

Does the World Need **Chinese Hegemony?**

Brigadier V Mahalingam



Vivekananda
International
Foundation

© Vivekananda International Foundation 2020

Published in 2020 by

Vivekananda International Foundation

3, San Martin Marg | Chanakyapuri | New Delhi - 110021

Tel: 011-24121764 | Fax: 011-66173415

E-mail: info@vifindia.org

Website: www.vifindia.org

ISBN: 978-93-90061-08-2

Follow us on

Twitter | [@vifindia](https://twitter.com/vifindia)

Facebook | [/vifindia](https://www.facebook.com/vifindia)

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form, or by any means electronic, mechanical, photocopying, recording or otherwise without the prior permission of the publisher



Brigadier V Mahalingam (Retd), is a former commander of a Mountain Brigade and former Force Commander of the National Security Guard the country's elite Counter-terrorism Force. He is a highly regarded defence and strategic analyst and an author.

Does the World Need Chinese Hegemony?

Introduction

In 2004, Premier Wen Jiabao said that China's rise "will not come at the cost of any other country, will not stand in the way of any other country, nor pose a threat to any other country"¹. The broad Pacific Ocean is vast enough to embrace both China and the United States",² said Chinese President Xi Jinping while meeting US Secretary of State John Kerry in Beijing in May 2015. Speaking alongside US President Barack Obama in the White House Rose Garden in September 2015, the Chinese President Xi Jinping said, "Relevant construction activity that China is undertaking in the Nansha Islands does not target or impact any country and there is no intention to militarise," using the Chinese name for the disputed Spratly archipelago³. But the exact opposite has happened. All these assertions and assurances today appear to have been either forgotten or have become redundant in the Chinese scheme of

-
- 1 The Promise and Pitfalls of China's 'Peaceful Rise', Council on Foreign Relations, available at <https://www.cfr.org/background/promise-and-pitfalls-chinas-peaceful-rise>, accessed on August 9, 2020.
 - 2 'China Voice: China, U.S. can both be Pacific powers', Xinhua, May 19, 2015, available at <http://en.people.cn/n/2015/0519/c90883-8894020.html> accessed on August 9, 2020.
 - 3 David Brunnstrom, Michael Martina, 'Xi denies China turning artificial islands into military bases' Reuters, September 25, 2015, available at <https://www.reuters.com/article/us-usa-china-pacific/xi-denies-china-turning-artificial-islands-into-military-bases-idUSKCNORP1ZH20150925>, accessed on August 9, 2020.

things. China's 'peaceful rise' now seems out of the question. It raises a serious doubt; can China be trusted?

China has adopted aggression and cunning ways to integrate itself with the economies of the countries and has made use of its Belt and Road Initiative (BRI) and Digital Silk Road (DSR) to gain access, promote its own economy and exploit its economic linkages. Inducements to extract political concessions, influencing countries aggressively, manipulating them to use their soil by proxy elements, and distracting adversaries to tie them down makes it amply clear that China had in the first place never intended to be non-aggressive or peaceful in pushing through its global power ambitions.

China's recent aggressive action in Hong Kong to snatch away its autonomy by violating an international agreement that it had signed with Britain, amassing of troops to pressurise India in its Northern borders in Eastern Ladakh, use of force to occupy territory on the Indian side of the Line of Actual Control (LAC) with a view to make fresh territorial claims, belligerent encroachments in the South China Sea (SCS), renaming of islands and other features in the sea, constant military threat to Taiwan and Japan's Senkaku islands, use of economic threats to tame Australia and South Korea, its efforts to acquire US military technology, classified information and trade secrets by dubious means at a time when the rest of the world is struggling to control the pandemic and deal with the economic slowdown, only confirms China's larger aim to become an Asian hegemon and ultimately snatch the world's leadership role from the US irrespective of ethics or costs.

Viewed from a larger perspective, China's actions are undermining US' interests in the region. The question is; is China attempting to push US out of Asia? Is it trying to shrink US' influence in South Korea, Japan, the Philippines and the South East Asian countries and force them to dilute US' military commitments in the region? Is China attempting to threaten

countries which are opposed to its ways or aligned to US and make them to fall in line?

A brief look at China's intimidating conduct, application of financial and trade inducements to trap countries, use of military coerces and contemptible exasperates unexpected of a modern nation state, in order to compel countries to adapt to ways that suits its needs will provide an idea of its larger aims. Besides, it would conclusively indicate as to how China may put to use its power once it becomes a global hegemon, or if the world is forced to adopt Chinese world order. Let us take a look.

The South China Sea

Control of the SCS is a most controversial and explosive diplomatic issue in East Asia with China asserting sovereignty over maritime areas that span 3.5 million square km which are also claimed by Vietnam, Taiwan, Malaysia, Brunei and the Philippines. Goods worth \$4.5 trillion pass through the SCS, an important route for commercial shipping in the world. It is believed it has significant oil and gas reserves besides huge fisheries.

In the SCS, China has gradually encroached, reclaimed land to an extent of at least 3200 acres and has undertaken large scale construction activities on its dual-use outposts of the Spratly and Paracel Islands. It has created and transformed seven reefs into military strongholds with a view to dominate the Sea. It is now militarily in a position to control movement in the SCS. It has refused to vacate the area by claiming these to be its own. As of now there are no options other than either to accept Chinese claim over the artificial islands or to evict them from these areas by force.

In 2013, Philippines went to the five judge Permanent Court of Arbitration at the Hague, constituted under Annex VII to the United Nations Convention on the Law of the Sea (UNCLOS), in order to

counter China's claims. Though China has ratified the Convention in June 1996, it refused to accept or participate in the arbitration, which it said was initiated unilaterally by the Philippines.

Broadly, the tribunal ruled⁴ that there was no legal basis for China to claim historic rights over resources within the sea areas falling under the so called 'nine-dash line'. The tribunal observed that China had violated the Philippines' sovereign rights by interfering with fishing and oil exploration, constructing artificial islands and failing to prevent Chinese fishermen from fishing there. It also stated that Chinese law enforcement vessels have "unlawfully created a serious risk of collision when they physically obstructed Filipino vessels". The court imposed a stricture on China over its land reclamation activity and confirmed that China violated the Philippines' rights by seizing Scarborough Shoal, in 2012.

Beijing has rejected the Court's authority to rule on the case and has also attempted to discredit its work as 'biased' by pointing to the fact that a judge from China's regional rival Japan was involved in the case. That much for China's respect for rule of law!

China continues to harass the countries of the region without respite.

Taiwan

The Taiwan issue is a consequence of the Chinese Civil War and the resultant split of China into two self-governing entities called the People's Republic of China (PRC) and the Republic of China (ROC) respectively. The PRC maintains that there is only one China in the world and that Taiwan is an inalienable part of it. Any departure from 'One China Policy' is unacceptable to Beijing.

4 Press Release, The South China Sea Arbitration, Permanent Court of Arbitration, July 12, 2016, available at <https://web.archive.org/web/20160712201412/> <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Press-Release-No-11-English.pdf>, accessed on August 25, 2020.

Relations between China and Taiwan hardened after Chen Shui-bian who had been openly advocating independence was elected and subsequently reelected as the President of Taiwan in 2000 and 2004 respectively. China then enacted the anti-secession law in 2005 asserting China's right to use "non-peaceful" means against Taiwan if it attempted to secede from China⁵. In January 2016, Tsai Ing-wen, the Democratic Progressive Party (DPP) candidate which supports independence from China won the elections. Throughout 2018, China stepped up pressure on international business houses compelling them to list Taiwan as a part of China on their websites, threatening to prevent them from doing business in China if they failed to comply⁶.

Chiang Kai-shek's Republic of China (ROC) held China's seat at the United Nations Security Council (UNSC) and was recognised by many Western nations as the bona fide Chinese government. However, in 1971, the UN took a decision to recognise Beijing and the ROC government was forced out. Currently, 15 countries recognise Taiwan as the ROC and as a result they do not have diplomatic relations with China. The rest of the world has not acknowledged Taiwan for fear of reprisal by the PRC. China regards Taiwan as a breakaway province and has declared that it will retake its province, if necessary, by force.

On the other hand, Taiwan has its own constitution, a democratically elected Government and leaders besides a civilian controlled 300,000 strong well trained and equipped armed forces called the 'Taiwanese Armed Forces'. Its defence budget in 2019 was to the tune of \$10.420 billion⁷. Taiwan has now decided to strengthen its reserves, a force that

5 'What's behind the China-Taiwan divide?' BBC News, January 02, 2019, available at <https://www.bbc.com/news/world-asia-34729538>, accessed on July 14, 2020.

6 'What's behind the China-Taiwan divide?' BBC News, January 02, 2019, available at <https://www.bbc.com/news/world-asia-34729538> accessed on August 28, 2020.

7 'Military expenditure by country, in constant (2018) US\$ m., 1988-2019' SIPRI, 2020, at <https://www.sipri.org/sites/default/files/Data%20for%20all%20countries%20from%201988%E2%80%932019%20in%20constant%20282018%29%20USD.pdf> accessed on July 14, 2020.

would be crucial in defending the island in the event of an invasion by China. It has announced that it would increase the defense budget by 10 percent, on top of a five percent increase made last year, raising its military budget by more than two percent of its GDP, the highest since 1990s. Taiwan has also finalised a deal to buy 66 American F-16 fighter jets at a cost of \$8 billion over the next 10 years⁸. Taiwan's leaders say that Taiwan is clearly much beyond a province, arguing that it is a sovereign state.

Tension has been building up between China and Taiwan in the recent days. Chinese warplanes have constantly violated Taiwan's airspace on an almost daily basis since May 2020. The Peoples Liberation Army (PLA) also announced four concentrated military exercises including live fire drills between August 24 and 30, 2020 across the South China Sea, the Yellow Sea and Bohai Sea, the three major Chinese sea regions. These exercises would approach Taiwan from both North and South, possibly in an attempt to simulate invasion of Taiwan without giving away the likely direction of attack if and when attempted⁹. In response, Taiwan's defense forces carried out major live-fire drills on July 2, 2020 on the country's west coast¹⁰, a likely site of possible Chinese amphibious invasion.

Taiwanese President Tsai has characterised Beijing's New Security Law as a violation of Hong Kong's autonomy and regretted that China has not been able to keep up its promises and added that 'one country two systems' is not feasible, criticising the model that China had offered to her predecessors. In order to attract Hong Kong's businessmen Taiwan has

8 Steven Lee Myers and Javier C. Hernández, 'With a Wary Eye on China, Taiwan Moves to Revamp Its Military' New York Times, August 30, 2020, available at <https://www.nytimes.com/2020/08/30/world/asia/taiwan-china-military.html?auth=login-facebook> accessed on August 31, 2020.

9 Liu Xuanzun, 'PLA holds concentrated military drills to deter Taiwan secessionists, US' Global Times, August 23, 2020, available at <https://www.globaltimes.cn/content/1198593.shtml> accessed on September 5, 2020.

10 Richard Javad Haydarian, 'China, Taiwan on collision course over Hong Kong', Asia Times, July 03, 2020, available at <https://asiatimes.com/2020/07/china-taiwan-on-collision-course-over-hong-kong/> accessed on August 28, 2020.

halved the requirement of investments to obtain residency rights. Taipei has also opened 'Taiwan Hong Kong Service Exchange Office' to facilitate migration of people from Hong Kong¹¹. Added to all this, Hong Kong's pro-democracy group 'Hong Kong National Front' which advocates full independence to Hong Kong from China has relocated to Taiwan in part¹². Taiwan's criticism of China's National Security Law for Hong Kong and its offer of support to Hong Kong's protesters has angered Beijing and has warned Taiwan of harbouring 'rioters' and encouraging a 'separatist plot' in Hong Kong. Chinese leaders have openly warned that a military option is on the table¹³.

Though US has not recognised Taiwan till date it is its only ally. However, there are concerns in Taipei over US President Donald Trump's resolve to militarily assist Taiwan in the event of a Chinese invasion.

