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Navigating Relations with China and India

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Both China and India have specific driving factors behind their respective foreign policy strategies, some of which compel competition while others push them towards cooperation. Sri Lanka should attempt to leverage its strategic significance to both powers, and also pursue the development of its soft power with India – particularly with Indian constituencies beyond New Delhi.

I. Introduction

This *Policy Brief* first discusses the drivers of India's and China's foreign policies and then examines India's and China's relations with each other, while considering how Sri Lanka fits into these policies and the China-India relationship. It concludes by highlighting some implications of this analysis for Sri Lanka, including recommendations on how Sri Lanka can harness increasing global multipolarity to gain the most for the Sri Lankan people when dealing with these two powers.

II. Drivers of India's Foreign Policy

India's two major ambitions are to rise to great power status and lift its people out of poverty. Its foreign policy is driven by particular economic and strategic interests, and shaped by cultural values.

India's Economic and Strategic Interests: Development and Power-Projection

In terms of economic interests, Delhi pursues economic development, energy security, and food security. It seeks to ensure its trade routes are protected. The Indian government also recognises the need to mitigate rising inequality that has led to security crises like the Maoist insurgency – its greatest internal security threat. In light of these goals, it sees Sri Lanka as both an economic partner, which can potentially support greater trade and connectivity, and as a competitor to India, especially with regard to ports.

India also wants to be a leading strategic power in Asia. It now actively seeks to expand its power projection capabilities from South Asia to throughout the Indian Ocean and beyond. This objective is driven not only by strategists and policymakers but also by the public. Polling has found that almost nine in ten (89%) Indians think that India should do more to lead cooperation with Indian Ocean countries and an overwhelming majority (94%) think that [India should have the most powerful navy in the Indian Ocean](#).¹ Sri Lanka's proximity to India and central location in the Indian Ocean make the country an important factor in achieving these strategic objectives.

India's Cultural Values: Pushing for Prestige and Soft Power

India's strategic interests and capabilities are influenced by cultural values.² India's goal of great power status is underpinned in part by adherence to [values of hierarchy and prestige](#),³ which have been dominant in Indian society since Vedic times. They continue to influence New

Delhi's policymakers, as a result of these officials' immersion in India's cultural context, and via the political imperative to adhere to public will. The 'push factor' of cultural values extends to various centres in Delhi's foreign policy establishments, such as Prime Minister's and Foreign Minister's offices, the National Security Advisor and the Indian Foreign Service. For India, indicators of global hierarchy and prestige, include both symbolic and strategic achievements like recognition as a legitimate nuclear power, and a seat at the United Nations Security Council.

Simultaneously, Delhi's behaviour is guided by the value of non-violence, which grew out of its colonial experience. For instance, India had strong strategic reasons to support US interventions in Iraq in 2003 and Libya in 2011, namely to please Washington's politicians, particularly given that the US Congress was considering the [US-India Nuclear Deal](#)⁴ at the time (2008). Yet, India opposed these wars, largely due to its opposition to military interventions which involve interstate conflict, underpinned by the value of non-violence. Closer to home in South Asia, however, India has intervened militarily several times, including in Sri Lanka. Here, strategic interests and domestic Indian politics have proven stronger drivers than values of non-violence and non-interference. Even in South Asia, however, non-violence has restrained India in its conflicts with Pakistan, if it is compared to how large powers like the US, Russia or China have interacted with their smaller neighbours.

Culture also influences India's foreign policy through providing Delhi certain avenues of soft power. During Modi's first visit to Sri Lanka in 2015, he sought to garner favour among the Sinhalese Buddhist majority by worshipping at Buddhist religious sites like the Mahabodhi tree in Anuradhapura and Ruwanweliseya. This continued the 'Buddhist diplomacy' of his 'Act East' policy, which reached out to East Asian countries with large Buddhist populations. Modi has positioned himself as a representative of 'all of Indian culture' and not just Hinduism. This approach mirrors a central belief of the Hindutva movement, from which Modi arose and has helped expand, considers itself as the vanguard of all 'India's religious heritage'—including Buddhism, Jainism and Sikhism.

III. Drivers of Chinese Foreign Policy

The drivers of China's foreign policy are somewhat similar to India's; reflecting that both are highly populous Asian states claiming to encompass entire civilizations, multilayered domestic and regional politics, and rapidly developing economies. Beijing's overarching objective now is to reshape its environment to ensure its economic growth is unrestrained by external forces and its security is guaranteed.

