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## China's View of South Asia and the Indian Ocean

*Dean Cheng*

**Abstract:** *The Indian Ocean is becoming increasingly important to China's economic and security interests. China appears to be pursuing what has been widely characterized as a "string of pearls" strategy of cultivating India's neighbors as friendly states, both to protect its economic and security interests and to balance a "rising India." With Chinese influence in the region growing, it is essential that the U.S. not fall behind in the Indian Ocean, but maintain a steady presence in the region, both to signal its resolve to stay engaged and to avoid the difficulties of reentering a region.*

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As the People's Republic of China (PRC) expands its global economic and security interests, one region of growing importance to Beijing will be the Indian Ocean area. Not only must a significant portion of China's oil imports transit this region, but one of China's enduring friends (Pakistan) and one of its long-time rivals (India) border this region, as well as China's sensitive Tibetan flank.

### Background

Historically, China dealt mostly with the kingdoms of Southeast Asia and had relatively little interaction with South Asia. Imperial Chinese interactions with the Indian Ocean region were oriented mainly toward the Burmese and Thai civilizations, through which trade routes passed from southern China.

By contrast, despite both China and India having civilizations that are thousands of years old, there were only very limited exchanges between imperial China

### Talking Points

- China's rapidly growing economy has made it increasingly dependent on foreign imports of fuel and other raw materials.
- To protect its economic and security interests and to balance a "rising India," China appears to be pursuing a simultaneous approach of cultivating relations with many states in the Indian Ocean littoral, as well as developing a "string of pearls" of bases and access rights to key facilities in the region.
- Although both China and India have more than a billion people, the demographics are very different. In 2020–2030, India is expected to surpass China in overall population.
- China's closest relationship in South Asia has been with Pakistan. It is currently considering supplying Pakistan with two new nuclear reactors for which it will require a waiver from the Nuclear Suppliers Group.
- For the United States, the need to balance the PRC in the Indian Ocean calls for greater cooperation with India and other states of the Indian Ocean littoral.

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and India. The Himalayan mountain range, the absence of a consistent Chinese maritime tradition, and the path of least resistance, which led north and west to the Eurasian steppes, all limited Chinese interactions to the south. Thus, while both China and India were some of the most powerful nations of the ancient world, they were relatively insulated from each other.

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***From its perspective, China is under no obligation to accept borders that were demarcated by more powerful foreign parties.***

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European colonialism ended Chinese and Indian isolation, both from each other and from the rest of the world, yet it affected the two major Asian powers very differently. India was conquered by the British and directly colonized. In the period of decolonization, the Indian Subcontinent was partitioned into Hindu-majority India and Muslim-majority East and West Pakistan (now Bangladesh and Pakistan, respectively).<sup>1</sup>

By contrast, although China retained nominal sovereignty, the Chinese view this period as the “Century of Humiliation.” From 1840 to 1945, China lost control of its destiny. During this period, foreigners collected China’s tariffs and taxes, were immune from Chinese law and prosecution, and ultimately were able to dictate China’s fate. When the Chinese Communist Party (CCP) won the Chinese civil war, Mao Zedong made a point to say that China would now “stand up.” For Mao and the rest of the CCP leadership, their victory marked the return of the ability of the Chinese to dictate their own future. This had two implications for Chinese views of South Asia.

The first implication is that Chinese territory is a unitary whole and inviolable. The “Century of Humiliation” saw foreign intrusions into China, the creation of concessions, and even the forcible removal of territory from Chinese control (e.g., Hong Kong and Taiwan). This would no longer be tolerated. In the South Asian context, from the perspective of the CCP leadership, Tibet, like Taiwan, is

part of China, and any threat to Chinese control is wholly unacceptable.

The other implication is that China’s borders have been unduly affected and influenced by foreign pressure and domination, especially through the application of “unequal treaties.” Consequently, now that China is strong, it is Beijing that will determine whether it accepts the current borders or not. More to the point, from its perspective, China is under no obligation to accept borders that were demarcated by more powerful foreign parties.

Indeed, in order to “correct” border issues, the Beijing leadership has displayed a willingness to use force to underscore its position, as in the 1969 clashes with the Soviet Union and the 1962 Sino-Indian War.

## Context

In addition to the colonial period, several other factors continue to influence Chinese perceptions of the Indian Ocean region.

*The first is the Sino-Soviet split.* Between 1949 and 1960, China and the Soviet Union were close allies. The Soviet Union, from Beijing’s perspective, was a fully developed major power, capable of challenging the United States. It was also a senior partner, capable of helping China to move from a largely agrarian country to an industrialized power. China expected diplomatic, economic, industrial, and military assistance from the Soviet Union.

Yet by the time of the split in 1960, there was deep Chinese suspicion of the Soviets. This disharmony was rooted in a number of factors, including questions of who would lead the Communist bloc after the death of Stalin, ideological differences between Beijing and Moscow, and the Soviet failure to lend support to the PRC during the various Taiwan crises of the 1950s. Another component, however, was Soviet Premier Nikita Khrushchev’s decision to support the Indians on sovereignty over Kashmir, a position that irritated China.

