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Editor-in-Chief

Chien-wen Kou

National Chengchi University



INSTITUTE OF INTERNATIONAL RELATIONS
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CONTENTS

ARTICLE

- Digital Representation in an Electoral Campaign Influenced by Mainland China: The 2017 Hong Kong Chief Executive Election 1950005
Fung CHAN and Biyang SUN

SPECIAL ISSUE: CHINA'S ENGAGEMENT WITH SOUTH ASIA AND RESPONSES FROM THE REGION (PART I)

Guest Editors: G. V. C. NAIDU and MUMIN CHEN

- Introduction to the Special Issue — China's Engagement with South Asia and Responses from the Region 1902001
G. V. C. NAIDU and Mumin CHEN
- China's Belt and Road Initiative in South Asia and the Indian Response 1940002
Jingdong YUAN
- Modi's Neighborhood Policy and China's Response 1940001
Rajeev Ranjan CHATURVEDY
- Engaging the Asian Giants: India, China and Bangladesh's Crucial Balancing Act 1940003
Smruti S. PATTANAİK

Digital Representation in an Electoral Campaign Influenced by Mainland China: The 2017 Hong Kong Chief Executive Election

FUNG CHAN AND BIYANG SUN

Widely known by the public, the Chief Executive of Hong Kong is selected not by universal suffrage but by a 1,200-member Election Committee (EC). While candidates Carrie Lam, John Tsang, and Kwok-hing Woo all ran in the Chief Executive Election of 2017, only Lam received the blessing of authorities in the Mainland. Though Tsang had led the polls throughout the entire campaign and was popular on several social media platforms, a majority of EC members still cast their vote for Lam as Chief Executive. This was the first time that EC members voted against popular opinion in the Chief Executive Election. This paper analyzes the limited power of social media under elections that are under the influence of Mainland China. It also examines the problem of legitimacy in such electoral settings and the way in which authorities in the Mainland have influenced electoral outcomes through defects in the institutional systems of Hong Kong. The 2017 Chief Executive Election affirmed the tightened control of Mainland authorities over the affairs of Hong Kong.

KEYWORDS: Chief Executive Election; universal suffrage; information and communication technologies; political marketing; Mainland authorities' policy toward Hong Kong.

* * *

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As its constitutional document, the Basic Law of Hong Kong states that the ultimate aim of political development in Hong Kong is to select a Chief Executive through universal suffrage. Yet as of today, the Chief Executive is still decided by an Election Committee (EC) containing only 1,200 members. The nature of such indirect elections has left room for authorities in the Mainland to influence the outcome of elections, and this was most evident in the Chief Executive Election of 2017. Carrie Lam, John Tsang, and Kwok-hing Woo campaigned for Chief Executive in 2017. In the end, Lam was elected Chief Executive despite the fact that Tsang had lead in various opinion polls throughout the campaign. As in the electoral campaigns of other democratic places, new information and communication technologies (ICTs) have been growing in influence, greatly affecting the political marketing of electoral campaigns. Though Tsang lost the election, he had managed to rally considerable support from netizens and the general public of Hong Kong to the embarrassment of both Lam and the authorities in the Mainland. At the same time, the elections in 2017 also revealed that the pro-establishment camp was uninterested in employing ICTs in the campaign. This may be due to the fact that the pro-establishment camp needed to canvass support from only 1,200 EC members and not the general public. The pro-establishment camp may therefore have lacked an incentive to campaign through social media platforms.

The elections may also have reflected the changing policy of Mainland authorities towards Hong Kong. This was the first time that EC members did not support the candidate most popular with the general public. There have been elections in which two pro-establishment candidates ran for Chief Executive, such as Chun-ying Leung and Henry Tang in 2012, and both candidates were approved by Mainland authorities to compete in the election (J. Y. S. Cheng, 2013). Leading the public opinion polls prior to Election Day, Leung was able to persuade EC members to support him and win the election. In the 2017 Chief Executive Election five years later, however, authorities in the Mainland offered their support for only Carrie Lam and attempted to persuade John Tsang, the other pro-establishment candidate, to withdraw. In addition, Mainland authorities did not allow pro-establishment EC members to freely choose their preferred candidates and ignored the fact that Tsang was actually more popular than Lam in the public opinion polls. These restrictions have shown that compared to the previous elections, Mainland authorities intended to more heavily exert their influence over electoral affairs of Hong Kong than in the previous elections.

Social Media and Elections

In recent years, social media has become one of the most powerful tools in political marketing. Social media allows users to connect to political figures or activists who can influence people politically, especially in a highly populated city (Tang & Lee, 2013). Social media also gives candidates greater political exposure through greater social networks, mobilizing participation in political movements (Gil de Zuniga, Jung, & Valenzuela, 2012). Some scholars have proposed that ICTs have broken previously interconnected relationships in local communities and established wider and weaker locality-based ties (McPherson, Smith-Lovin, & Brashears, 2006). Some types of social media allow users to form groups or communities through which the members of online political groups are more willing to be mobilized than offline political activists (Conroy, Feezell, & Guerrero, 2012). The political viewpoints of users may also be affected by friends or followers in social media, and political participation has become more contagious among social networking communities (Vitak, Zube, Smock, Carr, Ellison, & Lampe, 2011). Some scholars have also noted that social media has exerted a greater influence on political issues though it was never intended for political use (Conroy et al., 2012).

Recent studies have examined how social media both affects and predicts the outcomes of elections. Researchers have found that though there is a significant relationship between online networks and electoral outcomes, the power of social media itself, if any, can only be obvious in tightly contested elections (Cameron, Barrett, & Stewardson, 2016). Skogerbø and Krumsvik (2015) also argue that although politicians use social media for political campaigns today, content posted on social media seldom attracts the attention of traditional media, e.g., newspapers, and does not always contribute to agenda setting in their election races. Bene (2017) analyzes post content and proposes that netizens are more likely to react to negative emotion-filled and activity-demanding posts than positive ones. However, as Borah (2016) discovered in the 2008 and 2012 American presidential elections, posts by the Democratic Party were more positive while the Republican posts contained a higher percentage of fear appeals. Findings indicate that positive posts were more successful at obtaining higher social endorsement compared to fear incentivizing ones. Scholars have also discovered that some politicians are unfamiliar with the function of social media. These politicians have treated social media as merely an additional channel for the spread of information and ignored its important interactive nature. The same politicians also rarely exchange ideas with

their followers, and have simplified social media into a one-way online notice board (Ross, Fountaine, & Comrie, 2015). In addition to spreading information, social media is also a personalized marketing tool that effectively promotes the individual personas of politicians in their additional parties (Enli & Skogerbø, 2013). Simply saying, while the role of social media varies from campaign to campaign, it has become an essential political marketing tool used by politicians around the world.

Some studies have analyzed the impact of social media on democratic systems. Social media stimulates the development of democratization because it provides an easy pathway for people to engage in political participation (Bode, Vraga, Borah, & Shah, 2014). Greene (2013) adds that social media has created new relationships among different interest groups in Russia, increasing their political power to work against the current authoritative government. In contrast, Zhang and Lin (2014) have noted that in China's authoritarian environment, social media enhances state legitimacy by providing channels for netizens to express their rational political viewpoints under state censorship. In Hong Kong, the 2017 Chief Executive Election has shown how social media affected the popularity of candidates throughout the campaign while failing to influence its outcome under the influence of Mainland China. As Hong Kong is one of the few censorship-free places in China, the Chief Executive Election can shed light on how the Chinese Communist Party (CCP) handles an election in a quasi-democratic environment.

In *Media and Protest Logics in the Digital Era: The Umbrella Movement in Hong Kong*, Lee and Chan (2018) mention that while conventional media institutions remain an important arena, digital media has begun to play a greater role in the sustaining of political movements. At the same time, authorities have used online platforms to respond to certain social events. E. W. Cheng (2016) also notes that authorities in Beijing have changed their policy from "non-intervention" to "pro-action" to tackle localist bottom-up activism while at the same time encouraging pro-regime groups to counter-mobilize. While counter-mobilization has often included the influencing of public opinion on different online platforms, the latter part of this paper shows that the pro-establishment groups failed to do so in the electoral campaign. Additionally, Ngok (2016) believes that the Chief Executive Election is one way for the sectoral elites to exert their influence on the government, as candidates need to respond to sectoral demands throughout the electoral campaign. In the 2017 Election, however, business leaders had much less influence and local pro-establishment leaders were requested to show their absolute loyalty. With features such as these, the 2017 Chief Executive Election reflects a change in the Central

Government's policy toward Hong Kong that is represented by a drop in flexibility among local elites.

Underrepresented Methods in the Selection of Hong Kong's Chief Executive

After being selected in the EC Subsector Elections, the 1,200 members of the EC directly elect the Chief Executive of Hong Kong. Selection methods for EC subsectors are categorized into three types: (1) a plurality-at-large system, (2) consultative nomination, and (3) ex-officio members. Most subsector elections follow the plurality-at-large system in which voters can choose more than one candidate in their ballots and the candidates with the highest votes obtain the seats. Consultative nomination is only applied in the Religious Subsector in which six religious leaders/organizations nominate 60 members through consultation. For the ex-officio members, 36 Hong Kong deputies in the National People's Congress and 70 members of the Legislative Council automatically become members of the EC.

The composition of the EC has been criticized as a "small circle system" because there are only 246,660 total registered voters in all 44 subsectors (Registration and Electoral Office, 2016). Though it is expected that the EC be "broadly representative" as stated in the Basic Law, not all citizens are allowed to register to vote in the subsectors. Citizens who do not practice a profession in a related subsector cannot vote or compete in the EC Subsector Elections. This has led to the underrepresented nature of the EC and, by extension, the Chief Executive Election.

Another problem of the EC's composition is the uneven distribution of interests. The Education Subsector (Sector II) contains the highest number of registered voters at 79,738, while most subsectors contain fewer than 10,000 voters. For example, the Chinese Medicine Subsector (Sector II) has only 6,209 voters (Voter Registration, 2017). As a result, a vote in a more populated subsector seems to be less valued than a vote in a less populated one. In addition, some subsectors such as Agriculture and Fisheries (Sector III), do not reflect the current economic structure of Hong Kong. Theoretically, if the Agriculture and Fisheries Subsector holds 60 seats out of 1,200 EC members, people employed in the industry should comprise around 5% of the total labor force in Hong Kong. In fact, agriculture and fishery industries consisted of less than 0.7% of total employment in 2017 (Census and Statistics Department, 2017). Given the inherent irrational nature of the EC's

composition, the rationale of its seat distribution does not make much sense to the public.

The selection methods of the EC Subsectors are in favor of pro-business and pro-establishment groups. Some subsectors allow corporations or organizations to be registered voters in the form of a legal entity. In the following Chief Executive Election, candidates must canvass support from these business subsectors and the eventual Chief Executive may thus implement pro-business policies in the new Administration. Apart from pro-business interests, the formation of most subsectors under Sector IV is pro-establishment-oriented. The Subsectors of the Chinese People's Political Consultative Conference and the National People's Congress are composed of members from the governmental structure in Mainland China, while Heung Yee Kuk (Rural Council) is made up of traditionally pro-establishment groups supporting the Communist regime in China. Pro-business groups and conservative representatives together occupy at least two-thirds of the EC seats, giving authorities in the Mainland significant influence over the outcome of the final Chief Executive Election.

In the 2016 EC Subsector Elections, it was not surprising that the pro-establishment camp gained 802 out of the 1,200 votes while the pan-democratic camp gained 327 (HK01, 2016). Before the election, the pan-democratic camp had established an ad hoc interest group, "Democracy 300 Plus," to coordinate strategies among pan-democratic EC members. Compared to the previous terms of the EC Subsector Elections, the pan-democratic camp obtained the highest number of seats in this term, forming an important political force in the following Chief Executive Election.

Candidates and the Political Interests They Represent

The 2017 Chief Executive Election was held on March 26, 2017, and the nomination period ran from February 14 to March 1 in the same year. To run in the Election, a potential candidate must receive at least 150 nominations from EC members. As the final vote for the Chief Executive is a secret ballot, it is not theoretically possible to link EC members to their votes. Fortunately, all EC nomination forms are disclosed to the public before the end of nomination period, providing an important source of the political interests that the candidates represent. The following is an analysis of political distribution based on the EC intentions of nominations.

Carrie Lam and the Pro-Establishment Camp¹

Carrie Lam was the former Chief Secretary, the second highest position in the government of Hong Kong. She was required to resign from her position before entering the Chief Executive campaign. On January 12, 2017, Lam delivered her resignation from the post and received the approval from the Central People's Government within five days. On January 17, she formally made her declaration to run for Chief Executive ("Liangsizhang," 2017). Mainland authorities then began assisting her election campaign. In early February, Zhang Dejiang, a Member of the CCP Politburo Standing Committee, called for a meeting in Shenzhen with a group of social and business leaders of Hong Kong, some of which were EC members. During the meeting, Zhang confirmed that Lam was "Beijing's choice" for Chief Executive. At the same time, he emphasized that the decision to endorse Lam was made unanimously by the CCP Politburo ("Lam the Anointed One," 2017). Later, Chee-hwa Tung, the former Chief Executive of Hong Kong and then Vice-Chairman of the Chinese People's Political Consultative Conference, mentioned to the news press that if John Tsang (Lam's rival) were to win the election, Tsang might not be appointed by the Central People's Government ("Dongjianhua Chuanhua," 2017). Such an announcement exerted pressure on EC members to support the side with the blessing of the Mainland authorities. In the end, Lam received 579 nominations, a majority of which were from traditionally pro-establishment parties and consisted of nearly half of the 1,200 EC members.

John Tsang — An Ad Hoc Alliance with the Pan-Democratic Camp

John Tsang, the former Financial Secretary, was one of the other two candidates in the Chief Executive Election. As Tsang had served in various high-level government posts after the Handover in 1997, he was seen as part of the pro-establishment camp from the very beginning. Like the position of Chief Secretary that Lam had served in before the Election, the Financial Secretary must also gain the approval of the Central People's Government before resigning. Tsang declared his resignation

¹The Hong Kong's political sphere is generally divided into two camps: (1) the pro-establishment/pro-business/pro-Beijing camp, which supports the Chinese Communist standpoint in the rule of Hong Kong, and (2) the pan-democratic/non-establishment camp, which strives for greater freedom and autonomy from the Mainland.

from the post of Financial Secretary on December 12, 2016. However, while Lam received approval for her resignation within five days, Tsang's was not approved by Beijing until one month later ("Liangsizhang," 2017). During the intervening time, Tsang admitted that someone from the Mainland authorities persuaded him not to run for the electoral campaign ("Zengren," 2017). The Liaison Office of the Central People's Government in Hong Kong (LOCPGHK) also strived to ensure that pro-establishment EC members only nominated Lam ("Jianzhi," 2017). In this way, it was thought that Tsang might cancel his campaign due to the unlikelihood that he would meet the threshold of 150 EC nominations.

Unexpectedly, Tsang instead sought support from the pan-democratic camp. The democratic coalition "Democracy 300 Plus" finally decided to grant a part of their nominations to Tsang for the following reasons: (1) As was the experience of the 2012 Chief Executive Election, pro-establishment EC members could choose freely between two pro-establishment candidates and the pan-democratic camp supposed that Beijing could give a green light to Tsang in the later stage as long as he had obtained enough nominations; (2) if the pan-democratic camp did not nominate Tsang, there would be no strong rival to Lam and she would win the Election too easily; and (3) if it became a close race in the later stage, the pan-democratic camp might become the tie-breaker and increase its political influence. Tsang obtained 160 EC nominations before the end of the nomination period, 35 of which were from the pro-establishment camp and 125 from the pan-democratic camp (HK01, 2017).

Kwok-hing Woo — The Pan-Democratic Camp

Kwok-hing Woo was a retired judge in Hong Kong and the first to officially announce his candidacy for Chief Executive in October 2017. Of the three major candidates, Woo's political standpoints were the closest to the pan-democratic camp, meaning that he could gain much support from the democrats before the others declared their intent to run. Woo managed to obtain 180 EC nominations, all of which were from the pan-democratic camp (Yeung, 2017). For example, nearly all EC representatives from the Subsector of Social Welfare (Sector III) and Health Services (Sector II) nominated Woo. However, since the pan-democratic camp needed to break the tie in a close race between Lam and Tsang, the democrats divided their support between Woo and Tsang, and Woo was no longer the only candidate representing the political interests of the pan-democrats.

Opinion Polls and Election Outcomes

Another local politician and the leader of the New People's Party (from the pro-establishment camp), Regina Ip expressed her intention to run in December 2016. However, since Mainland authorities had confirmed that pro-establishment EC members were to limit their nominations to Carrie Lam, only a few EC members dared grant a nomination to Ip. Foreseeing the difficulty of obtaining enough nominations, Ip finally withdrew from the Election in late February 2017 (Ng & Lam, 2017).

Before the end of the nomination period, three candidates were running: Carrie Lam, John Tsang, and Kwok-hing Woo. The Public Opinion Programme (POP) organized by the University of Hong Kong (HKU) conducted a phone interview in late February 2017, showing that Tsang was leading in the polls with nearly 40% of participants supporting his bid for Chief Executive (see Figure 1).

The HKU's POP continued its rolling survey on the popularity of the three formal CE candidates after the nomination period (see Figure 2). From the beginning of March until two days before Voting Day, opinion polls all reported that Tsang was leading the campaign. Woo's figure maintained as low as approximately 10%. The widest popularity gap between Tsang and Lam was recorded on March 22, four days before Voting Day. Tsang was leading Lam by 30%, delivering a clear message that the general public in Hong Kong supported Tsang and not Lam as the next Chief Executive.

