

## **President Xi Jinping’s Policies towards South Asia and Implications for Regional Order**

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### **ABSTRACT**

World has witnessed a change in Chinese foreign policy with political change in March 2013. Beijing’s more assertive role in international affairs, under new leadership of president Xi Jinping, has been widely noticed with cautions. The China has intended to play a pre-emptive, if not aggressive, role towards regional and international matters under the leadership of Xi Jinping and Li Keqiang. Someone also claims that Beijing has ended its policy of peaceful rise’. Another says, is China has any foreign policy. So Chinese changed attitude and status quo oriented policies are hot topics of discussion. Some Chinese used the term “New Diplomacy” while describing Beijing’s foreign policy under Xi. This paper is an attempt to analyze the new descriptions of Chinese foreign policy and the implications for the future regional order in the Asia Pacific.

**Keywords:** *Foreign Policy, Xi Jinping, Peaceful Rise-2.0, Assertiveness, New Diplomacy*

### **Introduction**

Chinese emergence as a quasi-superpower of the world has brought a significant change in international system. The world has started perceiving China as a real strategic rival of America, challenging to its status of global superpower especially in South Asia and Asia Pacific.

Historically Mao Zedong has adopted a revolutionary approach while shaping the foreign policy of China, as he conceived that world is hostile and China is surrounded by belligerent states. Later, Deng Xiaoping in 1978 had adopted the policy of open up to the world (Lynch, 2009). In 2009 Chinese president Hu Jintao once again followed the dictum of Xiaoping, ‘keeping a low profile and achieving something’. Hu stressed that Beijing should follow ‘four strengths’ in its foreign policy. That are, attaining the greater influence in world politics, competing in the global economy, nurturing ‘more affinity in its image’ and to become a ‘more appealing force in morality’ (Masuda, 2016). This whole doctrine has been changed as Mr. Xi has consolidated the power. Mr. Xi Jinping exchanged it with the idea of ‘striving for achievement’ to fulfil the Chinese dream and its peripheral diplomacy on world stage. His mission is to see the China rejuvenated as a prosperous nation having a powerful military.

Chinese current leadership has given up their stance of seeing China as developing nation and has changed its foreign policy approach from low profile to high profile in international system. Now the Chinese political leadership and its diplomats are become more active and confident in international organizations. They become more assertive in pursuing ‘core Chinese interests’ and stressing on tagging China as superpower (Lootz, 2014). Xi also has focused on rebuilding security institutions and domestic foreign affairs and established a “Central National Security Commission” in January 2014. Xi’s role is very much dominating in

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foreign affairs and security policy settings in the country. He stresses on safeguarding Chinese national sovereignty and security goals along with economic development. China has started following its strategies while interacting with the world like proposal for a 'new type of great power relations' between Beijing and the Washington, connectivity in Eurasia through the One Belt, One Road (OBOR) initiative, and through pledge to contribute 8000 troops to a United Nation's peacekeeping reserve force (Masuda, 2016).

Asia pacific region particularly South Asia has got core importance in Chinese policies. Xi has several times expressed his views to promote political relations, economic ties, cultural exchange and deepen security cooperation in the region. He proclaimed that a stable, peaceful and affluent Southern Asia conforms its interests. This paper concludes the major phases in policy shift in China and focuses mega initiatives under Xi's administration.

### **Theory implementation**

South Asia can be denoted as effervescent region due to its geopolitical and strategic distinctiveness in the world. There is wary and contradictory history of relations between two nuclear states Pakistan and India. US led interference has reasoned the negative security milieu in this region, now it seems that China with all the incentives and the competencies, is the only actor which have the capacity to curb and deal with the threats to the regional security, stability and peace. Viewing the hegemonic intentions of India and its fortifying links with the United States, China viewing Pakistan as the best option to allying with and also strengthening its ties with it to counter Indo-US threat.

Furthermore, power equilibrium is much essential in Southern Asian region, as if there is any disturbance in it there will be a war in this region and no doubt it may be the disastrous nuclear war. China in itself could not afford any serious clash in this region which will be harmful for its economic prosperity, so it is struggling and using its influence also, in sustaining regional balance. China, in spite of all boundary clashes, has close links with India. Similarly, China is serving as a constructive ally of Pakistan. A scene of mutual deterrence in the region has been formed by China. Chinese participation in preserving the "balance of power" in the region is important as it is a significant stakeholder in South Asia and will be effected directly if the region faces any disaster.

