely shaped by the forces of globalization, decentralization, pluralisation and professionalization. These actors did not want unnecessary conflicts to disrupt the economic development process. These forces polished China’s economic diplomacy but, at the same time, also focused on modernizing its military prowess (Lampton, 2001).

Indian foreign policy trends

The Indian foreign policy, on the other hand, also saw a pluralisation of actors but it retained the prominent influence of the military institution. The Indian economic reforms started in 1991 but were largely overshadowed by its strategic culture. That was because the unipolar world had lost India a valuable ally, the USSR, with whose assistance it had built up a solid economic base and acquired an advanced capability in military, civilian, nuclear and space technology. After 1991, India was to be led by two intermingled visions. The first vision emerged from the country’s nascent strategic community, whose members took the view that military power is the best guarantor of peace and security. They argued that India must develop a credible second-strike nuclear capability and a comprehensive array of conventional military forces. The second vision came from the liberals, who believed that economic power rather than military strength ought to be India’s objective since, as a principle, economic interdependence rewards pragmatism and makes violent conflict unprofitable (N. S. Sisodia, 2005). It was the liberal economic forces led by Finance Minister Manmohan Singh that put India on the path to economic development in 1991. The gradual economic reforms had transformed India by 2004 when Manmohan Singh became the prime minister. In 2005, he formally launched economic diplomacy in his famous April 25 speech at the *India Today* enclave in New Delhi. The speech came to be known as the ‘Manmohan Doctrine’.

The doctrine has the following important points:

1. Renewed focus on internal development and a less prickly attitude to the outside world, i.e., the traditional Indo-pessimism has yielded ground for Indo-optimism.
2. Recognition of India’s new opportunities to improve relations with all major powers on the basis of economic cooperation in the era of globalization. He called it the “win-win” game for India and clearly argued that relations with USA and China are being shaped by economic factors.
3. The new approach to developing regions of the world. The size of Indian market, its position as one of the world’s leading importers of petroleum products, and its ability to invest abroad have begun to create powerful linkages with many diverse regions of the south.
4. Economic globalization will help reorder relations with the subcontinent. This was an indication of Indian economic cooperation on win-win basis with its neighbours as well.

5. India remains non-aligned but now, in the post-nuclear world, India’s relevance to the world stems from its democratic and plural political order. However, unlike USA, it does not want to impose its system onto the world (Sagar, 2009; N. S. Sisodia, 2005).

These changing trends in the foreign policies of India and China bounded the two archrivals in an economic partnership. Nevertheless, the two could not move beyond the scope of this partnership to friendly relations. India continues to view China as a major threat to its national security, and China is expanding its economic relations with India to trade-off the impact of changing geopolitical developments, as well as in the interest of its domestic economic development. The win-win model is the underlying goal of economic cooperation; nonetheless, China remains the main beneficiary of the growing Sino-Indian trade and business cooperation. India, too, is benefiting from this partnership, but the ballooning trade deficit has become a serious concern for the Indian government and business community. India’s trade deficit with China is by far the highest among its trade partners and could touch US$25 billion, which would account for around a fifth of India’s total expected annual deficit.

Besides trade, the other elements of Sino-Indian relations include energy, disputed borders, and security. The need for secure energy resources and sources has triggered a competition between the two States. The rhetoric of bilateral energy cooperation has been frequently repeated, but their factual position remains that of competitors. Border disputes and ties with regional and far-regional States remain a constant source of mutual mistrust and suspicion between the two States.

Despite the above-mentioned irritants, the question arises as to why China moved closer to India and initiated efforts for rapprochement. Besides trade benefits, the following are the four factors that can best provide insight into China’s India policy:

1. The first and foremost compelling factor is the linkage between China’s strategic goals and foreign policy objectives. Modernization, national reunification and safeguarding world peace while pursuing common development are the three tasks the Peoples Republic of China (PRC) has set itself in the unipolar world. For its economic development, as Premier Wen Jiabao put it, “needs international environment of long-term stability and a stable surrounding environment;” the principle of ‘peace in the periphery’ in the interest of development has thus been the watchword for China in conducting its South Asia policy, particularly towards India.
2. The second factor concerns the overall need felt by Beijing to respond to the perceived US regional strategy to contain China with the objective of constraining its rise. Growing US-India relations are being viewed as reminiscent to the US’ Cold War era strategy of containing the Soviet Union. By economically engaging India, China wants to attract India towards its orbit.