Lam lost in the polls but won the Election. She obtained 777 votes, consisting of over 60% of the total. In contrast, Tsang only obtained 365 votes, consisting of approximately 31% (see Table 1). The results suggest that voting of the EC members was based not on the will of the general public, but on the interests of their subsectors or their own pro-Beijing loyalties. Additionally, though Woo had begun as the only candidate who genuinely represented the pan-democratic camp, most pan-democrats had chosen to support Tsang before Voting Day ("Huguan Zan," 2017) to increase his chance of winning. If over 200 pro-establishment EC members supported Tsang,² then the pan-democratic camp might be able to break the tie in a close race. In addition, it was estimated that about 60 pro-establishment EC members ignored pressure from Chinese authorities and chose to support Tsang ("Xihuan," 2017). Most of these pro-establishment votes were from commercial sectors and due to personal relationships with Tsang. The movement of 60 pro-establishment EC members away from the

²The pan-democratic camp believed that some pro-establishment EC members would turn to support Tsang due to his high performance in the opinion polls. Since ballots were cast in secret, authorities in the Mainland in theory had no way of knowing who voted for Tsang.

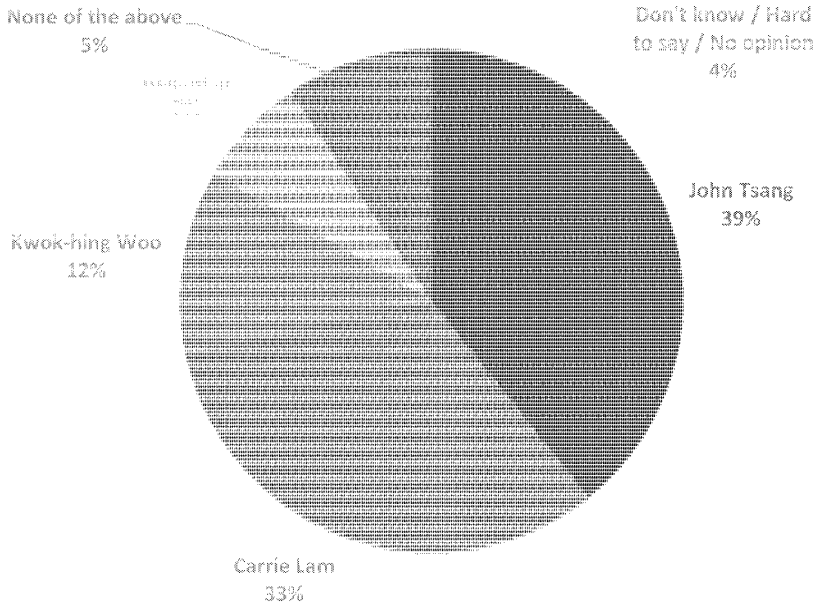


Figure 1. Popularity of candidates among the general public in late February 2017 (HKU Pop Site, 2017b).

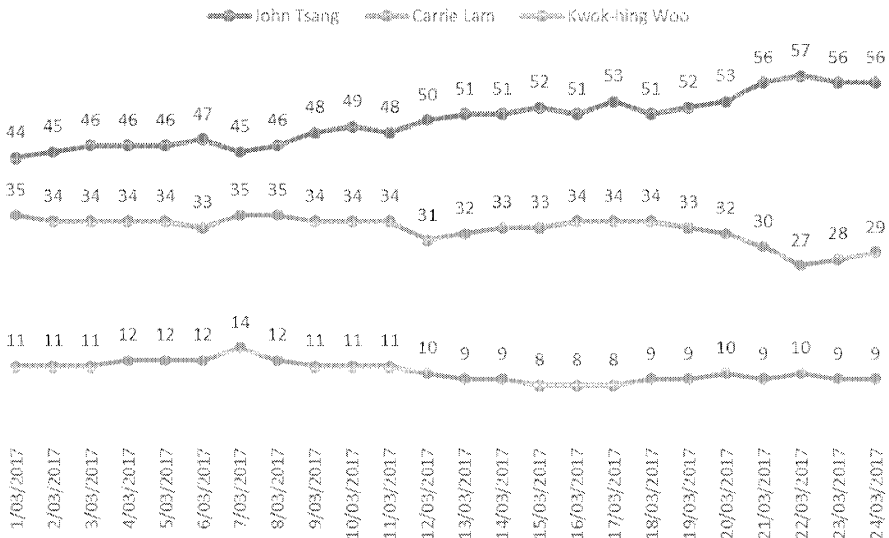


Figure 2. A rolling survey of the popularity of CE candidates with the general public after the nomination period (HKU Pop Site, 2017a).

Table 1.
Results of the 2017 Chief Executive Election

Eligible Voters: 1,194		
PRESENT VOTERS	1,186	100%
INVALID VOTES	23	1.94%
VALID VOTES	1,163	98.06%
Carrie Lam	777	65.51%
John Tsang	365	30.78%
Kwok-hing Woo	21	1.77%

Note: Sources are from “Linzheng 777piao Dangxuan” (2017).

decision of the Central Government reflected that pro-establishment groups were not as united as expected. Even though the Mainland authorities had reiterated its decision, some EC members chose not to vote as instructed.

Digital Campaign Engineering in the Election

Given the significant relationship between the performance of online networks and electoral outcomes (Cameron et al., 2016), the 2017 Chief Executive Election is clearly a unique case. Since John Tsang and Carrie Lam were the main competitors in the Election and the only ones to market themselves through ICTs to canvass support from the public, the following analysis will be limited to the social media activities of these two candidates. All data from the ICTs in this paper were retrieved in May 2017, which was about two months after the Voting Day. In addition, since the two candidates opened their online platforms on different dates, February 14, 2017 is designated as Day 1 in the analysis. Day 1 was the first time when the Facebook pages of both candidates simultaneously responded to an event, i.e., Valentine’s Day, making it easier to compare the two pages. As such, Voting Day (March 26, 2017) is designated as Day 41.

Both Tsang and Lam launched their campaign websites and online social platforms upon announcing their candidacy (see Table 2). Tsang was more successful in rallying support through his Facebook Page. Over 300,000 people liked/followed Tsang’s page, while Lam’s page was at only 40,000. Tsang’s YouTube channel was subscribed by 2,056 people, while the number of subscribers to Lam’s channel was hidden. It is suspected that this might possibly have been due to an extremely low number of subscribers.

Table 2.
Basic Information of Two Candidates' Online Platforms

	John Tsang	Carrie Lam
ELECTION WEBSITE	www.johntsang2017.hk	www.carrielam2017.hk
FACEBOOK PAGE		
People like this	301,807	46,778
People follow this	318,231	60,152
YOUTUBE CHANNEL		
Subscribers	2,056	Hidden by User
INSTAGRAM		
Followers	About 28,300	No Instagram

Posts on Facebook

As expected, both Tsang and Lam used their Facebook pages in 41 days to deliver political messages to the public. Before the campaign, Lam was the only potential or formal candidate who had not opened a Facebook page. She had even thought about running for the election without a social platform. However, as social media was the prevailing means of understanding public opinion, Lam opened her Facebook Page on February 6 after “serious consideration,” expecting to boost her relationship with younger generations. Contrary to her expectations, Lam’s first post resulted in over 20,000 angry reactions within five hours (“Linzheng Shoukai,” 2017). February 14 and not February 6 was selected as Day 1 of the data to minimize the impact of these initial irrational responses on the objectivity and consistency of the overall analysis.

Table 3 indicates that Tsang’s Facebook Page far exceeded Lam’s in its popularity. In terms of the numbers of posts, the number of positive reactions³ received and the frequency of sharing, Tsang performed much better than Lam. Tsang also instigated fewer negative reactions. Lam also updated five posts on Day 15, the highest number of posts within one day. However, each of the five posts was a brief discussion of specific policy viewpoints, such as fighting poverty, wet market management or youth policy. There does not appear to be any connection among these five posts, and it may have been a mere coincidence that they were posted on the same day. In contrast, Tsang’s posts were more interconnected and posted more systematically.

³Positive reactions include “Like,” “Love” and “Haha,” while negative reactions include “Sad” and “Angry.” The reaction button “Wow” is excluded from the analysis, since it cannot be clearly identified as either positive or negative.

Table 3.
Posts on Facebook Pages from Day 1 to Day 41

	John Tsang	Carrie Lam
POSTS		
<i>Number of posts</i>	135 (71.8%)	53 (28.2%)
Highest number of posts in a single day	11	5
Longest duration without posting	1 day	3 days
Average number of posts per day	3.29	1.29
POSITIVE REACTIONS		
Cumulative number of positive reactions	2,365,147	96,356
Highest number of positive reactions to a single post	68,561	4,191
Average number of positive reactions per post	17,519.61	1,818.04
NEGATIVE FACEBOOK REACTIONS		
Cumulative number of negative reactions	26,407	230,763
Highest number of negative reactions to a single post	7,936	9,213
Average number of negative reactions per post	195.61	4,354.01
SHARES		
Cumulative number of shares	128,733	6,506
Highest number of shares of a single post	15,205	854
Average number of shares per post	953.58	122.74

On Day 39 (the day of the highest number of posts for Tsang), Tsang updated 11 posts, all of which concerned a bus parade and a campaign rally attended by 3,500 people. Each of the 11 posts attracted over 10,000 likes, indicating that Tsang’s Facebook Page was an important means of incentivizing supporters to join the campaign rally.

As mentioned previously, some politicians merely regard social media as another type of notice board for the spreading of information (Ross et al., 2015). Such a contrast in the way the two candidates used their Facebook pages suggests that Lam lacked the delicate strategies needed to transform Facebook into a useful political tool, while Tsang revealed more detailed planning in dealing with his page. In addition, Tsang’s alliance with the pan-democratic camp was ad hoc and both candidates essentially held the same pro-establishment views. Few political discourses were included in their posts, which were instead intended to boost their image by revealing more personal traits. As Enli and Skogerbø (2013) have noted, the social media marketing of some candidates focuses more on promoting their individual personas.

Throughout the electoral campaign, positive reactions to Tsang’s posts greatly outnumbered Lam’s (see Figure 3). Tsang obtained the highest numbers of positive reactions on Days 30 and 39. On Day 30, the seven largest broadcasting institutions in

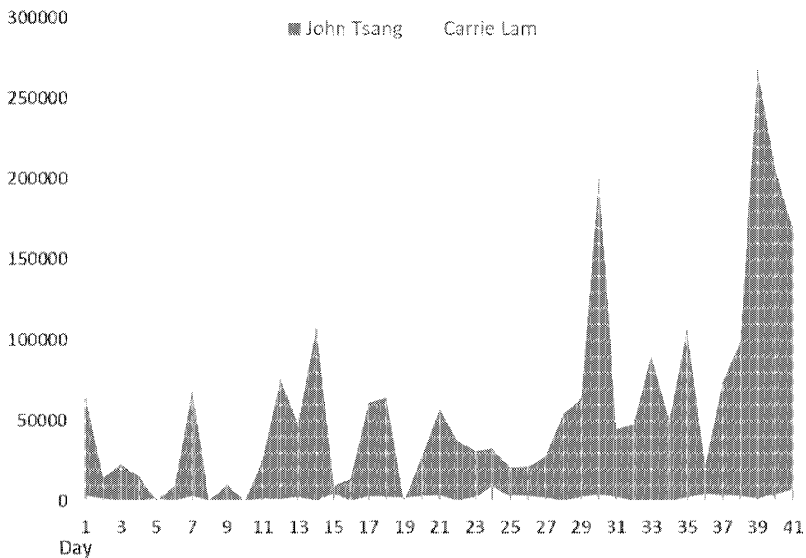


Figure 3. Number of positive Facebook reactions received by the two candidates.

Hong Kong held a live election debate through television and radio, the most important electoral forum in the campaign period. Tsang's page displayed several posts related to the debate, receiving over 120,000 positive reactions. This indicates that the people of Hong Kong actually paid great attention to both the electoral forum and the progress of the Election. On Day 39 when the campaign rally was held, Tsang's page again received over 250,000 positive reactions.

As revealed by Figure 4, Lam's posts also received more negative reactions than Tsang's. On Day 24, Lam's page recorded the highest number of negative emotions received within a single day. This was due to her making four posts that day, which was more than her average of 1.29. The higher number of posts that day provided more opportunities for netizens to give negative reactions. On Day 41, Tsang also received a large number of negative reactions when many of his supporters clicked "Sad" to express their disappointment with his losing the election.

As viewpoints are often disseminated contagiously among Facebook friends (Vitak et al., 2011), Tsang's supporters were able to dominate various forms of online expression and rally support throughout the campaign. As a result, Facebook helped to gain momentum for Tsang and rouse more support. In contrast, many of Lam's supporters feared attacks by other social media users and did not openly express their viewpoints online, resulting in the limited sharing of Lam's posts during the Election.

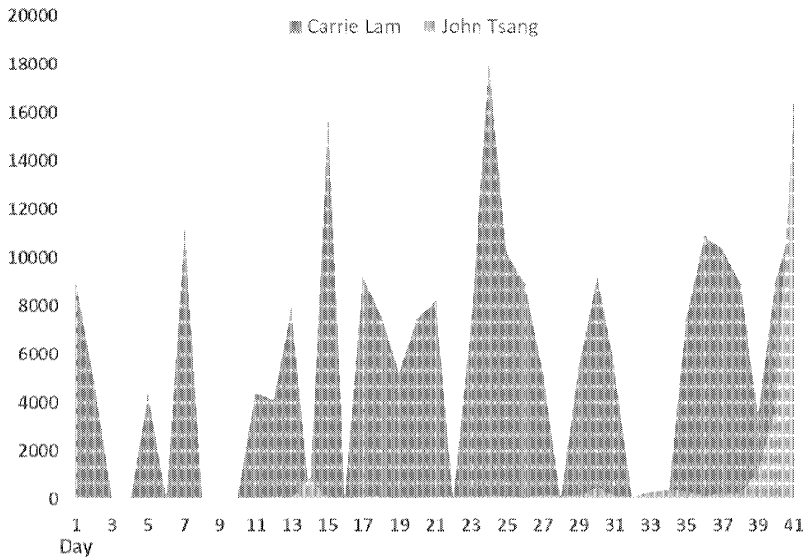


Figure 4. Number of negative reactions to posts by the two candidates.

Videos on YouTube and Facebook

Other than reactions to Facebook posts, YouTube and Facebook videos are another important aspects of online marketing. In Hong Kong, videos shared on Facebook appear to be more successful at attracting viewers than those viewed directly on the YouTube website. While all interactions on Facebook require the creation of a user account, YouTube allows users to watch videos without any registration. Once videos are posted on Facebook, their content can be directly shared in the Facebook groups of other users. YouTube does not facilitate such a passive way to receive information, and users must actively search for topics according to their interests. A YouTube video does not gain enough views to be included in the recommendation list, it may go unnoticed by other users. The difference in these two mechanisms may explain why Facebook has been more useful than YouTube in boosting the view counts in this analysis.

Not unlike the performance of his Facebook posts, Tsang's videos on both YouTube and Facebook received more views than Lam's (see Table 4). Significantly, 22 was the highest number of videos posted by Lam in a single day, consisting of more than 20% of the total videos she posted on YouTube during the campaign. There is no explanation as to why Lam chose to release all these videos on the same day, which is clearly not a recommended strategy to catch the attention of YouTube viewers. Again,

Table 4.
Videos Posted on YouTube and Facebook from Day 1 to Day 41

	John Tsang	Carrie Lam
YOUTUBE VIDEOS		
<i>Number of videos posted</i>	18 (15.1%)	101 (84.9%)
Highest number of videos posted in a single day	2	22
Cumulative number of views	189,905	16,350
Highest number of views of a single video	34,190	7,705
Average number of positive emotions per video	10,550.28	908.33
FACEBOOK VIDEOS		
<i>Number of videos posted</i>	37 (50%)	37 (50%)
Highest number of videos posted in a single day	7	3
Cumulative number of views	13,621,000	1,662,000
Highest number of views of a single video	About 1,100,000	About 155,000
Average number of positive emotions per video	368,135.13	44,918.92

this practice is evidence of Lam's treatment of social media as a simple notice board and not a political marketing tool.

As for the YouTube channels of the candidates (see Figure 5), Tsang's dinner with Johnnie To, a renowned Hong Kong movie star, attracted more than 30,000 views and was his most viewed YouTube video. Tsang's least viewed video (> 900 views) was the recording of the press conference for the release of his electoral platform.

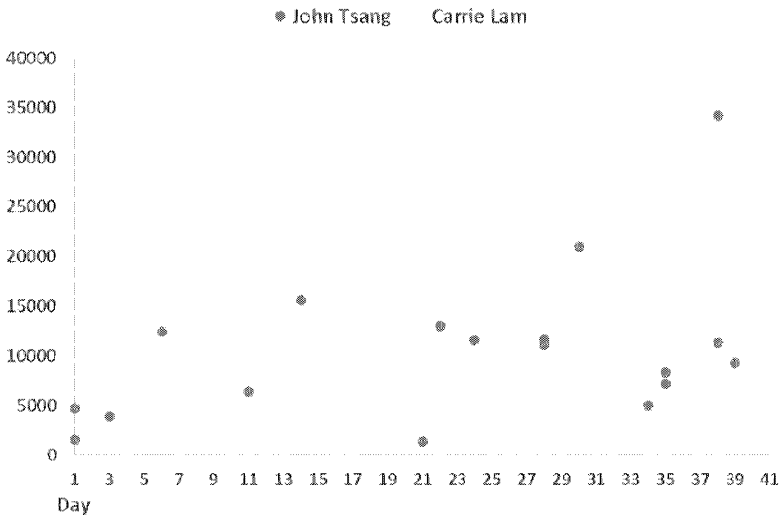


Figure 5. Number of views on the YouTube channels of the two candidates.