### **Peaceful Rise 2.0**

Since Xi Jinping took the charge, while the policy of peaceful rise and development is still followed strictly. However, there are numerous important changes have been introduced in Chinese foreign policy, which provide the clear guidance to be implemented. Xi has not tried to abolish previous peaceful policy but new deviations has been combined with it. This will be called 'peaceful rise 2.0' which focuses on three basic elements.

China has to use firm attitude in securing its national interests,

China has decided to follow its policy of peaceful development but with the condition of reciprocal response, which means that all countries have to show commitments to for peaceful co-existence,

A more coordinated and proactive attitude to have and shape a stable external atmosphere which serves for Chinese domestic development. A strong top-level strategy and medium-to long-term strategic planning' in Chinese diplomacy.

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Moreover, Xi emphasized to establish more effective and active ties with regional states to have a worldwide favorable environment (Zhang, 2015).

### **New Type of Relationship Among Great Powers and Community of Common Destiny**

Xi Jinping has focused to follow a new pre-emptive and assertive foreign policy while dealing with regional and extra regional states through some solid steps which help to create a favourable environment for China not only at regional level but also at universal level. Two of them are most important and described here.

#### **New Type of Relationship among Great Powers**

This notion aims at designing the structure and ways to deal with major and most powerful states of the world through which the complexity of Chinese relations with Washington will be dealt effectively and in a positive way.

Chinese establishment is very much clear that a maintained and good friendly relations with United States will be necessary and helpful for Chinese peaceful rise policy. As described by Yang Jiechi, the State Councilor, that the “new type of great power relationship” can be best defined by three characteristics: the first is “non-conflict and non-confrontation”; the second one is “mutual respect of each other’s different political systems and main interests”; and “win-win cooperation” is the third one (Jiechi, 2013). Thus there is competition instead of cooperation can be seen in their relations.

#### **ii. The Thought of Community of Common Destiny**

This idea is based at the aim to strengthening Chinese relations with the countries which are farther from it, and its friendly links with regional nations in specific (Zhang, 2015). However, the Sino-US relations in last two years has faced many ups and down over different matters like cyber security, trades issues and over and all Chinese assertive attitude in territorial disputes including United States concerns on Chinese growing economic effect in the region. It has been reported that US swayed its allies not to join AIIB (Keck, 2014).

Latest Chinese Position Regarding to South Asia

Chinese latest strategy towards South Asia can be defined as what Xi has said about this while his trip to India in September 2014 and then Islamabad April 2015. He said that:

“a peaceful, stable and prosperous South Asia conforms to China's interests. China is willing to align its development strategies with those of South Asian countries to achieve mutually beneficial development and common prosperity”. (Rajan, 2015)

This tour was consisting of several mutual agreements, collaborations, friendly talks, moreover the dimensions of policy that Beijing follows while maintaining its relations with regional countries. China wants a more comprehensive and flexible policy towards South Asia, and it also wants to justify its position as some describe its role as a threat for regional peace and stability (Liu, 2014).

Specifically, India showed its concerns on Chinese active and participative role in the region and its some assertive policies towards regional states. China has showed its interests in regional growth and cooperation for win-win results but Chinese increasing role in South Asian region is not taken as favourable in some Indian assessments. According to the analysis of some Indians, Chinese increasing domain in regional affairs is a part of plan to encirclement of India by “string of

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pearls” which resultantly an effort to destabilize India. Further they took this as threat it for Indian’s security and economy as well.

Some significant characteristics of Chinese new foreign policy for South Asia, aiming at addressing the threat perception from Chinese rise in regional countries, are listed below:

China emphasized on shared struggle for progress and showed consents to live in harmony along with all regional states by contributing in the regional development.

Xi recommended that Beijing should work and collaborate with regional countries for economic integration and also proposed to link up with Road and Belt programme aiming at strong connections and trade among states.

He measured Chinese “One Belt and One Road” initiative for collective wellbeing of China and regional states and hoped that the plan will help to provide a connective structure for states which enhance their economy and prosperity. Xi said that Beijing spent upto US\$ 150 billion in boosting the two-way trade (Jinping, 2014).

China has showed willingness to provide support and assistance to provincial states according to its capacity to do so. As China-Pakistan economic corridor (CPEC) project will bring fortune in all regional states specially in Pakistan (Khan, & Zaman , 2015).

A “Conference on Interaction and Confidence Building Measures in Asia” (CICA) was held at Shanghai, in May 2014, headed by Mr. Xi made a call for promotion of mutual, cooperative, wide-ranging and sustained security in Asia, and establishing an open and inclusive new security infrastructure in Asia.