3. The third factor pertains to the relevance of improvement in Sino-South Asian relations to New Delhi’s ties with East and South-East Asian nations. These States are important for China in terms of strategy, trade, markets and resources. As part of the new realpolitik in its foreign policy, India is increasing its engagement with ASEAN States. As Prime Minister Manmohan Singh said, the look east policy is not merely an external economic policy; it is also a strategic shift in India’s vision of the world. China is critical of India’s look east policy and calls it as being borne out of a misguided “fear of China,” reflecting “a lack of understanding of the [Peoples Liberation Army’s] PLA’s strategic ambitions.”

4. The fourth factor could be viewed against China’s energy security imperatives. In 1994, the PRC became a net importer of oil. China, currently, imports one-third of its oil supplies, which account for as much as seven per cent of the world oil demand at 5.46 million barrels a day. India, on the other hand, imports as much as two-thirds of its oil needs, consuming about 2 million barrels a day – which could increase to 7.4 million barrels a day by 2025 (Diane, 2005). Good relations with India, an Indian Ocean power, seem to give an insurance to China in the matter of security of oil transportation, considering the fact that the latter imports 50 percent of its oil needs from the Middle East via the Indian Ocean, and 80 per cent of its total imports pass close to India’s southern coast through the Strait of Malacca (Malaviya, 1998; Mansingh, 1994; Chen, 1993).

Limitations to Sino-Indian relations

In the shadow of cordiality come bilateral mistrust, suspicion and the inherent rivalry. The Sino-Indian relations/rapprochement is limited by the following factors that continue to exhume tension from time to time and are a great source of concern for the two States:

I. The territorial dispute

The basic instability is arising out of the two States’ unresolved territorial conflict, and neither side can rule out the possibility of war.

II. Sino-Pak relations

China’s relations with South Asian States and Pakistan in particular, are a great source of concern and apprehension for India, which
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considers the region to be its sphere of influence. Pakistan and China share mutual rivalry with India. The Indian Army Chief in October 2010 described Pakistan and China as the “two irritants” and biggest threats to India’s national security (Garver J. W., China and South Asia, 1992; Dittmer, 2005).

III. The US factor

The growing Indo-US relationship worries China and is being viewed by Beijing as its encirclement by the Superpower, as it is afraid of China’s economic rise. India’s close cooperation with the US in defence, high-technology exchanges, politics and diplomacy has led to the Chinese perception that India may become a cooperative partner to the US in encircling and restricting China strategically and economically. The Chinese prime minister, during his December 2010 visit to New Delhi, adopted a tactical retreat when pressed hard by the Indian media on Chinese concerns about Indo-US strategic ties; but behind the curtains of a welcoming public face, the visit was aimed at calculating the real platform of India-US relationship in the context of China (Roy, 2010).

IV. Regional ambitions

While China continues to expand its penetration into the Indian “sphere of influence”, being viewed by New Delhi as China’s encirclement policy of India, New Delhi is responding with counter-encirclement, i.e., look east policy: security relations with Taiwan, Japan, Vietnam, etc. In the wake of their massive economic growth, both the States claim the right to be accepted as regional powers. They strive to equate the strategic game against each other but find themselves in a multi-sum game.

V. Global ambitions

China and India also harbor global ambitions. While China remains less aggressive and follows ‘responsive’ diplomacy, New Delhi has been assertively explicit in its intentions to play an international role. India, along with Japan, has demanded to be also given the veto power. China has never supported India’s attempt to become a permanent member of the United Nations Security Council; though it has assured New Delhi of support in a bid to enhance India’s role in the UNSC by creating a five-plus group, which would include five permanent members plus temporary members. China continues to be a big blockade to India’s global ambitions.

Implications for Pakistan

“Everyone knows what Pakistan will be without China. Its ego is boosted purely by the support it gets from China,” said George Fernandes, then Indian
defence minister, in October 2002 after Pakistan had test-fired the nuclear-capable, medium-range, Shaheen ballistic missile, built with Chinese help (Malik, 2003).