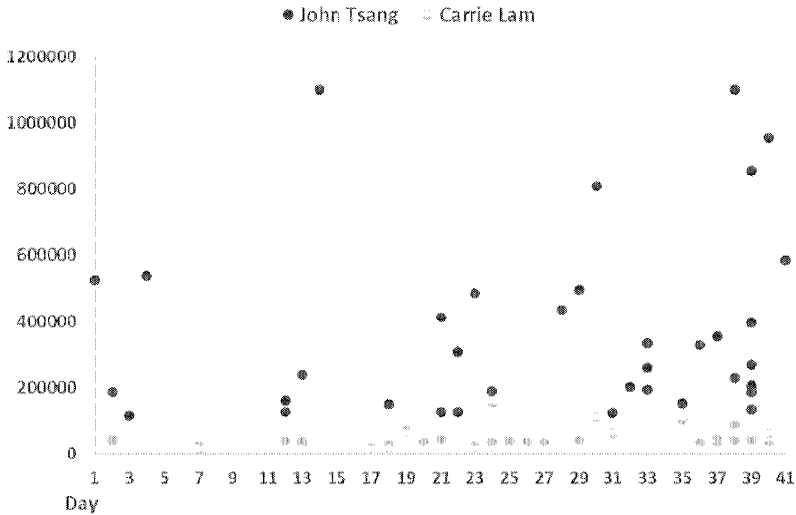


Figure 6. Number of video views on Facebook pages.

Being far less popular than Tsang on social media, Lam failed to attract many views for her YouTube videos, whose view counts ranged between less than 10 and over 7,000.

Videos posted on Facebook pages generally attract more views than those on YouTube channels (see Figure 6). Tsang's video with Johnnie To was also his most viewed video on Facebook and attracted more than 1.1 million views. Tsang's official electoral ad was also very popular with over 1.1 million views. Though Lam's videos received more views on her Facebook page than on her YouTube channel, the highest number of views for a single video was still only about 155,000, far fewer than that of Tsang's.

Our analysis of Facebook pages and YouTube channels uncovered little content containing negative emotions. As previously mentioned, Bene (2017) notes that netizens tend to react toward negative emotion-filled content. However, since both Tsang's and Lam's strategies were to promote the unity of Hong Kong society and to appeal for a harmonious environment, both chose not to appeal to negative emotions. The two candidates may have learned from the 2008 and 2012 American presidential elections in which positive discourses, if posted strategically, can be quite successful in electoral campaigns (Borah, 2016). Tsang's performance on social media was also compatible with his lead in the polls, reflecting that online platforms may have helped his image in the electoral campaign. In contrast with Tsang's strategic use of social media, Lam's content leaves the impression of an ad hoc arrangement without serious consideration.

Observation and Discussion

As a Special Administrative Region of the People's Republic of China, Hong Kong is privileged to select its Chief Executive through democratic elections. It is noteworthy that Mainland authorities are still able to exert such influence on elections in Hong Kong, given that people in the Hong Kong SAR do enjoy freedom of speech. The 2017 Chief Executive Election provides two important insights: (1) the emergence of new ICTs has failed to change the outcome of elections influenced by Mainland China, despite the fact that social media has already become an important marketing tool for electoral campaigns in various democratic regions; (2) the freedom enjoyed by the EC members was diminished in the 2017 Election, reflecting that Mainland authorities' policy toward Hong Kong might have moved toward a more controlling end.

Social Media in Elections under the Influence of Mainland China

John Tsang's superior performance on social media embarrassed both Carrie Lam and Mainland authorities. It is noteworthy that Lam was not interested in using new ICTs for political marketing, which may contradict previous findings. As Lee and Chan (2018) have noted, social media has often been used by the state to counter-mobilize pro-establishment supporters, but this was not seen in the 2017 Election. As social networking can have a contagious effect on users, Tsang's supporters dominated mainstream opinion and expanded their influence through Facebook. When Tsang posted any content on his page, his supporters would respond swiftly and positively by sharing and commenting on the posts. On the contrary, Lam's supporters seldom shared Lam's content on Facebook and her posts attracted a torrent of negative emotions, further discouraging people from sharing and forming a vicious cycle. In addition, Lam's management team did not have the proper strategies to utilize social media as a political marketing tool. Instead of actually managing the page and channel, the team simply used social media as an online notice board. Although content posted on social media may not always contribute to agenda setting in elections (Skogerbø & Krumsvik, 2015), Tsang's posts often attracted the attention of traditional newspapers, bearing witness to the successful operation of his online electoral campaign.

Having not received the blessing of authorities in the Mainland, Tsang's electoral campaign was no longer a normal one and the results may have been predetermined. In an electoral system that suffers from such external interference, the EC was not selected by universal suffrage; its members were only accountable to the voters of their

sectors and not the general public. This means that public opinion polls are not only unable to predict election results but are also effectively unrelated to the campaign. Moreover, if Tsang had actually received the support of the pan-democratic camp in the final election, it would not have been possible for him to receive as few as 365 votes. In previous Legislative Council Elections, the pan-democratic camp has always gained more than half of the seats in both geographical constituencies and the District Council (Second) functional constituency, the only two constituencies with universal suffrage in legislative elections. The low number of votes for Tsang shows that his popularity with the pan-democratic camp was not reflected in the Chief Executive Election, demonstrating that the electoral system is far from being fully democratic and representative. Simply put, this paper argues that however successful the online campaign was, social media had a minimal influence on the outcome of the election due to the heavy influence of Mainland China.

Mainland Authorities Tighten Control over the Election

As two pro-establishment candidates, Chun-ying Leung and Henry Tang endured cut throat competition within the pro-establishment camp in the previous 2012 Chief Executive Election. Tang was originally seen as the candidate with the blessing of Mainland authorities and gained the support of the majority of EC members in the initial stage. Later, Leung also announced his bid to run in the Election, and authorities in the Mainland supported both candidates to freely compete for the seat (J. Y. S. Cheng, 2013). Beijing observed that both candidates hailed from the pro-establishment camp, both held pro-Beijing ideologies, and neither would threaten the authority of the Mainland over Hong Kong. With two candidates running, the Election appeared more competitive and thus more democratic. Had one pro-establishment candidate ran and been elected, it would seem to the public that the candidate had been directly assigned by Beijing. However, scandals connected to both candidates were exposed in the later stages of the Election. For instance, Tang was reported to be involved in extramarital affairs; Leung was involved in a conflict of interest in the West Kowloon Cultural District Project; and Tang's mansion was found to have involved illegal construction. The scandals sparked negative feelings towards the pro-establishment camp from the public, which weakened the credibility of the candidates in both predictable and unexpected ways (J. Y. S. Cheng, 2013). Moreover, the competition created a lasting division in the pro-establishment camp and dealt a blow to its solidarity. Finally, as Leung won the Election with only 689 votes, this was a low mandate from the EC which further affected his legitimacy after assuming office. With such prior

experiences, it is understandable that authorities in the Mainland would hesitate to allow more than one candidate and explains why Mainland authorities did not allow two pro-establishment candidates to run in the 2017 Chief Executive Election.

Throughout the 2017 Election, Tsang remained without the blessing of Chinese authorities and was not given a green light to join the campaign. When it was clear that he was intent on running, the Central Government deliberately delayed the approval of his resignation as Financial Secretary of the government of Hong Kong. This administrative measure was a political gesture showing that the Central Government was either reluctant to allow another pro-establishment candidate or opposed to Tsang being one. As mentioned before, Mainland authorities had already attempted to persuade Tsang to withdraw before approving his resignation and urged him to reconsider his decision. At the same time, senior officials from Beijing were dispatched to Shenzhen to hold seminars attended by most pro-establishment EC members, delivering a clear political message. EC in attendance members were asked to support and nominate Lam, the only candidate with the blessing of Beijing, and worked to form a united front.⁴ Discouraging a potential candidate from the very beginning has been a common tactic for the CCP when it deals with local elections in Mainland China. The first step is to persuade opposition candidates to withdraw from an election by either setting up a series of obstacles or directly informing the candidates of the impossibility of their winning the election. If officials fail to make the candidates withdraw, local cadres and supporters then assume the responsibility to ensure that the designated or “blessed” candidates win the elections. The 2017 Chief Executive Election in Hong Kong is an example of these strategies.

The 2017 Chief Executive Election was also the first time that the outcome was not compatible with the polls. In previous terms, the most popular candidates have usually won the elections, which has made it easy for the authorities in the Mainland to argue that the EC members have casted their votes according to the will of the general public. In the 2012 Chief Executive Election, a group of pro-establishment EC members who had initially supported Henry Tang turned to support Chun-ying Leung as his popularity rose. The 2017 Election has clearly exposed the pressure from Beijing on the EC members and called the rationale of current institutional settings into question. In the 2012 Chief Executive Election, the two pro-establishment candidates engaged in cut throat competition, causing a division within their camp. To prevent the same thing happening in the 2017 Election, authorities in the Mainland

⁴The united front is a concept from class struggle in which party cadres are urged to clearly divide allies and enemies in every operation and centralize the forces of allies to eliminate the designated enemies.

therefore allowed only one pro-establishment candidate in the race. Lam won the Election despite her relative unpopularity, demonstrating that under pressure, pro-establishment sectors can move in direct opposition to the general public in Hong Kong. Tightened control over the Election also remained in tune with the positions of Mainland authorities in recent years.⁵ Though Tsang had come from a pro-establishment background and served in major posts for nearly 20 years, he was still unable to earn the confidence of Mainland authorities. These experiences have made it difficult for the people of Hong Kong to accept any universal suffrage package under the 831 Decision⁶ in the future. In addition, it now seems all the more unlikely that any democratic candidate will be allowed to run in elections for the Chief Executive.

In summary, though social media is an important tool that may influence electoral outcomes, online platforms failed to help John Tsang win the 2017 Chief Executive Election in Hong Kong. The experience provides insight into the limitations of social media in an election under the influence of Mainland China. Since the Chief Executive is not selected by universal suffrage, a problem of legitimacy has persisted ever since the 1997 Handover. Unlike the previous terms in which the outcome of an election was at least compatible with opinion polls, the 2017 Chief Executive Election exposed the fact that EC members did not cast their votes according to public opinion. These institutional shortcomings are degrading public confidence in the government of Hong Kong, and the influence of Mainland authorities over the Election may be making matters worse. It is our suggestion that either the Central Government or the government of Hong Kong work harder to rectify these systemic defects.

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⁵The “White Paper on the Practice of the ‘One Country, Two Systems’ in Hong Kong” published by the State Council in 2014 emphasizes that “the Central Government exercises overall jurisdiction over the Special Administration Region,” implying that authorities in the Mainland have absolute control over Hong Kong.

⁶The 831 Decision was set by the Standing Committee of the National People’s Congress on August 31, 2014 and regulated that the candidates in the Chief Executive Election must be nominated by a nominating committee.

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Introduction to the Special Issue — China's Engagement with South Asia and Responses from the Region

G. V. C. NAIDU AND MUMIN CHEN

 Until recently, China's engagement with South Asia had been primarily limited to India and Pakistan, and much of it related to defense and security spheres. That is changing fundamentally, and today China has emerged as a key factor not just in the geopolitics of South Asia but in geoeconomics as well. Even as China's relations with India, the largest and most prominent country, will be at the heart of its engagement with South Asia, the China–India relationship is expanding and maturing, although signs of strain and tension remain. China's rising presence in the Indian Ocean is a new element that is injecting a sense of growing unease in India. While the other South Asian countries seek Chinese investment especially in infrastructure building, most Indians see it as an attempt to encircle India and to undermine Indian interests. With the enunciation of the Maritime Silk Road Initiative, Beijing will likely scale up its investments across the entire Indian Ocean Rim region. Since nearly three-fourths of China's trade have to pass through the Indian Ocean, it is assumed that China is most likely to find ways to forwardly deploy its navy one way or another, although it will have limitations such as India's geostrategic location dominating the Indian Ocean and possessing the largest navy in the region. China will also need to exercise caution to ensure that its relationship with India is not jeopardized.

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Indeed, China's links with India (and thus the rest of South Asia) can be traced back to the first century BC to the spread of Buddhism and thus to a large extent Indian culture, rituals and belief systems in which the ancient Silk Road played a key role in influencing China in a big way. In later periods, especially after the spread of Islam in Central Asia and the Arabs cutting off China's western links to the Indian Subcontinent, China and India continued their commercial, religious and cultural interactions through the maritime route, with Southeast Asia playing as a transit point. The spread of colonialism in no doubt disrupted the earlier patterns of relations between India and China, however, the trade links that served British colonial interests remained fairly strong. Despite vast variations in the colonial experiences of India and China, the enlightened leadership in both the countries fighting for freedom was conscious of each other and empathized with one another. India looked at the emergence of a unified China, even if under the communist party's leadership, in 1949 as a sign of Asian resurgence and thus extended diplomatic recognition and enunciated the "One-China" policy (one of the first to do so). The bonhomie between India and China, unfortunately, was short-lived with the 1962 war over a border dispute and the prolonged estrangement that ensued. Diplomatic relations were re-established in 1976, but no notable improvement could be seen in bilateral relations until 1988 when Indian Prime Minister Rajiv Gandhi visited China, which marked the beginning of high-level visits. Notwithstanding a brief setback consequent to the 1998 Indian nuclear tests (ostensibly aimed at China), there has been considerable improvement in bilateral relations ever since. Thus, until about the early 2000s, three issues dominated India–China relations: One, the Dalai Lama and his activities to which Beijing took serious objections to; two, the issue of China's strong military support to Pakistan, including in nuclear and ballistic fields, which India had vehemently opposed; and three, a tricky boundary dispute involving some 95,000 km². However, notwithstanding little progress in these issues, one can see the relationship showing signs of major transformation starting from the early 2000s, wherein a number of other aspects spanning global, regional and bilateral issues have begun to take center stage.

China–Pakistan relations, on the other hand, began to deepen parallel to the deterioration of India's relations with China. China sought to countervail India through Pakistan, which forced India to join hands with Moscow in the early 1970s to thwart a likely two-front threat. Despite considerable improvement in relations, India's threat perception continues to be dictated by the potential challenge China and Pakistan together can pose in a military conflict. The China–Pakistan special relationship (in the words of a former Pakistani Prime Minister Syed Yusuf Raza Gilani, it is "higher than

mountains, deeper than the ocean, stronger than steel and sweeter than honey”) is unlikely to be affected by China’s improved relations with India. The Chinese supply of arms and immense assistance in the development of nuclear weapons and ballistic missiles to Pakistan is well known, but the new element is the China–Pakistan Economic Corridor (CPEC) involving a massive investment of over US\$50 billion; the flagship project is the largest among all the Belt and Road Initiative (BRI) projects that China has proposed so far. The CPEC has touched a raw nerve in India because it passes through Gilgit–Baltistan parts of Kashmir that are under Pakistani control, but India has laid its claims. New Delhi feels that it is a sovereignty issue, and by building an economic corridor through this region, China legitimizes the Pakistani occupation. China, on the other hand, contends that it will abide by any settlement that might occur between Pakistan and India over Kashmir, and it by no means recognizes Pakistan’s claims. Indians cite the example of the South China Sea, where an Indian public sector company has been involved in the exploration of oil and gas in what Vietnam claims its territorial waters, but Beijing continues to raise serious objections, contending that they are disputed and it has claims of sovereignty. This is seen as a double standard. Hence, New Delhi refused to participate in the 2017 BRI Forum meeting, the only major country to do so.

To a large extent, China’s relations with Bangladesh were also shaped by the Cold War, especially under military regimes that became overtly anti-Indian. The situation did not improve, even after Sheikh Hasina, daughter of first president Sheikh Mujibur Rahman, who is known for her pro-India stance, came to power in 2009. When Chinese President Xi Jinping visited Dhaka in October 2016, he signed off on nearly US\$24 billion worth of loans to the country — Bangladesh’s biggest foreign credit line to date — even as concerns about a debt trap are mounting.

Beijing’s relations with Colombo also saw a major spurt with huge Chinese investments when Mahinda Rajapaksa was the president between 2005 and 2015. Sour relations with India under his reign facilitated a warming up of relations with China, not just economically, but militarily as well. With respect to Nepal, it was King Birendra who tried to reset relations with China in the late 1980s, leading to unease in India. China supplied arms to Nepal in its fight against a communist armed insurgency between 1996 and 2006. With the communist victory in the 2017 elections and to India’s consternation, Nepal not only has sought to revisit the 1950 Treaty with India, but is also striving to maintain equidistance between New Delhi and Beijing, which means the special relationship with India will come to an end. Meanwhile, China has pledged billions in aid and investments and also wants to build road and rail connectivity in the remote landlocked Himalayan nation, which might be under its

relations with India. In April 2018, China even mooted an India–Nepal–China economic corridor.

It is well known that China is also involved in building several port facilities around India — Chittagong in Bangladesh, Hambantota in Sri Lanka, and Gwadar in Pakistan. The Hambantota port has been in the spotlight because of the huge debt that Sri Lanka is mired in. Left with no option, Colombo has given the port to China on a 99-year lease. As of now, all these ports are for civilian purposes, but some suspect that they can be put to military use with some modifications, which means India would be militarily encircled by China. China vehemently disputes this view, claiming that they are strictly for civilian use and investment opportunities, some of which India was reluctant to develop when offered.

A striking new feature of China's involvement in South Asia is that it is using its economic power in a big way through aid, investments and trade in redefining its role. Since most of these economies are relatively backward with humongous investment requirements, especially in infrastructure, China is employing economic diplomacy very effectively. A consortium of Shanghai and Shenzhen stock exchanges bought a 25% stake in the Dhaka Stock Exchange, outbidding India's National Stock Exchange, America's NASDAQ and others in February 2018. A debt-ridden Sri Lanka obtained a US\$1 billion syndicated loan from the China Development Bank in May 2018 to repay loans maturing this year; it owes US\$8 billion to China. Bangladesh too is in debt to China, to the tune of US\$8 billion. It is estimated that of about the US\$90 billion total debt Pakistan owes, a fourth of it is to China alone, which is expected to further increase once all investments under CPEC are done. Nepal cancelled a US\$2.5 billion hydroelectric project that China was willing to finance, fearing to fall into a debt trap. The Maldives, with a gross domestic product (GDP) of US\$3.5 billion in 2017 (out of which tourism's contribution was US\$2.9 billion), may face a major problem repaying China after the completion of more than US\$1.5 billion projects it has undertaken. Rather unfortunately, Maldivian domestic politics is getting intertwined with its relations to China and India.