Some other factors of this policy are as under; defusing the seeming American plan to contain China with the help of India and other Asian nations, building economic ties with border states, cooperate with regional states to overcome energy crises in some South Asian states, to provide security to the route of Chinese oil transportation, struggling for ‘One China’ plan and to counter threat of terrorism to China and the whole region with collaboration of regional states.

### **Economic and Trade Initiatives**

It is pertinent to mention here that Chinese current leadership is not only limited to ideas only, but also rely on concrete practical efforts to gain the desired results. The idea of establishing a “community of common destiny” has been sorted out and Beijing has taken bolder steps to enhance and promote economic links with outer states. Remarkable steps in the relevant fields has been initiated. As China has the aim, through “Silk Road Economic Belt”, to link up with Europe via Center Asia and to Middle East through Southeast Asia by “Maritime Silk Road”. An amount of US\$ 40 billion will be spent on Silk Road plan linking states infrastructure development.

Formation of “Infrastructure Investment Bank” (AIIB) will assist in infrastructure building of the region. In October 2014, China decided to provide financial help of this Asian bank. In front of twenty other Asian countries it assured that it will provide half of AIIB’s early US\$50 billion investment. Attending the 21st Summit of leaders of APEC (Asia Pacific Economic Cooperation Forum) president Xi revealed Chinese strategy to provide US\$ 1.25 trillion overseas finance in the coming years (Pesek, 2014). All these ambitious investment, trade and financial

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initiatives are denoted by some observers as Chinese “Marshall Plan” to have a aim to use economic power for political influence (Tiezzi, 2014).

China and South Asia: Convergence and Divergence Between Giant Neighbours

Either Beijing and New Delhi are partners or rivals in terms of economy of the region. It looks that they are ‘both’ as they work unitedly in strong and profitable partnerships but maintained forces on the opposite borders (Chen, Xiangming, Banerjee, Toor, & Downie, 2014).

### **Economic Cooperation or Rivalry**

Relationships between China and India can be found back in history in ancient times, both were dominating powers of their regions in respect of politics and culture. More than 50 years ago there was 1962 border war between them, this dispute could not be resolved till date. As Robert Kaplan writes, “a new power rivalry is taking shape between India and China, Asia’s two behemoths in terms of territory, population and richness of civilization”. He further writes that the main reason of the new enmity is geographical proximity due to advanced military technology (Kaplan, 2010).

This specifies that rivalry between India and China will continue for years, if not permanent. In spite of their other differences including this, China and India, are strengthening their economic ties. During last decade, on average increase in Chinese economy was 10 percent per annum while the Indian economy increase rate was 6 percent per annum. There is a high rate of investments between China and India that will continue to attract more, their gross domestic products (GDPs) was 42 percent and 35 percent, respectively, in 2009. China and India also have world’s highest levels of gross domestic fixed capital formation. Estimated trade between them was about \$18 billion in 2005, reached up to \$66 billion in 2012 and \$82 billion in 2015 which will be continue to increase by leaps and bounds.

China has also been the biggest trading partner of India since 2008. From these few examples, one can see how two economic partners are using trade as an essential part of the flourishing bilateral relationship between both the countries. China and India also involved in direct competition within world and regional markets. India understands that if it has to beat China economically, then it will have to become more competitive (Sidhu & Yuan, 2003). In this context, the Indian Home Minister P. Chidambaram said, “India should not fear competition from Beijing or be envious but should, if at all, emulate its northern neighbor” (Chidambaram, 2012). These expressions show that India is attentive and fully prepared to compete with the Chinese methodology. It seems that their rivalry for global trade, sea lanes control, and armed power will endure in immediate future.

### **Multi-Dimensional Cooperation in All Fields**

Viewing the history, it is the first time that one state developed its cooperation and comprehensive interactions with both Pakistan and India. In the meantime, PRC has developed progressive relations with the other regional countries of South Asia. Instead of Chinese cooperation with Islamabad and New Delhi, China has also established cordial relations with remaining regional states. It also provided a firm base for advancing their collaboration in coming years (Baskaran & Sivakumar, 2014).

Sino-Pakistan cooperation has been extensive and ample Chinese investment has been furnished for the infrastructural development in different field in Pakistan including assistance in these strategic infrastructure projects. China is also

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Pakistan's biggest arms provider, selling all from aircraft, missiles and naval vessels. About seventy percent of Pakistani army hardware invents from China (Mohan, 2011). The total trade volume between them was less than \$1 billion in 2001 which has risen to about \$10 billion in 2010 (Mohan, 2011) and has been reached upto \$16 billion in 2015. The increasing economic and military links between China and Pakistan specify the significance of their bilateral relationship (Pokharel, 2013).