The Sino-Soviet split resulted in extreme Chinese animosity aimed at the Soviets, which was seen in a variety of ways, not least of which were the

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1. Sri Lanka became a separate state before the partition in 1947.

Sino–Soviet border clashes of 1969, the only case of two openly nuclear-armed powers engaging in direct combat. It also resulted in the Soviets providing further support to India, including arms sales, leading the Chinese to see a New Delhi–Moscow *entente* directed at themselves.

*The second is that China is not the Soviet Union.* Whereas the USSR was an autarkic nation with global political ambitions and military capabilities, but only very regional, if not primarily local, economic interests, China is a highly connected nation with regional military capabilities and global economic interests. For the first time in modern history, China is a major economic player: It exports T-shirts, washing machines, and computers, not revolution.

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***The globalization of China's economy has meant an unprecedented reliance on the seas for China's economic well-being.***

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This is reflected not only in the various container ships that leave Chinese ports for foreign destinations, but also in the fleets of oil tankers and break-bulk carriers that are carrying oil and ore to feed the Chinese economy. The globalization of China's economy has meant an unprecedented reliance on the seas for China's economic well-being.

Linked to this is the third consideration: *As its economy has grown, China has become increasingly dependent on foreign imports to fuel and sustain its economy.* China became a net oil importer in 1993, the second largest consumer of oil in 2003, and the third largest importer of oil by 2004.<sup>2</sup> In 2010, Chinese oil imports are expected to total 210 million tons, a 5.5 percent increase over 2009 imports.<sup>3</sup> Much of this oil is brought to China by tankers from the Persian Gulf via the Indian Ocean and the Strait of Malacca.

## Chinese Relations with South Asian States

These various factors heavily influence China's relations with its southern neighbors along the Indian Ocean littoral, especially India, but also Pakistan, Burma, and Sri Lanka.

**Sino–Indian Relations.** From Beijing's perspective, the most important nation in the South Asian region is India. India and China are the two most populous nations on earth. Indeed, India is expected to surpass China sometime in the 2020s.<sup>4</sup>

Sino–Indian relations have often been rocky. While the two states enjoyed relatively peaceful relations in the first few years after the founding of the People's Republic in 1949, the situation rapidly deteriorated, and relations between the two powers have often been frosty. Several factors have played into this, but perhaps the most important factor was and is the border issue between the two countries.

The precise demarcation of the border between China and India remains a contentious issue for both sides. There are two main swathes of territory involved in the outstanding claims by each side: Aksai Chin, west of Nepal, which is Chinese territory claimed by India, and Arunachal Pradesh ("South Tibet," as the Chinese refer to it), east of Nepal, which is Indian territory claimed by China. In each case, thousands of square miles of territory are at stake, further complicated by the sensitivity of the regions.

The confluence of border issues and minority relations first arose in 1950 because of the Chinese occupation of Tibet. In the chaos of the first Chinese revolution (in 1911), Tibet had declared itself independent in 1913 and expelled the Qing officials who oversaw the area. While this independence was not recognized by any major foreign governments, nor by the Nationalist Chinese government, the region was essentially on its own until 1949. Then, with the CCP victorious in its struggle with the Nationalists, China moved against Tibet. In 1950,

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2. Erica S. Downs and Jeffrey A. Bader, "Oil-Hungry China Belongs at the Big Table," Brookings Institution, September 8, 2006, at [http://www.brookings.edu/opinions/2006/0908china\\_bader.aspx](http://www.brookings.edu/opinions/2006/0908china_bader.aspx) (July 8, 2010).
  3. "China Expects 5% Growth of Net Oil Import in 2010," *China Daily*, March 22, 2010, at [http://www.chinadaily.com.cn/china/2010-03/22/content\\_9625216.htm](http://www.chinadaily.com.cn/china/2010-03/22/content_9625216.htm) (July 8, 2010).
  4. Sam Roberts, "In 2025, India to Pass China in Population, US Estimates," *The New York Times*, December 15, 2009, at <http://www.nytimes.com/2009/12/16/world/asia/16census.html> (July 8, 2010).

several veteran divisions of the People's Liberation Army (PLA) were committed to retaking the region, and the Tibetan forces rapidly collapsed.

For the first time in modern memory, this put Chinese military forces on the Indian doorstep.

Equally important, both in 1950 and in the subsequent failed Tibetan uprising of 1959, Tibetan refugees fled to India, including the current (14th) Dalai Lama, where they established a community in exile. This is an essential part of the current controversy over the town of Tawang, which is not only a holy Buddhist site, birthplace of the 6th Dalai Lama, but also a stopping place for the current Dalai Lama as he fled from Tibet.<sup>5</sup>

Tawang also encapsulates the problem of historical border disputes. China claims that Tawang is actually Chinese territory because it refuses to accept the McMahon Line as the border. That line was established in 1914 between the Tibetan authorities and the then British colony of India. From the perspective of Mao and his successors, the McMahon line was imposed upon China and has no validity as the actual border.