In almost all South Asian countries other than India (and Pakistan, which is an old ally), China has emerged as a major factor. The remarkable transformation from the Cold War and the first decade after its end is that, what was primarily limited to the triangular geopolitics of China, India and Pakistan is now increasingly getting overshadowed by geoeconomics with China's shadow looming very large over South Asia. This will remain a predominant feature of China's engagement with the region, thanks to its mammoth BRI enterprise. Simultaneously, Beijing is also forging defense and security ties with most of these countries.

The objective of this special edition is to provide updated analyses of China's expanding relations with South Asia and the responses from the countries of the region. The authors were invited to investigate and analyze the phenomenon concerning China's strong economic and political forays into the countries of South Asia, the responses from these states including India, and the changing dynamics of the region as a result.

Six papers are selected for this special issue. The special issue has two parts: the first three papers are included in June 2019 issue and the remaining three papers are included in September 2019 issue. Among them, **Jingdong Yuan** (University of Sydney) discusses how the Chinese government employed BRI to extend its diplomatic influence into areas that used to be considered as India's sphere of influence. Yet, the existing distrust between Beijing and New Delhi over the latter's concern over China's real intentions may constitute an obstacle for China to achieve its grand strategic goals through the implementation of the BRI. The author concludes by identifying two divergent perspectives on how the China–India relationship might shape geopolitical developments in the region. Strategic competition between these two is obvious in South Asia (and even beyond South Asia), while efforts continue for economic cooperation.

With respect to India, notable shifts began to occur from the early 2000s coinciding with a greater mutual appreciation of China's rise and India's own economic performance. Whereas India was scaling up its Look East policy qualitatively, China was looking for opportunities beyond the US and the European Union (EU) for economic interactions. China's bilateral trade with India stood at less than US\$3 billion in 2000, but it went up by more than 13 times to US\$39 billion by 2007, and in 2017, it reached US\$85 billion. Similarly, Chinese investments too have witnessed unprecedented growth in the past decade to reach nearly US\$7 billion by 2017. For two reasons, among others, India will have greater prominence for China: One, India's large and expanding market; and two, the trade spat with the US will compel it to focus on alternative large economies such as India, Southeast Asia, and Japan.

India is certainly concerned by China's growing influence in the Indian Ocean, and hence has sought to find ways to maintain its predominant status over the region. **Rajeev Ranjan Chaturvedy's** paper (Nanyang Technological University) addresses India's ambition and policies through the examination of Prime Minister Narendra Modi's "neighborhood first" policy since he took power in 2014. Modi has demonstrated his will to realize India's global engagements through his profound communication skills. His initiatives not only redefine India's relationship with its neighbors, but also demonstrate Modi's ambition to build a "blue economy" — developing new pillars of economic activity in coastal areas and to link hinterlands through the sustainable tapping of oceanic resources. **Chaturvedy** also discusses Chinese responses

to Modi's initiatives. He suggests India to devote more diplomatic and political energy toward tending its relationship with immediate neighbors.

Even as China's role and involvement in South Asia steadily go up, China's relations with India are maturing on one hand, and are also getting increasingly multi-faceted, encompassing a number of areas, on the other hand. Bilateral relations too are rapidly expanding with the economic dimension becoming a crucial facet. Now, both seem to understand the dangers of crossing red lines and the need to ensure that relations are kept on an even keel, as the 2017 Doklam standoff and the 2018 Wuhan Modi–Xi Informal Summit have demonstrated. Just as Beijing remains suspicious about India's growing role in East Asia, New Delhi too will be keeping a wary eye on Chinese activities in South Asia and the Indian Ocean. China looks at South Asia as a market of 1.8 billion and understands the implications of a rising India, whereas India needs Chinese investments and expertise for the building of some of its large infrastructure projects, but is anxious about China translating its economic power into geopolitical influence. There is no question that as China and India rise, their economic and geostrategic interests are bound to overlap, and thus the China–India bilateral relationship will be the critical element in the security and economic development of South Asia.

Smruti S. Pattanaik (Institute for Defence Studies and Analyses) provides a detailed analysis of the role of Bangladesh in India–China strategic interactions. India has always been an important factor in shaping the domestic political dynamics of Bangladesh. China is increasingly considered as a benign neighbor capable of providing solid economic assistance to Dhaka and creating a “win–win” situation. While the current Bangladeshi government continues to engage with both giant neighbors through a balancing act, its reliance on China is gradually likely to increase, even as Beijing is willing to provide more aid and investment for infrastructure projects initiated by the Hasina government.

Jiadong Zhang and **Qian Sun** (Fudan University) provide a modestly optimistic assessment of China–India relations. The conflictual nature of China–India relations was largely determined by hard factors, including unsolved borders, the Tibet issue, the management of trans-border rivers, and the China–Pakistan alliance. In the past two decades, however, globalization has reshaped the nature of bilateral relations from that of adversaries to truly close neighbors committed to trade and development. **Zhang** and **Sun** reiterate that neither China nor India has the capacity to claim to be a world power, as their GDP per capita still lags behind the US, and both of them still face certain challenges domestically, which will take a long time to resolve. The authors suggest the necessity of creating a new type of relationship by reducing

sensitivity, and by creating new areas of cooperation by promoting cultural or people-to-people exchanges.

The remaining two papers of this special issue analyze China and India's engagement with two other South Asian countries: Pakistan and Nepal, respectively. **Ghulam Ali's** (Sichuan University of Science and Engineering) paper focuses on China–Pakistan maritime cooperation in the Indian Ocean and its impact on regional security. He starts by introducing the maritime policies of China and Pakistan in the Indian Ocean. He explains how China's interests are determined by its rapidly expanding interests, especially its energy needs, and how the Pakistani government is more concerned about the modernization of its naval forces. Through arms sales to Pakistan and the acquisition of the Gwadar port, China has been able to expand its maritime forays into the Indian Ocean. Later in the paper, **Ali** further discusses how such a partnership has triggered stronger military responses from India, which in turn may destabilize the entire region.

Uddhab Prasad Pyakurel's (Kathmandu University) paper examines how India–Nepal relations are evolving under the shadow of a rising China. The author argues that China's increasing aid to and influence in Nepal have been overstated, as Beijing has manipulated the relationship by providing unnecessary aid and exploiting Kathmandu economically. The paper further assesses several agreements signed by China and Nepal in the past few decades and argues how certain terms and conditions of these agreements have led to an unequal relationship between China and Nepal.

China's Belt and Road Initiative in South Asia and the Indian Response

JINGDONG YUAN

China's Belt and Road Initiative (BRI) is an ambitious project aiming to transform the economic landscape along its route in the areas of trade, investment, and energy supplies. It makes as its focal point the connectivity between China and Eurasia, South Asia, and the Indian Ocean. South Asia's location presents China with significant strategic opportunities as Beijing seeks to expand its economic presence in the sub-continent by providing resources in infrastructural development, particularly the construction of seaports. With growing Chinese trade and investment in the region, Beijing is also extending its diplomatic influence into what has long been considered as India's sphere of influence. With longstanding strategic distrust and unresolved territorial disputes, New Delhi is suspicious of Beijing's intentions and concerned over the latter's growing influence into a region it has long considered its sphere of influence. In this context, the BRI has the potential to intensify Sino-Indian rivalry, and the Modi government has indeed explored and launched initiatives to counter Chinese diplomatic activities. It remains a challenge whether and how Asia's rising powers can reduce their trust deficits and explore areas of cooperation made possible by the BRI, working toward a cooperative, mutually beneficial future for Sino-Indian relations and the region as a whole.

KEYWORDS: Belt & Road; China; South Asia; India; geopolitics.

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While analyses of Chinese foreign policy have often focused on Sino-US relations and Beijing's diplomatic entanglements in East and Southeast Asia since the end of the Cold War, one equally important area of Chinese foreign policy in transition is Beijing's diplomacy toward the South Asian subcontinent. During the Cold War and from the late 1950s until the late 1980s, Chinese diplomacy toward the region was largely driven by animosity toward India over unresolved

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territorial disputes. This informed a policy of supporting Pakistan in its disputes with India and making inroads into the region by providing military assistance to other South Asian states. With the end of the Cold War and gradually improving bilateral ties with India, Chinese policy toward the region has shifted to both focusing on developing political and economic ties with the region and pursuing a more even-handed approach to managing its relationships with both India and Pakistan (Garver, 2001; Malik, 2012). In 2013, the Chinese leadership under President Xi Jinping announced an ambitious Silk Road Economic Belt (SREB) and a 21st Century Maritime Silk Road Initiative (MSRI). These have since been known as One Belt, One Road (OBOR) and are now referred to as the Belt and Road Initiative (BRI). The BRI has demonstrated the importance of South Asia to Beijing, and its intensified diplomacy toward the subcontinent is drawing attention from scholars and policy analysts alike.¹ This paper provides a brief overview of the BRI and the economic and geo-strategic importance of South Asia to its successful implementation, focusing on the Indian response and implications for China–India bilateral relations. It argues that deeply rooted strategic distrust between Beijing and New Delhi (Paul, 2018) and the latter’s concerns over Chinese intentions have prevented the possibility for cooperation with mutually beneficial outcomes for the two emerging powers. At the same time, the BRI will likely encounter significant obstacles from inadequate infrastructure, the low level of intra-regional economic interactions, and political instability and security risks in South Asian states that fall within the BRI and MSRI. This paper concludes with several general observations about the future of the BRI as it relates to this part of the world and Beijing’s likely approaches in the years to come.

Cooperation and conflict are both distinct possibilities in China–Indian relations. Consequently, the level of optimism varies depending on the differing perspectives of studies in the field. The growing literature on Sino–Indian relations falls generally into the two categories of strategic analysis and development studies. The former tends to view the rise of both China and India as affecting not only the sub-continent, but increasingly also the larger Indo-Pacific and even global geostrategic realignment. Most studies, typically from the West, depict the evolving relationship between China and India as predominantly competitive, given their unresolved territorial disputes and emerging contention for regional dominance. The involvement of the US and Pakistan further complicates Sino–Indian relations as Beijing and New Delhi compete for favorable positions at the sub-regional, regional, and global levels. The literature on

¹The growing literature is already particularly voluminous among Chinese-language sources, given the fact that the initiative is a relatively recent development. One recent example is R. Wang and Zhu (2017). In the following pages, this paper will refer only to works most relevant to the discussion and analysis.

development studies, on the other hand, has focused largely on the models, trajectories and potential of the two rising economies, not only as benchmarks for measuring domestic economic growth and social stability, but also in an attempt to predict the longevity and sustainability of what are destined to be two of the world's top three economies in the coming decades (Engardio, 2006; Meredith, 2007).

Before discussing the BRI and its expansion into South Asia, a few words on China's South Asia policy are in order. First and foremost, China's South Asia Policy is part and parcel of its grand strategy to maintain regional peace and stability for economic growth, reassure its neighbors through bilateral and multilateral diplomacy by reiterating its intent to follow a path of peace and development, protect its core national interests that include sovereignty and territorial integrity, and strive for greater foreign policy autonomy in an international system dominated by US unipolarity and institutions created by the West (Rudolph & Szonyi, 2018). Among Beijing's foreign policy priorities are managing its most important bilateral relationship with the US and dealing with security challenges in Northeast and Southeast Asia, where a recent US pivot to Asia and tensions over territorial disputes pose significant challenges to China's core interests. However, three post-Cold War developments in South Asia have elevated the subcontinent's importance in the formulation of Chinese foreign policy. First, India has risen as a major power in Asia and is in the process of becoming one globally. India could either aid China in promoting a multipolar world or align with another major power against it. Second, Pakistan has assumed an important role in China's South Asia strategy, not only in the context of potential Sino-Indian rivalry but increasingly also its crucial role in assisting China as it deals with ethnic separatist and terrorist activities in Xinjiang. Finally, China's growing demand for energy has resulted in greater attention to the Indian Ocean and ties with the littoral states. Within this broader geostrategic context, how Beijing formulates and implements its South Asia policy can either aid or impede the key objectives of its grand strategy.

One Belt, One Road

During his visit to Kazakhstan in September 2013, Chinese President Xi Jinping announced the SREB. A month later, speaking at the Indonesian parliament, Xi proposed the idea of the 21st Century MSRI. The former seeks to capture and rekindle the imagination of the ancient Silk Road that connected China to the Eurasian landmass, while the latter replicates the overland trade routes in maritime settings to reflect

the importance of modern seaborne commerce. Beijing often hastens to remind the world of ancient China's maritime interests and prowess, as represented by Admiral Zheng He's great maritime expeditions more than 600 years ago.²

OBOR, or the BRI, is a massive and ambitious geoeconomic and geostrategic initiative conceptualized, rationalized, and now being operationalized and implemented by Beijing.³ It combines the heretofore multiple goals (economic, energy security, and diplomatic) with various stakeholders (government, enterprises, and financial institutions) to forge a coordinated, systematic, and phased development program of grand scale and extensive reach. It involves about 80 countries spanning Central Asia, South Asia, Southeast Asia and Oceania, Central and Eastern Europe, West Asia, and North Africa, over 900 projects, and close to US\$1 trillion as of mid-2018 (Hillman, 2018). This represents a combined population of 4.4 billion, US\$23 trillion in gross domestic product (GDP), 69% and 29% of the global total, respectively. According the forecast of the McKinsey Global Institute, these countries will be contributing to 80% of global GDP growth by 2050 (Y. Wang, 2017b, p. 36; Zhang, 2017).

As its principal objective, connectivity is even more important to OBOR than to the MSRI. However, connectivity in this context is a much broader concept, as President Xi emphasized at a meeting in late 2014: "linking Asian countries is not merely about building roads and bridges or making linear connection of different places . . . it should be a three-way combination of infrastructure, institutional and people-to-people exchanges and five-way progress in policy communication, infrastructure connectivity, trade line[s], capital flow[s] and understanding among people" ("China Pledges," 2014). In March 2015, the Chinese government issued a white paper titled, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" (People's Republic of China, National Development and Reform Commission [NDRC], Ministry of Foreign Affairs [MFA], & Ministry of Commerce [MOFCOM], 2015), which emphasizes openness and inclusiveness while encouraging consultation, cooperation, and coordination. In May 2017, the first summit meeting on OBOR was held in Beijing that attracted more than 20 heads of state and government as well as hundreds of diplomats,

²An earlier, early widely popular discussion of OBOR can be found in Y. Wang (2015). Originally written in Chinese, it has since been translated into more than a dozen languages and is a designated reference reading for Chinese officials.

³For convenience, this paper will use the more commonly recognized acronym OBOR instead of BRI, since the Chinese expression refers to the former rather than the latter. The reason that BRI is used is to dispel the misperception and concerns that the "One" reference means both the belt and the road start from China, as if China is the center of the entire enterprise, which contradicts Beijing's effort to promote it as a multi-partner, interactive, and mutually beneficial initiative.

business people, and the media. President Xi has called OBOR the “project of the century,” and it has signified the onset of a multipolar international order in which China is beginning to play a more active role. In this context, OBOR is not merely an economic project, but a tectonic geopolitical one as well (Pethiyagoda, 2017; Xi, 2017). Not only has OBOR been integrated into China’s 13th Five-Year Plan (2016–2020), it has also been written into the Chinese Communist Party (CCP) Constitution at the 19th CCP National Congress in late 2017. Beijing’s commitment has been demonstrated by its announcement at the 2014 Asia-Pacific Economic Cooperation (APEC) Summit of a US\$40-billion Silk Road Fund and the launch of the Asian Infrastructure Investment Bank (AIIB) in 2016 (Wilson, 2019).

OBOR is a multi-phase development project, including the proposal of concepts, feasibility studies, top-level design, and partnership formation. Top-level design is reflected in two important speeches made by Xi in 2013, various subsequent official documents, and the formation of the core leadership group for implementation in 2015. Led by executive vice-premier Zhang Gaoli (and Han Zheng since 2018), with four deputies and the involvement of 13 government ministries and commissions, it demonstrates Beijing’s seriousness and commitment to seeing the initiative succeed given the high stakes. According to Vice Premier Zhang, “Promoting the Belt and Road Initiative is one of China’s priorities for the next five years” (“Chinese Vice Premier Urges,” 2016). China has also made it an all-government effort to implement OBOR through effective inter-agency coordination. The public–private partnership (PPP) model also enlists and encourages the participation of China’s (and for that matter foreign firms and partners) major state-owned enterprises (SOEs), financial institutions, and privately-owned businesses in OBOR projects.

OBOR consists of six economic corridors including the China–Pakistan Economic Corridor (CPEC) and the Bangladesh–China–India–Myanmar (BCIM) Economic Corridor that are directly related to South Asia. Focusing on connectivity with infrastructure development as a priority, OBOR and the MSRI in particular are investing heavily in roads, railways, and ports while also seeking to develop industrial zones, special economic zones, and other relevant projects. The objectives are to leverage infrastructure to stimulate local economies to facilitate better trade flows and investment opportunities as well as promoting tourism, education, and overall living standards (Y. Wang, 2017a).

Beijing often emphasizes the win–win potential of the OBOR initiative while flatly rejecting allegations that the initiative is a cover for hidden agendas. It has been suspected that China wishes to use OBOR to re-establish itself as the preeminent

power in Eurasia, challenge existing international institutions, export its excess capacities, create asymmetrical dependence relationships with developing countries, and extend political and diplomatic influence along the OBOR routes. These views have been contested, however, especially as China under Xi is clearly moving away from its heretofore “hiding ambitions and keeping low-profile” diplomacy and becoming ever more proactive (if not assertive as some analysts suggest) in its pursuit of national interests, captured in Xi’s emphasis that the “world is so large,” China’s “voice needs to be heard” and Chinese solutions propagated.⁴

While it is true that OBOR was a vision rather than a well-calculated strategy when first proposed in 2013, the initiative in the past six years has already passed through the phases of conceptualization and top-level policy design into a coordinated strategy. This strategy aims to address several challenges China faces as its economy enters a period of the “new normal” with a slower growth rate, energy security concerns, the development needs of its vast northwestern and southwestern regions, and growing non-traditional security threats such as terrorism and ethnic separatism (Rolland, 2017). This context has increased South Asia’s importance in MSRI while greater risks have arisen due to perennial problems in the region such as infrastructure deficits, political instability, insurgencies and terrorist threats, and the overall level of economic development. The injection of capital for the development of infrastructure could stimulate economic growth and provide local employment. Such an improved economic environment in turn could mitigate some of the region’s socio-economic problems, closer economic cooperation with the region would extend China’s influence, and the construction of ports and roads would cut short the transport distance of Chinese energy imports and lower their cost (Chung, 2017).

