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Rising China and its South Asian Neighbors: Evolving Dynamics and the Outlook

*Talat Shabbir**

"A South Asia that enjoys peace, stability, development and prosperity serves the interests of countries and people in the region and of China as well. China wants to live in harmony with all countries in the region and contribute its share to the development of the region... China hopes that, propelled by the two "wings" of the "Belt" and the "Road", its economy will take off together with those of South Asian countries." Xi Jinping¹

Abstract

[While Beijing has remained engaged with South Asian neighbors since the founding of the People's Republic of China in 1949, the recent decade or so period has witnessed an intensification of economic and commercial cooperation. This two way cooperation between China and its southern neighbors is cementing further and the outlook is quite positive in the wake of unfolding of the Belt and Road Initiative (BRI). India, has dominated the affairs of the region for around 7 decades. China's relationship with Pakistan has always remained cordial, other smaller South Asian nations are coming increasingly closer to China and see Beijing as an option as compared to single-handed dependence on New Delhi. – *Editors.*]

Introduction

The rise of China as an economic power and the emergence of South Asia as a center of global attention are significant developments in international politics in the post 9/11 era.

Deng Xiaoping (1904-1997) initiated China's policy of reforms and opening up. He made vigorous attempts towards modernization and to engage China with the outside world. As a result of his reforms and opening up policy, China began to grow at an unprecedented pace and became second largest economy after the US by 2012. Assuming a sustained around 7 per cent growth, the size of China's GDP would rank

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¹ "In Joint Pursuit of a Dream of National Renewal", Speech by President Xi Jinping at the Indian Council of World Affairs, 18 September 2014 available at http://www.fmprc.gov.cn/mfa_eng/topics_665678/zjpcxshzzcyqyslshdsschybdjtjktm edfsllykdjxqsfw/t1194300.shtml

as the highest by 2050, coming to the tune of \$34,050 billion.² While some conflicting views also exist on the sustainability of China's growth, the momentum so far maintains that it can sustain high single-digit growth.³ This development has been due to the gradual pattern and a measured strategy that has taken China from the "periphery of the world stage to its center."⁴

South Asia has close geographical proximity to China and most of the South Asian states (five of the eight SAARC members) share direct land borders with China. The dynamics of international politics and security matrix in this region dramatically changed following the events of 9/11. Due to the so-called

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War on Terror (WOT), this region turned into a hub of international pushes and pulls, and a battleground for the dominance of regional and extra-regional players.

Though, China had long been engaging its regional neighbors; it moved forward to enhance political, military and economic engagements with its neighboring South Asian countries with a noted intensity in recent years. The first major resolve on part of China in this respect was noted in April 2011, when the then Chinese President Hu Jintao made it amply clear as to how China viewed its contribution to regional and international order. He favored promoting friendly ties with the regional neighbors, valued diversity of culture that all states owe to their civilizations, sought development opportunities with a promising will to share with other states. In his view, regional stakeholders in the realm of international politics must formulate a new security concept that should encompass facets like mutual trust, mutual benefit, equality and coordination. Regional cooperation and trust is possible if all the states have respect for security concerns of each other and the means of the relationship should be based on trust and mutual benefit.⁵ For the regional development and cooperation, the regional stakeholders need to actively participate in regional initiatives.

² Yao Chao Cheng, "China's Role in the Asian Economic Unification Process," *Economic and Political Weekly*, 2005, 3949-52.

³ Albert Keidel, "China's Economic Rise: Fact and Fiction" (Washington DC: Carnegie Endowment for International Peace, July 2008),

⁴ Zhu Liqun, "China's Foreign Policy Debates," Chaillot Papers (Paris: Institute for Security Studies European Union, September 2010).

⁵ David T. Jones, "China and Asia," 2011.