Meanwhile, China and India also dispute their border west of Nepal, in the area known as Aksai Chin. The Aksai Chin was part of the Indian princely state of Jammu and Kashmir established in 1846, but the Chinese never accepted it as part of India. It was the Soviet decision to back the Indian claims to the Aksai Chin, over the claims of China and Pakistan, which both soured Beijing on Moscow and New Delhi and helped to push Islamabad and Beijing together.

The border issues came to a head in October 1962, when the Chinese escalated what had been a series of border skirmishes into a full-blown war. The initial border clashes between Chinese and Indian forces were precipitated by the discovery that China had built a road through Aksai Chin (completed in 1957), catching the Indians by surprise. In the eastern sector, where Tibet abuts India,

Chinese forces crushed their Indian counterparts and advanced deep into India, formally occupying the Aksai Chin. China maintains control of the Aksai China in the western sector, but withdrew its forces from the eastern sector, what is now the Indian state of Arunachal Pradesh. However, China still claims the eastern sector and calls it "South Tibet."

Since 1962, the two sides have maintained an uneasy peace. During the 1980s, there were artillery barrages between the two sides. In the 1990s, the two sides signed several agreements that they would try to resolve the border situation peacefully, and in 2005, they even reached an agreement on guiding principles for resolving the border issue. Nonetheless, recent reporting indicates that both the Chinese and the Indians are reinforcing their presence in the region, as China makes more public comments about their claims to Tawang and Arunachal Pradesh in general.

*Indian Military Capabilities.* While the Chinese military has been modernizing steadily for the past two decades, Chinese military planners cannot look to the south with absolute equanimity. In the first place, the Indians have had far easier access to advanced military technology from around the globe than the PLA.

For example, one of the effects of the Sino-Soviet split and the subsequent animosity between Beijing and Moscow was that Russia happily supplied India with more advanced weapons. Indeed, for much of the Cold War, the Indian military relied heavily on the USSR for its most modern equipment. This continues to be the case, despite warmer relations between Beijing and Moscow.

The Russians, for example, have sold the Su-30MKI, a variant of the Su-27/Su-30 airframe to India, which is seen as more advanced than the Su-30MKK, the version supplied to the PRC. Meanwhile, in a just-inked deal between Russia and India, the Russians have (finally) agreed to sell India the aircraft carrier *Admiral Gorshkov* and a complement of MiG-29K fighters.<sup>6</sup> India also maintains the

5. Edward Wong, "China and India Dispute Enclave on Edge of Tibet," *The New York Times*, September 3, 2009, at <http://www.nytimes.com/2009/09/04/world/asia/04chinaindia.html> (July 8, 2010).

6. The *Admiral Gorshkov* is a Kiev-class carrier, originally named the *Baku*. Mark Magnier, "India Embraces Russian Arms," *Los Angeles Times*, March 13, 2010, at <http://articles.latimes.com/2010/mar/13/world/la-fg-russia-india13-2010mar13> (July 8, 2010).

distinction of being the only nation to have ever leased nuclear-powered submarines. In the late 1980s and again in 1991, it leased a Soviet *Charlie II*-class SSGN (nuclear-powered guided missile submarine) and is leasing the *Nerpa*, an *Akula*-class SSN (nuclear powered attack submarine) for 10 years.<sup>7</sup> This has helped India gain some of the experience necessary to build its own nuclear-powered attack submarines.<sup>8</sup>

Furthermore, India is also seen as a different case than China by the United States, at least in terms of access to high technology. This is apparent in the area of space technology, which is of growing potential military import. As a case in point, the Moon Mineralogy Mapper on the *Chandrayaan-1* lunar exploration spacecraft, which identified significant amounts of water on the Moon, was an American instrument package. By contrast, it will likely be a very long time before the U.S. is willing to place any kind of comparable sensor system on a Chinese satellite.

In addition, China must worry about India's nuclear capabilities. The recent tests of the Agni-II and Agni-III missiles, with ranges of 2,000 and 3,000 kilometers, respectively, means that India is developing the capability to threaten major Chinese cities, such as Chengdu and Kunming in western and southern China.<sup>9</sup> While the Chinese are unlikely to fear an Indian nuclear first strike, they cannot neglect the existence of an independent nuclear force that exists apart from the United States and Russia.

Even long-term demographic differences between China and India have military implications. Although both China and India have more than a billion people, the demographics are very different.

China has a population bulge, a legacy of Mao Zedong's Great Proletarian Cultural Revolution, when he pushed Chinese families to have as many children as possible, followed by Deng Xiaoping and the one-child policy. As a result, China has the 4-2-1 phenomenon, in which one child is supporting two parents and four grandparents.