Six years on, the BRI has become one of the major vehicles that Beijing deploys to both extend its economic development model to the developing world and address some of its own domestic economic challenges such as regional disparity, excess capacity, and a slowing growth rate. While infrastructure projects have had a potentially positive impact on connectivity and therefore facilitate growth in trade and economic interdependence, these have also been accompanied by serious concerns over issues such as “debt traps,” local economies, and growing Chinese diplomatic influence and even political interference in the hosting countries (Kumar, 2018).

⁴A special issue of *Geopolitics* provides a useful overview of the debates on the economic and geopolitical ramifications of the OBOR initiative. See, for instance, J.-M. Blanchard and Flint (2017), and J.-M. Blanchard (2017).

The MSRI and the Indian Ocean Region

The MSRI is the maritime component of OBOR/BRI and one that has an important impact on South Asia, just as its implementation and success will depend on the overall diplomatic, geostrategic, and economic conditions of the subcontinent. As has been widely recognized, the importance of MSRI importance is closely related to the growing salience of the Indian Ocean for China's geoeconomic interests and geopolitical ambitions. Energy security, access to resources, and the security of sea-lanes of communication (SLOCs) for China's international commerce constitute the most critical considerations in Beijing's diplomacy toward South Asia (J.-M. Blanchard, 2018a). Notable progress over the past five years has been registered, with all South Asian states except India and Bhutan having either endorsed or actively participating in various aspects of the MSRI. However, New Delhi remains ambivalent if not publicly opposed to the initiative and as the most consequential and powerful state in the region, it could either contribute to its success or seriously impede its implementation (more below) (C. Zhu, 2017).

The MSRI and China's growing presence in South Asia must be placed within the larger context of Beijing's evolving policy toward the region (Brewster, 2018). The focus of China's foreign policy has traditionally been on the US and on Northeast and Southeast Asia. As mentioned above, three post-Cold War developments have elevated the South Asia subcontinent's importance in formulation of China's foreign policy. The first is the rise of India as a global rather than a mere regional power. A strong India could become an important ally working with China to promote a multipolar world order, or it could become a thorn in Beijing's side, aligning with other powers against it. The second issue is Pakistan's place in China's South Asia strategy. Pakistan not only represents an important ally in the context of a potential Sino-Indian conflict, but also plays a crucial role in assisting China in dealing with ethnic separatist and terrorist activities in Xinjiang. The third concern relates to China's growing demands for energy. This has resulted in a greater Chinese interest in the Indian Ocean and its ties with the littoral states. Among these, Pakistan and Sri Lanka have emerged as states of key importance to Beijing (Garver, 2012; Malik, 2001; L. Zhu, 2018).

For almost two decades now, China has ventured beyond its traditional spheres of activities in East and Southeast Asia to the Indian Ocean Region (IOR) (Holslag, 2013; Upadhyaya, 2017). China's perspectives on security developments and its growing interest in the Indian Ocean have been informed and influenced by three sets of key considerations. First, China's perceived maritime interests have expanded and constitute an increasingly crucial component of the country's overall economic

development due to the rising portion of international trade in its GDP and its growing energy and raw material imports. Second, Beijing sees a “Malacca Dilemma” in the form of a potential bottleneck or at a minimum a node of extreme vulnerability should one or more hostile states seek to block the transit of energy and other resources headed to China. Finally, as its dependence on and stake in access to maritime traffic continues to rise, China is witnessing an expanding internal debate about whether it is a continental or maritime power. To the extent that it is the latter, there is much debate about how a balance can be struck between asserting China’s maritime rights and interests by developing the necessary naval capabilities without causing unnecessary alarm in the Indian Ocean Region (Mohan, 2012; Schaffer, 2011).

China’s growing presence in South Asia has also been reflected in its push for regional and sub-regional economic cooperation. China has held an observer status in the South Asian Association Regional Cooperation (SAARC) since 2005, while India was granted observer status in the Shanghai Cooperation Organization (SCO) in the same year. India became a full member of the SCO in 2017 while China remains an observer of the SAARC. Both organizations seek to strengthen regional economic cooperation, though neither has made significant progress so far. It is at the sub-regional and trans-regional levels, however, that Beijing in recent years has taken the initiative to push for greater connectivity to enable future infrastructural developments and economic cooperation. In Indonesia in 2013, Chinese President Xi Jinping proposed the concept of a 21st Century MSR that starts from Fujian’s Quanzhou and proceeds through the Strait of Malacca into Kolkata and across the Northern Indian Ocean, connects in Nairobi, and reaches all the way to Europe. Together with the SREB proposed by Xi during his visit to Kazakhstan, the concept of OBOR represents Chinese ambitions to expand economic cooperation with the countries along the way. These countries have a combined total population of 4.4 billion and US\$23 trillion in GDP, respectively, 69% and 29% of the global total. China’s trade with these countries amounted to more than US\$1 trillion in 2013, about a quarter of its total foreign trade (“Cover Story,” 2015). Beijing has committed US\$40 billion for the Silk Road Fund and invited India to join the undertaking though New Delhi has yet to decide whether it should join. Part of the hesitancy is due to concern over Chinese intentions, as some in India suspect the MSR to be an economic version of the String of Pearls scheme. On the other hand, Indian participation in the project would potentially help it attract much-needed investment (Nataraj, 2015; Palit, 2017).

While the 1980s and 1990s witnessed Beijing’s efforts to expand and promote bilateral relationships with a number of IOR countries that included economic assistance and conventional arms sales, the past 15 years have seen a growing Chinese

presence in the region and an expansion of diplomatic, defense and economic ties. Indeed, China today has diplomatic relations with all South Asian states but Bhutan, and its total trade with the SAARC minus India was US\$42.59 billion in 2015, almost double that of India's trade with its neighbors in the same year (US\$23.39 billion) (Roy-Chaudhury, 2018, pp. 102, 106). At the same time, China remains a principal supplier of arms to South Asia, with Pakistan receiving 35% of Chinese arms exports and Bangladesh 20% in 2015. Recent arms deals include Pakistani purchases of Chinese submarines and frigates as well as the Bangladeshi purchase of Chinese submarines (Gady, 2016; Mollman, 2016; Qadri, 2017; Raghuvanshi, 2016). Most critically, China has become increasingly involved in projects in Bangladesh, Myanmar, Pakistan, and Sri Lanka among other countries. These projects appear to be aimed at developing alternative land routes for oil transports in the event that maritime passages are disrupted (Garver, 2006), creating a nexus of Chinese geopolitical influence or military presence in the Indian Ocean littorals. They include Hainan Island, Woody Island in the South China Sea, Chittagong in Bangladesh, the 1,200-km pipeline from the port of Sittwe in Myanmar to China's Kunming in Yunnan Province, the Gwadar Port in Pakistan, a US\$1.4 billion port in Hambantota in Sri Lanka, and the reported (and likely aborted) US\$20 billion Kra Isthmus in Thailand (Pehrson, 2006; Ramachandran, 2008; Sakhujia, 2009; Thorne & Spevack, 2017). China has provided significant aid to Indian Ocean countries in an effort to secure the safe passage of its tanker fleet, which provides more than 80% of China's oil as well as 65% of India's. For instance, after five years of discussion between China and Myanmar, construction began in 2010 on oil and gas pipelines running from Myanmar's port city of Kyaukphyu to Kunming, thereby providing China's south-western region more direct access to Middle Eastern oil (Kuppuswamy, 2011; Vaughn & Morrison, 2006, pp. 23–24; Zha, 2008, 2009). Additionally, the Irrawaddy River waterways have been proposed to link China's Yunnan Province with Myanmar ports on the Bay of Bengal (Garver, 2006).

Many of these projects had begun well before the MSRI was conceived and is now being rolled out, and the MSRI has now counted the CPEC and the BCIM as the first two "corridors" for its key components. All South Asian states with the exception of India and Bhutan have joined the MSRI, and Beijing has promised an investment of over US\$100 billion earmarked for South Asia. This includes US\$54 billion for the CPEC, US\$13 billion in Sri Lanka, and US\$3.1 billion in Bangladesh ("Chinese Spending," 2017). Chinese analysts have also suggested that a third economic corridor connecting China, India, and Nepal could be an opportunity for Beijing and New Delhi to cooperate in turning Nepal from its traditional role as a buffer and protectorate

state into a connecting zone between two of Asia's major powers and a development partnership among the three countries (Hu, 2017).

Pakistan

The Gwadar Port, for instance, was once considered the “shiniest pearl” in the “string,” a reference to Chinese efforts to develop a series of dual-use ports in the IOR. During his visit to Pakistan in May 2001, then Chinese Premier Zhu Rongji announced that China had agreed in principle to help Pakistan build a new deep-water port at Gwadar in Pakistani Baluchistan. Construction of the port would entail three phases with 23 deep-sea ship berths, along with new wharves, warehouses, and other facilities. The first phase that began in early 2002 was completed by the end of 2004 and the port was formally opened in March 2007 with a total cost estimated at US\$1.16 billion. Chinese investment in the first phase (2002–2005, with three berths completed) amounted to US\$198 million with another US\$200 million committed to building a highway connecting Gwadar and Karachi. The second phase would cost US \$526 million with the construction of nine more berths. The port will offer land-locked Central Asia and Xinjiang access to the Arabian Sea. Additionally, with its location some 240 miles away from the Strait of Hormuz where 80% of the world's energy exports flow, Gwadar could be used to monitor maritime activities through this critical choke point. A chief of the Pakistani Navy has described Gwadar as the country's third most strategically important naval base after Karachi and Ormara: it is 450 km farther from the Indian border than Karachi, which currently handles about 60% of Pakistan's sea-borne trade and could be vulnerable to a potential Indian blockade such as the one during the Indo-Pakistani War of 1971 (Garver, 2006; Haider, 2005; Khurana, 2008; Montero, 2007; Niazi, 2005). Beginning in February 2013, the port has been placed under the management of a Chinese state-run enterprise, China Overseas Port Holdings Ltd. (COPHC), expiring in 2059. This concerns India, as New Delhi perceives this as a further step in the encroachment and encirclement of its western flank, and situated in such a critical geostrategic location. It remains to be seen if India is merely overreacting or if China is harboring long-term strategic ambitions (Conrad, 2017; Holmes, 2013).

The CPEC was formally launched in 2015 as an important flagship component of OBOR with Beijing initially committing over US\$46 billion in infrastructure development projects. These include highways and pipelines, the construction of power plants to address Pakistan's chronic power shortage, and economic zones along the Corridor that link Gwadar to Kashgar. China and Pakistan are upgrading the

1,300 km-Karakoram Highway, or the “Friendship Highway” that links Islamabad with Kashgar in Xinjiang (Detsch, 2015). The driving forces behind this are China’s growing demand for raw materials, resources, and secure routes for their transportation to and from the Persian Gulf through Pakistan and Western China. What is controversial as far as New Delhi is concerned is that the CPEC runs through Pakistan-controlled Kashmir, a territory that is contested by India and Pakistan. These developments have caused suspicions and anxiety in India (Blah, 2018; Sakhuja, 2010).

Sri Lanka

China’s growing presence in Sri Lanka has been of particular concern to India. Colombo and Beijing deepened economic ties during the reign of President Mahinda Rajapaksa, with Chinese investments funding several major infrastructural projects in the country. These included the Hambantota Port Development Project that New Delhi had ironically turned down when Rajapaksa first offered to India, a US\$1.4 billion project funded by the China Communications Construction Company to build a new port city in Colombo on hundreds of acres of reclaimed land with 35-year leases of four out of seven container berths to a Chinese company, and the reported US\$103 million Lotus Tower in Colombo that is being built by two Chinese companies that are also well known for their extensive defense-related work in aerospace and defense electronics. As it is 26 m higher than the Eiffel Tower, Indian analysts have suggested it could be used for electronic surveillance. Since 2009, China has provided almost US \$5 billion in loans to help Sri Lanka in its infrastructure development, with projects that include railways, ports, roads, expressways, airports, and power plants. India on the other hand offered US\$350 million during the same period (Roy, 2015; Taneja, 2015).

Nepal, the Maldives, and Bhutan

Occasional setbacks aside, a growing Chinese presence has also been extended to other littoral and land-locked South Asian states over the past decade. This has been particularly true for the Maldives and Nepal, but also includes the reclusive kingdom of Bhutan (Pant, 2018). One must recognize the unique relationships that India has maintained with Nepal and Bhutan and the degree of influence it has exercised over the two to appreciate how much Beijing has encroached on the region in recent years. The 2015 earthquake in Nepal provided an opportunity for China to demonstrate its

goodwill and the prospects of alternative and beneficial economic ties to relieve Kathmandu's decades of overdependence on India. Beijing rushed in rescue teams and pledged economic assistance to the devastated country in what analysts have described as competition with India for influence over the Himalayan kingdom. The Chinese government subsequently committed US\$480 million to Nepal for infrastructure repair and development (T. Chen, 2015; Seemangal, 2015). Indeed, the Chinese have been diligently and discreetly working to build up ties over the past decade, with annual financial aid pledged to reach US\$116 million in April 2015 to mark the 60th anniversary of diplomatic relations, a five-fold increase over the previous annual average. Beijing has reportedly pledged US\$8.3 billion to Nepal in infrastructure investment. Kathmandu for its part has been seeking ways to improve its infrastructure and explore more economic opportunities. For instance, the Nepal government has asked China to extend its Qinghai–Tibet railway through Kathmandu to its border with India (Giri, 2017; Murton, 2017; “Nepal and Its Neighbours,” 2012). China and Nepal have also formed a strategic partnership and Nepal has become a dialogue partner in the SCO. In March 2017, Nepal was visited by a high-level Chinese military delegation led by State Counsellor and Defense Minister General Chang Wanquan, the first visit by a Chinese defense minister since the two established diplomatic relations in 1955. During Chang's visit, the Chinese side offered grant assistance in the amount of US\$32.2 million to the Nepali Army. A month later, the two militaries conducted the first-ever joint anti-terrorism exercise in Kathmandu (Agence France-Presse [AFP], 2017b; Nayak, 2017).

Chinese influence has been growing over Maldives Islands in recent years, as the government of Maumoon Abdul Gayoom has shifted away from Indian influence and moved into China's orbit. Malé and Beijing signed a free trade agreement in December 2017, and China is investing in the island country's infrastructure. The location of the Maldives has made it vital for China's BRI while also raising security concerns for New Delhi (Mandhana, 2018). Bhutan is the only country in South Asia that has not yet established diplomatic relations with China. India, on the other hand, exercises significant influence over the small kingdom's foreign affairs. Beijing has been seeking to solve bilateral boundary issues and establish formal diplomatic ties, and negotiations have been underway for over two decades (“China Hopes,” 2016). Of particular concern to India are areas currently under negotiation in the tri-junction between India, Bhutan, and China. In the summer of 2017, The Doklam plateau witnessed an almost three-month stand-off between India and China when it was reported that China had been building roads in the disputed area (Mukherjee, 2016).

Indian Responses to the MSRI

The Modi government has adopted a “neighborhood first” foreign policy since assuming office in 2014. With the exception of the Maldives, Modi has visited all the South Asian states, and some more than once. Modi’s diplomatic activism toward India’s periphery was strongly motivated by its desire to re-claim its preeminent position in the subcontinent. This has been reinforced by India’s long-standing strategic ambitions to establish and maintain a dominant position in the Indian Ocean while responding and resisting encroachment into the region by other major powers. In March 2015, the Modi government unveiled its Security and Growth for All in the Region (SAGAR), a new vision for the Indian Ocean and New Delhi’s role in it (Roy-Chaudhury, 2018). With SAGAR as its strategic rationale, New Delhi is highly sensitive to the growing influence of China in its vicinity, especially where its geographical advantage could be eroded with the establishment of Chinese maritime positions. Manmohan Singh’s government (2004–14) adopted a rather passive posture and responded minimally to Chinese encroachment into the subcontinent, as it was preoccupied with other diplomatic priorities such as US–India nuclear cooperation, and the lifting of sanctions, and its bid for a seat on the United Nations Security Council. Narendra Modi is determined to change this and conduct diplomacy that is both comprehensive and proactive, including firmer stances on protecting its core national interests, including on territorial disputes with China (Brewster, 2018; Chaudhuri, 2018).

Regarding OBOR and the MSRI specifically, New Delhi’s stated reservations are that the initiative has been largely unilateral (or as Indian foreign secretary Jaishankar termed it, a “national Chinese initiative”) (S. Jaishankar, 2015) and designed by Beijing without any proper consultation with the parties concerned, including India. The initiative is viewed as a Chinese-dictated project with Chinese companies as the principal beneficiaries. Second, there is a lack of transparency in the terms of loans for many of the infrastructural projects in participating countries. These countries typically suffer from backward economies, poor financial capacities, and limited resources. As they lack the resources to undertake large-scale projects such as roads, railway lines, and ports, they are at the risk of becoming trapped in massive debts as the promised payoffs do not materialize. Their inability to repay debt in turn results in some of these facilities being turned into equities or ownerships ceded to the credit country, which in this case are China and Chinese companies. Third, like many of the Chinese infrastructural projects elsewhere, the promised job creation for localities typically has turned out to be much lower than expected, with the majority of

employment given to Chinese workers (Cai, 2016; D. Jaishankar, 2017; Madan, 2016; Pant, 2017).