### **Chinese New Silk Road Strategy and Its Impacts on South Asian Strategic Security Environment**

The CPEC will provide a massive boost in Pakistani economy, but near Beijing it is a part of challenging strategies in fortifying its global economic muscle. As described by Chinese representatives this passage is a pilot project of a mega design "One Belt, One Road" which pursues to link China tangibly to its economic hubs in different parts of world.

This step is a part of New Silk Road Strategy through which China want to link up with the Europe crossing through Central Asia. The "Maritime Silk Road" will guarantee to secure navigation in Indian Ocean and South China Sea. Some experts claim this move will bind the region together and an era of peace and affluence will begin (Ebrahim, 2015).

India, US worried

China's Maritime Silk Road initiative is an initial step of its larger One Belt, One Road plan which has an economic and strategic motivation. New Delhi may also be benefitted by becoming a part of this marvelous idea and if India refuses to do so then it will become isolated. China invited India to join this Chinese OBOR venture, but its reaction on this offer is not much encouraging (Geethanjali, 2015).

"India has long had its eyes on energy assets in Central Asia and Afghanistan, even as China has gobbled many of these up in recent years. The US has announced its own Silk Road initiative in the broader region," described by Michael Kugelman.

India also showed concerns about Chinese increasing venture in Pakistan, predominantly current Chinese verdict to supply another lot of nuclear plants. Islamabad establishment also have goals to include four more nuclear reactors by 2023, with financial assistance from Beijing. In addition to these four reactors, Pakistan is planning to enhance its power capacity upto 7,930 MW by 2030.

The rival powers have raised the question that through transforming this nuclear technology to Pakistan, Chinese establishment is doing against the rules and regulations of Nuclear Suppliers Group (NSG). According to NSG advices it is prohibit to supply nuclear devices to Pakistan as it is not signed Nuclear Nonproliferation Treaty. On the other hand, China reasons that these projects were arranged with Pakistan before its membership of NSG in 2004 (Ebrahim, 2015).

### **China Pakistan Economic Corridor (CPEC)**

Chinese role in South Asia is going to expand again with the current investment proclamation in Pakistan's strategic deep sea Gwadar Port and establishment of a China-Pakistan Economic Corridor (CPEC). Both the China and America are intensely interested in the continuously changing power alignments in South Asian

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region for security and economic reasons. The development of this seaport and CPEC by China via Pakistan has important implications on U.S. concerns and strategy towards South Asia.

This announcement is of particular significance as it comes at a particular time when Washington is leaning towards India and is drawing down its existence in Afghanistan. Mr. Wang Yi, China's Foreign Minister made an announcement that China's relations with Pakistan will "never go rusty" is not a astonishment as the two countries have had strong bonds since 1951 but their relationship remained security centric. Yet in recent era the two states made strategic decisions to make stronger economic ties. The most concrete sign of this was the declaration by Chinese President Mr. Xi in April 2015 to launch the 2,900 km China–Pakistan Economic Corridor (Bennett, 2015). CPEC is a significant part of China's One-Belt, One Road (OBOR) venture.

### **Gwadar Port: Economic Benefits and Security Importance**

Gwadar is a deep-sea port located in Baluchistan and the gateway of CPEC. Strategically, the Gwadar Port is situated at the bottom of the Arabian Sea and at the entering of the Persian Gulf and at the distance of 200 miles from the Strait of Hormuz, dealing over 80 percent of oil trade of the whole world. China is the largest consumer of energy in the world and in this regard it has also left behind the USA. After the completion of CPEC and construction at Gwadar, will meaningfully shorten China's energy supply route. China could avoid the distance of thousands of miles in U.S. navy dominated sea lanes through Straits of Malacca. This investment will benefit China's economy and will also help to strengthen Pakistan's economy with new infrastructure and jobs, and raise Pakistan's capability to balance against India (Bennett, 2015). The CPEC venture will consist of construction of more highways, a railroad track of 1,800-kilometer, fiber optic cable and a structure of oil pipelines to link up Kashgar to the Gwadar port. Furthermore, there will be a separate airport, several power projects, specified trade regions and many new infrastructures. Approximately US\$75 billion will be spent on this project, out of which US\$45 billion will be spent to make corridor functional by 2020 (Ebrahim, 2015).