China's Economic and Strategic Interests: Maintaining Growth and Stability

China's economic interests include overall growth at a rate sufficient for the Chinese people to accept [increasing economic inequality](#).⁵ In recent years, the Communist Party's claim to legitimacy has come to [rest more on economic growth than on ideology](#).⁶ This must be achieved in the face of a cooling economy. The Belt and Road Initiative (BRI) is China's major

initiative to achieve this. The economy has excess productive capacity and BRI infrastructure projects like those in Sri Lanka can unload some of this excess.

Tensions between China and the US

Beijing also has major strategic and security interests and goals, which are linked to its economic needs. Partly due to security fears and partly due to a sense of destiny (influenced by the cultural factors referred to below), Beijing seeks to eventually reach at least strategic parity with the US in Asia. This, however, raises the risk of a conflict with Washington. It is unclear whether the two countries will avoid (like Japan) the ‘Thucydides trap’ in international relations; that rising powers rarely grow in the prevailing international order without coming into conflict with the existing dominant power.

Most pressing is the fear that China’s trade routes could be cut off in the event of a conflict with the US. China is surrounded by a string of America’s friends and allies. The BRI increases Beijing’s influence in states that are situated along China’s trade routes—from Asia to the Middle East, Africa and Europe, via the Indian Ocean and Central Asia. The project has promised investments of around [USD 1 trillion](#)⁷ (though approximately only USD 50 billion has been spent to date).

Sri Lanka’s role in China’s foreign policy

This is where Sri Lanka fits into China’s economic and strategic objectives. Located at the heart of the Indian Ocean, the island nation sits astride China’s all-important trade routes. Infrastructure projects like the development of the Hambantota port, which China began in 2008, serve dual economic and strategic purposes. Despite Sri Lankan statements that China will not be allowed to use Hambantota for military purposes, China’s access to intimate knowledge of the harbour at least optically provides Beijing with a key military staging area in the event of conflict. China will also maintain ports of Gwadar in Pakistan, and Chittagong in Bangladesh. Even India’s slow-moving Chabahar Port project in Iran [risks attracting Chinese involvement](#).⁸

Cultural factors

Similar to India, China’s foreign policy is also influenced by cultural identity and values. The foreign policy elite in Beijing and a significant segment of the Chinese public is acutely aware that theirs is a two-millennia-old civilisation, which was humiliated in recent centuries by the West and is now on the verge of a course correction.

Like India, China is a hierarchical society. Maintaining ‘face’ and recognition by others is prioritised in international affairs. There is a strong expectation among the Chinese public that China will rise to be the dominant power in Asia, if not globally. This objective was evident in China’s hosting of the Belt and Road Summit in 2017, which could be described as the political equivalent of the city’s 2008 Olympics in celebrating the country’s rise on the global stage.

While Beijing is similar to India in being driven by values of hierarchy and prestige, it differs by being more strongly driven by the interests of regime survival.

These interests have seen China steadily converting its growing economic clout into a louder voice on the geopolitical stage. It has employed the ‘carrot and stick’ approach to influence other states. One of Beijing’s most attractive ‘carrots’ or incentives is presenting itself as a less judgmental great power partner than the US. This has been used to appeal to countries ranging from Burma, to Sri Lanka, to Qatar.

This non-judgemental approach provided China with an advantage over the West and India during the final years of Sri Lanka’s three-decades-long civil war. China’s support during those years helped Sri Lanka to defeat the LTTE at a time when it was isolated and under pressure from the West and India. Beijing provided, among other support, [USD 37 million in ammunition and ordinance and six F7 fighter jets](#).⁹ This fostered appreciation of China, not only in Sri Lanka but also in other countries that faced insurgencies and did not receive assistance from the West. By supporting Sri Lanka in its civil war, China strengthened its global credentials as a reliable great power partner. Where China later stumbled in maintaining its image, however, is in its trade and investment deals, which harmed Beijing’s reputation on the island.

IV. China – India Relations

To determine how Sri Lanka can best navigate China’s and India’s interests, it is important to understand their relations with each other. Relations are shaped by both factors supporting cooperation and those supporting competition.