China's policy towards regional neighbors has stressed peace and collaboration. Its customary friendship with the South Asian countries has been based on principles of peaceful coexistence.⁶ China has developed friendly ties with Pakistan, Bangladesh, Nepal, Sri Lanka and Maldives with a view to expand economic and strategic relations. Recently, it has also collaborated with India on various economic and strategic issues despite the fact that both countries have long outstanding border disputes. China has made all possible moves to expand positive economic and trade collaboration with South Asian countries. On their part, most South Asian states have considered amicable relations with China as an important part of their foreign policy for enormous financial and strategic advantages.

The recent surge in China's relations with South Asia also demonstrates how China perceives its regional stature as vital to its global position. Continuous developments of past over four years after the advent of China's Belt and Road Initiative (BRI) indicate that China and South Asian states (except India, and India-dominated Bhutan), are coming closer by leaps and bounds thus making the South Asian region an instrumental one in the Beijing's BRI strategy.

It is pertinent to state here that India, due mainly to its large size, has generally dominated the smaller South Asian nations – strategically, politically and economically – with the exception of Pakistan. While India remains an important player in the overall affairs of the region, the rise of China and its expanding ties with smaller South Asian nations provides the latter as an option to look towards, instead of remaining solely or largely dependent on India.

This paper, while exploring the evolving dynamics of relations between China and its South Asian neighbors, attempts to summarize what these relations mean for Beijing on the one hand and South Asian nations on the other – and what the future holds in this connection.

China's Relations with South Asian States – Recent Years

This section discusses that how China, realizing the potential of South Asian states, began to forge good relations with them. Former Chinese Premier Wen Jiabao stated at National People's Congress in March 2007 "to win a friend from afar, one needs to have good relations with his

⁶ Chietigj Bajpae, Jamie Horsley, Trevor Houser, Carl Minzner, and James Mulvenon, and Dan Rosen, "THE CHINA BALANCE SHEET IN 2007 AND BEYOND" (Center for Strategic and International Studies and the Peterson Institute for International Economics, April 2007),109.

close neighbors".⁷ On 15 April 2011, while making the keynote speech at the opening session of the Boao Forum for Asia (BFA) Chinese President Hu Jintao stated:

"Asia needs to respect the diversity of civilizations and promote good-neighborly relations, transform the development pattern and promote all-round development, share development opportunities and meet challenges together, reject Cold War mentality, advocate a new security concept featuring mutual trust, mutual benefit, equality, and coordination, and accommodate each other's security concerns; and champion mutual benefit, deepen regional cooperation, and welcome the active participation of all countries."⁸

Around three and half years later, during his first visit as President of China to India, Xi Jinping noted:

"China and countries in South Asia are important partners for cooperation. Our cooperation, like a massive treasure long-awaited to

"China and countries in South Asia are important partners for cooperation. Our cooperation, like a massive treasure long-awaited to be unearthed, promises great prospects for us." Xi

be unearthed, promises great prospects for us. In the next five years, China will work with South Asian countries to increase the bilateral trade to US\$150 billion and its investment in South Asia to US\$30 billion and provide US\$20 billion in concessional facilities to the region. China will expand people-to-people and cultural exchanges with South Asia. It plans to offer 10,000 scholarships, training

opportunities for 5,000 people and an exchange and training program for 5,000 youth, and train 5,000 Chinese language teachers for South Asia in the next five years."⁹

The above statements are a manifestation of how China views its neighbors and regions in its close proximity. China is aware of the

⁷ Chietigj Bajpae, Jamie Horsley, Trevor Houser, Carl Minzner, and James Mulvenon, and Dan Rosen, "THE CHINA BALANCE SHEET IN 2007 AND BEYOND."113

⁸ David T. Jones, "China and Asia."

⁹ "In Joint Pursuit of a Dream of National Renewal", Speech by President Xi Jinping at the Indian Council of World Affairs, 18 September 2014 available at http://www.fmprc.gov.cn/mfa_eng/topics_665678/zjpcxshzzyqyyslshdsschybdtkstm edfsllykdjxqsfw/t1194300.shtml (accessed October 1, 2017.)

importance of forging economic ties with South Asia as the region has registered impressive growth rates in recent past.¹⁰ China's trade volume with South Asian nations, collectively, increased massively from just \$35 billion in 2006 surpassing the \$100 billion mark in 2013¹¹ and it continues to grow, around \$ 111 billion in 2016. Out of all the states within the region, China has developed the strongest and most vibrant relationship with Pakistan having economic, defense, social and political dimensions.