Besides economic benefits, Gwadar Port is of substantial security importance. Limited logistical support for Navy is a major obstacle for China. Gwadar port provides China the ability to look after the Persian Gulf sea-lanes, monitor Indian and U.S. naval activities, and ensure maintenance and supply to its 'blue water navy' in the Indian Ocean. As logistical support is necessary to Chinese growing naval company, Gwadar providing supply location for the PLA Navy is crucial to China's new foreign policy goals (Bennett, 2015).

CPEC intensifies the threat China stances to India's defense mechanism. In case of a military conflict with India or if China chooses to come to Islamabad's support in an India-Pakistan warfare, CPEC's infrastructure will ease China to deploy troops rapidly to Indian western front, as well (Ramachandran, 2015).

Geostrategic Implications for the United State's Economic and Military Interests

Gwadar port and other all project to connect western China to Pakistan has significant geostrategic implications for economic and military interests of United States as well as power equilibrium in South Asian region. While the U.S. and India has a favorable equilibrium in this region, this rejuvenation of the Sino-Pak partnership comes in light of the U.S. forces departure from Afghanistan and

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rebalance to Asia. Eventually, CPEC and Gwadar Port provide China with bigger leverage in the region (Bennett, 2015).

China's concern of including Pakistan in the project grows from its fears of any rigorous actions by U.S. that may Washington bleak Beijing's energy supply through different sea routes (Yousaf, 2014). As the U.S. comes closer to India, as seen that President Obama attended Indian Republic Day and the adoption of a "U.S.-Indo 10-Year Defense Framework Agreement", China's strategic corporation is a way to offset Indian and U.S. influence in South Asia. The U.S. has concerns in maintaining its leading position in this region.

An increasing Chinese role in the Indian Ocean and Arabian Sea through Gwadar could threaten Washington's unhampered ability to have a secure energy transport out of the Persian Gulf, projected power in the Middle East, counterterrorism operations, and to promote economic and political stability; all strategic aspects to Washington's strategy. At the same time, strengthening Pakistan is a way for China to balance Indian growing inspiration.

A stronger Pakistan, that is capable to challenge India, behaves as a ditch on means for New Delhi that could otherwise be utilized for economic progress and growth on an international level. The CPEC and Gwadar Port are not solely targeted on limiting U.S. and Indian role, it is tactical aspect of China's escalating foreign policy goals and indication of China's more confident role in the region (Bennett, 2015).

Anticipates a Critical Shift in Pakistan's Economic and Foreign Policies

Being an important nuclear power of South Asian region and having a traditional rivalry with bigger state India and cordial relations with much bigger country China, it is necessary for Pakistan to maintain a minimal level of mutual deterrence alongwith focus on economic boost.

### **From Deals to Game Changers**

Beijing has grown up as an equalizer to Washington as well as NATO in the region. Beijing affirms Pakistan's stance over Kashmir, while Islamabad encourages Beijing's point of view regarding Tibet, Taiwan, and most troubled region Xinjiang. Free trade agreement enhanced the economic cooperation between Pakistan and China. Chinese support helped in the improvement of Pakistani infrastructure. The two-way trade in 2012 exceeded \$12 billion. China import more than half of its oil needs from the Middle East. Beijing is also the biggest financier at Gwadar port, situated at the aperture of the Strait of Hormuz. In this way the two countries want to connect western China (Kashgar) to the Arabian seaport of Gwadar.

The current route through China imports its oil from Gulf has to travel a long distance of 16000 kilometer and delivery period in about 60-90 days. However, this distance will be reduced to 2,500 kilometers only by using Gwadar route further this route will be functioning whole year. Washington and New Delhi perceive Gwadar project less as economic and more as strategic concerns, considering as a key part of the Chinese strategic intentions to overcome its power into the Indian Ocean. Though, this project could be a "game changer" for both Pakistan and China, still it is not without challenges as the route will pass through Baluchistan province, where mineral and gas projects have already facing insurgencies (Dawn, 2013).



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### **Chinese Trade Initiatives in South Asia**

There are some least economically developed regions in the world. The South Asia is also one of them. Intra-regional trade is also not upto potential due to high cost transportation, exponent procedures, and political turmoil's. The "South Asian Association for Regional Cooperation" (SAARC) agreements, the "South Asian Preferential Trading Arrangement", and "the South Asian Free Trade Arrangement", could not break down these trade barriers. The inherent Indo-Pak hostility, four traditional wars, has caused hurdles in the development of regional trade, slowing the across border movement of goods. So most SAARC countries prefer to export their goods to developed nations and import from China (Anderson & Ayres, 2015).