Drivers of cooperation

There are significant forces pushing for peace and cooperation between Beijing and New Delhi. The growing economic relationship is in some respects an anchor that prevents strategic relations from becoming too negative. China is India’s largest trading partner, and globally, the two have some converging interests as rising developing countries. They both seek fairer terms of trade. They want a greater say in the running of global institutions—including economic institutions about which they share a degree of scepticism of prevailing neoliberal ideology. And, while maintaining differing visions of it, both China and India still hold a preference for a multipolar world order.

Drivers of conflict

Nevertheless, relations between China and India are strained by several factors which fuel the potential for conflict, including economic and territorial issues, and the larger issue of strategic competition for regional dominance in Asia.

Economic and territorial issues

Economic ties have been the cause of rivalry, including India's large trade deficit with China and issues over market access. The two countries also compete for resources in Africa and the Middle East, with Indian firms [often complaining](#)¹⁰ that they are disadvantaged by Chinese companies having state backing and resources.

Boundary issues also continue to play a role. The recent stand-off in Doklam is the result of lingering disputes over the China-India border since the colonial era. These boiled over into war in 1962 when China launched offensives in Ladakh, simultaneously shattering bilateral peace and the idealism of India's first Prime Minister, Jawaharlal Nehru.

Strategic competition for regional dominance

Moreover, beyond these specific bilateral issues, India sees China as its main external threat. [India's nuclear weapons program was largely aimed at defending itself against China](#),¹¹ more than against Pakistan. To Indian policymakers today, Beijing's increasing strategic dominance in Asia, and beyond, represents an unknown force that may hinder India's own rise as a strategic power. They view it in contrast to US primacy in the region which, despite past rivalries over Pakistan and Afghanistan, is now considered a known force; one that has facilitated the generally stable environment that has enabled India's economic growth since the 1990s. This factor has [contributed to India's support for US positions on issues like freedom of navigation](#).¹² As such, India has a more sanguine view of a future Asian security architecture that includes the US, than does China.

India's view of China's role in South Asia

Of most relevance to Sri Lanka is the fact that Delhi has long sought to deny external powers access to the South Asian region. China's growing long-term partnership with Pakistan, including the BRI's China-Pakistan Economic Corridor, is an affront to this objective. India seeks to convince other South Asian countries like Sri Lanka to halt or reduce Beijing's strategic footprint in their territories. With regard to the BRI, India has increasingly claimed it can create a 'debt trap' for states, in clear reference to Sri Lanka; without, however, indicating alternative avenues of support for infrastructure development.

Beijing's growing ties with Colombo in the last decade have caused alarm in Delhi, which have only been partly mitigated since 2015. India has pressured Sri Lanka to be mindful of Indian interests when engaging with China. As a counterstrategy, India has also sought to build its own relationships with China's neighbours—particularly with Japan—who seek more leverage in their dealings with Beijing. India has also cooperated with Vietnam, including in exploring [the South China Sea for minerals and in taking steps toward selling BrahMos missiles](#)¹³ to the country.

China's view of India's strategic significance

While China saw India for many decades as more of an annoyance than a threat, complicating Beijing's objectives on issues like Tibet by providing asylum to the Dalai Lama, it now views India as a somewhat of a 'conditional' threat. That is, it views Delhi as problematic to Beijing's strategic agenda to the extent that India cooperates with US efforts to contain China or threaten China's trade routes across Asia and the Indian Ocean.

India plays a potentially pivotal role in maintaining these routes, given its strategic location in the Indian Ocean, between China and its (i) Middle Eastern energy sources, (ii) African resource reserves and (iii) European markets. China has concerns about India's cooperation in security groupings like the potential revival of the Quadrilateral Security Dialogue including Japan, the US, Australia and India. These concerns, combined with China's support for Pakistan, have contributed to Beijing opposing Delhi on key strategic and symbolic issues like India's desired permanent membership of the UN Security Council and its attempts to [join the Nuclear Suppliers Group](#).¹⁴

Potential for China-India convergence

Beijing does not, however, regard an anti-China, Indo-US alliance to be a foregone conclusion. The direction of its messaging in regard to existing tensions suggests that it sees India as a target for diplomatic persuasion and pressure, rather than a solidified strategic rival. At the 8th BRICS Summit on 26 January 2017, President Xi Jinping made a [distinctly complimentary speech](#)¹⁵ regarding India, and even allowed mention of Pakistan-based terror groups in the BRICS statement. This strategy seems to have met with some success as is evident from [India's recent cancellation of two major events](#)¹⁶ in New Delhi that were to feature the Dalai Lama. In this way, Beijing has sought to compartmentalise ties and advance overall cooperation, despite ongoing territorial disagreements. China seems to recognise that it faces greater strategic challenges from the East, including from Japan, Taiwan and the US.

