



# CLAWS

## Seminar Report

Report on  
National Seminar on  
**INDIA CHINA RELATIONS  
IN A CHANGING  
ASIAN LANDSCAPE**

27 July 2016

CENTRE FOR LAND WARFARE STUDIES

## **Seminar Report on**

# **INDIA CHINA RELATIONS IN A CHANGING ASIAN LANDSCAPE**

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## CONCEPT NOTE

### Introduction

The world has come out of the shadows of WW-II and the bipolarity of USA and USSR; with a brief period of uni-polarity. It is now apparently shifting to regional balancing leading to multi-polarity, with China in the forefront.

This century has also been touted as the one belonging to Asia and one looks forward to India and China as the two most eligible nations to occupy the center stage in this part of the world. This may well be the time for Indo-Pacific power shift to start with. Chinese military modernization and reforms to restructure have shown its intention to seek greater maritime and land domination in the region. China has in the past many times, sounded USA to allow it to take care of security paradigm in the Pacific Ocean but to no effect so far. The U S policy of 'Balancing without Containment' towards China has resulted into power play focus shifting towards Indo-Pacific region; with India-China-Japan and South Korea as the key players besides USA.

China's geo-political compulsions propelled it to amalgamate Tibet, Inner Mongolia and Manchuria; as a landmass and buffer zone that had been the legacy. But it soon realized that landmass alone cannot act as a buffer, one needs to inhabit it and develop it too. For a country of the size and population concentration so uneven, with a strong bias on East and South coast, it was to be never easy to relocate masses to the 'buffer land'. But then such development itself could bring in its wake the connected ills. More so in the Western and Northern regions with Tibetan and Uyghur's, not too favourably disposed towards the existing Chinese establishment and the Hans.

China has consistently maintained its total disregard for the United Nations Convention on the Laws of the Seas (UNCLOS). China's actions challenge freedom of passage at sea. Could this be seen as the beginning of the end of free passage regime and does it

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have the potential to escalate the race for domination of the seas in this region with more such deployment leading on to a conflict situation of disproportionate dimensions. There are already fissures in the areas on the issue of seven and nine dash lines. While China Pakistan Collusion against India is well known, China's aggressive actions to befriend other Indian neighbors like Nepal, Myanmar, Bangladesh and Sri Lanka clearly reinforce their designs to encircle Indian sub continent; besides string of pearls strategy adopted by China to develop ports and facilities, in these countries. But such power play apart, the basic engine of growth is the economic power on which rides the rest of the power structure. The year that has gone by has not really been a great time as far as the world economy is concerned.

The world felt the tremors when Yuan was devalued for the first time by China to adjust the pressure on its economy. So much so that China is now in the process of rebalancing its economy from 'Infrastructure and manufacturing' to 'Home grown consumerism'. Despite huge size of Chinese economy it will surely have its shadow on mega projects like 'One Belt – One Road', as also China-Pakistan Economic Corridor. Not to mention its impact on the social fabric of the nation, where people have got used to affluence and very comfortable life style. In all likelihood it will surely have a greater impact on the process of urbanization (Hukau Problem) too.

In view of the changing geopolitical situation and emergence of much more assertive China, the contours of India China relations demand a de novo look.

# SEMINAR REPORT

## Scope of the Seminar

The seminar attempted to deliberate on the following issues:

- (a) Scope of regional equations in Asia.
- (b) Militarization of South China Sea and its ramifications on IOR.
- (c) Future strategy for India.
- (d) State of Economy: An analysis of India and China.
- (e) Socio-economic stability in China.

## Themes

As the world grapples with multifarious problems – economic meltdown, the rise of Islamic State and a total different format of terrorist attacks, a boiling West Asia and EU laden with Refugee's Crisis, India and China have held on their own, registering stable growth and have kept their real state rather secure. Together they have the ownership of 2 billion plus population with maximum middle class having the ability to impact consumer market like no one else. But the regressive factor remained that of the border disputes. The present government has attempted to cement a closer partnership with China. There has been slew of visits from India to include Foreign Minister, Defence Minister and the National Security Adviser. The seminar covered a wide spectrum of Indo China relations with specific reference to the following:

- (a) Rise of Assertive China
  - (i) Through Military Modernization and Reforms – Impact on India
  - (ii) Militarization of South China Sea and Ramification on Indian Ocean Region
  - (iii) Scope of Regional Equations in Asia



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### **(b) Impact of Economic Slow down**

- (i) State of Economy – India : China
- (ii) Socio-economic Stability in China
- (iii) Future Strategy for India

### **Methodology**

Speakers representing a wide cross-section of domain expertise in the field of military, diplomatic and economics were invited to present papers and to share their views on the subject.