In the following, a gist of historical evolution and some important developments of recent years in ties between China and South Asian states is described.

China-Sri Lanka

Though Sri Lanka recognized China in 1950 and signed Sino-Lanka Rubber-Rice Pact in 1952, but the formal diplomatic relationship was established in 1957. The long standing ties of friendship developing over a period of time between the two countries are marked with mutual trust and confidence. Yet, this political closeness hardly reflected in the economic and social spheres, until recently.

As Sri Lanka intensified its counter-insurgency war against Tamil rebels (and eventually defeated them decisively in 2009) under former President Rajapaksa, the West – citing human rights abuses in this campaign – pressurized Colombo through a hard stance at the United Nation Security Council and the UN Human Rights Council. The US in particular withheld its military sales and economic cooperation. India also came under pressure from its southern Tamil dominated electorate to take a harder line against Sri Lanka. This created a diplomatic and strategic vacuum that China was quick to fill, with its support at international fora as well as sales of military equipment. In 2007, the two countries signed first major deal for purchase of military hardware.

This political and strategic backing of China for Sri Lanka paved the way for a robust economic cooperation in years to follow. China has made substantial investment in Sri Lankan's high value Hambantota port (around \$ 1.1 billion in the port project alone), an initiative that is expected to bring wide-ranging advantages to China and Sri Lanka in

¹⁰ Amita Batra, *Regional Economic Integration in South Asia: Trapped in Conflict?*, vol. 64 (Routledge, 2012),4.

¹¹ Sabir Shah, "India, China Aim to Boost Trade Volume to \$100 Billion by 2015," *The News International*, September 18, 2014.

economic and strategic terms¹² and several other infrastructure projects (a 2014 estimate tells that some 70% of all infrastructure projects in Sri Lanka are funded by Chinese banks). Hambantota faced a number of obstacles, including widespread protests (which some believe were ignited by India to get the project stalled, if not written-off altogether) but was finally cleared by Lankan Government in July 2017. Beijing has acquired 70% stake in the port, management control and lease for 99 years, in addition, a 15000 hectares special economic zone is also part of the wider arrangement.¹³ The two sides realize and have stated it a number of times that Hambantota assumes a vital position in the '21 Century Maritime Silk Road (MSR)' – the oceanic part of BRI.

After a long delay, the incumbent Sirisena government in Colombo has also cleared Colombo International Financial Center Project – a project worth \$ 1.4 billion – involving award to China of 20 acres of urban land on a 99-years extendable lease, to be developed as an international standards' financial district. Moreover, China aims to forge comprehensive socio-economic ties with Sri Lanka by making investments in tourism, energy, infrastructure and defense. By 2016, China has already provided Sri Lanka soft loans of \$ 3.3 billion, around 13% of the country's total foreign debt stock. In 2016 alone, Foreign Direct Investment (FDI) from China into Sri Lanka amounted to over \$ 800 million, while the bilateral trade volume has reached around \$ 4.5 billion. The two countries hope to conclude a Free Trade Area (FTA) agreement soon.¹⁴

China-Maldives

Maldives is small island nation both in terms of land-mass and population. Yet, its gifted location overlooking one of the world's busiest and strategically significant oceanic routes awards it with attention of the major players of the region and beyond that.

China and Maldives established diplomatic relations on 14 October 1972 and since then both countries have friendly ties. Maldives has strong ties with India too that intervened militarily in 1988 coup¹⁵ and politically in 2012. As regards to economic ties, capital inflow from

¹² Dean Cheng, "China's View of South Asia and the Indian Ocean," *Heritage Lectures* 1163, no. 18 (2010).

¹³ Kitmina Hewage, "Sri Lanka's Strategic Promiscuity", *South Asian Voices*, October 5, 2017.

