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## India, China and ASEAN

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### Introduction

Sweeping changes across the world following dismemberment of Soviet Union had invasive impact on India's foreign policy. Evolving strategic alternatives became unavoidable keeping in view the magnitude of change in the world. After the end of the cold war regional economic integration was adopted as a strategy for development in various parts of the world. India realized that integration with regional economies is a potential framework for its development. Look East Policy (LEP) synchronized with the geopolitical changes across the globe in the early 1990s. Association of South East Asian Nations (ASEAN)<sup>1</sup> block is a developed region with negligible tension which in partnership with the developed west has a promising future. Therefore, India's policy makers devised strategy for integration with the East

and South East Asian countries. In a broader perspective, its policy of engagement with the U.S, the several European and Latin American countries, the Russia, China, African and Asian countries as well as ASEAN addresses this strategic objective.

In the last ten years LEP has developed into a multifaceted policy in the following ways:

- a) Evolving economic and strategic cooperation with the East Asian countries;
- b) Cultivating relationship with the developed countries of Europe and USA by actively engaging with the so called tiger economies of Asia;
- c) Concentrating on economic transformation of India's north-east region;
- d) Creation of a security structure in which India could play an active role;
- e) Evolving viable and potential regional cooperation

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where engagement with USA is as important as teaming up with our neighbours .

- f) Collaborating on counter-terrorism measures , humanitarian relief, anti-piracy, maritime security<sup>2</sup> , energy security and confidence-building .
- g) Cooperating in issues related to climate change, creation of India - ASEAN Green Fund ,combating corruption , promoting good governance, tourism, protection of human rights , health care through availability of drugs at a cheaper rate, simplification of visa rules and expand open sky policy;
- i) Counter balancing the influence of other powers, notably China in East Asia.<sup>3</sup> and its deteriorating relation with many South Asian countries.<sup>4</sup>

The argument that India's engagement with ASEAN is to counterbalance China's overwhelming influence in this region has not been acknowledged officially but scholarly interest indicates at India's growing interest to fortify bilateral relationship with each of the ASEAN members and vigorously engage in the group in several areas of its strategic interest. The China too has been apprehensive of India's gesture hence strengthening its bilateral relationship with quite a few member countries of ASEAN. Its soft

and hard power diplomacy in the Indian ocean region , "string of pearl " in Indian peninsula ,propping up Pakistan etc. add to India's security concerns. Therefore, it is obvious to infer that maximization of economic interests, expanding military power and security is as much for India's own national interest as it is to keep China 's influence nearer the ground. This paper focuses on this argument in a broader perspective of relationship of both the countries with ASEAN and their bilateral relationship.

### **Engagement with ASEAN: China and India**

The policies followed by China and India for the last two decades may be understood in the neo liberal international relations perspective .They have similar needs in a situation of uneven distribution of their capabilities .Both of them desire to maximize relative power by enhancing economic and military capabilities as well as by strengthening bilateral relationships, forming regional alliances and coalescing with regional alliances. But cooperation between them is encumbered with fears of relative gain. Neoliberal international structure is composed of formally equal sovereign states who seek their interests without subordinating to

other's interest. Survival of the state is their primary concern to pursue their goals and increase their relative power. Enhancement of military capabilities follows from the survival goal which camouflages their future intentions. However, it results in lack of trust between the states. Therefore, they are always on guard against relative loss of power and threat to their security. The domino effect of such a situation is "security dilemma" where both strength and weakness of a state will be provocative enough leading to conflict even if none of them would desire it. While neo liberal international relations justify India's strategy to forge alliances, its penetration in ASEAN is perceived as competing with China which had accessed these countries much before India.