### **Conduct of Seminar**

The seminar was conducted over two sessions at the Manekshaw Centre, New Delhi on 27 July 2016 under the aegis of the Centre for Land Warfare Studies.

### **First Session**

The first session was addressed by the following speakers:

- Lt Gen R K Sawhney (Retd) – In Chair
- Lt Gen Rameshwar Roy (Retd)
- Vice Admiral Anil Chopra (Retd)

### **Second Session**

The second session was addressed by the following eminent personalities:

- Amb Jayant Prasad (Retd) – In Chair
- Dr Mohan Guruswami
- Amb Rakesh Sood (Retd)
- Dr Jayadev Ranade

## Session One : The Rise of Assertive China

This session was chaired by Lt General RK Sahwney and was dedicated towards an analysis of key military elements shaping an assertive China amongst the comity of nations in general and with specific reference to India. The speakers focused on the following issues:

- (a) Detailed organisational structure of the Armed Forces of China. Reorganisation of the armed forces, politico-military implications, military modernisation, reforms and its impact on Indo China borders.
- (b) The militarization of the South China Sea and the ramifications for Indian Ocean region. China has, off late been making ingress on Nine Dash lines in South China Sea, claiming Spratley Islands; contesting Senkaku and Ryukyu islands in the East China sea and questioning natural pole position of India in the IOR. Against this backdrop, US rebalance in West Asia would lead a vacuum in Persian gulf and IOR providing a window of opportunity to the aspiring Chinese PLA Navy.

Gen Sahwney in his opening remarks alluded the phenomenon of assertive China. It all started in 2008 onwards as the Chinese found an opportunity to assert themselves in different regions based on expanding vibrant economy backed with the rise of a strong military. Gradually they also added another dimension by strengthening their Navy. What we see today is a stubborn Chinese nationalism. Dealing with China has always remained a very complex issue for India. Since 60s it hasn't yet found a right approach to engage with China. India is now trying to be prepared to face him at the same time negotiating with China. Today militarily we have the potential to go beyond defensive operations. Though China and India have come a long way, there still exists a huge economic gap and India needs to recognize this aspect. At the same time India is by no means a push over and China will do well to acknowledge the importance of India sooner than later.

Lt Gen Rameshwar Roy covered the important aspects of Chinese Military Modernization, reforms and impact on our borders. Both

the nations are at two end of an ideologue spectrum. One is a vibrant democracy; while the other is highly controlled one party system called communism. It doesn't augur well for an emerging super power to reject the judgment of an international tribunal on South China Sea. Such actions would lead to loss of its credibility in the International environment.

China's long struggle so far was intertwined with the PLA. Therefore recent actions reflect an innate desire of the Communist party to control the PLA. There is a major shift in war fighting capacity building of China in the last decade. After the assent of Xi Xing Ping at 18<sup>th</sup> party congress in 2012, the Chinese have moved from joint warfare to joint integrated warfare. The major changes in the organization have been initiated since Jan 2016. In Jan PLA was moved out of CMC there by decoupling the power. It can be well appreciated as an effort by the Central Party Committee to tighten the grip on military. Second was up-gradation of second Arty to its pre eminence by tasking it to provide necessary strategic support to china's strategic assets including long and medium range precision strike capabilities. Third was the raising of Strategic Support Force, which will include high-tech operations including space, cyberspace and electronic warfare operations, and is likely to remain independent of other branches of the military. In all likelihood, the major mission of the PLA Strategic Support Force will be to give support to the combat operations so that the PLA can gain regional advantages in the astronautic war, space war, network war and electromagnetic space war.

In July 06 departments were reorganized into three commissions and three offices. Seven mil regions have also been reduced to five theatre commands. While Western and Northern Theatre commands are huge, the important areas of military maneuvering have comparatively been made smaller theatre commands i.e Southern, Eastern and Central Theatre commands. One may interpret the logic differently but as per Gen Roy the area distribution and future employment of theatres is a balancing act of overall power vested with the theatre commanders and the need for projection of theatre commands to exploit their full potential.