Japan

Japan has administered the eight uninhabited islands in the East China Sea known as the 'Senkaku' in Japan and the 'Diaoyu' in China, since 1972. These islands have a total area of about seven sq. km and lie North East of Taiwan and East of the Chinese mainland. These islands offer rich fishing grounds and are located close to potential oil and gas reserves. Besides being close to important shipping lanes, owing to the domination over the seas that these islands offer, holding these islands militarily provides

11 'Taiwan opens Hong Kong migration office in rebuke to Beijing' The Times of India, July 01, 2020, available at <https://timesofindia.indiatimes.com/world/rest-of-world/taiwan-opens-hong-kong-migration-office-in-rebuke-to-beijing/articleshow/76727210.cms>, accessed on August 25, 2020.

12 RICHARD JAVAD HEYDARIAN, 'China, Taiwan on collision course over Hong Kong', Asia Times, July 03, 2020, available at <https://asiatimes.com/2020/07/china-taiwan-on-collision-course-over-hong-kong/>, accessed on August 25, 2020.

13 Mike yeo, 'Chinese defense minister strikes defiant tone at Shangri-La Dialogue' Defence News, June 03, 2019, available at <https://www.defensenews.com/global/asia-pacific/2019/06/03/chinese-defense-minister-strikes-defiant-tone-at-shangri-la-dialogue/>, accessed on July 15, 2020.

strategic advantage in controlling movements in the seas.

After World War II, Japan renounced claims over a number of territories and islands including Taiwan in the ‘Treaty of San Francisco 1951’. These islands, however, came under US trusteeship and were returned to Japan in 1971 under the Okinawa reversion deal. China raised no objections to the San Francisco deal but started claiming the islands when the potentials of oil reserves in the area emerged¹⁴. In September 2012, the Japanese government purchased the disputed islands in Senkaku Islands in the East China Sea from its private owner¹⁵. This angered China. Since then, Chinese ships have regularly sailed in and out of what Japan calls are its territorial waters around the islands.

In November 2013, China announced the creation of a new ‘Air-Defence Identification Zone’ (ADIZ) over an area of international airspace which covers the Senkaku (Diaoyu) islands that would require any aircraft in the zone to comply with rules laid down by Beijing¹⁶. Though China’s ADIZ is not a challenge to international rules or precedents, given its assertive behavior in the South and East China Seas and in the context of its expanding power and apparent ambitions, the move is seen as a threat. Under the ‘Treaty of Mutual Cooperation and Security’ between Japan and the United States of America signed on the January 19, 1996¹⁷, in the event of war between China and Japan, US is expected to defend Japan. President Barak Obama had confirmed that the Security pact applies to

14 ‘How uninhabited islands soured China-Japan ties’ BBC News, November 10, 2014 available at <https://www.bbc.com/news/world-asia-pacific-11341139> accessed on August 28, 2020.

15 Mark E. Manyin, ‘The Senkakus (Diaoyu/Diaoyutai) Dispute: U.S. Treaty Obligations’ Congressional Research Service, page 6, October 14, 2016 available at <https://fas.org/sgp/crs/row/R42761.pdf> accessed on August 28, 2020.

16 ‘China establishes ‘air-defence zone’ over East China Sea’ BBC News, November 23, 2013, available at <https://www.bbc.com/news/world-asia-25062525> accessed on August 28, 2020.

17 ‘Treaty of Mutual Cooperation and Security between Japan and the United States of America’, Ministry of Foreign Affairs of Japan, signed on January 19, 1960, available at <https://www.mofa.go.jp/region/n-america/us/q&ca/ref/1.html>, accessed on July 11, 2020.

the Senkaku islands¹⁸.

Consequent to the disruptions to supply chains caused by the Corona Virus between major trading partners, Japan has earmarked a \$2.2 billion economic stimulus package to help manufacturers shift production out of China. Of these, \$2 billion has been earmarked for companies shifting production back to Japan and the rest for those seeking to move production to other countries¹⁹. Yet another source of irritation to China.

Diplomatic row between China and Japan swelled after a collision between two Japanese patrol boats and a Chinese trawler on September 07, 2010, in two separate incidents 40 minutes apart²⁰. The incident took place near the disputed islands. Japan arrested the Captain of the Chinese fishing boat after he repeatedly ignored requests to leave the area.

Following the incident, the Chinese Government blocked exports of rare earth elements to Japan which include critical category of minerals which are used in the manufacture of hybrid cars, wind turbines and guided missiles. China then accounted for mining 93 percent of the world's rare earth minerals and supplies, far exceeding 99 percent of the world's requirements. Japan has very few mineral resources and is concerned about its dependence on imports²¹. To prevent China holding the country to ransom and to become self-sufficient in meeting its requirement of rare

18 'Joint Press Conference with President Obama and Prime Minister Abe of Japan' Akasaka Palace, Tokyo, Japan, The White House, Office of the Press secretary, April 24, 2014, available at <https://obamawhitehouse.archives.gov/the-press-office/2014/04/24/joint-press-conference-president-obama-and-prime-minister-abe-japan>, accessed on August 25, 2020.

19 Isabel Reynolds and Emi Urabe, 'Japan to Fund Firms to Shift Production Out of China' Bloomberg, April 08, 2020, available at <https://www.bloomberg.com/news/articles/2020-04-08/japan-to-fund-firms-to-shift-production-out-of-china>, accessed on July 11, 2020.

20 'Boat collision spark Japan-China diplomatic row', BBC News, September 08, 2010, available at <https://www.bbc.com/news/world-asia-pacific-11225522> accessed on August 20, 2020.

21 Keith Bradsher, 'Amid Tension, China Blocks Vital Exports to Japan', The New York Times, September 22, 2010, available at <https://www.nytimes.com/2010/09/23/business/global/23rare.html?auth=login-google1tap&login=google1tap>, accessed on July 13, 2020.

earth minerals, Japan immediately took action to earmark 53.3 billion yen²² towards the development of rare earth minerals abroad, recycling, urban mining and developing alternative technology by the government and the private sectors, developing offshore oil and gas in Japan, pre-feasibility study on methane hydrate deposits and study on cobalt rich crust and other undersea reserves.

It is possible that China has resorted to assertiveness and aggressive behaviour in recent times in order to divert attention of its people from the internal troubles that are brewing up quietly triggered by its failing economy. Going by China's military action on India's borders in the Himalayas, imposition of a controversial security law in Hong Kong defying international criticisms, threatening Britain after it offered citizenship to thousands of people living in Hong Kong by insisting that it adopt Chinese measures, imposition of trade sanctions against Australian goods etc., it remains to be seen as to how and when China may act against Japan over the Senkaku Islands.

Chinese President Xi Jinping was to visit Japan in April 2020, the first by a Chinese President in a decade, which was postponed amid spread of the virus; a new date is yet to be fixed. In the meanwhile, the then Prime Minister Shinzo Abe's Liberal Democratic Party watered down its earlier demand to cancel the Chinese President's visit following China's clamp down on Hong Kong, stating that the Party 'feel forced to urge President Xi's state visit be cancelled'²³.

22 'FACTBOX-Japan budgets \$650 mln for rare earths, resources' Reuters, January 05, 2011, available at <https://www.reuters.com/article/japan-china-rareearth/factbox-japan-budgets-650-mln-for-rare-earths-resources-idUSTOE70404220110105>, accessed on August 25, 2020.

23 Isabel Reynolds and Emi Nobuhiro, 'Japan Ruling Party Softens Demand to Cancel Xi's Japan Visit', Bloomberg, July 07, 2020, available at <https://www.bloombergquint.com/global-economics/japan-ruling-ldp-softens-demand-on-xi-visit-cancellation>, accessed on July 11, 2020.

South Korea

After North Korea's fourth nuclear test in January 2016 followed by a satellite launch and a number of test launches of various missiles, US and South Korea announced their decision to deploy the US Terminal High Altitude Area Defense (THAAD) anti-ballistic missile defence system in South Korea to defend the country against the increasing North Korean missile threat²⁴. The missile system became operational in May 2017. China objected to the deployment arguing that the radar associated with the system could monitor Chinese airspace. Beijing perceives the deployment of THAAD as a part of US' missile defense architecture in the Asia Pacific aimed at weakening and containing its nuclear deterrence. The diplomatic dispute between Seoul and Beijing led China to exert economic pressure on South Korea by imposing unofficial sanctions on tourism, entertainment industries and consumer products. The South Korean conglomerate Lotte was targeted for offering one of its golf courses for THAAD deployment. In March 2017, construction of a chocolate factory in China jointly operated by Lotte and Hershey was suspended²⁵.

China is South Korea's largest export market. In 2019, bilateral trade between China and South Korea reached \$284.54 billion of which South Korea's exports to China was to the tune of \$173.57 billion²⁶. Such levels of trade linked economic integration makes it extremely difficult for South Korea, or for that matter any other country, to decouple its

24 Jack Kim, Ju-min Park, 'South Korea chooses site of THAAD U.S. missile system amid protests' Reuters, July 13, 2016, available at <https://www.reuters.com/article/us-northkorea-southkorea-thaad-idUSKCN0ZT03F> accessed on August 28, 2020.

25 Heejin Kim, Sohee Kim, 'China shuts Hershey-Lotte plant in latest Thaad missile spat response' Live Mint, March 08, 2017 available at <https://www.livemint.com/Politics/ziMrH4vSFkYtIBIWRcO6ZJ/China-shuts-HersheyLotte-plant-in-latest-Thaad-missile-spat.html>, accessed on August 28, 2020.

26 Huo Jianguo, 'Cooperation with China crucial to South Korean economy' Global Times, August 04, 2020, available at <https://www.globaltimes.cn/content/1196686.shtml> accessed on September 5, 2020.

economics from China. That exposes the country to Chinese economic retaliation. Prolonged economic sanctions by China will impact South Korea's economy adversely.

China thus used its economic leverage over South Korea to tame the country into accepting three of its demands, namely, South Korea would no longer deploy US' anti-ballistic missile system THAAD, it will not join the regional US' missile defence system, and it will not enter into any military alliance involving US and Japan²⁷.

India

Despite 22 border negotiations with India since 1950 when China invaded and occupied Tibet, China has not shared maps of its perception of the alignment of the border which it keeps shifting at its convenience. Fifty-six years after China entered Tibet, China's Ambassador Sun Yuxi on November 13, 2006, just a week before Chinese President Hu Jintao's visit to India (November 20 – 23, 2006), unequivocally raised -and not just vaguely insinuated as the Chinese do - claim over the whole of Arunachal Pradesh as Chinese territory²⁸. In May 2020, China once again surreptitiously entered Eastern Ladakh in force and raised claim over undefined parts of territory which has been controlled by India. China's intentions behind not exchanging maps and specifying its perception of the boundary with India is a clear case of deceitful opportunism.

China claims the whole of Arunachal Pradesh and calls it 'South Tibet', and is attracted by the treasure of mineral deposits in the region. Zheng Youye,

27 David Josef Volodzko, 'China wins its war against South Korea's US THAAD missile shield – without firing a shot' South China Morning Post, November 18, 2017 available at <https://www.scmp.com/week-asia/geopolitics/article/2120452/china-wins-its-war-against-south-koreas-us-thaad-missile> accessed on August 28, 2020.

28 Nilova Roy Chaudhury, 'China lays claim to Arunachal' Hindustan Times, November 19, 2006, available at <https://www.hindustantimes.com/india/china-lays-claim-to-arunachal/story-QDVTkQ1kDNBBf9QMvsDdBM.html> accessed on September 7, 2020.

a professor at the China University of Geo-Sciences in Beijing and the lead scientist for a Beijing-funded northern Himalayan minerals survey believes that the value of minerals hidden under the ground in Shannan (Lhuntze) opposite Arunachal Pradesh and the nearby areas could be as much as 370 billion Yuan (US\$58 billion)²⁹.

Further, China has arbitrarily renamed six places in Arunachal Pradesh on April 13, 2017 and changed its maps, just a day after the Dalai Lama left Arunachal Pradesh following his nine-day visit to the Tawang Monastery. If indeed the area was historically part of China, what was the need to rename the places?³⁰

Chinese Intrusions into Indian Territory

Nathu La and Cho La Incidents.

After India-China War of 1962, two notable skirmishes between India and China, referred to as Nathu La and the Cho La incidents, took place in Sikkim in 1967. The skirmish at Nathu La developed into a full-scale battle lasting six days from September 11 to 16, 1967. The Cho La incident started and ended on October 01, 1967. According to the Indian Defence Ministry, during these incidents 88 Indian soldiers were killed and 163 wounded while China lost 340 soldiers and 450 were wounded.