### **China and ASEAN**

China had cultivated economic and political relationship with quite a few ASEAN members during the cold war. The end of cold war did not reduce China's influence in this region. Rather many non-ASEAN members were included in its economic and diplomatic scheme. It created the ASEAN Free Trade Area in 2004 which came into effect in 2010. The market coverage and economic value of this agreement surpassed that of European Union

(EU) and North American Free Trade Agreement (NAFTA) covering about 1.9 billion people. "By the end of 2005, Chinese enterprises had opened more than 1,000 non-financial enterprises in ASEAN countries, covering the areas of processing, assembling, small production projects, construction, hotels, mining and communications. The type of investment ranges from direct investment and technology investment to build-operate-transfer (BOT). In 2008 direct investment from China to ASEAN was \$2.18 billion which was a 125 percent increase from that of 2007. In 2008 it directly invested \$590 million in Vietnam, \$2.75 billion in Singapore, \$2.14 billion in Laos, \$1.33 billion in Myanmar."<sup>5</sup> "After the Free trade agreement between China and ASEAN came into force China's direct investment was \$2.57 billion. It has expanded its relationship with the ASEAN to several non traditional areas; from labour export, project contract, processing, assembling to information technology, telecommunications, finance, labour, tourism, energy and resources development and several other areas. "It is estimated that China's agri-technology exports have brought to ASEAN countries benefits exceeding 30 billion Yuan (US\$3.8 billion)".<sup>6</sup>

Since 2009 Sri Lanka has tilted in

favor of China welcoming huge investments. The latter has built ports in Bangladesh (Chittagong), Myanmar (Kyaukphyu), Pakistan (Gwadar) and Hambantota in Sri Lanka. The Hambantota venture might be utilized for intelligence gathering by China though both Sri Lanka and China rebut it. China's assertion in its eastern and southern flanks that is Korea, Taiwan and Japan reflects its growing economic clout. Its relation with Central Asian countries which previously formed a part of erstwhile Soviet Union, Pakistan, peninsular South East Asia, Myanmar, Cambodia, Laos, Thailand, Vietnam and India has been growing. Consequently, all of them have pursued a policy to engage China commercially. Some of them are moving closer to ramp up political and diplomatic ties. The comparatively weak economies in Central, South and South East Asia perceive from their own interests the importance of China rather than India as a superior economy.

### **India's LEP**

Though India is a late entrant, the two decades of friendship with the East Asian countries has enhanced its stature within and outside the ASEAN. It became a sectoral dialogue partner of ASEAN in 1992, a full dialogue partner in 1995, the

member of Council for Security and Cooperation in Asia Pacific as well as ASEAN Regional Forum in 1996 and summit level partner in 2002. The first India-ASEAN business summit was held in India in 2002. In the following year India acceded to ASEAN's Treaty of Amity and Cooperation in South East Asia. The Joint Declaration For Cooperation to Combat International Terrorism and Partnership for Peace, Progress and Shared Prosperity were signed between ASEAN and India in 2003 and 2004 respectively. India has forged numerous trade agreements including a Comprehensive Economic Cooperation Agreement (CECA) with East Asian economies. Since 2002 India has been attending the Asian Regional Forum (ARF) meeting regularly and the 2010 meeting was the 8<sup>th</sup> in the series. In ASEAN-India summits held since 2002 the discussions have included a wide array of subjects apart from the business.

Its engagement with ASEAN has been impressive in as much as that our policy makers have claimed in several forums that it has entered phase two of the alliance where pragmatic considerations and traditional cultural ties with East Asian countries weigh heavily in its foreign policy. The agreement to fight terrorism cooperatively is highly

significant as most of the ASEAN countries are experiencing terrorist attacks and related crimes like money laundering and drug trafficking. The ASEAN forum has served as the platform for security dialogue in the region as well as exchange of information, institution building, training and consultancy in legal matters etc. "Milan" - a joint naval exercise, has been organized biennially since 1995 in Port Blair.<sup>7</sup> More and more companies from ASEAN countries are participating in India International Trade Fair. The "open sky" policy has facilitated air travel between several countries of East Asia and India. India's trade with ASEAN has increased from \$39.8 billion in 2007-2008 to \$45.34 billion in 2008-09.