Such demographic conditions not only have social welfare implications, but also suggest that China may have fewer people coming of military age by the mid-2020s. Moreover, given the impor-

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***China has the 4-2-1 phenomenon, in which one child is supporting two parents and four grandparents.***

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tance of the children to maintaining the welfare of both parents and grandparents, any conflict involving heavy casualties would likely generate significant social tension, if not outright instability. The popular reaction to the deaths of hundreds of children in the 2008 Sichuan earthquake provides a potential warning in this regard.<sup>10</sup>

India, by contrast, appears to have a more sustainable demographic composition, with people under the age of 15 remaining around 30 percent of the population between now and 2020. That is, evidence indicates that the Indian population will not age the way the Chinese one will. In 2020–2030, when India surpasses China in overall population, India will not only be more populous, but also likely have a larger percentage of its population of military age. For Chinese military planners, this would suggest that, after 2020, China may face the unprecedented challenge of confronting an opponent able to field larger armies than its own.

7. Rajat Pandit, "India Gets Russian N-Sub for 10 Years," *Times of India*, March 17, 2010, at <http://timesofindia.indiatimes.com/india/India-gets-Russian-N-sub-for-10-years/articleshow/5691342.cms> (July 8, 2010).
8. Jeremy Page, "India Launches the Arihant, Its First Homegrown Nuclear Submarine," *The Times* (London), July 27, 2009, at <http://www.timesonline.co.uk/tol/news/world/asia/article6728839.ece> (July 8, 2010).
9. Anantha Krishnan M., "Tank Buy, Missile Test Boost Indian DRDO," *Aviation Week & Space Technology*, May 20, 2010, at [http://www.aviationweek.com/aw/generic/story\\_generic.jsp?channel=aerospacedaily&id=news/asd/2010/05/20/03.xml](http://www.aviationweek.com/aw/generic/story_generic.jsp?channel=aerospacedaily&id=news/asd/2010/05/20/03.xml) (July 8, 2010).
10. Edward Wong, "Year After China Quake, New Births, Old Wounds," *The New York Times*, May 5, 2009, at [http://www.nytimes.com/2009/05/06/world/asia/06quake.html?ref=sichuan\\_province\\_china](http://www.nytimes.com/2009/05/06/world/asia/06quake.html?ref=sichuan_province_china) (July 8, 2010), and Christopher Bodeen, "China Court Upholds Five-Year Sentence for Activist," Yahoo News, June 9, 2010, at [http://news.yahoo.com/ap/20100609/ap\\_on\\_re\\_as/as\\_china\\_dissident](http://news.yahoo.com/ap/20100609/ap_on_re_as/as_china_dissident) (July 8, 2010).

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For the PRC, such prospects do not make a conflict with India inevitable. Rather, they highlight the importance of China's southern flank and the dynamic nature of the Sino–Indian balance of power. Equally important, it casts a harsh light on the potential vulnerability of China's sea lanes of communications. A strong Indian military, fielding both nuclear and advanced conventional capabilities, could hold the PRC at risk both directly and indirectly.

*Economic Issues.* Unlike the Taiwan–China situation, the Sino–Indian security relationship is not balanced by a substantial economic one. While Sino–Indian economic ties have expanded, they are still relatively limited. In 2000, Sino–Indian trade totaled only about \$2.2 billion, with Chinese exports to India accounting for \$1.5 billion. By 2008, bilateral trade had expanded by perhaps 25 times, to some \$50 billion. Moreover, this was more equalized, with Indian exports to China totaling \$20 billion, and Chinese exports to India comprising some \$32 billion.<sup>11</sup>

While India is not a major trading partner for China, Beijing is New Delhi's second largest trading partner behind the U.S. The level of U.S.–China trade far outstrips that of U.S.–India trade levels. China, for example, had a \$333 billion trade relationship with the United States in 2008, 10 times its

trade with India.<sup>12</sup> Meanwhile, U.S.–India trade totaled only about \$65 billion in 2009.<sup>13</sup>

*Sino–Pakistani Relations.* While China's relations with India have generally been rocky, its ties with Pakistan have been much better. Pakistan established formal diplomatic relations with Beijing in 1950, one of the very first countries to recognize the People's Republic of China rather than the Republic of China. Although Pakistan later joined both CENTO (Central Treaty Organization) and SEATO (Southeast Asia Treaty Organization), this did not impinge heavily on Sino–Pakistani relations. Similarly, despite the embargos and sanctions placed on China during the Korean War, Pakistan maintained trade and diplomatic ties to the PRC.