Sumdorong Chu Confrontation

In June 1986, in an endeavour to encroach and surreptitiously annex

29 Brigadier V Mahalingam, 'What are the Chinese up to on the Other Side of the Indian Borders in Tibet and the Implications', Vivekananda International Foundation, VIF Paper, August 2019, available at https://www.vifindia.org/sites/default/files/what-are-the-chinese-up-to-on-the-other-side-of-the-indian-borders-in-tibet_0.pdf, accessed on July 25, 2020.

30 Sutirtho Patranobis, 'China renames six places in Arunachal Pradesh on its official map' Hindustan Times, April 20, 2017, available at <https://www.hindustantimes.com/india-news/china-renames-6-places-in-arunachal-pradesh-on-its-official-map-retaliates-against-dalai-lama-visit/story-GopcxKWUJsOQ7Cys3nOcsK.html>, accessed on July 27, 2020.

territory in the Sumdorong Chu Valley in Tawang District of Arunachal Pradesh, China attempted to construct permanent structures including a helipad in the area. The incident referred to as ‘Sumdorong Chu Confrontation’, was foiled by India, by promptly mobilising troops to the scene of the incident. In a significant move, in December 1986, India declared Arunachal Pradesh, which so far was a Union Territory, as a full-fledged state of the Indian Union.

Daulat Beg Oldie Intrusion

Raking up its annual drill of PLA patrols temporarily intruding across the LAC, China intruded 19 km inside Indian Territory in the Daulat Beg Oldie area in Ladakh region between 15 April and 05 May 2013 and stayed put there. This intrusion came just prior to Chinese Premier Li Keqiang’s first visit to India in May 2013. Even before, the PLA has encroached upon slices of Indian territory in Eastern Ladakh and Arunachal Pradesh.

Doklam Stand-off

The Doklam Standoff between the Indian Armed Forces and China’s PLA from June 16 to August 28, 2017 was triggered by China’s construction of a road in Doklam Plateau which is located near the Tri-Junction between India, Bhutan and Tibet. On 16 June 2017, Chinese troops, using construction and road-building equipment, began extending an existing road southward, towards the Bhutanese Army Camp near the Jhamphari Ridge, a territory which is claimed by both China as well as Bhutan.

In October 2017, much after the Doklam Standoff ended, in reply to a question about a report that the PLA was beefing up troops in the area³¹, a Chinese Foreign Ministry official told the Press Trust of India

31 Brigadier V Mahalingam, ‘What are the Chinese up to on the Other Side of the Indian Borders in Tibet and the Implications’, Vivekananda International Foundation, VIF Paper, August 2019, available at https://www.vifindia.org/sites/default/files/what-are-the-chinese-up-to-on-the-other-side-of-the-indian-borders-in-tibet_0.pdf, accessed on July 25, 2020.

(PTI), “The Donglang (Doklam) area has always belonged to China and has been under the effective jurisdiction of China.” Military satellites have indicated that Chinese troops camp on the Tibetan plateau near the town of Khambha Dzong, 30 km north of the border. They have also established three incursion camps in western Bhutan almost seven kilometers deep and not far from where the Royal Bhutanese Army has its own camps³². Satellite images also indicate that the Chinese have erected several permanent military posts, few helipads, and new trenches not very far from the face off site. About 1800 troops are said to be stationed in the Doklam area even in deep winters³³. The incursion camp in Chumbi Valley and the road at Doklam appears to be a part of the PLA’s larger plan to widen its presence in the Chumbi Valley to pose another line of threat to India’s Security.

Stand-off in Eastern Ladakh, May 2020

Chinese and Indian troops are engaged in aggressive face-offs since May 05, 2020, at locations along the Sino-Indian border in Eastern Ladakh near the disputed parts of the Pangong Lake, Depsang Valley and at North Sikkim near the border between Sikkim and Tibet Autonomous Region (TAR). Though China has built extensive roads and other infrastructure in the disputed territory, it has objected to India’s construction of Durbok-Shyok-Daulat Beg Oldie road meant to maintain troops deployed in Eastern Ladakh.

After annexing Tibet, China constructed Chinese National Highway G-219, connecting Xinjiang with Tibet through Aksai Chin which China claims as its territory. By claiming India’s Ladakh region in India’s Western Sector, China seeks to provide depth and contiguity to Shaksgam valley, an area illegally ceded by Pakistan to China in 1963, and Aksai Chin with Gilgit-Baltistan. Gilgit-Baltistan is an Indian territory, part of Jammu and

32 Ibid.

33 Ibid.

Kashmir (J&K), presently occupied by Pakistan through which China-Pakistan Economic Corridor (CPEC) passes. By occupying Ladakh, China intends to provide security and ensure unhindered movement through Gilgit-Baltistan.

Increased Number of Intrusions

Chinese intrusions in the Indian Territory have been slowly extending over a period of time to newer areas in the Western Theater. According to media reports in April 2013, the Indo-Tibetan Border Police (ITBP), a border guarding force, which patrols the border with China, had informed the government that 640 square km in Raki Nala area in North-East Ladakh had become inaccessible to Indian forces because of a large incursion by the Chinese army³⁴ where several dozen Chinese soldiers had set up a remote camp 18-19 km inside Indian Territory. This is a typical Chinese modus operandi to make use of the opportunities to exploit situations to intrude, occupy, gradually expand, perpetuate their hold on the intruded land and finally annex territories.

Road Construction in Border Areas

China has constructed a number of regional highways coming right up to the Indian borders. Constructing roads and tracks connecting townships and villages to improve connectivity is understandable but what is the aim of constructing roads linking its National Highways and major cities and extending them close to Indian borders in almost all sectors of the border? Regional Highways have been constructed short of Walong in Eastern Arunachal Pradesh, opposite Tawang which provides three ingress routes into the Tawang Sector, Yadung located midway between Sikkim and Bhutan in the Chumbi Valley and opposite Bhutan.

34 Sudhi Ranjan Sen, Defence Minister AK Antony denies reports of China occupying 640 km of Indian territory in April NDTV, September 06, 2013 available at <https://www.ndtv.com/india-news/defence-minister-ak-antony-denies-reports-of-china-occupying-640-km-of-indian-territory-in-april-533777> accessed on September 1, 2020.

Further West, China's National Highway G-318 has been extended from Lhasa right up to Zhangmuand beyond across the Sino-Nepal Friendship Bridge up to Kodari on the China-Nepal Border. It is also called the 'Friendship Highway'. At Kodari it connects with the 115 km long Araniko Highway to Kathmandu³⁵. China's National Highway G-219 whose importance to China has been described elsewhere, runs parallel to the Indo-Tibet border from North-East Ladakh and joins the Highway G-318 at Chawuxiang (West of Shigatse).

Across the Western Sector of the Indo-Tibet Border, a number of roads extend from G-219 to westwards right up to the Line of Actual Control (LAC) - for example, Ngari on G-219 is connected to Demchok in South Eastern Ladakh. This could well be yet another Regional Highway in the making.

What are the intentions?

China's use of Irritants as a Diplomatic Tool

In June 2014 during India's Vice President Hamid Ansari's visit³⁶ (June 26 to 30 June, 2014), China published a map showing the whole of Arunachal Pradesh and large parts of Jammu & Kashmir (J&K) as its territory. China's state-owned television CCTV, while reporting on India's Prime Minister Narendra Modi's³⁷ visit to Xi'an for talks with Chinese President Xi Jinping, displayed India's map without J&K and Arunachal Pradesh.

China has protested every time an Indian leader visited Arunachal

35 Ibid.

36 Brigadier V Mahalingam, 'What are the Chinese up to on the Other Side of the Indian Borders in Tibet and the Implications' Vivekananda International Foundation, VIF Paper, August 2019, available at https://www.vifindia.org/sites/default/files/what-are-the-chinese-up-to-on-the-other-side-of-the-indian-borders-in-tibet_0.pdf, accessed on July 27, 2020.

37 Ibid.

Pradesh. China issued stapled visas instead of normal visas to Indian citizens from J&K which finally ended after the issue was brought up before Chinese Premier Wen Jiabao during his visit to India in December 2010. However, issue continues with Arunachal Pradesh. In 2009, China raised objections³⁸ to the Asian Development Bank's board of directors and member countries endorsing India Country Partnership Strategy (CPS) for 2009-2012, which included an infrastructure project (Flood Management Project) in Arunachal Pradesh.

Ahead of the Chinese Prime Minister Wen Jiabao's visit to India from December 15 to 17 in 2010, China's state-owned Xinhua and Global Times, the official mouthpieces of the ruling Chinese Communist Party, for the first time described the Sino-Indian border to be just 2,000 km long³⁹. This new Chinese assessment of the length of its borders with India contradicts facts - the figure is 4057 km which includes the boundary/LAC with J&K and Gilgit-Baltistan, including the Shaksgam Valley⁴⁰. Beijing's declared length of its border with India obviously excludes J&K and Gilgit-Baltistan, thus bringing China into the India-Pakistan dispute over J&K. Dubious machinations of Chinese behaviour is clearly on display.

Myanmar

China has been supporting ethnic armed insurgent groups in Myanmar's North. United Wa State Army (UWSA) today controls a 20000 sq. km stronghold in Myanmar's North-East which in 1968 was illegally occupied by the insurgents of Communist Party of Burma (CPB) supported by thousands of Chinese from across the

38 Ibid.

39 ibid

40 Ibid.

border⁴¹. Chinese Yuan and mobile networks are in use in the area⁴². The armed group receives, political and material support besides military hardware from across the border. UWSA acts as a Chinese intermediary to provide military and material support to six of its allies which constitute 80 percent of the armed groups operating in the area⁴³. Unfortunately, the Myanmar's Army has not been able to exercise effective control over the area due to difficulties in maintaining its forces in the Northeastern Shan and Kachin States.

China has expanded the scope of its support and supply of illegal arms to include safe havens and training grounds to the insurgent groups in India's north-east, the United Liberation Front of Assam (ULFA) and the National Socialist Council of Nagaland-Khaplang (NSCN-K). Routing support to insurgent groups in India through Myanmar based rebels provide China the much-desired deniability.

President Thein Sein's government was forced to suspend the \$3.6 billion China backed Myitsone hydro-electric dam project in the Kachin State in September 2011 following massive protests by the locals⁴⁴ who were unhappy with an arrangement to export 90 percent of electricity generated from the project to China, besides concerns regarding environmental degradation and resettlement of people uprooted from the area. Local protests against Letpadaung copper mine run by Chinese Wanbao Mining Copper Company and the Union of Myanmar Economic Holdings, is

41 Bertil Lintner, 'Who Are The Wa?' The Irrawaddy, May 26, 2017, available at <https://www.irrawaddy.com/news/burma/who-are-the-wa.html> accessed on September 10, 2020.

42 Ibid

43 Strategic Importance of Myanmar its Relevance to Countries and the Contexts', Brigadier V Mahalingam (Retired), Centre for Land warfare Studies (CLAWS), April 2018, available at https://archive.claws.in/images/publication_pdf/1982367950_IB134.pdf, accessed on June 28, 2020.

44 Aung Hla Tun, 'Myanmar shelves \$3.6 billion mega dam, officials say', Reuters, September 30, 2011, available at <https://www.reuters.com/article/us-myanmar-dam/myanmar-shelves-3-6-billion-mega-dam-officials-say-idUSTRE78T10H20110930> accessed on August 29, 2020.

another area of China's discomfort⁴⁵. Armed ethnic groups operating in the western state of Rakhine can cause damage and endless trouble for the operations of the Chinese-built pipelines that carry oil and natural gas from the Bay of Bengal to southern China. One reason for China's support to the armed groups is the protection of its investments in Myanmar.

Changed Scenario

Following the 2011 elections, US-Myanmar relations picked up dramatically leading to the visit of US President Barack Obama and Secretary of State Hilary Clinton to the country. China was apprehensive that with improved relationship, unrestrained militancy may force Myanmar to seek US help. China in no case wanted US military presence across Yunnan.

The imperative need, therefore, was to maintain cordial relations with the Myanmar Government at least superficially and at the same time support and moderate armed actions by the militant groups. Such a stance would enable China to realise its commercial interests from the government on its terms. By supporting the armed groups to attain autonomy within Myanmar, China would have a say with the armed groups and be influential enough to use them as its proxies which will provide Beijing the leverage to coerce the government underhand.