After six years of protracted negotiations following the signing of ASEAN-India Framework Agreement on Comprehensive Economic Cooperation in 2003, ASEAN-India Trade in Goods (TIG) Agreement was concluded on 13 August, 2009 paving the way for creation of one of the world's largest free trade areas with a population of 1.8 billion and tariff liberalization of over 90 percent of products including certain special products like palm oil, coffee, black tea and pepper. As per the agreement India will discontinue import tariffs on more than 80 per cent

of traded products between 2013 and 2016.<sup>8</sup> This has become effective since 1 January, 2010. With this ASEAN business will operate in the largest free trade area taking into account its FTA with China, Japan, Korea, Australia and New Zealand.<sup>9</sup>

Since 1990 bilateral relations have been strengthened between each member of the ASEAN and India. Thailand was the first among the ASEAN group with which India signed FTA in 2003 along with four other agreements for enhancing cooperation in agriculture, tourism, biotechnology and visa exemption for diplomatic and official passport holders. Currently bilateral trade between India and Thailand is \$5.6 billion. It is expected to increase to \$10 billion by 2012.<sup>10</sup> The economic and defense cooperation with Indonesia, Singapore and Malaysia have been strengthened. Special attention is given to Vietnam, Laos and Cambodia to strengthen their economic potentiality. The negotiations are on with Japan and South Korea for strengthening economic and security ties who are the major investors in India. Emphasis has also been laid on democracy, human rights and other areas of strategic interest. As part of India's LEP and Thailand's LEP, representatives of Thailand, India and Myanmar had a meeting at the

Myanmar border town of Tamu on March 26, 2011 in which trade cultural exchange ,sports and other matters were discussed.<sup>11</sup>

Notwithstanding the growing commercial and political relationship for the last decade or so LEP has positively benefitted the development of north- east states of India by development of communication and trade. It has strengthened India's regional alliances as well as formation of new alliances like BIMSTEC and Mekong -Ganga Cooperation .These alliances have multifarious objectives like economic development, security, strategic affairs, environment and reaching out to countries beyond the alliance. Another sub regional initiative is Bangladesh-China-India-Myanmar (B C I M) forum which is for cooperation on infrastructure development, economic integration and people to people contact. The sub region is a geographically contiguous unit stretching from the north eastern states of India to southern provinces of China, Bangladesh and Myanmar which aims at integrating the strategically located sub regional areas of the member nations in trade, investment, energy, transport and tourism. The Shanghai Cooperation Organisation (SCO) and BRICS (Brazil, Russia, India, China and South Africa) association includes

China as well. Of late BRICS has been energized which is emerging as a powerful organization in espousing the interest of the members in a multi-polar world with a very important decision to carry out trade in local currency.

The two decades of historical legacy of ambivalence, mutual distrust and intractable ideological differences characterizing their relationship could hardly be dislodged . In the past these were fuelled by Pakistan's posture towards India .Following partition It tried to capitalize on India's choice to remain outside military alliances and exerted its influence on China to grab Indian territory. The Aksai Chin ,an area of about 14,380 sq. kms which China occupied and later built a highway belonged to the Dogra state of erstwhile Jammu and Kashmir state .But China never accepted the British negotiated boundary . In 1963 Pakistan ceded the Karakoram Tract to China. Since then they have insinuated internal trouble as well as external pressure on India. The 1965 Indo -Pak war brought them together further and Chinese support for Pakistan was quite obvious. In addigion India was troubled by the US support to them .India's pro USSR stand was largely due to this geopolitical development in its neighborhood. The creation of

Bangladesh subdued aggressive Pakistani posture but the simmering disenchantment was there culminating in proxy wars. In the late seventies of the last Century India attempted normalization of relationship with China but it shored up Pakistan primarily to prevent India 's rise.<sup>12</sup> China stealthily penetrated the Gulf region to build infrastructure utilizing its smart and soft power, enlisted right wing Muslim support, engaged in infrastructure building in Pakistani occupied Kashmir much to the discomfiture of India, the Kashmiris and the US. This relationship was unruffled until Indian Prime Minister Mr. Atal Behari Vajpayee took the initiative to foster peace and amity between both the nations. Subsequent policies of Indian government followed the cordial trail spiraling to a high pitch after economic reforms were introduced.