Pakistan has always been a sore point in the Sino-Indian relations. Their mutual rivalry with India laid foundations of the Sino-Pak entente cordiale in the 1960s. Owing to its strategic location, Pakistan has remained in a security dilemma since independence; India being the biggest threat to its national security. It was largely owing to this reason that Pakistan’s development, unlike that of its neighbouring States, has since been constantly constrained by its balancing of power policy through the alliance mechanism. Even unipolarity failed to introduce new trends in its foreign policy.

Despite all the ups and downs, Sino-Pak entente cordiale has endured its essence and acted as support for the two States in every hour of need. There are four pillars of the entente that continue to uphold it despite growing Sino-Indian economic relations and Pak-US security, strategic and now economic alliance (Frankling & Harding, 2004).

**Pillars of Sino-Pak entente cordiale**

1. **Diplomatic support**

   Pakistan has been a major source of diplomatic support for China in almost every hour of need whether it has been the support for Chinese rights over Tibet, Taiwan and the Xinjiang province or in the world’s criticism of alleged Chinese human rights violations. Islamabad has been lending its supportive hand to Beijing at all platforms. Another very important aspect of Pakistan’s diplomatic support to China is the facilitation of the American president’s groundbreaking visit to Beijing in 1972. China largely owes Pakistan its opening to the world. Acknowledging this support of Pakistan, Prime Minister Wen Jiabao, while addressing Pakistan parliament, said: “At the crucial moments when China sought to break the external blockade, restore its lawful seat at the United Nations and achieve the normalization of relations with the United States, we received valuable help from Pakistan. On those major issues related to Taiwan, Tibet and Xinjiang, we have enjoyed Pakistan’s consistent and full support.”

2. **Energy corridor**

   Pakistan’s strategic location, which links it to the West and Central Asian States, becomes even more significant for China in securing energy routes amid its growing economy: it is the energy corridor which Islamabad has offered to China to pay back its time-tested friend. In 2006, Pakistan developed the Gwadar port as a first step in an elaborate
energy corridor proposal that is expected to ship Persian Gulf oil overland from Gwadar to China. Pakistan will expectedly generate US$60 billion a year in transit fees in the next 20 years, and China will secure a cheaper energy route. The Gwadar Port, that has reinvented Pakistan as one of the region’s largest energy players, is a highlight of a little-studied dimension of the global quest for depleting oil; the fact is being well gauged by Beijing. China is now the world’s second-largest consumer of oil after the US. Its consumption is expected to double by 2025, with 70 per cent coming from the Middle East. Both India and China are competing for finite supplies. Gal Luft, executive director of the Institute for the Analysis of Global Security in Washington, once opined that Gwadar is the closest access point China has to the Persian Gulf. Pakistan is crucial to China’s bid for regional influence. China is rapidly diversifying its sources (of oil transportation) by cutting billion-dollar deals from Sudan to Iran and scoping out alternative transport routes through Pakistan, Myanmar, Thailand, and Bangladesh.

3. Strategic partnership

Their strategic partnership is a long-term, win-win commitment between the two nations with the objective to achieve specific goals by maximizing the effectiveness of either side’s resources. This relationship is based on integrity, trust, dedication to common goals, and an understanding of each other’s expectations and values. When President Pervez Musharraf when visited China in April 2006, Chinese President Hu Jintao proposed a “strategic partnership” with Pakistan to “consolidate and deepen bilateral relations.” The proposal indicated the significance in which Pakistan is held by China as its strategic partner. Unfortunately, this partnership has been unable to avail its full potential. In this context, Prime Minister Wen Jiabao, during his December 2010 visit to Islamabad, pointed out, “the international and regional situations at present remain complicated. As all-weather strategic partners, China and Pakistan should communicate and cooperate closely and cope with challenges jointly … China-Pakistan pragmatic cooperation is a key part of the bilateral strategic partnership and enjoys promising prospects. China expects to take concerted actions with Pakistan to bring more benefits to their people.”