After Aung San Suu Kyi's electoral victory, the Government, with a view to bring about peace in the country, called for a meeting of the 21st Century Panglong Conference to be attended by the Military, Government and various major ethnic armed groups operating in the country. Three of the armed groups which had resorted to violence after the peace process had begun, were to be excluded. The Government had laid down the signing

45 Strategic Importance of Myanmar its Relevance to Countries and the Contests', Brigadier V Mahalingam (Retired), Centre for Land warfare Studies (CLAWS), April 2018, available at https://archive.claws.in/images/publication_pdf/1982367950_IB134.pdf, accessed on June 28, 2020.

of the ‘Nationwide Ceasefire Agreement (NCA)’ as a pre-condition for any major political dialogue with the groups. Notwithstanding Myanmar Government’s stand, China decided to transport the representatives of all the seven ethnic groups who had not signed the NCA in a chartered plane from Kunming to Naypyidaw⁴⁶. The situation thus created presented Myanmar’s military and civil authorities with a *fait accompli*, coercing them to include all the seven groups in the Conference.

The seven groups, led by the UWSA, insisted that they would hold political dialogue before signing any NCA. As expected, the meeting ended inconclusively.

In January 2020, President Xi Jinping visited Myanmar, the first by a PRC president to Myanmar in 19 years. The visit was aimed at expediting the implementation of the China-Myanmar Economic Corridor (CMEC), a key component of China’s BRI. The 1,700 km-long CMEC runs from Kunming in China’s Yunnan province to Mandalay in central Myanmar, from where one branch goes southwards to Yangon and the other westward to Kyaukphyu. CMEC would cut down on transportation time and costs for China’s imports and thus reduce costs⁴⁷. Considering the level of Myanmar’s exports to China, whom does the CMEC actually benefit?

China and Myanmar have held their first science and technology cooperation meeting in November 2018⁴⁸ with a view to establish a joint radar and satellite communication laboratory as a part of CMEC. With

46 Bertil Lintner, “China captures Myanmar’s Peace Process”, Asia Times, June 03, 2017, available at <http://www.atimes.com/article/china-captures-myanmars-peace-process/>, accessed on August 25, 2020.

47 Sudha Ramachandran, “The China-Myanmar Economic Corridor: Delays Ahead” The Jamestown Foundation, August 13, 2020, available at <https://jamestown.org/program/the-china-myanmar-economic-corridor-delays-ahead/> accessed on August 29, 2020.

48 K. YHOME, ‘Emerging dynamics of the China-Myanmar economic corridor’, Observer Research Foundation, May 15, 2019, available at <https://www.orfonline.org/expert-speak/emerging-dynamics-of-the-china-myanmar-economic-corridor-50847/>, accessed on August 25, 2020.

Myanmar's Ministry of Transport and Communication working with Huawei since December 2018, the introduction of 5G network also seems to be in the offing.

China sees Myanmar as a gateway to the Indian Ocean Region that can provide access to an alternate sea and land route for its oil and gas imports by avoiding the Malacca Straits. Myanmar is also a source for hydrocarbon resources to supplement its energy needs. Besides the Kyaukpyu deep sea project, which was scaled down from its \$7 billion budget agreed to in 2015 to \$1.3 billion in 2018⁴⁹, Beijing's 'China International Trust Investment Corporation (CITIC)', a state-owned investment company, is also developing a Kyaukpyu special economic zone (SEZ) in the Ramree Island. CITIC will have the right to operate the port for 50 years, with the prospect of an extension for another 25 years⁵⁰ which gives China tremendous advantage in maintaining its pre-eminence in the Indian Ocean. Once completed, the port has the potential to be used as a military base.

China's import of oil and gas from Middle East will be received and transported from Kyaukpyu port to Yunnan Province through the China constructed Shwe natural gas and oil pipelines which became operational in October 2013 and August 2014 respectively. This arrangement will limit US capability to impose a blockade on China's oil supply⁵¹.

49 Kanupriya Kapoor, Aye Min Thant, 'Exclusive: Myanmar scales back Chinese-backed port project due to debt fears – official' Reuters, August 02, 2018, available at <https://www.reuters.com/article/us-myanmar-china-port-exclusive/exclusive-myanmar-scales-back-chinese-backed-port-project-due-to-debt-fears-official-idUSKBN1KN106>, accessed on August 25, 2020.

50 Jane Perlez, 'China Showers Myanmar With Attention, as Trump Looks Elsewhere', The New York Times, July 19, 2017, available at <https://www.nytimes.com/2017/07/19/world/asia/myanmar-china-us-diplomacy-trump.html> accessed on March 19, 2018.

51 'Strategic Importance of Myanmar its Relevance to Countries and the Contests', Brigadier V Mahalingam (Retired), Centre for Land warfare Studies (CLAWS), April 2018, available at https://archive.claws.in/images/publication_pdf/1982367950_IB134.pdf, accessed on June 28, 2020.

In the fiscal 2016, China has invested \$2.8 billion in Myanmar. Between 1998 and 2017, its investments in the country had reached a whopping \$19 billion. Given that China's Myitsone Dam project in Kachin State had to be put on hold in 2011 due to public resistance, China was mindful of the fact that unchecked opposition to the operations of the pipelines by the local population will interfere with their ambitions of keeping the land route open for its imports through Myanmar⁵².

A recent editorial from Irrawaddy, one of Myanmar's newspaper sums up the methods of Chinese intimidation: Myanmar's Military Chief Senior General Min Aung Hlaing, while he was in Russia in June 2020 to attend the 75th Anniversary of the country's Victory Day, in an interview to Russian state-run ZVEZDA News Agency said, "A country may be able to suppress terrorist organisations on its soil. But in cases when there are strong forces behind that terrorist organization, the country alone may not be able to handle it." Myanmar's military spokesperson Brigadier General Zaw Min Tun subsequently clarified that the terrorist organisations pointed out by the military Chief was the Arakan Army (AA) and the Arakan Rohingya Salvation Army (ARSA)⁵³,

Rakhine rebels are trained in the use of sophisticated explosives and have no shortage of military hardware or ammunition say military experts. They also assert that though China is masquerading as peace brokers in the ethnic conflict and interfering in the peace process, they cannot be trusted as they continue to support insurgent groups⁵⁴

52 Strategic Importance of Myanmar its Relevance to Countries and the Contest's, Brigadier V Mahalingam (Retired), Centre for Land warfare Studies (CLAWS), April 2018, available at https://archive.claws.in/images/publication_pdf/1982367950_IB134.pdf, accessed on June 28, 2020.

53 HTET NAING ZAW, 'Myanmar Military Chief: Int'l Cooperation Vital Against Terrorists Backed by "Strong Forces"' The Irrawaddy, June 30, 2020, available at <https://www.irrawaddy.com/news/burma/myanmar-military-chief-intl-cooperation-vital-terrorists-backed-strong-forces.html> accessed on August 25, 2020.

54 'Myanmar's Generals Aren't Happy With China-and it's no longer a Secret', Editorial, Irrawaddy, July 03, 2020 available at <https://www.irrawaddy.com/opinion/editorial/myanmars-generals-arent-happy-china-no-longer-secret.html>, accessed on July 5, 2020.

Coco Islands

The Chinese have established a maritime reconnaissance and electronic intelligence station on Great Coco Island in the Bay of Bengal, some 300 km south of Myanmar's mainland. The Chinese have also built a base on Small Coco Island in the Alexandra Channel between the Indian Ocean and the Andaman Sea north of India's Andaman Islands. These two islands, which have been leased to China by Myanmar since 1994, are located at a crucial point in the sea lanes between the Bay of Bengal and the Straits of Malacca.⁵⁵ Coco Islands allow China to monitor movements of naval vessels of the Indian Navy and others throughout the Eastern Indian Ocean, besides activities at the launch site of the Indian Space Research Organisation (ISRO) in Sriharikota and the Defence Research and Development Organisation (DRDO) at Chandipur.⁵⁶

Bangladesh

During the liberation of Bangladesh in 1971, China supported Pakistan. Post-liberation of Bangladesh, China vetoed its entry into the United Nations. However, to suit its own convenience, the two countries established a strategic partnership during Chinese President Xi Jinping's visit to Dhaka in 2016. China is the only country with which Bangladesh has signed a defense agreement.⁵⁷

55 MyoAung, Myanmar, 'The Coco Islands allegedly leased to the People's Republic of China since 1994', Research Gate, May 2018, available at file:///C:/Users/mahal/Downloads/TheCocoIslandsallegedlyleasedtothePeoplesRepublicofChinasince1994%20(3).pdf, accessed on August 25, 2020.

56 Myo Aung Myanmar, Yangon University, Department of Geology, 'The Coco Islands allegedly leased to the People's Republic of China since 1994', Research Gate, May 2018, available at https://www.researchgate.net/publication/325112141_The_Coco_Islands_allegedly_leased_to_the_People's_Republic_of_China_since_1994, accessed on June 30, 2020.

57 Joyeeta Bhattacharjee, 'Decoding China-Bangladesh relationship', Observer Research Foundation (ORF), June 27, 2018, available at <https://www.orfonline.org/expert-speak/41935-decoding-china-bangladesh-relationship/>, accessed on September 5, 2020.

As per the estimates of Standard Chartered, a British Bank, as part of China's BRI, Beijing and Dhaka have signed deals worth \$21.5 billion covering a host of power and infrastructure projects whereas the pledged BRI investments in Bangladesh is said to be around \$38 billion.⁵⁸ Bangladesh formally joined China's BRI in 2016. The BRI has opened the doors for greater Chinese involvement in Bangladesh and its infrastructure development.

During Prime Minister Sheikh Hasina's visit to China in 2014, a 3.4 km long Karnaphuli Tunnel, named 'Bangabandhu Sheikh Mujibur Rehman Tunnel' which will have two lanes under the Karnaphuli River in the port city of Chittagong connecting the city with Shah Amanat Airport, was agreed to be constructed. This project along with the Special Economic Zone in Chittagong which was previously negotiated independently have now been incorporated under the BRI.⁵⁹ The cost of the Karnaphuli Tunnel is estimated to be \$1.56 billion, with \$573 million being provided by the Exim Bank of China and the rest by the Government of Bangladesh.⁶⁰ During Sheikh Hasina's visit to China in 2019, both sides inked a host of agreements, including two deals to provide loans to the Bangladeshi power sector, worth \$1.7 billion.⁶¹

According to China's Global Times, Bangladesh has also reportedly signed a US\$ 3 billion loan with China's Exim Bank in May 2018 to

58 'Is the Strategic Partnership With China Luring Bangladesh into a Debt Trap?', *Deutsche Welle (DW)*, reproduced by *Wire*, July 12, 2019, available at <https://thewire.in/south-asia/china-bangladesh-relationship-debt-trap>, accessed on June 20, 2020.

59 Sheikh Shahariar Zaman, 'China moves on with BRI projects in Bangladesh', *Bangla Tribune*, January 11, 2019, available at <https://en.banglatribune.com/national/news/25509/China-moves-on-with-BRI-projects-in-Bangladesh> accessed on June 20, 2020.

60 Mizanur Rahman, 'Karnaphuli Tunnel Connecting Road to turn 4-lane', *Daily Observer*, February 18, 2020, available at <https://www.observerbd.com/details.php?id=244834> accessed on August 29, 2020.

61 'Is the Strategic Partnership With China Luring Bangladesh into a Debt Trap?', Originally published by *Deutsche Welle (DW)*, *The Wire*, July 12, 2019, available at <https://thewire.in/south-asia/china-bangladesh-relationship-debt-trap>, accessed on August 26, 2020.

construct the Padma Bridge rail link.⁶² This rail link is being constructed by China Major Bridge Engineering Company.⁶³

A consortium of the Shanghai and Shenzhen stock exchanges acquired 25 percent stake in the Dhaka Stock Exchange (DSE), which is valued at \$53 million, at a cost of \$125 million including a premium, on May 15, 2018, outbidding India by 56 percent. The consortium will also provide technical support worth \$37 million.⁶⁴ Though the Chinese investment will benefit Bangladesh in the short term, the strategic intent of this investment cannot be overlooked. By acquiring substantial stakes in the DSE, China will gain greater access and control over Bangladesh's financial infrastructure and the interiors of the country's economy.