But the improvement in trade relationship has not generated an environment of trust. Both continue to compete. The China has propped up Pakistan against India as a strategic check to India's growing power. The visit of Pakistani Prime Minister to China in May 2011 and reports that they would fight together the "three evil forces—terrorism, extremism and separatism" must alert India though India is also facing

the same problems. Sino -Pak defense collaboration has been a matter of "serious concern". The China will supply 50 new JF 17 Thunder multi role jets to Pakistan under a co-production agreement between both the countries.<sup>13</sup> It has resented India's penetration to ASEAN and joint military exercises in the Bay of Bengal with many of the members of ASEAN. It has not supported India's permanent membership in the UN Security Council nor has it welcomed India's civilian nuclear cooperation with U.S, the other western countries, and Russia. China is apprehensive of US, India, Australia, Japan quadrangular strategic formation to counter China's growing influence. Its economic presence and political influence is more in Asia, Africa, Latin America compared to India. China too has forged CEPA with New Zealand, ASEAN, stepping up negotiations for CEPA with Australia and South Korea<sup>14</sup>. It has been acquiring islands from the Bay of Bengal to Malacca straits. Its economic presence is the key to influence the political realm. Its presence in Sri Lanka through construction of port and airport, to Myanmar by constructing a port and gas and oil pipeline connecting Kyaukpyu and Yunnan (which will skip Malacca strait) and a rapid rail system connecting Yangoon in Myanmar with Yunan indicate its

increased influence. It has also taken up modernization of Chittagong port in Bangladesh thereby coming close to Bangladesh and north eastern states of India. It may be noted that China has a great potential in infrastructure building which these countries know better and prefer China for endorsing such work. It produces goods in huge quantities and exports them at cheaper rates. India's huge market is indispensable for its exports and also raw materials. But over a period of time the trade surplus has increased and India's trade deficit with China has widened. Indian exports to China is iron ore while China exports manufactured goods thereby causing huge trade imbalance and promoting a colonial type relationship. In 2010 the bilateral trade between India and China was \$61.7 billion. India's exports to China were worth \$20.8 billion while China's exports to India were worth \$40.9 billion. A trade deficit of about \$20 billion is alarming. China has not allowed so far Indian agricultural goods, information technology products and pharmaceuticals to access its market.<sup>15</sup>

### **Competition, Strength and the Weakness**

India has strengthened its security, firmed up military

cooperation with Malaysia, South Korea and Indonesia which will be a check on China's growing presence from the Bay of Bengal to Malacca straits. Many ASEAN members namely Vietnam, Cambodia and Indonesia would prefer India to China for historical reasons. The Bhutan, Taiwan, Japan, Philippines and Malaysia have border disputes with China. The democratic India has more credibility across the region than a totalitarian China. Its growing economic power, cooperation with several regional and international powers would benefit to gain in stature among the Asian nations. The continuance of this policy will further India's interests and check China exploiting the situation for its advantage.

Indian ocean has become the most insecure region for maritime trade mainly because of absence of India's political presence in the region compared to China. The Somali pirates have made sea borne trade a nightmare by piracy.<sup>16</sup>

Having a strong navy is immaterial if the same cannot be put in to action at the time of need. In this region Maldives and Seychelles have looked up to India for meeting threats of insecurity though China has developed growing economic contacts. China has attempted to

entice Mauritius by soft power infrastructure development with promise for job creation. Many more Chinese companies are operating in Mauritius. It has chosen Mauritius as a platform to service its construction and business projects in southern part of Africa. It will construct a commercial city outside Port Louis under in an area of about 521 acres economic and trade zone. Shanxi Tianli enterprise and associates will built a modern city over there. The infrastructure will utilize Chinese workers thereby facilitating transfer of huge Chinese labour force. Mauritius will thus serve China's design to penetrate deep in to Africa. The demographic scenario in Mauritius will change drastically in future with an over populated Chinese than Indians in that country.<sup>17</sup>