Increasingly in recent years, New Delhi has been objecting more openly to the MSRI and particularly the CPEC, one of its flagship projects. The route runs through Gilgit–Baltistan in what India regards as Pakistan-occupied Kashmir, and is therefore a violation of India’s sovereignty. Prime Minister Modi has suggested that “only by respecting the sovereignty of countries involved can regional connectivity corridors fulfil their promises and avoid differences and discord” (Mitra, 2017). There are also concerns over security. From India’s perspective, China’s growing presence through investment and the leasing of port facilities has allowed Beijing a foothold into a country of deep cultural ties and strategic importance. However, it was the September 2014 docking of a Chinese PLAN Song-class conventional submarine and a submarine support ship in Colombo that truly alarmed New Delhi (Sakhuja, 2015). India appeared to be losing its grip on what is considered its southern flank and its sphere of influence. The fact that Sri Lanka has suddenly become a geopolitical battlefield between China and India has become most palpable with intensified efforts in New Delhi and continued wooing from China. The 2015 elections in Sri Lanka saw a change of government as the pro-China Rajapaksa government was replaced by Maithripala Sirisena, who has sought to mend relations with India. The Colombo Port Project was suspended pending the outcome of investigations into the “irregularities.” The new Sri Lankan government has also cancelled the JF-17 deal and a joint China–Pakistan fighter jet, while the new Sri Lankan foreign minister has ruled out future Chinese submarine ship visits (B. Blanchard, 2015; Feng, 2015; Panda, 2016).

Indian Initiatives

New Delhi’s countermeasures to China’s MSRI have been a series of initiatives that seek to develop a complex web of sub-regional cooperation where India could play a critical role and serve as the “hub” of these infrastructural connectivity projects. For instance, New Delhi has been promoting and investing in the Bay of Bengal Initiative for Multi-Sectoral and Technical Cooperation (BIMSTEC) connecting India’s Northeastern Region (NER) to Myanmar, Bangladesh, Nepal, Bhutan, Thailand, and Sri Lanka. BIMSTEC was established in June 1997 and aims to promote cooperation among members in various sectors that include trade, energy, technology, and transport, serving as a bridge between South and Southeast Asia. From a geopolitical standpoint and given its economic complementarity, New Delhi would prefer BIMSTEC over the BCIM as it also serves the interests of India’s Look East Policy.

Over the past several years, India's trade with BIMSTEC has sustained a faster growth rate than with the BCIM though it has a smaller share of its total trade. It is because of the slow progress in BIMSTEC that the Indian government has been attaching more importance to BCIM in recent years (Juergens, 2014; Sharma & Rathore, 2015).

The Bangladesh, Bhutan, India, Nepal (BBIN) initiative seeks to enhance sub-regional connectivity as the essential ingredient in combating poverty, providing access to goods and services, creating jobs, and improving economic prosperity in this isolated sub-region (De, 2017). New Delhi has intensified its charm offensive and pledged to offer more financial support to its neighbors in a bid to win them back from China, and has already achieved some success. Dhaka has recently cancelled the construction of a port that China had proposed in Sonadia in the southeastern corner of Bangladesh, close to India's Andaman and Nicobar islands. Meanwhile, India has secured an agreement from Bangladesh to build a deep-sea port in Payra in the country's southwestern corner, close to India's coastline (Bagchi, 2016). In recent years, India has agreed to provide a US\$4.5 billion line of credit and US\$500 million for defense procurement to Bangladesh and may invest US\$2 billion in Sri Lanka, and help the Maldives develop port facilities. In addition, New Delhi has also extended US \$100 million to Sri Lanka and US\$500 million to the Maldives in defense-related lines of credit (AFP, 2017a; Roy-Chaudhury, 2018, p. 107). India has also been successful in reaching an agreement with Iran to construct its Chabahar port, just 90 km west of the Pakistani port of Gwardar, and develop transport routes linking Afghanistan, Iran, and Europe that would bypass Pakistan ("Can India Challenge China," 2018; Lo, 2018b). Finally, India and Japan have joined hands in developing the Asia-Africa Growth Corridor (AAGC), an alternative if not a countermeasure to China's OBOR (Shepard, 2017).

Sizing Up Beijing's Intentions

If the MSRI can be considered a deliberate Chinese Indian Ocean strategy, it is both an attempt by China to establish its naval presence and dominance in the region as well as to protect its interests in a potentially hostile situation. China is using its diplomatic and economic means to influence the littoral states. Where possible, China wishes to gradually develop its capability to project its naval power and protect its maritime interests. This is in preparation for an eventuality where it may have to confront a hostile security environment with its critical supply lines at stake (Holmes & Yoshihara, 2006; Johnson & de Luce, 2018). Aside from concerns over potential blockades against choke points in the Indian Ocean by (a) hostile power(s), the MSRI has been and likely will continue to be informed by relations with India, Pakistan, and

the smaller South Asian countries. China believes it has the right to develop and maintain cordial relations through trade, investment, and military assistance with states in what New Delhi may regard as its sphere of influence. That Beijing has been gaining ground in recent years in the region has been aided significantly by New Delhi's blunders in its periphery diplomacy (Bhadrakumar, 2017; Panda, 2016). Whereas Beijing's South Asia policy emphasizes geoeconomic matters where connectivity, trade and investment, and energy security are front and center in a broader framework of "comprehensive security," New Delhi views China's growing presence and activities largely through the lens of security and strategic rivalry for reasons that are deeply embedded in India's strategic culture. As the two powers increasingly interact in the subcontinent, both opportunities for greater cooperation and growing friction from the clash of their divergent perspectives and interests have increased simultaneously beyond the bilateral context (Freeman, 2018).

As some analysts have pointed out, even if the primary driver behind the MSRI is not deliberately related to any specific political designs or goals from Beijing's perspective, it nonetheless carries significant politico-diplomatic implications and could have important geostrategic consequences (J.-M. Blanchard, 2018b). Overland infrastructural projects such as highways, roads, and railways would shorten the distance between China, the Indian Ocean, and the Strait of Hormuz. Many of the port facilities China has helped build and now manages could be dual use, providing vital access to the Chinese navy. The People's Liberation Army Navy (PLAN) in recent years has been assigned a "historical mission" to not only protect critical SLOCs for Chinese sea-borne commerce, energy security, and resource imports, but also to contribute to Beijing's grand strategy. While the Chinese naval strategy remains confined to "places" rather than "bases," becoming a real maritime great power requires overcoming logistic constraints by establishing overseas bases. In this context, it is not surprising that the People's Liberation Army (PLA) opened its first support base in Djibouti in 2017. This and any future developments will take place under New Delhi's watchful eyes (Krupakar, 2017; Upadhyaya, 2017; Zheng, 2017). As one Indian analyst has observed, "one way of looking at the MSR is to view it as the velvet glove hiding the iron fist of China's military intentions and build-up in the Indian Ocean region" (Jacob, 2018).

The MSRI and Sino-Indian Relations

While it is unlikely that India will join the MSRI anytime soon if ever, this does not mean that Beijing and New Delhi will be unable to find and explore opportunities

for cooperation on infrastructure and connectivity in the region. India was among the first countries to endorse and subsequently joint the AIIB (“India Joins,” 2015). It is the second largest shareholder in the bank after China, and an Indian official holds a senior position at the bank. In fact, India also turned out to be a top borrower from the AIIB for its infrastructure projects in 2017, with US\$1.5 billion worth of loans and another US\$3 billion in the pipeline (Lo, 2018a; PTI, 2018). Critics of New Delhi’s positions on the MSRI point out that by shunning the initiative, India has missed an opportunity to improve its infrastructure. In an ever-interdependent world, India’s alarmist interpretations can be seen as overblown and steeped in zero-sum thinking, and it may have much to gain by participating (Joshi, 2017; Swain, 2017).

In fact, India and China have already been working together on the BCIM Economic Corridor, a project that has been viewed as part of the broader OBOR initiative. Originally called the Kunming Initiative, the project began as an academic concept and was launched in 1999. It has since evolved to become a track one and a half platform with official endorsement and participation. The BCIM has been tasked with exploring and developing plans for the sub-region where less developed areas of the four countries converge. The original idea was to re-establish the old overland connection between China and India through Myanmar and Bangladesh by developing road, rail, and air transport links to facilitate the flow of goods, investment, and people (Hussain, 2014). The BCIM represents 9% of the world’s landmass and 40% of its population. Due to various reasons, the initiative was slow to get off the ground. The combined foreign trade of the four countries was US\$4.73 trillion in 2012, about 13% of the global total, while intra-regional trade between the four countries accounted for about 5% compared with the 35% of intra-ASEAN trade. Of the sub-region covered by the BCIM, there are over 440 million people living in India’s Northeast, China’s Yunnan, Bangladesh, and Myanmar (L. Chen & Liu, 2013). The idea behind the BCIM is to fully exploit the comparative advantages of the four countries while focusing on three forms of connectivity (transport, trade, and people) through infrastructural development, resource exploration, market access, and the reduction of non-tariff barriers to promote sub-regional economic integration (Rahman, 2014).

With Modi working to replace the Look East Policy with an Act East Policy, the BCIM-EC appears to be better able to provide India’s Northeast with economic development, peace, and stability. The 2,800-km Kunming–Kolkata four-lane highway is nearly ready, with only 200 km on the Indian side of the border to be completed. Once open, it will greatly enhance connectivity between the four countries, facilitating trade, investment, and the development of resources in this land-locked sub-region (Aneja,

2015; Hariharan, 2015). However, whether this will be realized remains predicated on India's assessment of the overall benefits and potential risks. China is likely to dominate no matter what final economic arrangements the BCIM-EC puts forward. At the same time, allowing Chinese inroads into India's Northeast Region and access to the Bay of Bengal could only advance Beijing's geostrategic interests, potentially at the cost of India's. Indeed, New Delhi remains wary of China's growing economic presence in South Asia as Beijing actively pursues its MSR strategy (Anderson & Ayres, 2015; Uberoi, 2014).

Clearly, it is critical that Beijing address New Delhi's concerns over the BRI in terms of transparency, norms, consultation, and financial feasibility with regard to various projects. It must especially tend to India's misgivings over the CPEC, which goes through Jammu and Kashmir, regions claimed by both India and Pakistan. Likewise, the fact that India is already a part of the BCIM shows that there is room for multilateral cooperation between the two powers. India should pursue a more positive attitude of engagement with China and begin discussing the terms of its participation in the BRI. Just like its involvement in the establishment of the AIIB, India can help influence and shape the BRI to be a truly win-win multilateral undertaking.

Conclusion

This paper has taken stock of China's engagements with South Asia and analyzed Beijing's evolving policy toward the sub-continent in the form of the MSRI. Specifically, it reviews the overall contour of the MSRI and discusses some of its key developments, especially port construction and land-based transportation. While it is still too early to assess the impact of China's MSRI on South Asia, it is useful to examine China's strategic interests in South Asia, its approaches to bilateral ties with countries in the region, and its efforts in promoting China's broader geopolitical and economic interests in the larger Indian Ocean Region. Compared to its approaches to relations with Northeast and Southeast Asian countries and its relations with the US, Beijing's South Asia policy has until recently remained secondary in its overall strategic considerations, but is now receiving greater attention, especially with regard to India. This may change as the MSRI is drawing attention and should have significant implications for the subcontinent if its stated goals are accomplished, transforming the region's geoeconomic and geopolitical landscapes. The aforementioned discussion, however, raises more issues and questions. Clearly, the MSRI cannot be discussed nor implemented independently of Beijing's South Asia policy and the crucial relationship between China and India.

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Modi's Neighborhood Policy and China's Response

RAJEEV RANJAN CHATURVEDY

The Bharatiya Janata Party's (BJP) election victory in May 2014 under the leadership of Narendra Modi saw the first parliamentary majority achieved by a single party in three decades. Both Indian and foreign observers of India's foreign policy knew a little of Modi and the BJP's approach to India's external engagements. Modi's image as a nationalist and strong leader led to the speculation that he would substantially change the direction of India's foreign policy. This may be most visible in India's "Neighborhood-First" Initiative (NFI). This study focuses on Modi's neighborhood policy. It gives an overview of how the Modi government is redefining India's neighborhood policy and considers the new vision and approach that the Modi government is pursuing with India's neighborhood. It is followed by an assessment of difficulties in putting the policy into practice. Finally, it discusses responses from China and summarizes key points in the concluding section.

KEYWORDS: Modi; India; China; neighborhood; maritime; blue economy.

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redefining India's neighborhood policy and mulls over the new vision and approach that the Modi government is seeking to pursue toward India's neighborhood. It is followed by an assessment of difficulties in putting the policy into practice. Finally, it discusses responses from China and summarizes key points in the concluding section.

Why Expectations for Change?

Despite persistent domestic challenges of poverty and inequality, India enjoys recognition as a rising and responsible power in the emerging world order. The Indian economy is one of the fastest growing economies in the world. The rise of the BJP under the leadership of Narendra Modi was widely viewed as signifying a more decisive phase in the country's foreign policy (Basrur, 2017, p. 7). What were the reasons for these high expectations for change? First, expectations had risen due to Modi's personal style as a charismatic and authoritative leader, as an excellent communicator, and an effective user of social media. Moreover, the 2014 election manifesto of the BJP clearly carried his personal stamp, proclaiming a determination to "fundamentally reboot and reorient the foreign policy goals, content and process in a manner that locates India's global strategic engagement in a new paradigm" (BJP, 2014). Second, Modi's political position was much stronger than his predecessor's, and he did not have to face working under the limitations of a coalition. Third, a more clearly demarcated foreign policy was expected from Modi due to an approach that differs from "diplomacy as usual." Modi's break from the conventions of diplomacy gives him "a personal connect to use that to maneuver during tense situations" (Chaulia, 2016). It is not surprising, therefore, that Modi's pro-active leadership has amplified expectations for India's engagement with the world (Basrur, 2017, pp. 7–8).

As the first Indian Prime Minister born after independence, Modi's vision of the world is shaped by developments and influences that are more contemporary than those faced by his predecessors (Palit, 2015). His outlook on global affairs retains the main thrust of India's approach to the world, yet there is a nuanced aim of linking India's foreign policy to domestic transformation under his leadership. While his policies are designed to attract foreign capital and technology while seeking foreign markets for Indian products, they are also geared toward a closer linkage between regional stability, peace and prosperity.

The last four or so years have seen a shift in broader ideas and approaches in India's foreign policy, undoubtedly a departure from the past. Modi has demonstrated

the political will to maintain India's global engagements through continuous, frequent and sustained interactions with the world, facilitated by his profound communication skills. Delivering the 37th Singapore Lecture on November 23, 2015 captioned as "India's Singapore Story," Modi remarked, "The wheels of change are moving; confidence is growing; resolve is stronger; and, the direction is clearer" (Ministry of External Affairs [MEA], 2015). Indeed, with a clear and coherent vision, the Modi government is expanding India's global footprint. Michael Kugelman, the deputy director of the Asia Program and senior associate for South Asia at the Woodrow Wilson International Center for Scholars, aptly notes, "Modi's deep personal imprint on India's foreign relations helps drive a foreign policy focused around three broad themes, namely prosperity, national interests, and recognition as a global power" (Kugelman, 2017, p. 74).

With this background, the following paragraphs discuss the Modi government's NFI and how a changed approach is redefining and transforming the geographical scope of India's neighborhood. The next section gives an overview of India's neighborhood in a changing geographical scope, analyzes the vision and approach of the Modi government toward it, and then discusses responses from China.

Redefining India's Neighborhood

Generally, a discussion on India's neighborhood tends to focus on its relations with the members of the South Asian Association for Regional Cooperation (SAARC), namely Afghanistan, Bangladesh, Bhutan, the Maldives, Nepal, Sri Lanka, and Pakistan. The MEA, however, includes China, Myanmar, and sometimes Iran in India's neighborhood policy. Moreover, the Modi government has redefined India's neighborhood by adding the Indian Ocean Region (IOR), Mauritius, and Seychelles to the existing list. This is indicative of a change in the definition of India's neighborhood. This expanded geographical scope has both continental and maritime components and is a clear manifestation of different priorities and a new approach. With the widening of the neighborhood net and changes in its mental map, maritime domain and the blue economy have also become integral to India's neighborhood policy.

As strong leadership and greater economic clout have uplifted its status globally, India is believed by some to be a locomotive for the global economy. It is not surprising, therefore, that the major powers wish for India to succeed and become a responsible stakeholder on the global stage. Nevertheless, the performance of the

Indian economy and its vibrant democracy will shape global views of India's rise in the years ahead. The Modi government clearly understands that the real challenges lie in achieving sustained economic and inclusive growth. Modi has demonstrated his keenness to put the economy first and has therefore made national economic development the focus of India's global relations. Modi appears to be guided by the impression that a high rate of economic growth requires a more active and business-oriented external engagement. Moreover, India needs a peaceful periphery for its sustained economic growth. Hence, the primacy of neighborhood in the making of Indian foreign policy is undeniable.

Modi's Vision of India's Neighborhood

Proximity is the most difficult and testing of the diplomatic challenges a country faces. Modi had inherited a messy, even chaotic state of affairs in India's neighborhood. However, "the neighborhood is India's existential space and its backyard needs to be stable, peaceful and also prosperous" (Sinha, 2015, p. 175). What then is the Modi government's vision of India's neighborhood?

Articulating this vision, Modi said, "My vision for our neighborhood puts a premium on peaceful and harmonious ties with entire South Asia. That vision had led me to invite leaders of all SAARC nations for my swearing in" (MEA, 2017a). There has been a major shift toward India's neighbors through a determined NFI. Modi dreams of a "thriving well-connected and integrated neighborhood." In his vision, Modi underlines that India's "actions and aspirations, capacities and human capital, democracy and demography, and strength and success... represent a regional and global opportunity of great significance. It is *a force for peace, a factor for stability and an engine for regional and global prosperity* [emphasis added]" (MEA, 2017a). Indeed, the NFI has revitalized India's relations with its neighbors in an unprecedented way. At the same time, "the quality of relations has markedly improved with most of the neighboring countries, with exception of Pakistan" (Rana, 2018, p. 20). Modi's statement can be seen as an attempt to woo neighbors and reassure them of the opportunity that India provides.