Colonel Faruk Khan, a senior official of the ruling Awami League and chairman of the parliamentary committee on foreign affairs, confirmed that Bangladesh was constructing a submarine base in Cox's Bazar with Chinese assistance.⁶⁵ Bangladesh took delivery of a pair of Chinese Ming-class Type 035B diesel electric submarines in 2017 for \$205 million. The submarine base will be called BNS Sheikh Hasina and will have barracks for housing troops, an ammunition storage facility, repair facility for submarines and air defence systems. A website, New Age Bangladesh,

62 'Bangladeshi PM inaugurates construction of China-financed rail project', Global Times, September 15, 2018 available at <http://www.globaltimes.cn/content/1122967.shtml>, accessed on June 20, 2020.

63 Zobaer Ahmed 'Is Bangladesh falling into a 'debt trap?', DW, July 11, 2019, available at <https://www.dw.com/en/is-bangladesh-falling-into-a-chinese-debt-trap/a-49556829>, accessed on June 20, 2020.

64 'Dhaka Stock Exchange sells 25 pct stake to Chinese consortium', Reuters, May 15, 2018, available at [https://www.reuters.com/article/bangladesh-dhaka-stock/dhaka-stock-exchange-sells-25-pct-stake-to-chinese-consortium-idUSL3N1SM3ZX#:~:text=DHAKA%2C%20May%2015%20\(Reuters\),DSE%20executive%20said%20on%20Tuesday.&text=The%20consortium%20will%20also%20provide,worth%20%2437%20million%2C%20Rahman%20added](https://www.reuters.com/article/bangladesh-dhaka-stock/dhaka-stock-exchange-sells-25-pct-stake-to-chinese-consortium-idUSL3N1SM3ZX#:~:text=DHAKA%2C%20May%2015%20(Reuters),DSE%20executive%20said%20on%20Tuesday.&text=The%20consortium%20will%20also%20provide,worth%20%2437%20million%2C%20Rahman%20added). Accessed on June 21, 2020

65 'China To Help Bangladesh Build Submarine Base, Senior Official Says', Radio Free Asia, September 12, 2019 available at <https://www.rfa.org/english/news/china/bangladesh-submarine-09122019173617.html>, accessed on June 21, 2020.

quoting officials, said that the submarine base would cost \$1.2 billion.⁶⁶ The source of funds however is not known. It is not clear if China will place some of its assets in the base permanently. However, the facilities being provided by China in the base suggests that Chinese will have visiting rights to the base.

Beijing has reached out to Dhaka on June 16, 2020, ironically a day after the Ladakh clash, by offering to waive off 97 percent tariff on 5161 items that Bangladesh trades with China.⁶⁷ Dhaka had asked for the waiver from China earlier under the provision of being a ‘less developed country’ (LDC). The new trade benefit for Dhaka adds to its already existing benefit of tariff-free trade on 3095 products with Beijing under the ‘Asia Pacific Trade Agreement’.

The Civil Aviation Authority of Bangladesh (CAAB) has signed an agreement with Beijing Urban Construction Group (BUCG) on April 19, 2020, for the construction of international passenger and cargo terminal buildings, Air Traffic Control (ATC) tower, passenger boarding bridge, parking apron, taxiway, car parking zone and link roads at the MAG Osmani International Airport in Sylhet, the country’s third largest Airport, duly approved by the Cabinet Committee on Government Purchase.⁶⁸

Recent reports indicate Bangladesh is discussing an almost \$1 billion loan from China for a ‘Comprehensive Management and Restoration

66 Kamran Reza Chowdhury, ‘China To Help Bangladesh Build Submarine Base, Senior Official Says’ Benar News, December 09, 2019, available at <https://www.benarnews.org/english/news/bengali/submarine-base-09122019155029.html#:~:text=In%20May%2C%20website%20NewAge%20Bangladesh,to%20build%20the%20submarine%20base>. Accessed on August 26, 2020.

67 Mohua Chatterjee, ‘China offers trade benefits to Dhaka, during Delhi-Beijing face-off’ The Times of India, June 19, 2020, available at <https://timesofindia.indiatimes.com/world/south-asia/china-offers-trade-benefits-to-dhaka-during-delhi-beijing-face-off/articleshow/76470074.cms> accessed on September 5, 2020.

68 ‘CAAB inks deal with Chinese firm for Sylhet airport extension project’, The Daily Star, April 19, 2020, available at <https://www.thedailystar.net/country/news/caab-inks-deal-chinese-firm-sylhet-airport-extension-projecct-1894819>, accessed on August 26, 2020.

Project' on Teesta River. Details are however not yet available. Full details of Chinese investments in Bangladesh and the terms of agreement are not known. Going by Chinese dealings, Dhaka, it is hoped has taken adequate precautions to safeguard itself from falling into a debt trap and to preserve its sovereignty and strategic autonomy.

Sri Lanka

Sri Lankan government decided in 2002 to build a new port in Hambantota. China offered \$1.1 billion in loans⁶⁹ besides the Chinese contractors, 'China Harbour Engineering Company' and 'Sinohydro Corporation', to construct the first phase of the facility.⁷⁰ The port is located a few nautical miles from sea lanes where tens of thousands of container ships pass annually. It is one of the busiest shipping lanes in the world which Beijing is eager to control. When the port opened in late 2010, it began losing money as Sri Lanka couldn't even make up interest payments on those loans. Unable to meet the debt servicing commitments, Sri Lanka handed over a controlling equity stake of 70 percent and a 99-year lease of the Port to China Merchant Port Holdings Company in December 2017 in return for US \$ 1.12 billion.⁷¹ The deal also included letting out around 15000 acres in the nearby industrial zone to the Chinese company.

The Hambantota International Airport (HIA), also known as Mattala Rajapaksa International Airport (MRIA), is the second international airport in Sri Lanka. The airport has the capacity to handle one million

69 Dipanjan Roy Chaudhury, 'Chinese investments in Sri Lanka compromises Colombo's sovereignty' *The Economic Times*, December 26, 2019, available at <https://economictimes.indiatimes.com/news/defence/chinese-investments-in-sri-lanka-compromises-colombos-sovereignty/articleshow/72975247.cms?from=mdr>, accessed on August 26, 2020.

70 'Port of Hambantota', *Ship Technology*, available at <https://www.ship-technology.com/projects/port-of-hambantota/>, accessed on August 26, 2020.

71 'Chinese firm pays \$584 million in Sri Lanka port debt-to-equity deal' *Reuters*, June 21, 2018, available at <https://www.reuters.com/article/us-sri-lanka-china-ports/chinese-firm-pays-584-million-in-sri-lanka-port-debt-to-equity-deal-idUSKBN1JG2Z6>, accessed on August 26, 2020.

passengers a year and was expected to handle five million passengers, 50,000 tons of cargo and 6,250 air traffic operations per annum by 2028.⁷² The Chinese Government provided \$190 million high interest loan through Exim Bank of China for this \$210 million project which is dubbed as the ‘world’s emptiest airport’ due to want of flights.

China Harbour Engineering (CHEC) was selected as the contractor for the construction of the new airport. The \$1.4 billion Chinese port city in the heart of the Sri Lankan capital was constructed on the sea reclaimed land of 269 acres, 62 acres of which will belong to the government of Sri Lanka while the Chinese would hold on lease 116 hectares, the rest will be common public facility areas, according to Sri Lanka’s Megapolis Development Minister Champika Ranawaka.⁷³ The project was put on hold by Sirisena’s Government, the successor to Rajapaksa’s, alleging irregularities, however the project was allowed to resume work under pressure from China with a new label ‘Colombo International Financial City (CIFC)’. As per the modified arrangement, Sri Lanka will retain complete ownership of 159 hectares while Chinese firm will get possession of 110 hectares of reclaimed land on a 99-year lease⁷⁴. The Colombo port city is the largest China-Sri Lanka project under China’s BRI financed and developed by China Communications Construction Company Limited (CCCC).

An example of how China uses infrastructure loans as a means to fleece countries and forces them to employ its contractors, machinery, labour and

72 Chulanee Attanayake, ‘Mattala: Attracting Business into a Lonely Airport’ Research Gate, ISAS Working Paper No 314, December 20, 2018, available at file:///C:/Users/mahal/Downloads/ISAS-Working-Papers-No-314-MattalaAttractingBusinessintoaLonelyAirport%20(1).pdf, accessed on August 26, 2020.

73 ‘Sri Lanka to complete Chinese port city project by mid-2019’ Financial Express, October 25, 2017 available at <https://www.financialexpress.com/world-news/sri-lanka-to-complete-chinese-port-city-project-by-mid-2019/906128/>, accessed on September 3, 2020.

74 Ranga Sirilal, Shihar Aneez, ‘Sri Lanka blocks sale of freehold land in \$1.4 billion Chinese deal’, Reuters, August 12, 2016, available at <https://www.reuters.com/article/uk-sri-lanka-china-portcity/sri-lanka-blocks-sale-of-freehold-land-in-1-4-billion-chinese-deal-idUKKCN10N1XX> Accessed on September 3, 2020.

material is indicated by this statement of a Sri Lankan official. “Sri Lanka has borrowed \$306 million at 6.3 percent for Phase I of the Hambantota Port Project. A one-year grace period is followed on completion of the construction.” “Chinese government has provided \$891 million through the Exim Bank to finance Phase II of the Norochcholai Coal Power Plant Project in Puttalam District, under a Preferential Buyer’s Credit Facility at an interest rate of around 4 percent. According to the terms and conditions of the Exim Bank, Chinese companies should be selected as the project contractor, and procurements for projects and equipment supply shall in principle come from a Chinese exporter. In project procurement, priority shall be given to equipment, materials, technology or services from China. In principle, no less than 50 percent of total procurement shall be made in China.” Repayment period is 11 years with two installments per annum.⁷⁵

Despite concerns raised by India, in October 2014, a Chinese submarine and its support ship on long-range deployment patrol was permitted by Sri Lanka to dock at its port in Colombo ahead of Chinese President Xi Jinping’s visit to South Asian tour, signaling the Indian Ocean Island’s warming relations with China. Again, seven weeks later, Chinese Submarine Changzheng-2 and warship Chang Xing Dao had docked at the same port. The arrangement between China and Colombo on the use of port facilities in Sri Lanka are not very clear.

Between 2010 and 2015, China lent to Sri Lanka approximately US\$5 billion for infrastructure projects including Mattala Airport and the Hambantota Port. According to the International Monetary Fund (IMF), by 2020, Sri Lanka owed China, US \$8 billion.⁷⁶

75 Bandula Sirimanna, ‘Chinese project loans at high interest rates’ *Business Times*, June 19, 2011, available at <http://www.sundaytimes.lk/110619/BusinessTimes/bt01.html>, accessed on August 29, 2020. .

76 Kinling Lo, ‘Sri Lanka wants its ‘debt trap’ Hambantota port back. But will China listen?’, *South China Morning Post*, December 07, 2019, available at <https://www.scmp.com/news/china/diplomacy/article/3040982/sri-lanka-wants-its-debt-trap-hambantota-port-back-will-china>, accessed on August 2, 2020.

Maldives

Maldives has leased Feydhoo Finolhu, an uninhabited island close to its capital Male and its international airport, to a Chinese company for a period of 50 years at a cost of about \$4 million in 2016. The lease for this Island was signed without any tendering process owing to the⁷⁷close proximity of the then Abdulla Yameen government to China. The island leased, until 2066, has seen an incredible increase in size from 38,000 sq m to 100,000 sq m and is undergoing rapid construction.⁷⁸ This is reminiscent of Chinese actions in the Sparty Islands in the SCS where the constructions in the reclaimed lands ultimately turned out to be military bases.

China has also been developing the Gadhoo Island, 437 km from Male, since 2016.⁷⁹ This Island is seen as a potential future supply-berthing-maintenance base, similar to what China has in Seychelles. Maldives has also signed a deal with China titled 'Protocol on Establishment of Joint Ocean Observation Station' which allows China to build an Ocean Observation Station on the Maldives' northern-most atoll of Makunudhoo in the Indian Ocean, which is close to the sea lane connecting to the Suez Canal.⁸⁰

77 Dipanjan Roy Chaudhury, 'Chinese company bags Maldivian Island on 50-year lease', *The Economic Times*, December 30, 2016, available at <https://economictimes.indiatimes.com/news/politics-and-nation/chinese-companies-bags-maldivian-island-on-50-year-lease/articleshow/56245729.cms?from=mdr>, accessed on August 29, 2020.