The corporate headquarters of Chinese companies operating in Southern Africa are expected to be located in the new commercial city which China will construct outside Port Louis in an area of 521 acres of land. "The zone with a modern Chinese-styled city is being built by a consortium consisting of the Shanxi Tianli Enterprise Co., Ltd., the state-controlled Shanxi Coking Coal Group Co. Ltd and the Taiyuan Iron & Steel Group Co. Ltd. The idea seems to be to convert Mauritius into a

Singapore of Southern Africa to serve China's Africa strategy. Since Mauritius does not have enough skilled workers to meet the requirements of the Chinese-aided projects, it has allowed China to bring its own nationals to work in these projects. As a result, about 50 per cent of Mauritius' foreign labour force would be Chinese. There would be more Chinese than Indians working in Mauritius".<sup>18</sup> The present government in Mauritius is more friendly with China allowing it to enter its tourism industry, information technology, infrastructure, education and research sectors.<sup>19</sup>

So far Indian navy has more potentiality compared to China but China has more political and cultural influence in the Indian ocean states. Therefore, India's potential cannot be utilized unless it enlists support of the concerned governments. China has been better placed in onshore presence which can pose a challenge to India's political leadership and diplomacy. The soft power approach of China in the Indian ocean states has not posed a problem so far. But in the near future it will certainly pose a challenge to India as it has experienced in the economic sphere particularly energy resources where India has lost in bids against China. With the support of these states China will certainly

minimize India's influence in these countries. Therefore, India's approach in the Indian ocean should not be confined to military but extend to political, commercial and diplomatic spheres for off-putting China to strengthen its capabilities in the Indian ocean region.

China is predicted to be the second largest economy .Its military power has also increased. In view of this India will face tough competition from China even though our Prime Minister hopes that "India will complement rather than compete in the EAS." The areas of competition are search for global markets and raw materials in mostly the same regions .But they are unequal competitors ,because Chinese economy is stronger than India as it is the second largest economy in the world now.<sup>20</sup> At the moment it is too early to predict China replacing US as a world power because of its "technological superiority, energy resources etc". But it is predicted to be equal to US by 2020 while India will be marginalized.<sup>21</sup> Such a situation will be inimical to many Asian powers including India.

Sino -Japanese relationship has deteriorated of late because of its claim on South China Sea Islands .Its dogged stance on Indian territory of Arunachal Pradesh is also alarming

."The debate concentrates on the String of Pearls strategy as Chinese threat to India. There is value in this presumption in view of the past relationship of India with China, the unresolved territorial dispute, Indo Pak relationship , ambivalence in its relationship with Bangladesh, the dysfunctional nature of SAARC and so on".<sup>22</sup> China is silent on issues like Pak infiltrations across the Line of Actual Control (LAC ) in Jammu and Kashmir. It is constructing a dam on the Yarlung Tsangpo and highways in Pakistan occupied Kashmir (PoK). The stapled visas to the residents of Jammu and Kashmir was not focused in the discussions during the visit of Chinese Premier Wen Jiabao in December 2010. Surprisingly in a report of the Mystery of the Missing 1000 miles along the border indicates that China has not accepted India's sovereignty over Kashmir.<sup>23</sup> Raising the issue of increased safety zone along the India- China boundary despite the fact that such safeguards are existing is another problem. The Chinese provocations have left New Delhi with little choice but to play hardball with Beijing".<sup>24</sup>

The CEPA signed with several ASEAN countries shows India's concern for bilateral trade relationship with each of them. Government of India have been diffident in projecting their

discontentment arising from China's stealth penetration in the South Asian region, and girdling India with neighbors by its soft and smart power, competition in business and obduracy in territorial issues. The road and rail network that China has built across Tibet indicates border domination. Water shortage in China has implications for riparian states

like India and Bangladesh. Once the Brahmaputra will be dammed by China the woes will befall on these two countries affecting their agriculture, industry and source of water for a large number of people.