Once Sino–Indian relations deteriorated, China and Pakistan had a further reason to align—their common enemy of India. While the two states have not formally allied against India, both sides clearly benefit from a relationship that can tie down significant Indian assets along multiple fronts and force Indian planners to divide their attention. Thus, there are reports that, in the midst of the 1965 Indo–Pakistani War, China repeatedly charged India with violating the Chinese border near Sikkim, at the other end of the Sino–Indian border from Pakistan, raising the specter of an armed response.<sup>14</sup> While there were no actual clashes at this time, it is possible that any such Chinese actions were intended to relieve pressure on Pakistan, which was losing in that war, by threatening India with the possibility of a second front.<sup>15</sup>

More concretely, China has long been willing to help Pakistan with arms development and access.

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11. Damien Tomkins, "China–India Relations: An Unresolved Border and 60,000 Troops," Atlantic Council, June 23, 2009, at [http://www.acus.org/new\\_atlanticist/china-india-relations-unresolved-border-and-60000-military-personnel-deployed](http://www.acus.org/new_atlanticist/china-india-relations-unresolved-border-and-60000-military-personnel-deployed) (August 23, 2010).
  12. Mehul Sristava, "India–China Trade Tensions Rise," *Newsweek*, February 11, 2009, at [http://www.businessweek.com/globalbiz/content/feb2009/gb20090211\\_202935.htm](http://www.businessweek.com/globalbiz/content/feb2009/gb20090211_202935.htm) (August 6, 2010).
  13. The U.S. Commercial Service indicates a total of \$63 billion in Indo–US trade. U.S. Commercial Service, "Doing Business in India," at <http://www.buyusa.gov/india/en/motm.html> (August 6, 2010). The U.S. Census Bureau indicates \$42 billion (adding imports to exports figures). U.S. Census Bureau, Foreign Trade Statistics, "Trade with India: 2008," at <http://www.census.gov/foreign-trade/balance/c5330.html#2008> (August 6, 2010).
  14. For example, see Claude Arpi, "1965 War: The China Bluff," Rediff, September 30, 2005, at <http://www.rediff.com/news/2005/sep/30war.htm> (July 8, 2010).
  15. Michael Yahuda, "China and the Kashmir Crisis," BBC News, June 2, 2002, at [http://news.bbc.co.uk/2/hi/south\\_asia/2020788.stm](http://news.bbc.co.uk/2/hi/south_asia/2020788.stm) (July 8, 2010).

China, for example, was instrumental in helping to establish Pakistan's arms industry.<sup>16</sup> China has also long supplied the Pakistani military with a range of military systems, including tanks, naval combatants, and combat aircraft. For example, China and Pakistan currently coproduce the K-8 trainer and the JF-17 Thunder/FC-1 Xiaolong, a few examples of Chinese weapons coproduction with foreign partners.

Perhaps of greatest concern is the likelihood of Chinese assistance with missiles and nuclear weapons. China has supplied Pakistan with the M-11 series of short-range ballistic missiles. China has helped Pakistan build two nuclear reactors at the Chasma site in the Punjab Province and is considering building two more nuclear reactors at the same site. Beijing must weigh potential negative international reaction to such a move, however, because it is a member of the Nuclear Suppliers Group, which forbids nuclear transfers to countries that are not signatories of the Nuclear Nonproliferation Treaty. It has the option of seeking a waiver of the prohibition or proceeding in spite of the prohibition. In addition, A. Q. Khan, the Pakistani nuclear scientist, claims that the PRC helped Pakistan develop its nuclear weapons, including the provision of nuclear materials.<sup>17</sup> While this claim has not been officially corroborated or acknowledged, the story is a reminder of the close Sino-Pakistani ties in strategic systems.

Meanwhile, Pakistan has been willing to take measures to ensure continued Chinese support. These include clamping down on Uighur radicals

from China's restive Xinjiang province attending terrorist training camps in Pakistan's tribal border areas.<sup>18</sup> If Pakistan failed to take action to stem the radicalization and training of Uighur separatists on its territory, Islamabad would likely alienate the Beijing leadership and seriously jeopardize the strategic relationship between Pakistan and China.

*Economic Relations.* One of the first planks of Sino-Pakistani relations was economic, with trade relations started in 1950. By 2002, bilateral trade amounted to some \$1.8 billion, and has since grown to some \$7 billion as of 2008.<sup>19</sup> This is, however, a small fraction of Chinese trade with the United States or the nations of East Asia.

While Sino-Pakistani trade is limited, there have been a number of high-profile developments. The most often cited example is the Chinese economic assistance and cooperation in the development of the port of Gwadar. Beijing provided both financing and workers for the port's development, including \$200 million as an initial investment and the construction of three multipurpose berths.<sup>20</sup> While the port's location provides a convenient facility near the Persian Gulf, but outside the Strait of Hormuz, it has not yet generated income for the Pakistani economy due to a lack of transportation infrastructure connecting the port with Pakistan's road and rail network.<sup>21</sup> The port does serve, however, to diversify Pakistani naval facilities.