78 'India Worries China may be Constructing South China Sea-Like Artificial Island in Maldives' *Defence Aviation Post*, May 13, 2020, available at <https://www.defenceaviationpost.com/2020/05/india-worries-china-may-be-constructing-south-china-sea-like-artificial-island-in-maldives/> accessed on August 27, 2020.

79 'Maldives's debt to China creates difficulties for Solih', *ANI*, January 19, 2019, available at <https://www.aninews.in/news/world/europe/maldivess-debt-to-china-creates-difficulties-for-solih201901191357580001/> accessed on September 7, 2020.

80 'Maldives's debt to China creates difficulties for Solih', *ANI*, January 19, 2019 available at <https://www.aninews.in/news/world/europe/maldivess-debt-to-china-creates-difficulties-for-solih201901191357580001/>, accessed on June 30, 2020.

In 2019, Maldives put the Establishment of Joint Ocean Observation Station in Makunudhoo on hold. Makunudhoo is one of the closest islands to India and would have provided the Chinese access to the shipping lanes in the Indian Ocean. The observatory would have facilitated China to acquire accurate hydrological data to track India's sub-surface operations. The possibility of the observatory being turned into a Chinese submarine base in the future cannot be ruled out.

Maldives has signed a Free Trade Agreement (FTA) with China which allows foreigners to own land in the country if they agree to reclaim 70 percent of it from the sea and invest over \$1billion in the country. The FTA had also agreed not to impose tariffs on imports from one another. Commenting on the issue, Maldives' former President Nasheed said, "the trade imbalance between China and Maldives is so huge that nobody would think of an FTA between such parties. China is not buying anything from us. It is a one-way treaty".⁸¹

Mohamed Nasheed, President Solih's advisor, disclosed that the Chinese Ambassador to the Maldives, Zhang Lizhong, at a meeting on October 06, 2019, had handed over a written note to Solih with an invoice for US\$ 3.2 billion, which is equivalent to about USD 8,000 for every citizen of the island country.⁸² Foreign Minister Abdulla Shahid revealed that the Yameen Government had given sovereign guarantees not just to the State enterprises but also to individuals, and that the huge debt had not translated into projects.⁸³

81 'Maldives's debt to China creates difficulties for Solih', ANI, January 19, 2019 available at <https://www.aninews.in/news/world/europe/maldivess-debt-to-china-creates-difficulties-for-solih201901191357580001/>, accessed on June 30, 2020.

82 Sanjeev Miglani, Mohamed Junayd, 'RPT-After building spree, just how much does the Maldives owe China?', Reuters, November 23, 2018, available at <https://cn.reuters.com/article/maldives-politics-china-idUSL4N1Y1201>, accessed on September 25, 2020.

83 'The Maldives: Return of democracy and challenges ahead' Study Papers, **European Foundation for South Asian Studies (EFSAS), January 2019, available at** <https://www.efsas.org/publications/study-papers/the-maldives-return-of-democracy-and-challenges-ahead/> **accessed on September 7, 2020.**

Leasing of Maldives islands to China will have strategic implications for India and the world who wish to maintain freedom of navigation in the Indian Ocean. China, on the other hand, has been keen to build infrastructure in the islands in the Indian Ocean as it did in the SCS, to dominate and possibly control movement in the Ocean when required. Unfortunately, abetted by the corrupt, the island nation has given away territory of strategic significance to China besides obligating itself to that country by falling prey to its 'debt trap' diplomacy.

Bhutan

The history of border dispute between Bhutan and China goes back to the 1950s when China published maps claiming Bhutanese territory. According to the Maps, China claims 269 sq km in the Northwestern districts of Samste, Haa and Paro covering Doklam, Sinchulung, Dramana and Shakhatoe while in the Central parts of Bhutan it claims 495 sq km in the WangduePhodrang district wrapping Pasamlung and the Jakarlung valleys.⁸⁴

In November 2007, the Chinese forces dismantled several unmanned posts near the Chumbi Valley thus distorting the Sino-Bhutanese border near Sikkim. The Chumbi Valley is just about 90 odd crow flight km from the Siliguri Corridor, a choke point called the 'Chicken's Neck' which connects India's North East, Nepal and Bhutan.

China, for the first time in 1996, as part of the resolution package, offered to scale down its claims on Bhutan's North Central/Eastern border areas in exchange for its Western border areas which provide an approach to the Chumbi Valley tri-junction.⁸⁵ The move will put China in

84 Sino-Bhutan Boundary Negotiations: Complexities of the 'Package Deal', Medha Bisht, Manohar Parrikar Institute for Defence Studies and Analysis, January 19, 2010, available at https://idsa.in/idsacomments/Sino-BhutanBoundaryNegotiations_mbisht_190110, accessed on July 4, 2020.

85 *ibid.*

a position to threaten India's lines of communications to its North East.

The last stand-off between India and China was over Beijing's encroachment and construction activities in the Bhutanese territory at Doklam on the India-Bhutan-Tibet tri-junction. India intervened on June 16, 2017 and the stand-off continued for 73 days. The Indian Army physically blocked the Chinese construction of the road. No shots were fired and the face-off did not degenerate into anything more serious than the occasional pushing and shoving. Ironically, China had signed a peace agreement with Bhutan in 1993, promising to 'Maintain Peace and Tranquility on the Bhutan-China Border Areas'.⁸⁶

On 28 August 2017, India and China announced that they had agreed to pull their troops back from the face-off in Doklam. In Beijing, the foreign ministry spokeswoman said that the Chinese forces on site have verified that the Indian troops had pulled out. She however claimed that the Chinese troops would continue to patrol the area, to garrison it and to exercise "sovereign rights", implying that Chinese troop numbers may be reduced but not completely withdrawn. She made no mention of Chinese road-building activities.⁸⁷

An agency report from Beijing in October 2017 suggested that the Chinese troops were very much present near Doklam. China not only defended the presence of its troops in the area but reiterated its sovereignty over the plateau. "The Donglang (Doklam) area has always belonged to China and has been under the effective jurisdiction of China," the Chinese Foreign Ministry told the PTI in Beijing in response to questions about a report

86 *ibid*

87 Simon Denyer and Annie Gowen, India, China agree to pull back troops to resolve tense border dispute, *The Washington Post*, August 28, 2017 available at https://www.washingtonpost.com/world/india-withdraws-troops-from-disputed-himalayan-region-defusing-tension-with-china/2017/08/28/b92fddb6-8bc7-11e7-a2b0-e68cbf0b1f19_story.html accessed on September 9, 2020.

that the PLA was beefing up troops in that area⁸⁸. Chinese have established three incursion camps in Western Bhutan almost seven kilometers deep and not far from where the Royal Bhutanese Army has its own camps. Military satellite also indicates, Chinese have retained two Regiments of PLA Type 96 battle tanks, artillery and troops in Tibet near Khambha Dzong, about 300 km North of the border.⁸⁹

In a fresh territorial claim made at a virtual meeting of the Global Environment Facility (GEF) in the first week of Jun 2020, Beijing objected to the approval of a grant for Sakteng Wildlife Sanctuary (SWS) in East Bhutan's Trashigang district bordering India and China claiming, out of the blues, that the area was 'disputed', a claim not indicated in the Chinese Map published in 1950. Bhutan has objected to the references questioning the sovereignty of Bhutan's territory on the Sakteng Wildlife Sanctuary and has urged the GEF Council in writing to remove the references to China's baseless claims from the Council's records.⁹⁰

Southeast Asia

The Singapore-Kunming Rail Link (SKRL), a 6,617.5 km long meter-gauge railway network proposed under the BRI, is a pan-Asian high-speed railway network being developed by China under the ASEAN-Mekong Basin Development Cooperation (AMBDC), a structure formed to encourage economic integration among the Association of South-East

88 PLA troops patrolling Doklam to exercise sovereignty: China Economic Times, July 13, 2018 available at <https://economictimes.indiatimes.com/news/defence/pla-troops-patrolling-doklam-to-exercise-sovereignty-china/articleshow/60974831.cms?from=mdr> accessed on May 5, 2019.

89 Sandeep Unnithan, 'Month after Doklam withdrawal, more Chinese troops on the plateau than ever before', India Today, September 30, 2017, available at <https://www.indiatoday.in/magazine/from-india-today-magazine/story/19700101-doklam-standoff-china-india-bhutan-troop-withdrawal-1053987-2017-09-30> accessed on April 13, 2019.

90 'China opens border dispute with India ally Bhutan', Hindustan Times, July 01, 2020, available at <https://www.hindustantimes.com/world-news/china-opens-border-dispute-with-india-ally-bhutan/story-vUh1dTWHWNqIEyM9sDfaeN.html> accessed on October 13, 2020.

Asian Nations (ASEAN) countries.⁹¹ The cost of the project is estimated to be \$1.5 billion and it is aimed at connecting Kunming, the capital city of Yunnan Province in China, with Southeast Asian countries which include Cambodia, Laos, Malaysia, Myanmar, Republic of China, Singapore, Thailand, and Vietnam. The Singapore-Kunming railway network will have three main routes from Kunming to Bangkok (Thailand). The Eastern route will be laid across Vietnam and Cambodia while the Central route will be through Laos. The Western route will be via Myanmar. A common line of the railway network will link Singapore and Malaysia with Thailand.

China's plans for rail connectivity to Singapore has been put on hold following the Malaysian Prime Minister Mahathir Mohamad cancelling \$ 20 billion China backed projects in August 2018 to avert a potential debt trap. The schemes include the East Coast Rail Link (ECRL), the center piece of China's infrastructure push in Malaysia connecting Malaysia's east coast to southern Thailand and Kuala Lumpur, and a natural gas pipeline project in Sabah. The future course these projects is however not clear.⁹²

China anticipates that its BRI linked connectivity projects will enhance its economic activities, ties and links with Singapore enormously, thus driving Singapore into its orbit. China hopes that such projects will shrink the country's security relationship with the US, besides providing it more space to operate in Southeast Asia. Singapore is the gateway to the Straits of Malacca, which is a choke point for maritime traffic connecting the oil-rich Middle East to East Asia. US parks some of its Naval assets in Singapore's ports and carries out naval exercises with Singapore's Navy.

91 Singapore-Kunming Rail Link (SKRL), Railway Technology, available at <https://www.railway-technology.com/projects/singapore-kunming-rail-link-skrl/>, accessed on June 22, 2020.

92 'Malaysia's Mahathir cancels China-backed rail, pipeline projects' Reuters, August 21, 2018, available at <https://in.reuters.com/article/china-malaysia/malysias-mahathir-cancels-china-backed-rail-pipeline-projects-idINKCN1L60DB> accessed on August 29, 2020.

Belt and Road Initiative

BRI brings in a paradigm shift in global trade supply chain and logistics management in China's favour. BRI is not just an infrastructure connectivity strategy. It integrates maritime and land-based transportation and logistics routes. The inland Belts and the maritime Roads are designed to converge at key port infrastructure through a coordinated pairing of ports and transport routes. Over and above creating connectivity infrastructure, China has also created supporting ecosystem which includes special trade zones, inland dry ports and commercial hubs.

BRI is an externally oriented infrastructure development programme devised to address China's slowing economy and to boost employment opportunities. It aims to integrate the economies of the countries served by this initiative with its own, thereby increasing its political control over them. The process, as China believes, will promote Renminbi (RMB) as the international currency and provide a much sought-after access to markets, energy and minerals besides saving on transportation costs and time for its own imports and exports. By virtue of its involvement in the infrastructure projects, both hard and digital, and the trade opportunities that it hopes to develop, the initiative opens up a gateway for its land and sea movements and access to facilities available at various ports. How China will put these facilities to military use after it is in a position to apply pressure on the countries concerned to meet its requirements, is yet to be seen. In the process, China intends to erode US influence in the world, establish a unipolar world under its hegemony and impose its political and economic order in the environment.