4. Military Cooperation: The Eye Of The Tiger

Sino-Pak military ties can be described as the ‘eye of the tiger’. They continue to flourish amid the Western criticism of Pakistan’s nuclear weapons development; China has been Pakistan’s largest defence supplier since 1965. Though China is investing heavily in a myriad of economic projects across Pakistan, including power and telecommunication projects in the troubled northern parts of the country, the bilateral military and defence ties surpass every other sector. China’s
unabated military cooperation with Pakistan can be attributed to mutual rivalry with India and the latter’s defence and nuclear cooperation with the US. In response to the Indo-US nuclear deal, China has “privately” agreed to follow a “step-by-step” approach to fulfilling Pakistan’s aspiration for an expanded nuclear energy programme. In the joint statement issued at the conclusion of Prime Minister Wen Jiabao’s visit in December 2010, the two States “reiterated that they will continue to enhance mutual trust and cooperation in the military and security field in line with the principles and spirit of the Treaty of Friendship, Cooperation and Good-neighborly relations … This is conducive to peace, security and stability of the two countries and the region. … (They) agreed to step up personnel training, joint exercises, training and cooperation for national defence, science and technology, and collaboration in defence production … (and) maritime security.”

A word of caution

Nevertheless, despite the limitations in Sino-Indian rapprochement and matchless strategic significance of Pakistan, the picture is not all that pleasant. Amid the rapidly changing international environment, China and India, despite their differences, are destined to further deepen their economic relations. Their economic interdependence is increasing as they realize that cooperation cuts down the cost of doing trade. Also, some economic analysts have already predicted the emergence of a ‘Chindia’ in the next twenty to twenty-five years (Engardio, 2006).

To attract China, therefore, Pakistan proposed the energy corridor and has been signing dozens of agreements and MoUs to enhance bilateral economic and trade cooperation. However, record shows that only a moderate percentage of them have materialized so far and the rest are yet waiting to be given even an initial study. Pakistan needs to redefine its relations with China in the next twenty to twenty-five years as China’s emphasis remains on economic rise. The Sino-Pak entente cordiale will remain unabated, but the situation may no longer remain equally favourable in the next 20 to 25 years. Though Pakistan-China military ties will continue to grow, there could be a setback to the economic ties. The two countries need to expand their constructive and concrete cooperation in other sectors as well, i.e., from military to people-to-people contacts.

China remains Pakistan’s closest friend and strategic ally; this has been proved on more than one occasion. Nevertheless, Pakistan’s relations with China today are not without question marks. This is primarily because China is no longer simply a regional power that has to cater to Pakistan’s interests alone. As a world power, it has started seeing Pakistan through the prism of its global interests. And, it is a known fact that powers only bet on stakes that are in their interest and, secondly, have favourable prospects for their goals in the long run or in the short term (Ikenberrt, 2010).
Is China neglecting Pakistan amid terrorism turmoil?

China, in tandem, also needs to reconsider cooperation it is extending to Pakistan. It is important for Pakistan and China to continue to extend diplomatic support to each other on core issue.

China also needs to develop new strategies for the successful implementation of deals, agreements and pledges made in the past. Because of delays in implementation of agreements made in the past, some other powers may seek to replace China in some areas and Pakistan is forced to rely even more heavily on international financial institutions. The United States has already announced to finance the Gomal Zam and Satpara Dam projects, which should have been developed by now with Chinese help, as per the agreed terms.15

No state has initiated more anti-dumping complaints with the World Trade Organization against China than India. Although no such complaints have been made by Pakistan, there are fears in some quarters that excessive import of cheap Chinese products is distorting the market.16 Pakistan and China have joint bodies and forums where the implications of current trade trends can be objectively analyzed and appropriate action taken to assuage such fear.

The Chinese investment in Pakistan has failed to create the expected number of jobs; in Balochistan province and the bordering tribal region, the strategically most vital areas of Pakistan; it has created some discontent because of this factor. Employment for the people of Balochistan is a vital factor for its development, and the two countries should aim at creating and increasing opportunities for that.

Notes and references

1 I have deliberately used the term of intense rivalry with intent to equate it with ‘extreme’ in Lao’s maxim. Similarly, Sino-Indian relations saw intense rivalry and now the two states, still rivals, are reaping the fruits of economic interdependence with a fragile peace.

2 http://www.uschina.org/statistics/tradetable.html

3 http://www.uschina.org/statistics/tradetable.html;


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