### **Positive Indications**

The Corporate leaders have emphasized "effective" implementation" of our LEP otherwise China will "steal march over India". This is based on the fact that declarations made by India in several meetings are not honored with effective implementation. The locational factor is also an impediment. India's presence in these nations is less compared to China, Japan and South Korea. But the positive indicators are not lacking as China is associating itself with projects to be built in India in collaboration with two ASEAN member countries and Japan. One such project is the Nalanda project - a citadel of Buddhist learning located

90 kms away from Bihar's capital Patna which will be functional by the year 2013. The similar national interests will bring them together in several international issues as in the case of abstaining from voting from the UN Security Council resolution on approving a no fly zone over Libya. It was very hard choice between opposition to intervention in the internal affairs of a sovereign country and alienating Western and the Arab countries who supported the resolution. Both China and India rely for energy on Libya; the number of business personnel, the concerns of workers is more which they do not want to compromise by supporting the West.

It may be noted that the disputed border issue has not been a hurdle in advancing the commercial interest of both the countries. It is rightly considered that this issue will not affect normalization of relationships between both the countries in other more relevant areas.

### **Pan Asian Vision**

India's relationship with Asian countries is bilateral, sub regional, regional and inter regional. Relationship ranges on wide array of areas which include cultural, economic, strategic and security. India has not confined to promote its

relationship with ASEAN but forged several regional alliances like the BIMSTEC, Mekong Ganga, Shanghai Cooperation Organization etc. to benefit its economy, security, ensure peace and stability and people to people contact.

However, all these initiatives lack in a Pan Asian vision. Resources available in some Asian countries can be utilized by others and so will be the technological know how and economic potential. But it is unfortunate that Asian nations have not developed enough elbow room for Pan Asian outlook which could have helped in utilizing the resources and services, technology and the market mutually for the benefit of the whole region. The individual nations have not formed a collectivity with a common interest due to geographical, economic and political factors. Both India and China are wooing them for their economic and strategic interests. But both have unresolved issues dominating their bilateral relationship. So long as these issues are alive an atmosphere of trust cannot evolve between these two countries. This will filter down to their relationship with other Asian nations including ASEAN. Therefore, the competition will be the hallmark between these two Asian giants but individual nations will try to maintain good relationship with each of them

though fear of Chinese dominance is more among the ASEAN nations than that of India.<sup>25</sup>

Asian countries contribute about two thirds of world's foreign exchange reserves but the western countries dominate decision making in international forums. If they can emerge into a regional block and work together the global decision making will be more democratic and inclusive. The strong economies of

Asia therefore should develop a vision for their role in a multipolar world by laying to rest bilateral differences for a higher global role. The Asian Development Bank Report reveals that Asia contributes about 35 % of world GDP which in purchasing power parity will increase to 45 % by the year 2020. A study conducted by the Organization for Economic Cooperation and Development reveals that consumer demand in Asia will surge as about 1/4 th of the middle class population of the world resides in Asia. It predicts that by 2020 this number might double. The Asia's middle class will account for 40 % of the global middle class consumers. But technological and military superiority of Asian countries would not be equal to that of the Western Europe and the US. Therefore, mutual dependence is inevitable. Pan Asian platform will enhance the power and influence of

Asian countries in the global decision making processes.

### **The Conclusion**

The cold war now is multifaceted. The competition among nations is unabated for control over markets and resources. India and China are two poles in a multipolar world. China is better positioned than India in terms of monetary prowess and influence. In order to catch up with China and progress further India has to acquire technology from the developed West whose economy is not performing well. The rapport with the European nations will not only boost its technological prowess but ensure their support for India in international issues critical for the country.