This entire exercise marks the beginning of a new round of military reforms in the PRC to achieve capacity building to augment China's new role as the emerging super power. Based on the rationale for the latest military cut being provided by Chinese leaders, officials and policy documents, it is clearly evident, how China is going to reshape its military with the PLA Navy and Air Force playing a greater role in future.

Admiral Anil Chopra covered the aspects of the militarization of the South China Sea and its ramifications for the Indian Ocean region. As per the Admiral, South China Sea though a marginal sea, holds strategic importance in the maritime domain, especially in times of militarization of Oceans. These developments reflect a turning point in the world of geopolitics as territorialisation of adjacent waters, reclamation, militarization of islands and imperial overreach by China to extract resources at the cost of free movement regime. Today China is challenging status quo as well as Americans. As China tries to expand outwards it remains conscious that its coast line is reined in by the first line of islands. The South China Sea is believed to hold huge gas reserves. It has more than 250 islands. It is bordered by eight countries and six of them barring Singapore and Indonesia are involved in the territorial disputes. China has taken historical route based on usage, to claim bulk of South China Sea as its own through nine Dash lines, a claim contested by six other nations. Even in East China Sea, China has dispute with Japan over Senkaku islands and with South Korea and Japan on the extent of EEZ. In spite of so many disputes Beijing has been in relentless pursuit of charmed diplomatic offensive and has tried to convince the world that its rise indeed is peaceful. Chinese Navy is likely to remain busy in the China seas. China's aggression gives a chance to India for filling the void as a restrained net security provider in the Indian Ocean region while China is occupied elsewhere. The world that welcomes Chinese money is unlikely to be enthused with the Chinese presence. But Chinese behavior suits India in the maritime domain both militarily as well as in the geo political domain. India though does need to invest much more in Andaman & Nicobar Islands. Chinese Navy is yet to develop its Blue water capability. As per the

Admiral the Chinese have not invested wisely in their International relations and only time will tell how China fits into the complexities of the emerging world order.

### **Session Two : Impact of Economic Slow Down**

The second session was addressed by the following spakers:

Amb Jayant Prasad (Retd) – Chair

Dr Mohan Guruswami

Amb Rakesh Sood(Retd)

Dr Jayadev Ranade

This session analysed the impact of global economic recession and its impact both on India and China. The speakers elucidated on the following aspects:

- (a) Global growth again fell short of expectations in 2015, slowing to 2.4 percent from 2.6 percent in 2014. The disappointing performance was mainly due to a continued deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade, and capital flows.
- (b) Forecasts for 2016 indicate a further slowing down, with trends in China, EU, Japan, Russia too are very discouraging.
- (c) China became the world's largest trading nation in 2013.
- (d) China's annual trade in goods passed the \$ 4tn last year, after exports rose 7.9% to \$2.21tn and imports rose 7.3% to \$1.95tn.
- (e) Total trade rose 7.6% over the year to \$4.16tn
- (f) The census also showed that there are fewer young people and more old people than forecast. By 2010, nearly 14% of Chinese citizens were over 60. One child policy that China maintained for long has also added to the older future profile of the population.
- (g) Interestingly both China and India had high share of the

world's GDP, came down and again growing now with far deeper impact in the world's economy.

Amb Jayant Prasad opened the session by crystal gazing into the future of Chinese economy which even at 6 to 7 per cent growth commands tremendous clout in the world market.

Dr Mohan Guruswamy alluded to China-US economic equation; both put together generate 40 per cent of the world economy. Therefore their relationship actually defines the world economy. The Chinese economy may be in trouble now as the world GDP has begun to slow down. China was able to maintain 10 per cent growth for little over three decades. But now it is slowing down due to multiple reasons. Accordingly the world economy will also slow down because China contributes 26 per cent of world's economy while India's contribution 9.9 per cent. In 2030 America will have 25 per cent of world's economic share, China 22 per cent and India a distant 6 per cent. In terms of Economic Power Parity, India is not in the picture for a long time in foreseeable future. In 1962 China's per capita income was 83\$, India was 230\$. Our GDP was better than China in 1962. Therefore Military capability cannot really be linked to military power. In 2015 we are going to be 1.7 bn to China's 1.3 bn. China's growth is linked to its export and thus will be impacted by the world's economic slowdown. China is primarily an aggregator, it aggregates the goods, packages and delivers the products as finished products. If Americans choose alternate source for imports, China's economy will come down crashing. Most of the members of Chinese Politburo have their children studying in USA. Thus there remains an unequal relationship between America and China tilted heavily in favour of the former. Economy is directly proportional to people. While India is perfect pyramid China's demography is likely to be less expenditure intensive. EU, Japan, China are all having shrinking population while India and USA (due to its migratory population) will continue to grow. By 2030, 360 million Chinese will be over 60 years of age, so demographic dividend would by and large be over. Does the West appreciate India's position? We also have half our Army facing Chinese. Are we ready for a confrontation? Militarily may be but economically we are not ready as yet. Meanwhile Xi Xing