India's strategic intent is largely shaped by realism, co-existence, cooperation, and partnership. Modi's foreign policy does not fit a "hard nationalist script" based on military might and expansionism, but is rather guided by the principle of "*Vasudhaiva Kutumbakam*" (the entire world is our family). Reaffirming the leitmotif of "*Sab Ka Saath, Sab Ka Vikas*" (collective efforts inclusive growth), the Modi government has

partnered with nearly all neighboring countries in a dynamic fashion. Indeed, the MEA has compiled all accomplishments of the NFI in its ebook *Effective Diplomacy, Excellent Delivery*, a useful document for anyone interested in seeing list of completed projects, flagship missions, schemes, policies, and progress. This ebook captures India's diplomatic outreach in three Rs (Resurgence, Renaissance, and Renewal) and three Ss (Speed, Scale, and Skill) (MEA, 2017a).

Modi delivered a call for regional cooperation to South Asian leaders at the 18th SAARC summit held in Kathmandu at the end of November 2014: "We can all choose our paths to our destinations. But, when we join our hands and walk in step, the path becomes easier, the journey quicker and the destination closer" (Modi, 2014). Even more noteworthy were his words in Hindi to characterize his neighborhood first policy: "*pass hone se saath hone ki taaqat zyaada hai*" (being together is more important than being near each other). India's pragmatism was evidenced in the launch of a South Asia Satellite on May 5, 2017 when intertwined dreams of regional prosperity through cooperation rose into a new orbit. Modi has clearly emphasized working together across boundaries within a larger framework of multilevel alignment and extended neighborhood through various regional and sub-regional forums such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). The economic and strategic significance of the Bay of Bengal is growing rapidly with the re-emergence of the notion of the "Indo-Pacific" region. The idea of an Indo-Pacific region assumes that the growing economic, geopolitical, and security connections between the Western Pacific and Indian Ocean regions are creating a shared strategic space. The Bay is gradually returning to its role as the center of the Indo-Pacific region, and a renewed focus on BIMSTEC has given a new lease of life to developmental efforts in the region.

Reflecting the growing geopolitical and geoeconomic significance of the Bay of Bengal region, the 4th BIMSTEC Summit held in Kathmandu in August 2018 has generated optimism in the region. BIMSTEC had been mostly overlooked until a renewed push came from India in October 2016, when it hosted an outreach summit with the leaders of BIMSTEC countries alongside the BRICS summit in Goa. BIMSTEC cooperation has since progressed in several areas including security, counter-terrorism, transport connectivity, and tourism, among others. The momentum has been maintained by timely developments such as the BIMSTEC National Security Chiefs meeting, a disaster management exercise, the launching of a hospital and tele-medicine network, the founding of a center for weather and climate, and the meetings of business chambers and industry associations. Meetings among ministerial and senior officials have motivated member countries to strengthening their cooperation in key sectors. As

BIMSTEC holds a special significance for India, making the Bay of Bengal integral to India's NFI has the potential to accelerate the process of regional integration.

India has also developed both an India–Iran–Afghanistan trilateral framework and a Bangladesh, Bhutan, India, and Nepal (BBIN) quadrilateral framework. It has also developed a framework of cooperation with major powers including the US, Japan, Germany, France, Israel, and Singapore. In its neighborhood, India has cooperated with Nepal, Sri Lanka, Afghanistan, Iran, Thailand, and Myanmar in areas that include transport connectivity, information technology, capacity building, healthcare, energy, culture and heritage, sustainable development, the blue economy, natural calamities, and disaster relief. There has been a visible change in the nature and approach of India's neighborhood policy under the Modi government.

India's Maritime Neighborhood

India is highly dependent on the seas for its trade and commerce and is seeking to develop its marine economy to discover new possibilities. Hence, New Delhi has intensified its efforts to engage with maritime neighbors under its current government. According to the Indian Maritime Security Strategy (IMSS) 2015, India's maritime neighbors are not only those sharing common boundaries with India's maritime zones, but also nations with whom it shares the common maritime space on the high seas (Integrated Headquarters, 2015). In its resolution on foreign policy, the BJP allocated a full section to India's maritime neighborhood (BJP, 2015). In fact, the election manifesto of the BJP had also included maritime elements. Certainly, these elements are indicators of the increasing priority of maritime affairs in India's external interface.

IMSS 2015 reiterates that India's dependence on her maritime environment has expanded significantly in the last couple of years. Discussing the reasons of this transformation, Admiral R. K. Dhowan writes in the foreword of IMSS 2015 that three significant developments have resulted in the shifting of India's approach to its maritime policy: First, the shift in worldview from a *Euro-Atlantic* to an *Indo-Pacific* focus and the repositioning of global economic and military power towards Asia has resulted in significant political, economic, and social changes in the IOR. This has in turn impacted India's maritime environment in tangible ways. Second, a considerable change has taken place in India's maritime security environment in the form of an expansion in scale and the presence of a variety of non-traditional threats. Third, the country has experienced a national outlook toward the seas and its maritime domain as

well as a clearer recognition of maritime security as a vital element of national progress and international engagement (Integrated Headquarters, 2015). Indeed, the rise in sources, types, and intensity of threats, with some blurring of traditional and non-traditional lines, demands a proactive and holistic approach toward India's maritime neighborhood.

Modi has laid out a comprehensive framework for India's maritime engagement which includes deepening security cooperation with its maritime neighbors, building multilateral cooperative maritime security in the Indian Ocean, focusing on sustainable economic development for all by expanding cooperation in the blue economy, cooperation with extra-regional powers, and defending its maritime interests (see Chaturvedy (2015), Mohan (2015)). The Modi government appears to be acting pragmatically by underlining the significance of maritime affairs in its foreign policy discourse. Furthermore, India has been decisive about taking a larger role as a valuable security partner and promoting regional mechanisms for collective security and economic prosperity. India's policy initiatives and announcements have also spoken of its pursuit of a stable, rule-based Asian security architecture. The Indian government's prioritization of its maritime neighborhood is an attempt in the right direction to reinforce its profound engagements with countries in the Indo-Pacific.

Modi's Vision of a Blue Economy

The Modi government has visualized the 21st century as the "century of the seas" for India, acknowledging that the seas will remain a key enabler in India's global resurgence. With the oceans becoming a developmental space, we are witnessing profound changes toward a growing planned economy in the oceans. The oceans are becoming areas of opportunity and development as well as threatened and vulnerable spaces in need of protection. Modi has therefore laid out a comprehensive framework for India's maritime engagement. Articulating his vision of a blue economy at the International Fleet Review in Visakhapatnam on February 7, 2016, Modi remarked:

An important part of India's transformation is my vision of [a] "Blue Economy". The Blue *Chakra* — or the wheel — in our National Flag represents the potential of the Blue Economy. An essential part of this pursuit is the development of India's coastal and island territories; but, not just for tourism. We want to build new pillars of economic activity in the coastal areas and in linked hinterlands through sustainable tapping of oceanic resources. Strengthening our marine research, development of eco-friendly, marine industrial and technology base, and fisheries are other elements of our goal. (MEA, 2016a)

To take Modi's vision forward, NITI Aayog, the premier policy think-tank of the Indian government, has started a consultation process to leverage India's status as a major maritime nation with a long coastline and the potential to become a significant blue economy (Singh, 2016). The maritime domain has therefore emerged as a crucial element in India's internal development as well as its external engagement strategies. India's revised maritime security strategy, titled "Ensuring Secure Seas: Indian Maritime Security Strategy" (Integrated Headquarters, 2015) has taken a holistic approach toward maritime security and underlined the great importance India has attached to securing its maritime interests.

The idea of a blue economy is gaining momentum in India, and the research community and businesses are following up on Modi's vision statement. With support from the Ministry of External Affairs (MEA), the Research and Information System for Developing Countries (RIS) has launched a research programme on the blue economy in 2015 with the aim of contributing to the evolving discourse on the concept as well as the measurement and implementation of a blue economy in India and the different regions of India's policy interests. It has also started the IORA (Indian Ocean Rim Association) Blue Economy Dialogue to focus on key aspects of the blue economy including an accounting framework; fisheries and aquaculture; renewable ocean energy; ports, shipping and manufacturing services; and sea-bed explorations and minerals (RIS, 2015).

Similarly, India's apex business chamber, the Federation of Indian Chambers of Commerce and Industries (FICCI), is also working on the blue economy vision of the Modi government. The FICCI has come out with "Blue Economy Vision 2025: Harnessing Business Potential for India Inc and International Partners," a comprehensive vision document presented at the Second IORA Ministerial Conference on the Blue Economy held in Jakarta, Indonesia (FICCI, 2017b). The FICCI's Blue Economy Vision 2025 makes a convincing argument that the oceans, with a current estimated asset value of US\$24 trillion and an annual value addition of US\$2.5 trillion, would continue to offer significant economic benefits both in the traditional areas of fisheries, transport, tourism, and hydrocarbons as well as in the new fields of deep-sea mining, renewable energy, ocean biotechnology, and many other areas. It also suggests the integration of sustainable practices with business models (FICCI, 2017a).

India's NFI seems to be pushing the frontiers of ties with its neighbors omnidirectionally. By widening its scope and approach, the NFI has become more innovative and less fixated with SAARC framework. Rather, the Indian government is working in bilateral, as well as in regional, sub-regional, and multilateral frameworks to nurture relations with neighboring countries.

Salient Features of Modi's Neighborhood Policy

Speaking at the general debate of the 69th session of the United Nations General Assembly (UNGA), Modi aptly remarked, "A nation's destiny is linked to its neighborhood. That is why my government has placed the highest priority on advancing friendship and cooperation with her neighbors" (Press Information Bureau, 2014). Indeed, India's goal to become one of the key powers in Asia is dependent on its ability to manage its immediate neighborhood. India can become a credible power on the global stage only after attaining a stable and secure neighborhood (Chaudhury, 2018, p. 101). As discussed earlier, the Modi government desires a peaceful and stable environment for India's development, and the government has clearly indicated its desire to build stronger ties with its neighbors. This has been made clear by its active and intense engagement with neighboring countries to improve relations. Delhi's neighborhood priorities have been further manifested in the first presidential address to parliament underlining its "determination to work towards building a peaceful, stable and economically inter-linked neighborhood which is essential for the collective development and prosperity of the South Asian Region" (President of India, 2014). In this context, what are the salient features of India's policy toward its neighbors under the current government?

The first feature of India's neighborhood policy under Modi is *to establish political connectivity through dialogue and engagement*. Extensive visits to neighboring countries have been undertaken by Prime Minister Modi, his Foreign Minister Sushma Swaraj, and several important ministers and senior officials. Modi has shown his zeal and vigor in engaging neighbors at the highest political level. Modi also understands that political relations are as equally important as economic initiatives. With this in mind, he is making a conscious effort to maintain personal contacts with neighboring leaders. Both Modi and Swaraj have also met a large swath of political leaders in neighboring countries, including those in the opposition. They have made promises to each that India shall work with their country in mutual cooperation and development. During his visits, Modi has also tried to reach out to large sections of both national elites and ordinary people. His persuasive leadership style and use of political rendezvous may be a valuable diplomatic tool.

Likewise, the Modi government has started two high profile dialogues, the Raisina Dialogue and the Indian Ocean Conference, for the greater engagement and exchange of ideas with neighbors and partners. The Raisina Dialogue is India's flagship multilateral conference, engaging with geopolitics and geoeconomics. It is designed to explore and examine the prospects and opportunities for Asian integration

as well as Asia's integration with the larger world. Every year since 2016, global leaders in policy, business, media, and civil society are hosted in New Delhi to discuss cooperation on a wide range of pertinent international policy matters. Supported by the MEA, the Dialogue is structured as a multi-stakeholder and cross-sectoral discussion involving heads of state, cabinet ministers, and local government officials, as well as major private sector executives, members of the media and academics.

In 2016, the MEA supported another significant track 1.5 dialogue on the IOR that was initiated by the India Foundation, a Delhi-based think-tank, along with its partners from Singapore, Sri Lanka, and Bangladesh. The Indian Ocean Conference brings together the heads of state/government, ministers, thought leaders, scholars, diplomats, bureaucrats, and practitioners across the region. Three successful editions of the Conference have been hosted so far in Singapore (2016), Colombo (2017), and Hanoi (2018) and have attracted global attention. Supported by their governments, these forums have become an important platform for shaping agendas and action plans as well as the outlining of policy directions by the Government of India.

The second feature of Modi's neighborhood policy is *to follow through with its announcements and track progress*. Modi has always looked for tangible outcomes. The BJP government is known for noteworthy past achievements that include India's nuclear tests. Progress on several projects and regular follow-up is an indication that India is striving to solve a chronic deficit in the delivery of its foreign policy by executing these neighborhood initiatives and generally doing as it says. For example, India cemented its credentials as a key development partner of Bangladesh, with Prime Minister Modi and his counterpart Sheikh Hasina jointly inaugurating two railway projects and a power link (Roche, 2018). There are also numerous examples of follow-up actions by the Indian government to implement various declarations discussed earlier. Modi's accomplishments in its neighborhood have been "significant, if not exceptional" (Kaura, 2018). Partnering with neighbors has given a new drive to India's relations with most South Asian and Southeast Asian countries (Rana, 2018, p. 21). Indeed, these mutual partnerships could herald a new level of positivity, and more importantly, soften mistrust and mute the "China threat narrative." Should such policies prove to be successful, cooperation on more divisive and sensitive issues such as terrorism, separatism, insurgency, religious fundamentalism, and ethnic strife could be attempted with a greater chance of success.

The third important feature is India's *renewed emphasis on seamless economic, physical, and digital connectivity*. Modi's emphasis is on the five Ts: trade, tourism, talent, technology, and tradition with the goal to build and strengthen a peaceful, stable, democratic, and economically inter-linked neighborhood. Implementing

infrastructure projects to enhance connectivity and enable the uninhibited flow of commerce and energy in the region seems to be among the top priorities of the Indian government. Modi's intent is notable in several agreements and cooperation with neighboring countries in fields including power trading, grid-connectivity, motor vehicle agreements, transport connectivity, humanitarian assistance and disaster relief, healthcare, and education.

Modi's government has focused on strengthening infrastructure connectivity, easing restrictions to create a business-friendly environment, reducing non-tariff barriers, boosting regional cooperation, and integrating common markets. Stronger connectivity is at the heart of the NFI of the Modi government. The US\$900 million India–Afghanistan trade, for example, has received a boost from a special “air corridor” established between Kabul, Delhi, and Mumbai in 2017 (Haidar, 2018). Several other long-pending connectivity projects in the neighborhood have been completed or are near completion. Several transport connections have been established. For example, India and Nepal had agreed to ply buses on eight new routes to improve connections between the two neighbors that are already functional. These include Patna–Janakpur, Kathmandu–Varanasi, Bodh Gaya–Kathmandu, Nepalganj–Delhi, Janakpur–Ayodhya, Siliguri–Kathmandu, and Delhi to Kathmandu, Pokhara, and Mahendranagar. The MEA provides the details of its inter-country bus, train, and shipping services maintained between India and neighboring countries (MEA, 2016b). Better logistics is the dominant theme of India's neighborhood outreach. Moreover, India is broadening cooperation among neighboring countries in areas such as weather forecasting, disaster management, and satellite capabilities.

Nonetheless, the challenge for Indian diplomacy lies in convincing its neighbors that India is an opportunity and not a threat. Far from being overwhelmed by India, they can gain access to a vast market and productive hinterland that can provide their economies far more opportunities for growth than their domestic markets. Economic cooperation represents the easiest “sell” to various constituencies within the countries of the region. Modi has signaled on several occasions that “a strong economy is the driver of an effective foreign policy.” Therefore, economic diplomacy appears to have taken the driver's seat to facilitate India's economic revival.

The fourth important feature is *an active collaboration and partnership with extra-regional/major powers on issues of mutual interest*. Issues of mutual interest include, but are not limited to, infrastructure development, information sharing, technological cooperation, and growing cooperation between law enforcement agencies to counter transnational threats such as terrorism, narcotics, trafficking, financial and economic fraud, and cybercrime. Japan in particular is emerging as an important

partner for India. Recent initiatives like the Asia–Africa Growth Corridor and the Partnership for Quality Infrastructure are some indicators of this growing partnership and a convergence of interests.

The fifth important feature is the *greater attention on India's leadership role into the region*. India aspires to become a leading power in its neighborhood, the IOR included. Concerned with increasing Chinese influence in India's neighborhood, Modi's government is extending various kinds of assistance and is scaling up efforts to deepen its partnerships with all neighboring countries. Modi is also trying to connect with people through social media and his impressive digital diplomacy. India is among the most prominent development assistance partners of its immediate neighbors. It has started to conclude white shipping agreements and cooperate on coastal and Exclusive Economic Zone (EEZ) surveillance with some neighboring countries. Furthermore, India is emerging as a net security provider and a first responder to Humanitarian Assistance and Disaster Relief (HADR) situations in the Indian Ocean, and this trend is likely to grow in the foreseeable future. The Modi government appears ready to engage the global order in pursuit of its national interests and emerging international responsibilities.

The sixth and final feature of Modi's neighborhood policy is *the persuasiveness of power, hard and soft*. While constructive engagement with neighbors is a priority for Modi, he has also sent a strong message to India's neighbors that if and when required, India can be uncompromisingly tough. This was at least crystal clear with Pakistan and more recently with China. Despite the power asymmetry, India successfully raised the cost of China's land-appropriating adventurism at Doklam. While India managed to call China's bluff, it also soothed the concerns of Bhutan. Modi's pragmatism has also led to an informal summit with Chinese President Xi Jinping in Wuhan. The Wuhan summit helped to create understanding between India and China and the thawing of their relations.