Returns from infrastructure projects in China are declining. China has built up huge cash reserves mostly through savings and it now realises that these funds could be put to use by lending them to recipient countries in order to generate profits and employment for its citizens. BRI, apart from providing a way out to export China's excess manufacturing capacity

and relocating its polluting industries, inducts China's infrastructure companies in overseas projects with foreign capital to stimulate their business and growth. Though Beijing keeps saying that the BRI is open and inclusive, Chinese state-owned enterprises (SOE) are cornering the lion's share of BRI project contracts. Despite huge investments by the recipient countries, Chinese labour are brought in, depriving the locals of job opportunities. Chinese material and machinery used in these projects generate employment for the Chinese and profits for Chinese companies while recipient countries are drained of their valuable foreign exchange.

According to its Foreign Ministry, under the BRI China has inked 198 cooperation documents with 167 countries and international organisations. Zou Zhiwu, Vice Minister of General Administration of Customs (GAC),⁹³ told media on January 09, 2020 that in 2019 China's foreign trade with BRI countries rose by 3.4 percent and totaled to about \$1.34 trillion, outpacing the country's aggregate trade by 7.4 percentage points.

China is lending billions of dollars to the host countries on which it earns profits and generates jobs for its citizens while leaving the hosts indebted to China. Some of the BRI projects are under-utilised due to over-capacity. For example, in the recent years the Kara-Balta oil refinery, Kyrgyzstan's largest Chinese investment, has faced significant problems with over-capacity. Sri Lanka's Hambantota Port and Mattala Rajapaksa International Airport (MRIA) are yet some example of over-capacity and poor evaluation of the project, resulting in the infrastructure projects being located at wrong places. A study conducted by Center for Global

93 'China's trade with BRI countries surges to \$1.34 trillion in 2019', The Economic Times, January 15, 2020, <https://economictimes.indiatimes.com/news/international/business/chinas-trade-with-bri-countries-surges-to-1-34-trillion-in-2019/articleshow/73271222.cms?from=mdr>, accessed on June 26, 2020.

Development⁹⁴ identifies eight countries, namely Djibouti, the Kyrgyz Republic (Kyrgyzstan), Lao People's Democratic Republic (Laos), the Maldives, Mongolia, Montenegro, Pakistan, and Tajikistan, where BRI related financing will significantly add to the risk of debt distress. The environmental damage inflicted by BRI projects due to indiscriminate destruction of forests and construction of coal-based power plants is yet another issue of concern.

BRI projects benefit China more than the recipient countries. For example, the Gwadar and Kyaukpyu Ports in Pakistan and Myanmar respectively, with their oil pipelines, rail links, storage facilities and roads built at the cost of recipient countries provide China an option to transport bulk of its oil imports and supplies from the Gulf region to their mainland in lesser time frame without having to pass through the choke point at the Malacca Straits.

Digital Silk Road (DSR)

The DSR was presented in 2015 by an official Chinese government white paper. The program has been designed to support the BRI by integrating digital economy with the initiative through digital technologies. Though Chinese companies have been marketing tele-communication equipment and were involved in data related business for years, it is only after the announcement of DSR that these businesses were acknowledged as part of BRI and supported by the Chinese Government. Today Chinese technology companies have expanded globally and have been promoting their products vigorously with a competitive approach. Consequently, with visible economic advantages, developing countries are slowly adopting digital technologies and are considering moving to next generation 5G networks.

94 John Hurley, Scott Morris, and Gailyn Portelance, 'Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective', Center for Global Development, CGD Policy Paper 121, March 2018, available at <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf> accessed on June 26, 2020.

China today is the world's second largest digital economy and has in a way bolstered the number of internet users, retail sales volume, mobile internet development etc. in the world. Leading Chinese platform players such as Alibaba, Tencent, Baidu etc., besides companies like Huawei, China Mobile, China Telecom and China Unicom etc., are expanding their footprints by taking advantage of the access provided by BRI projects to compete in emerging markets. Increased participation and domination of Chinese companies will enhance China's prestige and standing in the digital world paving the way for it to promote China's technology standards and to have a major say in the international governance norms bodies.

China has signed DSR specific MOUs with 16 countries including England and Saudi Arabia. Domestically, Beijing hopes to give a boost to its manufacturing sector, improve job opportunities and kick start the economy through DSR related infrastructure projects. Globally China views DSR as a means to enhance its influence in the developing countries and as a vehicle through which it can become the leader of the technology world presently dominated by the US.

Consequent to China's 13th Five Year Plan, 2016, which contained a specific section on improving internet and tele-communications links across BRI countries, China has undertaken construction of land and sea-based cable infrastructure. Significant progress has been made in laying cross border fiber optic cables connecting China with Pakistan, Russia, Kyrgyzstan and Myanmar for the smooth transmission of information. China has also signed cooperation agreements with Tajikistan, Afghanistan, and Kyrgyzstan on fiber optic cables, which represent the practical launch of the Silk Road Fiber Optic Cable project.⁹⁵

95 AJEY LELE AND KRITIKA ROY, 'Analysing China's Digital and Space Belt and Road Initiative', page 16, Institute of Defence Studies and Analyses, IDSA Occasional Paper No 54 November 2019, available at, <https://idsa.in/system/files/opaper/china-digital-bri-op55.pdf>, accessed on July 23, 2020.

Apart from providing equipment at competitive rates, Chinese wireless carriers have announced that they would be charging customers for speed rather than data⁹⁶ use, thus setting new standards and a possible price war. Cost effective technologies, cheaper products and services will attract consumers much more than geopolitics as countries will be able to keep pace with technology advancement at affordable costs.

Beijing's expanding digital and telecom projects will impact people who use and live with these systems. However, the major concern is about how these technologies will impact the world on issues such as governance, use of data, technological dominance, economy, banking, finance, influence over market and trade, which may ultimately change balance of power equations and thus yield to Chinese hegemony leading to a Chinese world order.

Washington and European Union (EU) countries ought to have woken up much earlier to Chinese aggressive entry and marketing strategies in the digital field and their impact on the future world. However, having allowed Chinese influence to grow to an extent where it is now becoming difficult to restrain their effect on geopolitics, it is necessary to recognise the fundamental issues of concern to develop strategies to restrain China's technological influence and its long-term effects in the world. More than the strategy, the world will have to be led to come together and act unitedly without loss of time.

China's Entry into International Financial Architecture

In 2014, China took the lead to create the New Development Bank (NDB), a multilateral development bank headquartered at Shanghai with the

96 Anna Fifield and Wang Yuan, 'As China switches on 5G 'revolution,' the U.S. is struggling to catch up' Washington Post, October 31, 2019, available at https://www.washingtonpost.com/world/asia_pacific/showing-that-the-us-wont-hold-it-back-china-launches-commercial-5g-service/2019/10/31/4f2e64da-fb16-11e9-9e02-1d45cb3dfa8f_story.html, accessed on July 23, 2020.

BRICS countries, namely, Brazil, Russia, India, China and South Africa. The Bank aims to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies, as well as in developing countries

In June 2015, China initiated the move to pilot a group of more than 50 nations to launch the Asia Infrastructure Investment Bank (AIIB), yet another China-led development bank that intends to invest \$100 billion to build new infrastructure projects across Asia. Much to US' disappointment a number of G7 countries including France, Germany, Italy, and the United Kingdom (UK), rushed to join the AIIB as founding members despite US objections.⁹⁷ This marks the beginning of China's attempt to take the lead role not just amongst developing nations but also the developed economies, signaling US' diminishing influence amongst world countries and a possible shift of power from a US dominated world.

This implies that the US dominated World Bank (WB) and the (IMF) founded at the Bretton Woods Conference in 1944 and the Asian Development Bank (ADB) established in 1966 will no longer be the lead development lending banks or the sole voice in the international financial architecture. Shared frustrations amongst the world countries due to lack of reforms in these institutions were instrumental in giving way to Chinese ambitions. Efforts by the Obama administration to bring about reforms in IMF governance were frustrated by the US Congress probably with the view to deny China a stronger voice in the global financial affairs.

China is the largest capital subscriber in AIIB accounting for 31 percent of total subscriptions with 26.63 percent of voting shares. With more than 25 percent voting share, China has veto power over key issues of

97 Ricardo Bustillo, MaizaAndoni, 'China, the EU and multilateralism: the Asian Infrastructure Investment Bank' RBPI, April 24, 2018, available at file:///C:/Users/mahal/Downloads/China_the_EU_and_multilateralism_the_Asian_Infrast.pdf, accessed on September 25, 2020.

overall governance and strategy.⁹⁸ Though these powers do not extend over operational matters or project approvals, China's pre-eminent position in the bank as a major shareholder and a leading member state cannot be denied.

The timing of creation of these banks immediately after China announced its BRI which aims to enhance connectivity, trade and infrastructure development of the member countries with a view to integrate their economies with its own, substantiates China's ambitions to enter and dominate global economic scenario. China thus managed to create these new Multilateral Development Banks (MDBs) after seven decades which provide China the multilateral platforms to participate in global affairs and development.

Regional Comprehensive Economic Partnership

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement (FTA) which will be the world's largest trading bloc. Once signed, the agreement will be a significant achievement for China which is making all out efforts to reduce economic space for the US to end its influence in the Asia-Pacific region. The 15 nation Asia-Pacific group consisting of China, Japan, S Korea, Australian and New Zealand besides the 10 member countries of the ASEAN, which is set to sign the agreement in 2020 accounts for nearly a third of the world's gross domestic product (GDP) and half of its population. The RCEP was sponsored by China in 2012 and was navigated through since with a view to counter the US led Trans-Pacific Partnership (TPP) which was in the offing then.

Sensing that China was poised to write the trading rules for Asia in the 21st century, US President Barack Obama had led the creation of the

98 JASON A. KIRK, 'China and the Asian Infrastructure Investment Bank', Observer Research Foundation (ORF), November 01, 2019, available at <https://www.orfonline.org/expert-speak/china-and-the-asian-infrastructure-investment-bank-55693/>, accessed on September 25, 2020.

rival Trans-Pacific Partnership (TPP) with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United States as its members. China was not included in the group. The twelve countries signed the agreement on February 04, 2016. Besides being a very comprehensive trade agreement, the grouping was all encompassing covering the Asia-Pacific and the Americas.

In less than a year in office, President Trump with his 'America First' policy decided to pull US out of the TPP in January 2017. That suited China the most. This unilateral move without any consideration for the efforts that had gone into stitching up the group and working out the Agreement or its effects on US' influence in the region has damaged US' credibility. This move has provided the much-needed space for China to plant itself and integrate with the region's economy. Considering that RCEP will have the effect of merging the Asian Markets, pulling out of the TPP is likely to deprive US of the potential benefits of increased access to these markets and the influence that it would have gained through trade and related dialogue in the region.

China aims to boost its economy and enhance its influence in the region making use of the RCEP supplemented by China-Japan-Korea (CJK) trilateral trade agreement in the making and its BRI. In the process it hopes to undermine US trade and influence in the region. For China, access to diversified markets under RCEP offers tremendous economic advantages. It provides a major boost to its manufacturing sector which in turn will trigger employment growth within the country and consequent stimulation of its internal consumption.

US now finds itself in a situation where it is not a party to either the RCEP or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP), a grouping which emerged after US pulled out from the TPP. Both agreements will encourage the development of supply chains within their regions, which will leave US companies at a

disadvantage. China, on the other hand, is building new partnerships to deepen its commercial ties with its Asian neighbours to counter US' attempt to disrupt supply chains involving Chinese products.

How is US managing Chinese threat?

US has not shown its determination or the vision to retain its global leadership role. A clear US strategy to reign in China from its aggression against the countries of the world or from violating international rules and norms has not emerged. Its actions have been piecemeal without a well-considered and a coordinated strategy. Uncertainty and lack of clarity about US' stand does not help matters. The world has been left wondering if the US will continue to act with the same unilateral, transactional, 'America First' approach that has defined all its dealings and policies under Trump. If so, the world will be less inclined to unite under the US.

Unfortunately, US under its 'America First' policy has delinked itself from regional and global partnerships and alliances. Trump administration had decided to withdraw from TPP, which was seen as a counter to the China led RCEP. US retreated unilaterally from the Paris Climate Agreement, United Nations Educational Scientific and Cultural Organisation (UNESCO) and UN Human Rights Council (UNHRC). It pulled out from the Iran Nuclear deal (JCPOA), antagonising its European allies. US threatened its European allies stating that it would "go its own way" if they did not spend more on defence. These actions, by their very nature, caused the US to move backwards from its hitherto held leadership role in world affairs, ceding space to China for the expansion of its standing and influence in the world.