In the recent decade, China has become a largest trade partner and exporter to South Asian region including India. India was the largest exporter of Bangladesh, however since 2005, China surpassed India and due to good quality and cheap prices many Indian goods has been replaced by Chinese ones. The Land Boundary Agreement 2015 between Bangladesh and India will help both states to cover boundary disputes impressing trade.

Chinese trade ties with Sri Lanka and Nepal are not as strengthened as with India and Pakistan, but the situation is improving one. India is Sri Lanka's top trading partners in the region. However, China's exports to Sri Lanka have balancing the Indian levels. Free Trade Agreement is also under discussion between China and Sri Lanka to further increase trade and provide better approach to Chinese markets for Sri Lankan goods; the current status of trade significantly favors China (Kelegama, 2014).

China is also supporting Sri Lanka in construction of the "Hambantota Port project" at the juncture of Bay of Bengal and Arabian Sea. Likewise, China is intended to build a deep-sea port in Bangladesh at "Sonadia" and a highway of Chittagong-Kunming via Myanmar. Similarly, China is also building the deep-sea port of "Kyauk Phyu" in the Raknine in Myanmar, near the gas field names Shwe (Frankel, 2011). This gas field "Shwe" is denoted as among largest reservoirs of natural gas in the world. In Myanmar, working has already been started on an oil pipeline project and construction of a railway line from "Kyauk Phyu" (Sittwe) to Chinese southwestern province Yunnan.

Nepal lies at a great strategic location, due to that it attracts both its neighboring giants. India and Nepal signed a trade agreement in 1996 which increased their bilateral trade volume. However, Nepal turned towards China both economically and politically, due to Nepal's Maoist insurgency in 2005. Nepali markets overflowed with Chinese goods as it expanded its imports and narrowed its dependency on New Delhi (Kelegama, 2014).

China and India both are striving for rehabilitation and development of Afghanistan; the trade volume has been increased more than \$1 billion. India is planning to contact to Afghanistan via sea route through Chabahar port (Iran), impressively reducing cost of goods delivery hampering Indian trade with Afghanistan. However, China's increasing role in Afghanistan and its connectivity plans after completion of economic corridor could also open routes to Afghan markets through Pakistan.

### **Aid and Investment**

China's growing role in South Asia is emphases on regional economic progress, development infrastructures, trade and investment.

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India has allocated a sufficient amount of foreign aid in budget 2015–2016 for Bhutan, which demonstrates the special economic affiliation among both countries. Bhutan endures its diplomatic relations with China and not ignore the Indian role as regional power. India is providing tangible and intangible assistance to Nepal to have a strong foothold there. Moreover, Afghanistan has also second largest recipient of Indian aid which exceeds \$2 billion.

Sri Lanka has also become a receiver of big Chinese aid in terms of trade and investment. These are mostly concessional loans—started in 2009 after civil war in Sri Lanka and then impaled in 2011. China supported Colombo for an airport, Hambantota cricket stadium and a port, exposed an increasingly close affiliation between the two countries. India is also struggling to gain strategic lead in Sri Lanka through increase in financial support to it.

Sri Lanka also has prominent role in Chinese Maritime Silk Road venture. Chinese attention on deep seaport development brought on India's worries of a China's "string of pearls" surrounding it. But the answer is that China has no intentions to eclipse India, but it is grasping up in its investment and trade.

In Afghanistan both India and China have common interest and have been escalating their engagement for its stability. Investment has become a substantial component. In 2012, a \$10 billion bid won by Indian companies to the Hajigak iron ore deposit, similarly in 2007, Beijing financed in Aynak copper mine. Though, the mining projects started by India and China are facing security threats.

### **Cooperation and Competition between China and India**

Having unsettled boundaries and a combative background, Indian establishment perceives Chinese involvement in South Asia as a threat. However, this attitude can be changed through some efforts, such as the development of the BCIM economic corridor, which is an opening to new prospects for fruitful collaboration. The efforts of both the countries will likely be harmonizing since the region's infrastructure requirements are adjuring and need funds of trillions of dollars. So by connecting to regional and outer markets both countries will be connected into strong bonds through investment and trade which will fortify their working relationship and will bring prosperity in the region.