Why then did Beijing build a road in Doklam and trigger India's ire? It may have been a testing exercise, similar to what China has done in other disputed territories like the South China Sea and the East China Sea—[pushing the boundaries to learn how neighbours react, and how much the US becomes involved](#).¹⁷ In resolving the dispute, the leadership in Beijing sought to balance the domestic political necessity of appearing 'tough' with its interest in not pushing Delhi too far toward Washington. That China halted the road-building just prior to the BRICS summit in its southern city of Xiamen, highlights the importance it places on being seen as a benevolent power and future global leader, with BRICS as a key vehicle.

V. Implications and Recommendations for Sri Lanka

It is important that Sri Lanka expend resources to build its understanding of all these forces that shape Indian and Chinese foreign policy, including of forces that shape their relations with each other. This can involve supporting and utilising the academic talent that is already present in the country as well as Sri Lankan academics and research students based overseas. Insights

from their research should be used to inform engagement and negotiations with India and China.

Two other recommendations ensue from the foregoing analysis; one that relates to a broader perspective of foreign policy and another that is more specific. First, Sri Lankan policymakers must recognise and adapt to a world that is increasingly multipolar. The traditional spheres of influence of regional hegemony are being challenged in South Asia, and elsewhere. For instance, in the Middle East, there is growing Chinese influence and a re-assertive Russia, and Middle Eastern states are diversifying their strategic partners.

Colombo should recognise and utilise the strategic leverage that these changes bring. Sri Lanka's importance to India has grown due to Delhi's fears of Beijing. Sri Lanka's importance to China has grown due to Beijing's concerns about and strategic competition with the United States. Of course, in doing so, Colombo needs to be careful and tactful.

Second, Sri Lanka should also work to more effectively utilise its soft power; an especially vital instrument of foreign policy for smaller and developing countries. The need and potential for effectively using Sri Lanka's soft power is particularly great in India, where public opinion has somewhat more impact on foreign policy than in China. For instance, state politicians in [Tamil Nadu have often worked against](#)¹⁸ Sri Lanka's interests, and this problem may grow if the Modi government fulfils its promise to allow [state governments more involvement](#)¹⁹ in India's foreign policy. To mitigate this negative influence, Colombo should work to build its appeal to other power centres in India, emphasising ancient cultural ties. India's population is reawakening to its Buddhist history with the BJP's Hindutva cultural nationalism encouraging more historical reflection by supporters and opponents. Sri Lanka can use this to cultivate pro-Colombo constituencies in India, including in locales like Maharashtra, where Dalit groups have embraced Buddhism.

The drivers of cooperation between India and China that are discussed above make real the possibility of the rising powers making deals between themselves that ignore the interests of smaller states like Sri Lanka. For instance, China could in some future context agree to recognise Sri Lanka as within India's sphere of influence, if Delhi reciprocates for Southeast Asia. It is also worth noting that while India is economically and militarily weaker than China, Sri Lanka is more fundamental to India's security than to China's, which will impact Delhi's propensity for involvement.

Furthermore, China is still learning the dynamics of Sri Lankan politics while Delhi is an old hand. This may partly explain how, despite Beijing's support of Sri Lanka during the civil war, Sri Lanka's ties to China were couched as a liability in the 2015 elections and again during the local government elections of February 2018. Beijing is still learning the importance of investing resources in understanding Sri Lankan domestic politics. Similarly, Colombo must learn lessons from past agreements and interactions and refrain from repeating mistakes with both China and India.

VI. Conclusion

India will always be Sri Lanka's closest neighbour and cultural cousin. China will continue to grow its global influence, and it should be noted that Beijing provided Colombo a lifeline during a critical time of the war. In the future multipolar world order, great powers will compete for the favour of smaller countries. Sri Lanka should see this as an opportunity to use its leverage to achieve bolder ambitions in its foreign policy and extract more from its great power relationships. This will help achieve both the security and prosperity that the Sri Lankan people have long desired.

Notes

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