

# MAPPED: HOW CHINA HAS RAISED ITS CLOUT IN INDIA'S NEIGHBOURHOOD

Relevant for: International Relations | Topic: India - China

Over the past decade, China has strengthened its economic and military ties with India's neighbours in South Asia, which could pose a challenge for India

As India battles China, trouble in another part of India's northern neighbourhood has flared up. Nepalese Prime Minister Khadga Prasad Oli has accused India of hatching a [conspiracy](#) to topple him for publishing the country's [new map](#) that depicts disputed territories as parts of Nepal.

Even as some strategic experts warn of a [Chinese hand](#) behind the strain in India-Nepal ties, they warn that growing Chinese influence in the region could pose a challenge for India in the rest of South Asia as well.

"China is behaving how emerging superpowers generally tend to behave—they try to flex muscles and project power—all of which China is trying to do at the moment," says Happymon Jacob, associate professor of disarmament studies at Jawaharlal Nehru University (JNU). "When that happens, states around that emerging power will either stand up against it (like India) or jump on the bandwagon (like other smaller south Asian countries)."

Several South Asian countries are benefiting hugely from Chinese "generosity", said Jacob. India simply doesn't have the economic wherewithal to match that, he added.

Over the past decade, China has replaced India as the major trading partner of several South Asian countries. For instance, the share of India's trade with Maldives was 3.4 times that of China's in 2008. But by 2018, China's total trade with Maldives slightly exceeded that of India. China's trade with Bangladesh is now about twice that of India. China's trade with Nepal and Sri Lanka still lags India's trade with those countries but the gap has shrunk.

A more significant way in which China exerts its influence in the region is through investment, loans, and grants. According to the American Enterprise Institute's China Global Investment Tracker, China has committed around \$100 billion in the economies of Afghanistan, Bangladesh, the Maldives, Pakistan, Nepal and Sri Lanka. China is now the largest overseas investor in the Maldives, Pakistan, and Sri Lanka.

Their database shows that Chinese investment is concentrated in hard infrastructure – power, roads, railways, bridges, ports and airports. Nearly 80 percent of Chinese investments in South Asia have been in the energy and transport sectors, according to the tracker.

Beyond hard infrastructure, China has also invested in the financial systems of these countries. For instance, Beijing has taken stakes in the Dhaka and Karachi stock exchanges and cultivated trade in yuan between China and Pakistan.

Critics have raised concerns that China's interests in the region go beyond economics. The opacity and the nature of Chinese investments have fuelled such concerns. China is accused of extending excessive credit with the intention of extracting economic or political concessions when countries cannot honour their debts. This raises fears that China's credit to its South Asian partners, particularly through the Belt and Road Initiative (BRI), could be a strategic

disadvantage for India.

Such fears were amplified after Sri Lanka had to lease out its Hambantota Port to China for 99 years, after being unable to service its debt.

There is economic rationale for China in building alternative access to the Arabian sea to facilitate trade, but India must be watchful, especially if China is building military bases which could threaten India, said Jacob of JNU in reference to China's flagship China-Pakistan Economic Corridor (CPEC).

Data from Stockholm International Peace Research Institute ([SIPRI](#)) shows that over the past decade, Chinese arms sales across South and Southeast Asia grew from \$386 million in 2008 to \$1.3 billion in 2016 before falling to \$759 million in 2018. China is the biggest arms supplier to Pakistan and Bangladesh today.

Experts have argued that Beijing is helping strengthen the navies of Pakistan, Bangladesh, and Sri Lanka to enhance its footprint in the Bay of Bengal and the Indian Ocean. Some strategic experts see this as part of an encirclement or 'string of pearls' strategy to contain India by building a network of military and commercial facilities in India's neighbourhood.

"As countries grow in power and capacity they start becoming ambitious," says Jabin Jacob, associate professor in the department of international relations and governance studies at Shiv Nadar University (SNU). "Not everything in China has been a well laid out strategy but as their power and capacity grows, they are beginning to grow ambitious about their presence across the globe."

So while China may not have planned such a strategy from the outset, India should take such concerns more seriously as China grows in power, he suggests.

Some researchers argue that the nature of the relationship between China and South Asian nations is complicated, and caution against extrapolating too much from the current levels of cooperation.

Smaller South Asian countries generally view China as a "fallback option" to finance their infrastructure projects and not necessarily as a partner of first choice, said a 2019 report by Nilanthi Samaranyake, director of the Strategy and Policy Analysis programme at CNA, a Washington-based non-profit research organisation. The leaders of these countries largely still see India as the dominant power in South Asia, suggesting that Chinese economic activity, while welcome, will not necessarily translate into major military or strategic gains, wrote Samaranyake.

"These countries are also learning from their experience with China," says Jacob of SNU. "They are learning to play India and China against each other which gives them greater agency. This means that China doesn't have a free hand but this also means India does not have a free hand."

In 2014, the Modi government made an impressive start with its neighbourhood-first policy but six years on it is battling resentment in the region. While India's understaffed diplomatic cadre and slower economic growth have been limiting factors, the inability to handle the sensitivities of its neighbours may have also contributed to the turbulence in the neighbourhood.

The threat of Chinese presence in South Asia can be tackled more effectively if India changes course in its dealings with its neighbours and becomes more sensitive to their concerns, says

Jacob of SNU.

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