India should keep on track its relationship with the United States. A section of people view India's decision not to shortlist American fighter jets in the medium multirole combat aircraft as an unwise decision as it will hinder improvement of bilateral military and manufacturing collaboration between the US and India. India's abstention on UNSC resolution 1973 against Libya, its reluctance to cooperate on Iran and Myanmar, and active participation in BRICS is considered as creating a new power centre. They also view that

such a gesture will jeopardize India's aspirations to be included in the P5 as well as check the strategic challenge posed by China. But others view it as smart diplomacy. Both the views have considerable truth as India should sustain its relationship with US and other nations as well.<sup>26</sup>

A viable diplomatic exercise to minimize Chinese influence is India's relationship with Japan which has been strengthened by the recent signing of CEPA between Japan and India. Japan is scared of China's assertions in the South China sea and growing economic power displacing Japan from the second position in its ranking in world economic power. The CEPA with Japan adds one more Asian country to India's list of CEPA signatories namely all ASEAN members, Nepal, South Korea and Sri Lanka. With Bangladesh negotiations are in progress and soon it may materialize. At the same time India should be emphatic in maintaining sustainable relationship with other Asian countries, regional formations, non aligned group, WTO, and the West.

India seems to be diffident in projecting its discontentment arising from China's stealth penetration in the South Asian region, and girdling India with neighbors by its soft and smart power, the competition in

business and obduracy in territorial issues. The road and rail network that China has built across Tibet indicates its border domination. It should be remembered that China will not resort to war neither will it settle territorial dispute with India but enhance its presence in its neighborhood and compete for resources outbidding India . This is the reason for which India needs to firm up ties with ASEAN nations most of whom have no attraction for China particularly its policy of transferring huge number of people as workers.

China' core interest and territorial integrity imply its claim on 128 kms of Indian territory, South China sea, airspace and Spartley islands are still unresolved. With strong US reactions, its claim on Japanese sea waters has been subdued at the moment. Its interests include combination of military with diplomatic , political ,economic and cultural activities .Military prowess was demonstrated when it sent a naval ship from its anti piracy deployment at Gulf of Aden to rescue its citizens from Libya.Its development engine is energized with external resources which pass through the Indian ocean sea lanes. Therefore, it will safeguard its interest in the region .Most intriguing is its opaque military modernization, which raise apprehensions about

harboring hegemonic aspirations.

The decision by the BRICS conglomerate in the context of UN Security council proposal of a no fly zone in Libya indicates that of late an atmosphere of trust is being created between India and China. There is new 'accommodativeness' "between China and India at Sanya where the BRICS nations met for their third Summit, in April, 2011 which is the first Summit after South Africa's inclusion in the group. The "very productive, warm, friendly meeting " between the Chinese President Hu Jintao and Indian Prime Minister, Dr. Manmohan Singh during the BRICS Summit shows that China has revised its earlier aggressive stance .Both the countries agreed to hold strategic economic dialogue, promote people-to people contact, resume defense and military exchanges and set the pace for a working mechanism for consultation and coordination on border affairs.<sup>27</sup> Resuming military to military contact is a great land mark in Sino- Indian relationship. "Defence exchanges were suspended in July 2010 over the stapled visa issue to the head of the army's Northern Command.<sup>28</sup> The BRICS summit is different from the earlier ones as it has focused on a revamped global monetary system, a lessened reliance on dollar, and a greater say in the international

financial institutions.<sup>29</sup>

The view that the “world is large enough to accommodate growth aspirations of China and India” succinctly explains the fact that both are rising and competing. But they should understand each others’ concerns which is not antithetical but inclusive. The sagacious management of their relationships will dispel distrust and create an environment for working together to subserve

their common interests. The atmosphere of trust created between India and China should persist so that the mutual apprehensions will not undermine their bilateral relationship as well as developmental goals. However, such positive developments might be wrecked any time resulting in adversarial consequences for India. Therefore, India should steer carefully its strategic vision amidst uncertain and virulent negative forces. ■

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