At the same time, there is much speculation that the port may serve as a western terminus on the Indian Ocean for the movement of oil or other sup-

16. K. Alan Kronstadt, "Pakistan-US Relations," Congressional Research Service *Report for Congress*, February 6, 2009, p. 47, at <http://www.fas.org/sgp/crs/row/RL33498.pdf> (July 8, 2010).
17. R. Jeffrey Smith and Joby Warrick, "A Nuclear Power's Act of Proliferation," *The Washington Post*, November 13, 2009, at <http://www.washingtonpost.com/wp-dyn/content/article/2009/11/12/AR2009111211060.html> (July 8, 2010).
18. Lisa Curtis, "Security Challenges Involving Pakistan and Policy Implications for the Department of Defense," testimony before the Committee on Armed Services, U.S. House of Representatives, October 10, 2007, p. 8, at [http://armedservices.house.gov/pdfs/FC101007/Curtis\\_Testimony101007.pdf](http://armedservices.house.gov/pdfs/FC101007/Curtis_Testimony101007.pdf) (July 8, 2010) and China Ministry of Commerce, "China Pakistan Bilateral Trade Statistics from 1993-2008," May 21, 2009, at <http://pk2.mofcom.gov.cn/aarticle/bilateralcooperation/labourlawhost/200905/20090506266956.html> (August 30, 2010).
19. People's Republic of China, Ministry of Foreign Affairs, "China-Pakistan Relations," *China Daily*, November 14, 2006, at [http://www.chinadaily.com.cn/china/2006-11/14/content\\_732562.htm](http://www.chinadaily.com.cn/china/2006-11/14/content_732562.htm) (July 8, 2010).
20. Ziad Haider, "Baluchis, Beijing, and Pakistan's Gwadar Port," *Georgetown Journal of International Affairs*, Issue 6.1 (Winter/Spring 2005), pp. 96 and 97.
21. Kalbe Ali, "Govt Urged to Scrap Gwadar Port Deal," *Dawn* (Pakistan), January 3, 2010, at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/19-govt-urged-to-scrap-gwadar-port-deal-310-hh-03> (August 20, 2010).

plies into China. This would significantly reduce the exposure of the Chinese oil lifeline in the Indian Ocean, eliminating the need to transit those waters and pass through the Malacca Strait.

### Chinese Relations with Other Indian Ocean Nations

In addition to India and Pakistan, China has a range of relations with the other states of the Indian Ocean littoral. It has been suggested that China is cultivating relations with many of these states, both to forge a nascent anti-India political coalition and to access military facilities so that China itself can counter India. This latter approach has sometimes been referred to as the “string of pearls” approach.

**Burma.** China is one of the few states to support the regime in Burma. This is due to a combination of geopolitical and economic considerations. Burma’s Irrawaddy Valley has long been a strategic path into China. The Burma Road of World War II is merely the most well known example, and a version of the Silk Route transited the Irrawaddy into Yunnan as well.

Moreover, Burma has potential oil and natural gas reserves. The ability to access those oil reserves would again limit Chinese vulnerability to interdiction of its sea lines. Not surprisingly, China is helping to construct oil pipelines across Burma and into China. It is also helping to construct new port facilities in Sittwe, Dawei, and Mergui.<sup>22</sup>

Meanwhile, Burma, lying to the east of India, constitutes yet another potential area of worry for Indian strategic planners. Strategically, Burma and China have been engaged in a variety of security cooperation measures. The PRC is the largest source of arms for the Burmese military, supplying a variety of systems, including trucks, artillery, and communications equipment.<sup>23</sup> Chinese support has been sustained, even after Burmese crackdowns in 2009

led several thousand refugees to flee Burma into southern China.<sup>24</sup>

In return, Burmese willingness to allow the PLA access to its territory potentially allows China to maintain a close watch on Indian military developments. Of particular interest are the Coco Islands, from which China can watch Indian space and missile launches. They are also 18 kilometers from the Indian-held Nicobar Islands, which one Indian foreign minister has characterized as essential for allowing India to monitor the Malacca Strait.

**Sri Lanka.** China also has a long history of good relations with Sri Lanka. Indeed, Sri Lanka, along with Pakistan, was one of the first non-Communist countries to establish relations with the PRC, recognizing the PRC in 1950. Given the long history of positive relations between the two states, it is not surprising that Beijing has provided Colombo with

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military and political support during its long counterinsurgency, including significant supplies of fighter aircraft, naval combatants, and a variety of other military equipment.

Equally important, Chinese support has the added attraction that Beijing does not “interfere” in the domestic affairs of the nation receiving the aid. This appeal has been at work not only in Sri Lanka, but also in Pakistan and Burma. Thus, there were few Chinese criticisms of Sri Lankan efforts to deal with the Liberation Tigers of Tamil Eelam (Tamil Tigers). Of course, this is a sharp contrast with Western NGOs and governments, which expressed concern that the Sri Lankan counterinsurgency methods were excessively brutal. For example, the United

22. Sutirtho Patranobis, “China Creates a Pearl in Sri Lanka,” *Hindustan Times*, September 16, 2009, at <http://www.hindustantimes.com/special-news-report/News-Feed/China-creates-a-pearl-in-Sri-Lanka/Article1-454644.aspx> (July 8, 2010).