According to Professor S.D. Muni, Indian policy towards China can be determined by 4 'C's, "containment, conflict, competition and cooperation". Different classes in India affirm different 'C's: Indian business class supports competition, the military supports containment, the bureaucracy backs for cooperation, and so on (Kelegama, 2014). In the western region the competitive advantage will more likely bend to Beijing. As USA is going to reduce NATO and American army in Afghanistan, South Asian region will have to face serious security issues that require harmonization among main powers of the region specially between China and India. Chinese future concerns require to help in stability, peace and prosperity of Afghanistan, even in all of Asian states through trade routes and new economic openings and linkages.

Should the CPEC, an idea to connect western province of China by road and rail to the Gwadar deep water seaport, will be fruitful in the near term, New Delhi may consider itself on the outside of a new supply chain in the center of the region. China is the major financer of AIIB, the Bricks bank NDB, Silk Road Economic Belt which will help it to be the great benefactor without any competition. India is

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also a part of some initiatives for regional fortune and may have to join OBOR project to gain and improve trade ties across Asia (Anderson & Ayres, 2015).

### 3.9 China's Mega Projects in Pakistan

China is playing a substantial part in the development of Pakistan and its economic prosperity since the its emergence and diplomatic relations among them.

#### China Discovers Gold, Copper and Iron Ore in Pakistan's Punjab

A major reserves of copper, iron ore, gold, silver has been discovered by a Chinese company "the Metallurgical Co-operation of China" in Punjab, Pakistan. These assets were detected in Rajua, Chiniot city of Punjab. According to a senior provincial official, "initial estimates indicated 500 million tons of iron ore – a primary ingredient in steelmaking – had been discovered". He further said that China has showed intention to construct a steel mill on this specified location, adding that 60-65 percent of the mined iron had been proved to be high grade in Swiss and Canadian laboratories and silver, gold and copper samples would also be testing soon (The Nation, 2014).

Mian Muhammad Nawaz Sharif, the prime minister of Pakistan stated that this discovery will boost Pakistani economy and will end up its "begging bowl culture". He further said "It is almighty Allah's blessing that deposits of iron, copper and gold have been discovered in the green fields, which led the country to prosperity and rid of begging culture" (The Nation, 2015).

#### The Reko Diq Gold and Copper Mining Project

A trillions worth reservoirs of Copper-Gold have been found at Reko Diq in Balochistan province of Pakistan. Several multinational mining companies have showed interest to gain the contract for mining there. Chinese state-controlled company "China Minmetals Corporation", "Tethyan Copper Company (TCC)"- a group of Canadian and Chilean companies, Antofagasta and Barrick Gold.

Supreme Court of Pakistan have taken notice after petition that valued resources have been sold at very cheap rates. Resultantly, the court declared the mining contract null and void with immediate effect. "Chagai Hills Exploration Joint Venture Agreement" (CHEJVA) was signed in 1993 between the Balochistan provisional management and BHP the mining group of Australia then it sold right to TCC (Shoaib, 2015).

The estimated annual production of gold is 250,000 ounces and copper is 200,000 tons. The proposed location for extracting the mineral situated in Tethyan belt, a big mineralized region ranges across Iran, Turkey, Europe and Pakistan and so on (Faseeh, 2016).

The contract should be given to a highest bidder from a group of multinational mining firms/companies under the compliance of strict rules and regulations. Next hearing of TCC case for compensation of loss is scheduled in October 2016. This multi billionaire reservoirs, along with many others, are a gift of God for Pakistan's prosperity and success.

#### JF-17 Thunder Venture: A 'Flagship' of Pak-China Friendly Relationship

Pakistan Aeronautical Complex (PAC), Kamra has attained an extraordinary breakthrough by manufacturing JF-17 Thunder aircrafts, in 2015. China is cooperating with Pakistan in strategic defense areas and resulting in production of JF-17 Thunder aircrafts which will help to certify the peace and safety of the state and will spread message of peace to the whole world.

Before this, PAC had succeeded in making "Airborne Warning and Control System (AWACS)" and enabled the aircraft in functioning condition at very low expenses as equated to external industries and save the \$15 million by local repair

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of the aircraft. This aircraft was had been severely damaged in a terrorist attack on PAC (Muhammad, 2015).

### **The Energy Crisis**

In spite these immense developmental plans, Beijing also have great concerns over energy crisis in Pakistan. Presently the engineers from China are serving on fifteen projects in this regard in Azad Jammu Kashmir and Baltistan region. Water capacity of the Mangla Dam pool has been enlarged by sixty feet. One more energetic plan is “Neelum-Jhelum Hydroelectric Power Project” through this the water from Neelum river will be diverted into Jehlum by a tunnel. The China is also providing physical at “Kohala Power Project” from which 1050 MW electricity will be generated.