¹⁴ "Sri Lanka invites more Chinese investors", *XinhuaNet*, August 8, 2017. http://news.xinhuanet.com/english/2017-08/01/c_136491476.htm (accessed October 18, 2017.)

¹⁵ Sanjoy Hazarika, "Indian Troops End Coup in Maldives," *The New York Times*, Nonember 1988.

China rapidly increased since 2008. China's main exports to Maldives are rice and consumer goods. Tourism (from China) increased substantially and Chinese make up the highest percentage of tourist visiting Maldives.¹⁶ The rising numbers of tourists from China are evident from the Tourists Yearbook 2014 compiled by Ministry of Tourism Maldives which stated that 3,31,719 tourists visited Maldives in 2013 (more than the population of the island nation),¹⁷ though slightly decreasing in 2014-16 period but once again picking up from early 2017. Maldives now expects to attract up to one million Chinese tourists annually in the wake of BRI.¹⁸

The May 2011 visit by Wu Bangguo, Chairman of the Standing Committee of the National People's Congress, underscored the increasing importance of the Maldives to China's regional strategic calculations. In 2014, Chinese and Maldivian presidents exchanged visits within a months' time. China's concern for Maldives can be gauged from the fact that in 2014 shortage of freshwater on the island nation, China airlifted some 1000 ton of water to meet the emergency needs. The two sides have highlighted each other as partners for MSR. Trade and investments (from China) are growing at a fast pace. In September 2017, the two countries have completed negotiation on a Free Trade Area (FTA) agreement. On October 14, 2017 – on the occasion of 45th anniversary of diplomatic relations between the two countries – the Maldivian president sent a message to his Chinese counterpart noting that “the trade and economic relations between Maldives and China have matured and grown strong.”¹⁹

China-Bhutan

Bilateral relations between the Himalayan Kingdom of Bhutan and China have traditionally been strained and both the countries do not maintain official diplomatic relations until now. China shares a contiguous border of 470 Kilometers (KM) with Bhutan to the north and their territorial disputes with Bhutan have been a source of potential conflict. The strained relations between the two countries are not only due to the

¹⁶ Donovan C. Chau and Thomas M. Kane, *China and International Security: History, Strategy, and 21st-Century Policy* (ABC-CLIO, 2014).

¹⁷ “Tourism Yearbook 2014” (Ministry of Tourism Republic of Maldives), accessed August 27, 2015.

¹⁸ “Interview: Maldives eyes big influx of Chinese tourists under Belt and Road Initiative”, *XinhuaNet*, 9 May 2017. http://news.xinhuanet.com/english/2017-05/09/c_136266570.htm (Accessed October 20, 2017.)

¹⁹ *Avas Online* <https://avas.mv/en/39663> (accessed October 20, 2017.)

shared borders and territory but there are larger regional political dynamics, driven by China-India rivalry.²⁰

Since the 1980s, both governments have conducted regular talks on borders and security issues aimed at reducing tensions. China and Bhutan though have unofficial relations through various forums but the former had expressed desire for cordial and effective relations, yet to be responded to. The recent standoff between China and India – from June to end August 2017 – on the Doklam / Donglang issue highlights the need for an early and amicable resolution of the border dispute by the three parties involved. The people of the landlocked – rather mountains-locked – Himalayan nation stand to gain a lot from cooperation with China, bilaterally and multilaterally, specially under the BRI umbrella but mutual trust is the key.

The realization of India's dominance over the small nations' affairs – and the feeling the New Delhi uses this dominance to retain Bhutan away from China, even keeping the tensions high – can be ascertained from these words by a Bhutanese blogger in an interview with *Los Angeles Times*, reported on August 28, 2017: "As much as I want to love India, they are slowly driving the Bhutanese toward China."