Differences amongst countries is no exception. But to drive a country into an adversary's camp instead of managing relations is nothing but imprudence. Russia is a \$ 1.638 trillion economy (Nominal). World Bank estimates

that its GDP will shrink by 6 percent in 2020.⁹⁹ With sanctions imposed by the US and western countries, it is laboring to manage its economy. With an economy that is smaller than Texas(\$1.886.96 trillion Nominal) and Italy (\$2.014 trillion Nominal), it is dependent on oil revenues to survive. Currently it is worried about US sanctions on companies that may be participating in the construction of the Russia-Europe gas pipe line Nord Stream 2. Though Russia is a nuclear weapon state, it lacks adequate conventional deterrence capabilities. Its military needs major reforms and capacity building to be able to defend its interests globally. It has very few reliable allies. On the other hand, France, a nuclear weapon state possesses adequate means to prevent a war in Europe. Russia's economy is nowhere compared to the combined economic strength of Europe. Euro, the European currency is second only to the US dollar.

Though Russia is a nuclear weapon state, it lacks adequate conventional deterrence capabilities. Its military needs major reforms and capacity building to be able to defend its interests globally. It has very few reliable allies. On the other hand, France, a nuclear weapon state possesses adequate means to prevent a war in Europe. Russia's economy is nowhere compared to the combined economic strength of Europe. Euro, the European currency is second only to the US dollar.

Though Russia is a nuclear weapon state, it lacks adequate conventional deterrence capabilities. Its military needs major reforms and capacity building to be able to defend its interests globally. It has very few reliable allies. On the other hand, France, a nuclear weapon state possesses adequate means to prevent a war in Europe. Russia's economy is nowhere compared to the combined economic strength of Europe. Euro, the European currency is second only to the US dollar.

99 'Russian economy will shrink 6% in 2020, World Bank forecasts', Reuters, July 06, 2010 available at <https://www.financialexpress.com/economy/russian-economy-will-shrink-6-in-2020-world-bank-forecasts/2014439/>, accessed on August 17, 2020.

Though Russia is a nuclear weapon state, it lacks adequate conventional deterrence capabilities. Its military needs major reforms and capacity building to be able to defend its interests globally. It has very few reliable allies. On the other hand, France, a nuclear weapon state possesses adequate means to prevent a war in Europe. Russia's economy is nowhere compared to the combined economic strength of Europe. Euro, the European currency is second only to the US dollar.

Under these circumstances, does anyone expect Russia to engage in warfare, excepting when forced to?¹⁰⁰ To believe that Russia is an irrational enemy is unrealistic. But for reasons inexplicable, US decided to sanction Russia under its "Maximum Pressure" strategy and continues with it driving the country into China's arms. Tension between the China and Russia is muted, but antipathy to Washington and the US sanctions binds them together.

Western actions to punish Russia has strengthened China's position. Pressured by US sanctions, Russia had very few options other than to depend on China for its commerce and related financial transactions. Consequently, Chinese currency reserves in Russian Central bank has gone up from less than one percent to over 13 percent. With China replacing Germany as the key supplier of industrial plant and technology to Russia,¹⁰¹ trade between Russia and China touched \$108 billion mark.

How effective has US' actions against China been? According to the Moodys September 2019 analysis of the US-China trade war, trade disruptions have cost US an estimated 0.3 percentage point of real GDP

100 Brigadier V Mahalingam, 'Should Europe Continue with 'Brain Dead NATO'', Vivekananda International Foundation, December 30, 2019, available at <https://www.vifindia.org/article/2019/december/30/should-europe-continue-with-a-brain-dead-nato>, accessed on August 18, 2020.

101 Vijay Gokhale, 'China-Russia ties as a major determinant', The Hindu, August 20, 2020, available at <https://www.thehindu.com/opinion/lead/china-russia-ties-as-a-major-determinant/article32397585.ece> accessed on August 30, 2020.

and almost 300,000 jobs.¹⁰² A study by the Federal Reserve Bank of New York assessed that the trade war depressed equity prices of US Companies by 6 percent, translating into \$1.7 trillion loss in market capitalisation for the firms.¹⁰³ According to Bloomberg Economics estimates, the ongoing trade war will cost US GDP a total of \$316 billion in 2019-dollar terms by the end of 2020.¹⁰⁴

China employs a combination of financial and economic inducements and threats to pressure governments. As US attempts to disrupt existing supply chains involving Chinese products, China is using its FTAs such as RCEP and CJK which provide for preferences to sourcing supplies from within the trade block to stitch up intra-Asian supply chains afresh, thus establishing new commercial ties and linkages. These regional arrangements will work to the disadvantage of US companies. Through these FTAs, China hopes to overcome US' efforts to block supply of hi-tech components such as semi-conductors and its manufacturing equipment to its companies from Japanese and S Korean firms using sanctions and export control measures. Are these measures by US to contain Chinese influence adequate and effective?

The BRI supplemented by RCEP is a diligently crafted initiative to facilitate China's trade and consequent economic growth on the one hand and to establish its right to entry into countries as part of its business and dealings on the other. Its businesses abroad,

102 'Trade War Chicken: The Tariffs and the Damage Done', Moody's Analytics, September 2019, available at <https://www.moodyanalytics.com/-/media/article/2019/trade-war-chicken.pdf>, accessed on August 18, 2020.

103 Mary Amiti, Sang Hoon Kong, and David E. Weinstein, 'The Investment Cost of the U.S.-China Trade War', Federal Reserve Bank of New York, May 28, 2020, available at <https://libertystreeteconomics.newyorkfed.org/2020/05/the-investment-cost-of-the-us-china-trade-war.html>, accessed on August 18, 2020.

104 Shawn Donnan and Reade Pickert, 'Trump's China Buying Spree Unlikely to Cover Trade War's Costs', Bloomberg, December 18, 2019, available at <https://www.bloomberg.com/news/articles/2019-12-18/trump-s-china-buying-spreed-unlikely-to-cover-trade-war-s-costs>, accessed on August 18, 2020.

especially in the tele-communication and digital sphere, apart from providing the much-needed influence that it seeks, makes it extremely difficult, complicated and costly for countries to decouple once set up and established. After China gains the right to operate infrastructure projects such as ports, airports and roads either fully or partially, apart from gaining full knowledge of the facilities and the adjoining areas, it may extract military access and the right to use these facilities as and when it becomes necessary. The US needs to realise that these efforts by China cannot be countered without cooperation by the concerned countries. Are we doing enough to garner that kind of necessary cooperation of countries?

Conclusion

China is a single party authoritarian regime. Though the country has over 300 TV channels, TV programmes and news contents are controlled, internet freedom is restricted and websites are blocked. Human Rights groups have reported that followers of Falun Gong, a banned quasi-religious group, founded in 1992 are harassed, imprisoned and brutally tortured.¹⁰⁵ Reports have also been circulating since 2006 about organ harvesting from the prisoners of this group and their trade.¹⁰⁶ In the UNSC China has blocked the proposal for blacklisting Masood Azhar, the Chief of a Pakistan based terror organisation Jaish-e-Mohammed over many years.¹⁰⁷ Its record of ruthless impositions in Xinjiang, Tibet, Hong Kong

105 'Dangerous Meditation: China's Campaign Against Falungong', Human Rights Watch, February 07, 2002, available at <https://www.refworld.org/docid/45cb148e2.html>, accessed on September 8, 2020.

106 'Forced Organ Harvesting' Falun Info available at <https://faluninfo.net/forced-organ-harvesting-in-china-falun-gong/>, accessed on August 30, 2020.

107 'UN designates Jaish-e-Mohammed chief Masood Azhar as global terrorist', The Economic Times, May 02, 2019 available at <https://economictimes.indiatimes.com/news/international/world-news/masood-azhar-listed-as-global-terrorist-after-china-lifts-restrictions/articleshow/69131579.cms>, accessed on August 30, 2020.

and Inner Mongolia is too well known to repeat.

Despite 71 years having passed by since the creation of People's Republic of China, there is no end in sight for China's appetite for its territorial ambitions. Even China's closest ally Russia has not been spared. In July 2020, Chinese diplomats, journalists and nationalists took to the internet to assert claims over Russia's Vladivostok, the capital of Russia's Primorsky Krai in the Far East, which has been administered by Russia since 1860. In the recent past, Chinese official media has repeatedly said that the Pamir mountains in Tajikistan should be ceded to China. Its future intentions in Central Asia, hitherto considered Russia's areas of influence, too is unclear. China has been befriending countries in the Indian Ocean's periphery, acquiring islands, eyeing ports, establishing logistic bases, repair facilities, communication hubs etc. Its intentions in the Indian Ocean and how it will affect freedom of navigation is also a matter of concern.

China annexed Xinjiang and Tibet in 1949 and 1950 respectively. Muslims in its western province of Xinjiang are subjected to repression. The people of the region are separated from their families and collected in camps to indoctrinate them on the pretext of imparting vocational training.

After annexing Tibet, China separated Amdo, the birth place of Dalai Lama, from Tibet to form the new Qinghai province. After reducing the traditional territory of Tibet, it formed the so-called Tibet Autonomous Region (TAR) with the Central Plateau and Eastern Kam. The remaining parts of Tibet were merged with China's Sichuan, Yunnan and Gansu provinces.¹⁰⁸ Tibet's culture is

108 Monika Chansoria, 'China's Infrastructure Development in Tibet Evaluating Trendlines' Manekshaw Paper 32, Centre for Land Warfare Studies (CLAWS), 2011, available at https://www.claws.in/static/MP32_Chinas-Infrastructure-Development-in-Tibet-Evaluating-Trendlines.pdf accessed on August 31, 2020.

being systematically wiped out and Han Chinese are being inducted to effect a demographic change. Tibet's pre-eminent religious leader and the Nobel Laureate Dalai Lama is being portrayed as a separatist and all out efforts are being made to wipe out his memory and image from the present generation of Tibetans.

The US has not been without its shortcomings which are incompatible with the 21st Century. But presently, at stake is not just the predominant position of the US, but more importantly, the threats are to fundamental human rights, freedom of thought and expression, sovereignty and strategic autonomy of countries around the world. Rule of law, peace and tranquility, the prerequisites for the world's development, has to prevail. These larger issues cannot be compromised. US needs to take the leadership role to unite the countries based on shared distrust of Chinese intentions so as to force China to mend its ways to become an acceptable partner amid the comity of nations.

China which has been posing as a country which was committed to peaceful raise, has now started revealing its aggressive side. Was its peaceful face a deliberate strategy to bide time so that its economic development and military buildup goes unhindered? Now that it has embarked on a confrontation mode at various parts of the world, doesn't it signal that China has come of age and is ready to push through its agenda? Does Chinese actions in recent days not indicate that it doesn't care for relationship when it comes to its larger aims of becoming the global hegemon and bringing about a Chinese world order?

It is time the world decided. Do we want Chinese hegemony or a free and just world order? If latter is the answer, the world has no option but for it to connect and come together without any further loss of time.

About the VIVEKANANDA INTERNATIONAL FOUNDATION

Prigedies V Mahalingam | 55

The Vivekananda International Foundation is an independent non-partisan institution that conducts research and analysis on domestic and international issues, and offers a platform for dialogue and conflict resolution. Some of India's leading practitioners from the fields of security, military, diplomacy, government, academia and media have come together to generate ideas and stimulate action on national security issues.

The defining feature of VIF lies in its provision of core institutional support which enables the organisation to be flexible in its approach and proactive in changing circumstances, with a long-term focus on India's strategic, developmental and civilisational interests. The VIF aims to channelise fresh insights and decades of experience harnessed from its faculty into fostering actionable ideas for the nation's stakeholders.

Since its inception, VIF has pursued quality research and scholarship and made efforts to highlight issues in governance, and strengthen national security. This is being actualised through numerous activities like seminars, round tables, interactive dialogues, Vimarsh (public discourse), conferences and briefings. The publications of VIF form lasting deliverables of VIF's aspiration to impact on the prevailing discourse on issues concerning India's national interest.



VIVEKANANDA INTERNATIONAL FOUNDATION

3, San Martin Marg, Chanakyapuri, New Delhi – 110021

Phone: +91-11-24121764, 24106698

Email: info@vifindia.org,

Website: <https://www.vifindia.org>

Follow us on [twitter@vifindia](https://twitter.com/vifindia)

ISBN 978-93-90061-08-2