23. Tim Luard, “Buyers Line Up for China’s Arms,” *BBC News*, June 16, 2006, at <http://news.bbc.co.uk/2/hi/5086416.stm> (July 8, 2010), and “China’s K-8 Jets: A Killer for Myanmar,” *Defense Industry Daily*, June 30, 2010, at <http://www.defenseindustrydaily.com/Chinas-K-8-Jets-A-Killer-for-Myanmar-06457> (August 20, 2010).

24. Hannah Beech, “Why Violence Erupted on the China–Burma Border,” *Time*, August 31, 2009, at <http://www.time.com/time/world/article/0,8599,1919559,00.html> (July 8, 2010), and Larry Kagan, “Border War Rattles China–Myanmar Ties,” *Asia Times*, September 1, 2009, at [http://www.atimes.com/atimes/Southeast\\_Asia/KI01Ae04.html](http://www.atimes.com/atimes/Southeast_Asia/KI01Ae04.html) (July 8, 2010).



States suspended aid to Colombo in 2007 on human rights grounds.<sup>25</sup>

Nor are relations between the two states purely military. Chinese Vice Premier Zhang Dejiang, in his recent visit to Sri Lanka, expressed the hope that the two states would deepen their cooperation in such areas as “infrastructure, industry, communication, energy, education, culture, tourism.”<sup>26</sup> As with other Indian Ocean states, China has been assiduous in economic cooperation with Sri Lanka. Two ongoing projects are the Norochcholai Coal Power Project and construction of a large container port at Hambantota, with some \$300 million in funding from China’s Export-Import Bank.<sup>27</sup>

The Norochcholai Coal Power Project involves the construction of a 300-megawatt coal-fired generator, with the potential for expansion to 900 megawatts.<sup>28</sup> The plant would help meet likely Sri Lankan power requirements for the coming decades. Interestingly, Sri Lanka produces no fossil fuels of its own and will therefore need to import the coal needed for the plant. This may well involve coal imports from China, one of the world’s largest coal producers.

Meanwhile, the Hambantota port project will help to improve an underdeveloped portion of Sri Lanka. At the same time, it is recognized that there are also strategic benefits for the PRC. At a minimum, it would provide “a convenient mid-way point on the sea-routes between China, and the Middle East and Africa. The port development and the oil-bunkering/storage facilities, when completed in Hambantota, would be a mutually beneficial asset to both countries.”<sup>29</sup> There is concern in some quarters that this assistance will also result in Chinese naval access to the port.

## Prospects for the Future

For the foreseeable future, Chinese strategic planners will need to pay increasing attention to China’s Indian Ocean flank. In the short term, China is concerned about its growing dependence on the sea lanes of communications for sustaining China’s economic growth. In 2010, for the first time, China imported more than 50 percent of its oil consumption. Chinese President Hu Jintao has already raised the issue of the Malacca Strait. There is little question that it is a key chokepoint on China’s oil supply routes. Part of China’s interest in developing alternative ports and pipelines, such as in Pakistan and Burma, would seem to be motivated by a desire to reduce the criticality of the Malacca Strait.

Even if China’s oil lifeline did not have to transit the Strait of Malacca, it would nonetheless traverse significant portions of the Indian Ocean. The growth of the Indian navy means that Chinese economic development is potentially at the mercy of India, as well as the United States. The forging of Indian security links with Japan and the United States is therefore a source of concern.

This is likely an essential part of what is driving Chinese efforts to cultivate India’s neighbors as friendly states, beyond the “string of pearls” strategy that China is said to entertain for the Indian Ocean region. That is, China is more intent on cultivating close ties, including but not limited to military ties, with the various South Asian states than necessarily focusing on surrounding and isolating India. The latter is simply a byproduct of the larger goal of ensuring that China’s southern flank and the attendant oil lifeline are secure and populated by friendly states.

25. Jeremy Page, “Chinese Billions in Sri Lanka Fund Battle Against Tamil Tigers,” *The Times* (London), May 2, 2009, at <http://www.timesonline.co.uk/tol/news/world/asia/article6207487.ece> (July 8, 2010).

26. Communist Party of China, “Sri Lanka, China Vow to Enhance Cooperation,” June 12, 2010, at <http://english.cpc.people.com.cn/66102/7023244.html> (July 8, 2010).

27. Patranobis, “China Creates a Pearl in Sri Lanka.”

28. Democratic Socialist Republic of Sri Lanka, Ministry of Plan Implementation, Department of Foreign Aid and Budget Monitoring, Infrastructure Unit, “Project Review Report: Norochcholai Power Plant Project,” July 27, 2006, at <http://www.fabm.gov.lk/downloads/Norochcholai.pdf> (July 8, 2010).