China-Bangladesh

China and Bangladesh did not enjoy friendly ties immediately after the emergence of the latter as an independent state. China sided with Pakistan and never wanted Pakistan to breakup as the dismemberment of Pakistan was serving Indian interest of advancing regional hegemonic designs. Diplomatic relations between China and Bangladesh, established in 1975 (after China waited till Pakistan recognized Bangladesh in 1974) have thereafter been characterized by close political, economic and military ties as China stuck to its non-interference approach in Bangladesh's internal affairs.²¹ Contrarily, in the period after separation from Pakistan, Bangladesh's relations with India have remained rocky and mutually uncomfortable.

Since early 2000s, China has focused on enhancing bilateral and regional connectivity which resulted in taking the trade volume to cross \$ 10 billion mark in 2013, representing a 10 times increase over 2002 figures. Gradually, China also overtook India as Bangladesh's largest trading partner. Trade further increased to over \$ 22 billion and in 2016

²⁰ Bruce Elleman et al., *Beijing's Power and China's Borders: Twenty Neighbors in Asia* (Routledge, 2014).

²¹ "Bangladesh walks the tightrope", *South Asian Voices*, October 3, 2017.

the mutual trade volume is expected to reach \$ 30 billion by 2021. There however is a growing imbalance in the trade in favor of China (as is the case with China's trade with the entire world, by and large, and so with South Asia) but both countries are trying to resolve the imbalance and China has given zero-tariff treatment to 4762 products from Bangladesh to address the issue.²²

During October 2016 visit by President Xi Jinping – the first by a Chinese president in 21 years since 1986 – resulted in some three dozen deals, agreements and MoUs totally around \$ 21.5 billion of commercial cooperation, infrastructure development, grants and loans. In December 2016, the two countries signed \$ 600 million agreement for development of Payra Deep-sea Port.²³ While India has been keeping itself away from BRI, there seems to be realization in Bangladesh that Dhaka should not follow in the footsteps of New Delhi and try to reap the benefits of this mega initiative. In a discussion organized by Bangladeshi daily *Prothom Alo* in June 2017, experts including the country's planning minister highlighted BRI as a "golden opportunity" for Bangladesh and urged for the policy adjustments accordingly.²⁴

China-Nepal

Nepal, situated between India and China, has long been under Indian influence and dependent on New Delhi for trade, even day-to-day supplies for its roughly 30 million populace. Contacts with China, the northern neighborhood have remained limited due to the terrain between the two, and the tilt of successive governments in Kathmandu towards New Delhi. However, in recent years, China is seen neutralizing Indian influence by boosting its economic ties, development assistance and bilateral trade with Nepal. Of late, China focused on its soft diplomatic agenda using people to people contacts, cultural ties, scholarships and aid.

In the initial four months of 2015, the crippling blockade by Madheshi people in southern Nepal – which many in Nepal believe was tacitly supported by India to pressurize Kathmandu on constitutional developments as well as ties with China – brought China and Nepal

²² "China Offers Zero Tariff Treatments to 4762 Products from Bangladesh" (Embassy of Peoples Republic of China in Bangladesh, July 1, 2010).

²³ "Bangladesh signs MoU with China on Payra Deep-sea Port construction" *Dhaka Tribune*, December 9, 2016.

²⁴ "One Belt, One Road a golden opportunity: analysts", *Daily Star*, June 12, 2017. <http://www.thedailystar.net/business/one-belt-one-road-golden-opportunity-analysts-1418941>

even closer as the former extended a generous hand of help, besides reaching out to the victims of Gorkha earthquake the same year with huge supplies of aid. While in terms of trade India still remains the dominant player with around \$5 billion annual trade with Nepal, China is fast catching up with China-Nepal trade also reaching the 1 billion mark in recent months.

Nepal is now regarded by China as an important partner in the Silk Road Economic Belt (SREB) and a number of connectivity – including road and rail linkages – industrial and infrastructure development projects have been initiated in the 2015-17 period. As noted Ashutosh M. Dixit: "...for Nepal, the BRI comes at the right time to push forward collaboration and upgrade access to China, India, and beyond..." and that "BRI can be a development catalyst in Nepal, helping increase the country's financial cushion and improving social and economic conditions."²⁵

China-Afghanistan

Afghanistan and China established diplomatic relations in 1955 and both the countries proposed a strategic and cooperative partnership in fields of politics, economy, culture and security alongside recognizing sovereign status of each other. The relations between the two countries remained cordial during most of the second half of 20th century till Soviet intervention. After the Soviet invasion of Afghanistan in 1979, difference between the two countries arose and relations severely deteriorated.