Ping is consolidating his position and is ever readying himself for internal disorder as well as its international forays. India is to do a lot of catching up with an ever assertive and growing China

Mr Jayadev Ranade touched upon Socio economic stability in China. The 18<sup>th</sup> congress asserted stability and brought back party's supremacy. For the first time Xi Jing Ping was assigned all three important portfolios i.e head of party, Chairman of Central Military Commission and President of China. He was also made the Cdr-in-Chief of the Armed Forces. The President also reinforced party's supremacy over PLA. There are close to 55 Generals under investigation for corruption. Xi Jing Ping has inserted his appointees in almost all departments. He has become the power center. He is putting the action and conduct of party members under deep scrutiny. The Chinese are undertaking ambitious projects like OBOR, CPEC. Of late there has been persistent emphasis on innovation. There is also downsizing of another three million troops.

30 per cent educated youth are suffering from unemployment. Loss of job or being jobless can really make vulnerable youth restive. OBOR and CPEC is one way of linking local skill with International resource pools.

The recent military reforms have been most extensive. China still has problems at hand to deal with internal security issues. Tibet is not yet settled. The Islamic radicals in Xinjiang, home to Muslim Uyghur's have continued to foment trouble in the restive province. Hundreds of people have been killed in Xinjiang in recent years and authorities have claimed that there has been a spate of high-profile attacks outside the province as well. Xinjiang is one of China's most resource-rich provinces, home to large deposits of coal, natural gas and rare earth metals and the region plays a key role in the "One Belt, One Road" initiative. Many Chinese nationals have been fighting alongside ISIS in Iraq and Syria, raising fears that these militants could return and pose a threat to national security in China. Xi Jing Ping's bigger challenge lies in preventing Islamic radicalization.

Public security in China has more budget allocation than PLA. If Gwadar goes beyond commercial and becomes a military base.

What threat it is likely to pose to India is something that remains to be seen.

Amb Rakesh Sood(Retd) brought out that Xi Jing Ping is likely to have another tenure and is here to stay. We have to find a way to deal with him. The economic gap that China had with the USA has narrowed down. However the gap between China and India has increased. There remains a huge asymmetry in Economy, indigenization, defence and innovation. This gap is likely to grow. China for now has to face the challenge internally to manage the change from investment driven to consumption based economy. External challenges are equally complex in managing relation with its neighbours as well as with the USA. It is becoming difficult to maintain the Chinese notion of its peaceful rise. On the other hand, India needs to maintain its regional and international relation well in order to achieve sustained minimum eight per cent growth over next two decades. We have to ensure that demographic dividend does not become a demographic drag. 27. External challenge for India is to have a very conducive environment, which is a major foreign policy challenge. As political Center of Gravity shifts towards Asia Pacific and Indian Ocean; we need to have much closer coordination between declared capabilities, diplomatic dexterity and ability to generate partnerships.

India's China's policy so far has been reasonably consistent – we separated boundary problem from other areas of engagement. However it has given rise to asymmetry. Was this increased asymmetry factored in while we charted this course? Policy has to conform to changing ground realities. It is generally agreed that Asian Century is China's Century and India's century. With hardening of position in a new assertive China, possibly China would like India to remain boxed in the South Asian Frame rather than being one of the drivers of Asian Century. Gap in hard power matrix has definitely increased, therefore we need to revisit our China policy. Pakistan, with USA pull out from Afghanistan is likely to become more critical to China. Stability of Pakistan with CPEC therefore will become critical to China in the near future.



## **Conclusion**

The seminar brought out large number of valuable lessons and ideas which were at variance to exiting narratives but duly based on very sound logic. It only goes to prove that the event was a great success.