29. Nihal Rodrigo, “China–Sri-Lanka Friendship and Cooperation of 5 Decades: A Retrospect,” statement at the BCIS-CIIS Conference in Colombo, Sri Lanka, October 21, 2007, at <http://www.bcis.edu.lk/news/303.doc> (July 8, 2010).

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Balancing India is likely to be a growing Chinese concern, not simply for the security of China's oil lifeline, but also because of India's overall growth. Just as the U.S. is concerned about a "rising China" and how to deal with a growing Chinese economy that provides substantially more wherewithal for a variety of purposes, so Chinese leaders are confronted with the potential of a "rising India."

While the United States is already an established, advanced state, China is not. That is, from the Chinese perspective, the United States and much of the West are already wealthy societies. The American economy, still the world's largest, allows the U.S. to maintain substantial military capabilities, sustain a high standard of living at home, and still have resources for a range of other purposes, from diplomacy and foreign aid to a space program.

China is less developed, and while Chinese economic growth over the past several decades has been impressive, any gains must be divided across 1.2 billion to 1.3 billion people. Therefore, on a per capita basis, China is still a developing country. The potential concern is that India will catch up with China before China catches up with the United States or even Western Europe. All of this means that China must devote more attention and effort to staying ahead of India because it has less of a margin for error.

### **Recommendations for U.S. Policy**

For the United States, the need to balance the PRC, among other factors, necessitates greater cooperation with India. New Delhi, for its part, also is interested in strengthening ties to the U.S., partly as a hedge against a rising China, but will maintain its foreign policy principle of "strategic autonomy" and seek partnerships with a variety of nations.

**Deepening Indo–U.S. Cooperation.** Throughout the Cold War era, the U.S. and India experienced rocky relations, given India's closeness to the Soviet Union. However, beginning from the late years of the Clinton Administration through the George W. Bush Administration, the U.S. has sought to deepen and improve its relations with India. This has included several forms, including a willingness to sell advanced weapons to India; technology cooperation in a number of fields, including space systems; and a willingness to provide India with nuclear technology. The very range of areas of potential cooperation is encouraging because it signals that Washington–New Delhi relations are not simply a matter of containing China, but inherently beneficial across a breadth of topics. The United States should sustain this effort at broad interaction and deepen its strategic ties with India.

**Expanding U.S. Cooperation with Other Indian Ocean Nations.** While the U.S. is engaging India and continuing its partnership with Pakistan, it should also seek to remain closely engaged with the other states of the Indian Ocean littoral. If China has succeeded in expanding its footprint in South Asia, it is in part because it has not had much competition.

In the military arena, this includes promoting U.S. Navy port visits to states that border the Indian Ocean and expanding the International Military Education and Training Program for officers drawn from South Asian militaries. In the non-military arena, it should encourage students from nations in the region to attend schools in the United States. Such personal exposure to the U.S. often has long-lasting impacts. Meanwhile, the United States should support aid programs to the area, not only at the nation-to-nation level (e.g., the International Monetary Fund), but also at the more personal level. The Grameen Bank, which was one of the pioneers of microcredit, was founded in Bangladesh.<sup>30</sup> Encouraging such grassroots efforts would require minimal amounts of capital, but could have enormous impact by promoting not only business but also social stability.

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30. Microcredit involves the extension of very small loans (often less than \$100) to the poor to help them start up small businesses. The aim is to facilitate entrepreneurship and self-employment, thereby helping the loan recipients work their way out of poverty. Grameen Bank, "What Is Microcredit?" July 2010, at [http://www.grameen-info.org/index.php?option=com\\_content&task=view&id=28&Itemid=177](http://www.grameen-info.org/index.php?option=com_content&task=view&id=28&Itemid=177) (August 25, 2010).

**Maintaining a Strong U.S. Presence in the Region.** Secretary of Defense Robert Gates appears sanguine about cuts in the U.S. Navy, even questioning whether it is necessary to maintain 10 carrier battle groups when other nations have none. Such comments, however, betray a failure to account for not only how long it takes the U.S. to build an aircraft carrier and its support ships, not to mention training its attendant air wing, but also the undesirability of allowing others to catch up.

It is essential that the U.S. not fall behind in the Indian Ocean. The region is about as far from the United States as it is possible to be, but the U.S.

should strive to maintain a steady presence in the region, both to signal its resolve to stay engaged and to avoid the difficulties of reentering a region. The yearlong Chinese presence in the anti-piracy patrols off the Gulf of Aden, coupled with Chinese comments regarding the prospect of creating a base infrastructure in the region, suggests that the PRC intends to be a long-term player in the area. The United States can ill afford to cede this vital region to the PLA.

—*Dean Cheng is Research Fellow in Chinese Political and Security Affairs in the Asian Studies Center at The Heritage Foundation.*