After the ouster of Soviets from Afghanistan and during Taliban regime no significant improvement took place in China-Afghanistan relations. In the post 9/11 scenario, China pledged modest tranches of aid, \$150 million in 2002 and \$75 million in 2009 to Afghanistan.²⁶ China was reluctant to have very warm ties with a country under the US control and kept low profile posture on Afghanistan hence no meaningful economic or trade engagement could take place.²⁷ However, China won the largest ever mining contract for Aynek copper mines – totally around 4 billion and promising around 1 billion annual revenues for Kabul – in 2009.

²⁵ "China's Belt and Road Comes to Nepal" *The Diplomat*, July 21, 2017, <https://thediplomat.com/2017/07/chinas-belt-and-road-comes-to-nepal/>

²⁶ Andrew Small, "China's Caution on Afghanistan-Pakistan," *The Washington Quarterly* 33, no. 3 (2010): 81-97.

²⁷ Christian Le Mière, "Kabul's New Patron? The Growing Afghan-Chinese Relationship," *Foreign Affairs* 13 (2010).

As the plans for NATO drawdown were unfolded, China increased its development assistance to over \$ 300 million for 2014-17 period, trade has risen consistently, Beijing now is trading over one billion of goods and services with Kabul annually and having become one of the top three trading partners for Afghanistan. China also has engaged itself effectively for political settlement of the Afghan issue – bilaterally as well as multilaterally – notably through Afghanistan-China-Pakistan trilateral engagement and the Cordial Coordination Group (QCG) involving Afghanistan, China, Pakistan and United States.

Highlighting Afghanistan as important partner in SREB, the first freight train between China and Afghanistan was trial-run in August 2016. China and Afghanistan both have expressed desires of Kabul participating in China-Pakistan Economic Corridor (CPEC).

China-Pakistan

The relationship between Pakistan and China is globally highlighted as a model of inter-state relations. By establishing diplomatic relations with China on 21 May 1951, Pakistan became the first Muslim state to recognize China. Since then cordial bilateral relations persist between the two countries, despite certain ups and down in the two countries' respective situations and alignments – over past around seven decades.

Since the beginning of 21st century, Pakistan and China have cemented their relations further with closer economic and social-sector cooperation through framework agreements on economic and energy cooperation, Free Trade Area Agreement, Currency Swap Agreement, Gwadar port, all-round defense cooperation and huge strides in people-to-people contacts. Frequent high level exchanges have ensured the continuity in terms of unanimity of views at regional and global levels.

The \$ 56 bn. China-Pakistan Economic Corridor (CPEC), initiated in 2013 has been put into active implementation with the visit of Chinese president Xi Jinping in April 2015. Among the half a dozen corridors related to BRI, CPEC is of paramount significance for China as it connects the Belt and the Road through 2200+ kilometer Kashgar-Gwadar connectivity. CPEC encompasses all the major domains of economic and social development in its fold; and is highlighted by the two countries leadership as a flagship project of the BRI initiative.

China-India

Relations between India and China can be divided into three phases. The first phase was the phase of cordiality (1950s) when both countries

came close after the India recognized China and the two began with win-win relations. The second phase was the phase of 'cold storage' (1960s) when both countries became bitter over territorial disputes and consequently went for a war. Territorial disputes resulted in three military conflicts between the two countries i.e. Sino-Indian war of 1962, Chola incident of 1967 and 1987 Sino-Indian skirmishes. These conflicts left scars on mutual relations and many rounds of dialogues thereafter tested the reciprocal patience of both the countries.²⁸ Third phase is the phase of renewed engagement (1990s) that carries certain global and regional compulsions but there are considerable positive developments in bilateral ties that continue to unfold.