Chinese “Three Gorges Project Corporation” is building a “Diamir-Bhasha Dam” on the Indus river with US\$ 12.6 billion. Moreover, the Chinese firms has also started 6 more large electric generation schemes in Baltistan including: Dasu Hydropower Project, Phandar Project, Bashu Hydropower Project, Yulbo Hydropower Project and Harpo Hydropower Project. PRC is also providing help in housing and communication development sectors by US\$ 300 million. The India is very much suspicious about China’s interest in progress ventures in Azad Jammu Kashmir and Gilgit-Baltistan and consider them as China’s hegemonic intentions in this region but China strictly condemned the charge (Pirzada, 2010).

### **Nuclear Power Sector**

Any change in security paradigm in South Asian region is viewed by Beijing with great concerns specially the US-India nuclear deal. Since that China has also focused to enhance Pakistan’s nuclear programme, particularly, in power generation sector. Chashma power plant has become functional with power generating capacity of 330 MW. Two more power generation plants are going to be completed upto 2017. These agreements were finalized during president Zardari’s tour to Beijing on June 8, 2010, despite American protest on Chinese nuclear assistant of Pakistan. China did not bother this resistance and informed the “Nuclear Suppliers Group (NSG)” in a conference at Christchurch, and showed consent to construct Chashma IV and V in Pakistan.

In the milieu of Indo-US deal on civil nuclear technology, Pakistan considered it as a unfair act, the China’s deal becomes significant and reflects the power of friendship between the two states. The PAEC is planning, including these two plants, to produce 8800 MW adding to other origins of energy. China’s work at Sandak to exploit copper and construction of Gwadar port is taken with great anxiety by some internal and external actors, but these are the ventures having immense affluence for the locality and progress of whole Pakistan.

The economic ties between Islamabad and Beijing are increasing at a great pace. China has become the 5th largest importer of Pakistani goods. Several companies from China are serving in engineering and energy sector, gas and lubricants, Telecommunication, IT, and mining. It is apparent that Beijing has profoundly contributed in economic development of Pakistan which has clearly reduced its tendency to look up to the west mainly United States for our economic and security development. After completion of the current projects, particularly in the energy sector, a tremendous and prosperous future will be anticipated for Pakistan. (Ashraf, 2011).

### **Industrial Development of Pakistan**

The construction of “Heavy Mechanical Complex” at Taxila was the first major step of Chinese government in industrial development of Pakistan. This project of huge importance that prodded the procedure of industrial progress and contributed to the general development of the kingdom in a better way. The Karakorum Highway (KKH), denoted as the 8th miracle of the universe has laid the basis of a reliable and everlasting relationship among two friends and also did wonderful developmental work in Gilgit-Baltistan and heightening business ties between the two nations. At present Chinese establishment is focusing on a proposal for the enhancement of KKH and some other highways in this province worth Rs.45 billion. 85% of the cost will be paid by China and Pakistan have to pay 15% only. A railway track is also envisioned to be built there (John, 2016).

### **Conclusion**

Xi’s administration in China is about to complete fourth year of power and during this period it has introduced significant changes in Chinese diplomacy. Beijing’s foreign policy has entered into a new phase defining as ‘Peaceful Rise-2.0’. A basic goal of this administration is to attain a peaceful external environment which is favourable to Chinese rise. China has not abolished its previous policy of peaceful rise but a new version of it has been introduced which clearly reflects that how the new leadership sees the world and preserve core Chinese national interests in this contemporary world. Now the Chinese peaceful rise is conditioned with the external accommodation for its interests and reciprocal response by the other states. Further Beijing has introduced a ‘new type of great power relationship’ while interacting with the US and to establish a ‘community of common destiny’ with Asian states. While discussing the effectiveness of Xi Jinping’s policies, most Chinese scholars admit that Xi’s policies have boosted up Chinese confidence, attained its strategic position on world map and in international affairs. On the contrary, some also argue that this assertive Chinese attitude is destabilizing and counter-productive. However, at this stage these premature assessments are not to be taken as final, as many initiatives/decisions carry late outcomes. However, it is evident that China has flourished under current leadership and Xi’s sophisticated policies carry both elements of continuity and change. He has tired his best in securing Chinese national interests while strengthening its ties with outer world with dignity and pride. Further, China has also maintained a regional balance of power to have a conducive environment for its domestic development through AIIB and other aid and trade initiatives providing opportunities for regional development, peace, stability and economic cooperation. These ingenuities fulfilled the Beijing’s own interests as well as development needs of the region.

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