Mutual ties in recent years – say post 2010 period – have been characterized by solid developments in bilateral trade, investments, improved connectivity and enhanced interactions at multilateral forums. Trade between China and India has remained around \$ 70 billion annually, and the two countries eye to take it to \$ 100 billion, a goal repeatedly missed since 2015. Visits by premiers Wen Jiabao (2010), Li Keqiang (2013) and President Xi Jinping (2014) – in addition to several interaction at the top level in China, India and elsewhere in connection with multilateral forums such as BRICS, G-20, SCO, and APEC etc. – have resulted in several multi-billion-dollar commercial contracts. Nonetheless, trade balance hugely in favor of China has ignited huge waves of resentment – at times tuning into violent protests – in India.

Despite coming closer in terms of trade, commercial interactions and multilateral cooperation, the recent near-war standoff on Doklam / Donglang underscores the continuously prevailing mistrust and highlights that commercial closeness alone – unless the outstanding issues are resolved amicably to the satisfaction of parties involved – can hardly mean any sustainable improvement in ties.

As to the BRI, India has continuously raised objections on CPEC since 2013 (claiming that the corridor, while passing through Gilgit-Baltistan whose status remain unresolved between Pakistan and India, thus violating Indian sovereignty) and has kept itself away from giving even an endorsement to the global initiative – much less become a part of it. India was the only major country of the region having no official participation of any level in the Belt and Road Initiative (BRI) held in Beijing in May 2017. While Bangladesh-China-India-Myanmar (BCIM) Economic Corridor has been there, on paper, since early 2000s, with the advent of BRI India has become much less enthusiastic in taking it forward and instead has focused on upping the rival initiatives involving

²⁸ Zhang Li, "China-India Relations, Strategic Engagement and Challenges," *Asie. Visions*, no. 34 (2010).

smaller regional states as well as major powers such as Japan and the US.

Summing Up and Looking Forward

The above brief account of historical evolution and relay of recently evolving dynamics helps us understand that with the economic rise of China, mutual economic, commercial and social sector cooperation – especially people-to-people contacts – between China and its South Asian neighbors are on the upward trajectory. While Pakistan and China have steadily stood closely with each other and cooperated in all the arenas of inter-state relations over past around 7 decades; other states of the South Asian region have increasingly turned towards China in recent couple of decades. In the wake of a mega, all-encompassing initiative in the shape of BRI, these ties have leap-frogged and as already concluded as well as up-and-coming arrangements indicate, are set to strengthen further.

Smaller states of the region are increasingly turning towards China as an emerging and dependable option for closer economic partnership.

While India remains a major player in the South Asian affairs – a role that does not seem to be evaporating altogether in the foreseeable future – smaller states of the region are increasingly turning towards China as an emerging and dependable option for closer economic partnership, and thus, attempting to break free of detrimental Indian influence – rather dominance.

Prevailing mistrust between China and India (in addition to India on one hand and most of its South Asian neighbors on the other), and resultant postures, nonetheless, remain as a kind of hindrance in the smooth and seamless development of much needed economic cooperation between China at one hand and South Asia as a geographical whole on the other – though bilateral relations between China and other South Asian states (except Bhutan) would be less affected by it.

In the interest of the people of South Asia and China, it is advisable that amicable solution to all outstanding issues are worked out, through mutual negotiations and consultations. Active involvement in BRI would have economic gains for the people of South Asia. At the same time, China, as the bigger development partner, should also come forward to address the economic and developmental concerns –

especially the trade balance, challenges to domestic industries, and sustainability of livelihoods – that have emerged in the wake of extraordinary BRI related pushes.

A closer and effective partnership between China and SAARC as a regional forum may also be explored and put into operation for mutual win-win exchanges, multilaterally. It is high time that ideas such as “8+1” mechanism²⁹ are genuinely taken forward.

²⁹ Suggested by Khalid Rahman, “Regional Cooperation, Global Challenges, SAARC and China” in *Policy Perspectives*, Vlm. 9, no. 1 (2012).

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Policy Perspectives

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