The Modi government has done a remarkable job through a rare display of soft power diplomacy when the United Nations celebrated International Yoga Day on June 21, a day which has become popular globally. The Modi government has actively promoted values, culture traditions, and connections to Indian civilization. Prime Minister Modi has made several visits to cultural sites in countries including Bangladesh, Bhutan, China, Myanmar, Nepal, and Sri Lanka, where the ancient connections between these countries and Indian civilization are still visible. He has also talked extensively on shared values, traditions, and heritage with the intent to strengthen these ancient ties. Modi's other signature initiatives like the International Solar Alliance or social media campaigns like #selfewithdaughter to promote equality

for girls and women are other examples of soft-power augmentation. Similarly, India is working on technological innovations in areas such as healthcare, traditional medicine, and satellites for education while willing to share this knowledge with neighboring countries and partners. The launching of a hospital and tele-medicine network, the founding of a center for weather and climate, and meetings of business chambers and industry associations are few examples of concrete steps to act on outlined policies.

Limitations of the “Neighborhood First” Initiative

Despite a transformed approach toward its neighbors, India's neighborhood diplomacy has met several limitations. Nevertheless, India has witnessed an improvement in its relations with all neighboring countries but Pakistan. While there may be some debate over the various measures and initiatives of Indian foreign policy, it can be broadly agreed that India's national interest is guiding and shaping its foreign policy initiatives. Asymmetry has certainly created major complications for maintaining good relations, and it is a fact that all big countries have problems with their smaller neighbors.

Many good ideas have surfaced in the past but could not be implemented due to either political reasons or the limited institutional capacity of the MEA. The gap between good ideas and their implementation has created a wide impression of a “delivery deficit” in Indian foreign policy. While it has managed to complete several projects, implementing its pledges remains India's biggest hurdle and a reputation for delayed delivery has persisted throughout its neighborhood. While there could be several reasons for this perception, the biggest shortcoming in India's foreign policy is that the institution is miserably understaffed. India is served by the smallest diplomatic corps of any major country. David M. Malone, a keen observer of India, wrote in his master work on contemporary Indian foreign policy that the MEA's “headquarters staff work punishing hours, not least preparing the visits of the many foreign dignitaries laying siege to Delhi in ever growing numbers as India's importance has expanded. . .” (Malone, 2011, pp. 299–300).

There are indications that the MEA is taking steps to address this issue. Shashi Tharoor, the current Chairman of the Parliamentary Standing Committee on foreign relations, is an avid supporter of institutional reforms. He has written extensively on this subject in books and columns and rightly argues that “the Foreign Service be strengthened, enlarged with the addition of new personnel, and reformed in significant ways” (Tharoor, 2015, p. 60). If media reports are correct, political leaders and bureaucrats are finally beginning to enact some much-awaited and critical institutional

reforms. However, India must also manage to avoid delays in the completion of its many projects. The huge asymmetry of size and power between India and its neighbors further complicates the matter. Domestic political changes and other compulsions in neighboring countries as well as changing global circumstances also play an important role in various outcomes. More importantly, India is living in a neighborhood shared by China. Both are seeking regional and global influence through their rapid economic growth and huge reservoirs of human capital. The uneasy and stressful bilateral relations between these two Asian giants have made India's neighborhood even more challenging. Nevertheless, the Modi government has a clear vision to engage its neighbors and made significant progress in its relations with the most neighboring countries.

India's strategy for each of its neighbors may require better coordination among various units of government in Delhi than has been the case to date. It must also seek better coordination as it deals with issues that concern several neighboring countries at once. A stronger role for the Prime Minister's office and greater interaction with the foreign ministry, the ministry of commerce and industry, and other ministries could yield significant dividends. Similarly, there is an increasing engagement among state governments in foreign policy matters, signifying a trend toward the federalization of foreign policy. Acknowledging the critical role of states in the success of commercial and cultural diplomacy, the MEA has created the States Division to provide them with an effective external interface. This has become instrumental in identifying target countries and regions for commercial, cultural, academic, tourism, and diaspora outreach. Such an approach could additionally aid in the development of regional and sub-regional frameworks of cooperation.

Despite the aforementioned limitations, there is visible progress on the ground and Modi's NFI has largely been a success. It is important to note that the NFI does not mean that "all is well with our neighbors," but the Modi government has certainly invested political capital by showing its willingness to abide by its pledge to improve relations with its neighbors.

Chinese Response

China is India's largest neighbor and shares the same number of land borders in the region as India (Chaudhury, 2018, p. 99). Both China's perception and strategy toward India have been shaped by the gaping asymmetry of power between the two countries. At US\$11 trillion, China's economy is roughly five times the size of India's. Were China to grow 2% and add over US\$200 billion to its GDP, India would have to

grow by 10% to remain in the same place. In terms of security capabilities, this gap is most visible in defense expenditure with China's US\$215 billion, approximately four times larger than India's US\$55 billion (Saran, 2017). It is not surprising, therefore, that many Chinese observers have pointed out that China does not see India as competitor and bothers little about it. Professor Yiwei Wang of China's Renmin University notes that the "Chinese do not care much about India."¹ However, Chinese behavior suggests a mismatch between statements and realities in many instances. China cannot dismiss the huge hard and soft power potential of India. The opening of more India Studies Centers in various universities, frequent interactions between Chinese and Indian scholars and think-tankers, and a dedicated section on India in the Chinese newspaper *Global Times* are a few visible indicators of a gradual increase in interest in India among the Chinese.

It is believed that the competition posed by China has affected Modi's NFI (Muni, 2016). China's economic reach in India's neighborhood has grown considerably since the late 1990s, while India's has lagged behind. China is currently the largest trading partner of India, Pakistan, and Bangladesh and the second largest trading partner of Sri Lanka and Nepal. Bilateral relations have become uneasy as Beijing and Delhi attempt to come to terms with each other's rise. India can do very little to prevent the growing economic influence of China in the region, as India and its neighbors require China's financial assistance and benefit from deepening trading and investment links (Kelegama, 2014). China is making a strong push into India's neighborhood for its own strategic and economic reasons (Muni & Tan, 2012). In this push, it has exploited the differing degrees of alienation between India and its neighbors by offering them generous economic and infrastructural support under its Belt and Road Initiative (BRI) projects. China has also systematically worked to build understanding and support with diverse political groups in each of these countries to ensure continuous support for its growing presence. The political and economic support offered by China to India's neighbors has given each country greater confidence in bargaining assertively with India on issues concerning their specific political and economic concerns. China's relations with India's neighboring countries display three key features: first, Beijing benefits from and sometimes exploits the asymmetry in its relations; second, China has pursued a "package" approach in bringing economic, political and other means in a coordinated manner; and third, it advances its interests through a network of interlocking and self-reinforcing bilateral, regional, and

¹Telephonic interview with Professor Yiwei Wang in September 2017. All other interviews cited in this paper were conducted through email in September 2017, unless mentioned otherwise.

global engagements (Eisenman & Heginbotham, 2018, pp. 226–227). There is a strong impression in the region that India is finding it hard to compete with this Chinese “push.”

The Chinese perspective of India’s neighborhood varies depending on the issues at stake. As an article in this special issue discusses the Chinese perspective in depth, it would suffice to say here that generally, China acknowledges the aspirations and huge potential of India and sees its expanding interest as a natural process. India’s increasing influence in China’s neighborhood, however, has created some apprehensions. India’s improving partnerships with major powers such as the US and Japan in particular have created some apprehensions among Chinese scholars. Chinese scholars also see India’s enhancing cooperation through a prism of rivalry. Dr. Ji Miao of China’s Foreign Affairs University asserts that increasing Chinese cooperation with India’s neighbors “should not invite skepticism and anxiety” and emphasizes that the “mentality of competition between India and China only jeopardizes the prospect of the rise of the two Asian powers.”² China and India section in the *Global Times* includes a series of opinion pieces by Chinese scholars suggesting the benefits of Chinese–Indian cooperation in India’s neighborhood, while it is difficult to find any article arguing for cooperation in China’s. Chinese scholars see India’s collaboration and partnership in China’s neighborhood as balancing act.

Professor Shisheng Hu, the Director of the Institute of South & Southeast Asian and Oceania Studies at the China Institute of Contemporary International Relations (CICIR), remarks that if India’s actions are aimed at balancing China, then such doings are certainly “problematic and threatening to China.”³ He adds, “As a matter of fact, in recent years, the inclusion of Japan and maybe Australia in the future into the Malabar joint exercises, the upgrade of several trilateral security dialogues such as India–Japan–US, India–Japan–Australia, and 2+2 dialogues with Japan and with the US, etc. really have made China uneasy.”⁴ Echoing similar views, Major General (retd.) Yunzhu Yao, Director Emeritus of the Center on China–American Defense Relations and Senior Advisor to the China Association of Military Science, remarks,

both China and India are fast growing economies with fast modernizing militaries. They have both shared and conflicting interests. However, in military aspect, they have more conflicting interests, as highlighted by the recent border dispute at Doklam. Joint exercises with ASEAN states such as Vietnam, which has maritime disputes with China in SCS, or with the US,

²Interview with Dr. Ji Miao in September 2017.

³Interview with Professor Shisheng Hu in September 2017.

⁴Interview with Professor Shisheng Hu in September 2017.

Japan and even Australia, which have structural conflict with China in the form of US-led military alliances, would *alarm and alert China on the possible geostrategic implications* [emphasis added].⁵

Explaining China's response, Prof. Hu has pointed out that "China can also have some leverages. China can enhance her connectivity with her neighbors in a more vigorous way. *South Asia is not only India's, but also China's; the Indian Ocean is not India's Ocean but all the countries* [emphasis added]."⁶ China is concerned that India's relations with its neighbors may have security components. Maj. Gen. Yao has noted that "defence and military relations with China's neighbors which have maritime disputes with China will make it nervous. And timing has a role play as well."⁷ Commenting on this subject, Colonel Liu Lin from the Chinese Academy of Military Science has said,

China is very concerned about India's growing cooperation with Vietnam, Myanmar, Japan and Australia, especially in the security field. We think that the India–Vietnam and India–Japan relations main aim is to build a maritime coalition to counter China's actions, so this will make the situation in South China Sea even more complicated because of the external interference.⁸

She adds, however, that "the India–Myanmar relationship will give Myanmar more choices and more maneuver room in developing relations with China."⁹ Chinese experts see China's security relations with India's neighbors as normal in the course of international relations. Moreover, there is a significant degree of interaction and cooperation taking place between India and China on issues of mutual interest at regional and multilateral levels. The Shanghai Cooperation Organization, the Bangladesh–China–India–Myanmar (BCIM) Economic Corridor, and the Asian Infrastructure Investment Bank (AIIB) are some examples of cooperation between these two countries. However, globalization and a fast-changing economic and security environment have resulted in increasing competitive elements in Sino–Indian relations. Some scholars explain this phenomenon as "coopetition", a hybrid of concurrent cooperation and competition. Coopetition was originally a business strategy that consists of assessing the advantages of competitors cooperating in certain situations in which it is in their mutual interest to agree on steps that enhance the

⁵Interview with Major General (ret.) Yunzhu Yao in September 2017.

⁶Interview with Professor Shisheng Hu in September 2017.

⁷Interview with Major General (ret.) Yunzhu Yao in September 2017.

⁸Interview with Colonel Liu Lin in September 2017.

⁹Interview with Colonel Liu Lin in September 2017.

overall climate for success while in no way diminishing competition” (Schunz, Gstöhl, & van Langenhove, 2018 p. 4).

The meeting between President Xi and Prime Minister Modi in Xiamen in September 2017 appeared to put the brakes on the downturn in Chinese–Indian relations. The two sides agreed to turn over a new leaf and hold an informal summit. The milestone summit was held in April 2018 and has “created a new model of exchanges” between leaders of the two countries. According to Chinese Ambassador to India Luo Zhaohui, “China–India relations have been stabilized and improved, moving into the fast lane of development” (Prasad, 2018). He has described the efforts of the two sides in implementing the Wuhan consensus and promoting bilateral relations as the five Cs: Communication, Cooperation, Contacts, Coordination, Control and Management (Prasad, 2018).

Indian IT companies are working with local Chinese governments to boost their capacities, particularly in the area of big data and artificial intelligence. The Sino–Indian Digital Collaboration Plaza (SIDCOP), an initiative to bring Indian IT companies and Chinese enterprises closer to each other on a single AI-enabled platform, was launched on January 10, 2019 in partnership with the National Association of Software and Services Companies (NASSCOM) alongside the municipal governments of Guiyang and Dalian. A joint venture comprised of one Indian and one Chinese company has been tasked with the running of the platform (Press Information Bureau, 2019).

Similarly, one of the outcomes of the informal summit between Chinese and Indian leaders in Wuhan was to “explore ways to carry out cooperation with third parties in a broader scope.” This has been termed as “China–India Plus” (CIP) by the Chinese Foreign Minister. The CIP kicked off with the China–India Joint Capacity Building Programme for Afghan Diplomats in October 2018 at the Foreign Service Institute of India in Delhi and in November 2018 at the China Foreign Affairs University in Beijing. The CIP model could also be applied to cooperation on the Rohingya issue in Myanmar and Iranian nuclear issues (Long, 2019). Though the CIP model sounds positive and helpful, it suffers from certain limitations, particularly in South Asia. India’s neighboring states at present see China as a ready and available alternative to India. With the CIP model in place, India’s neighbors would find themselves without a Chinese alternative in their dealings with India. Moreover, India’s partnerships with other major powers including Japan and the US have offered attractive options for neighboring nations.

Modi and Xi met in November 2018 on the sidelines of the G20 Summit in the Argentinian capital of Buenos Aires, acknowledging that there had been a “perceptible

improvement” in bilateral ties since the Wuhan informal summit. This had been the fourth such meeting in seven months and both sides have been optimistic that 2019 will be an even better year for Indian–Chinese relations. Another informal summit between the two leaders is expected that could further boost constructive mechanisms to improve bilateral and regional cooperation between China and India. The informal summit between Indian Prime Minister Modi and Chinese President Xi has underscored the existence of cooperating and competing elements. Competition between India and China along with changing geopolitics and geoeconomics will be shaping their shared neighborhood space.

Conclusion

Modi's neighborly aspirations have raised huge expectations for India's foreign policy. The timely delivery of promises will require hard work and a coordinated effort by concerned officials and other stakeholders. Undoubtedly, India needs to devote more diplomatic and political energy toward its relationship with immediate neighbors. The Indian economy is growing at a much larger scale than its neighboring countries, and given the disparity between the size of these economies, India will continue to outpace them in the years to come. This will give India certain advantages over neighboring countries, but may also give rise to some difficulties.

After decades of not paying attention to its own region, India is now eager to use regional and sub-regional institutions to consolidate its primacy in the neighborhood, raise its profile in the Indian Ocean, contribute to the balance of power in the Indo-Pacific through more active participation in East Asia regionalism, and improve its bargaining power in matters of global governance. So far, the Modi government has embarked on the profound political and diplomatic engagement of its neighbors. Indeed, Modi deserves full credit for giving more power to New Delhi's role in its close neighborhood. Nonetheless, India faces a formidable task in transforming this continental and maritime neighborhood. As an old saying goes, “*Sidhir Bhavati Karamja*,” or “success is born of action.” The onus lies on the implementation of Modi's mantra of “neighborhood first.” Everything is dependent on Modi's ability to ensure that there is no deficit between policy and delivery, turning his vision into reality and fulfilling his promises. More importantly, Modi must ensure that his overly personalized foreign policy moves toward a more institutionalized foreign policy in the coming years.

China is grappling with an economic transition at home and a trade war with the US. At the same time, it cannot ignore India's rising economic profile, vast potential

and strong leadership. It is therefore pragmatic for China to engage other countries and improve its relations. A personal understanding and chemistry between the leaders of the two countries has inspired confidence in the relations of China and India. Relations seem to be thriving, at least on the surface, and Beijing and Delhi are striving to amplify their existing areas of cooperation. Both the forces of globalization and the diplomatic breakthrough after the Doklam faceoff have motivated the two countries to at least engage in a selective convergence. Beijing has declared that both countries can take bilateral ties to the next level by shedding their mental inhibitions and managing their differences. Chinese Foreign Minister Wang Yi has said that the Indian elephant and the Chinese dragon must dance together instead of fighting one other (“China Extends,” 2018). However, despite the transforming environment and personal commitments from leaders to mend fences, it is clear a certain uneasiness exists between Beijing and New Delhi.

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Engaging the Asian Giants: India, China and Bangladesh's Crucial Balancing Act

SMRUTI S. PATTANAİK

Bangladesh has engaged both India and China as they fulfill its aspirations for development without raising the apprehensions of either. High-level visits between Bangladesh and India and the resolution of some of the long pending issues have removed some earlier distrust, greatly institutionalizing the relationship between the two. India opposes the Belt and Road Initiative (BRI), while Bangladesh is a participant. China shares a robust relationship with the military of Bangladesh, while security cooperation between India and Bangladesh is nascent, involving capacity building and cooperation to meet non-traditional security challenges. Bangladesh has kept the sensitivities of the two countries in mind as it engages with both. Therefore, it has built its energy and infrastructure with the largest credit line ever offered by India while also engaging with China to invest massively in infrastructure projects. Bangladesh is the only country in South Asia to have profited from relations with both India and China in such a way. In this study, four sectors have been selected in which Bangladesh has engaged both countries and benefitted immeasurably.

KEYWORDS: India; China; Bangladesh; foreign policy.

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South Asia is undergoing a major geopolitical transformation. Democratic transition has fueled aspirations for sustainable economic growth that can bridge the gap between rich and poor as well as create employment opportunities for the growing number of educated youths in the region. Economic growth has also necessitated massive investment into infrastructure that is expected to fuel a market-based economy and generate revenue to sustain growth in developing countries. Due to its ability to fund large infrastructure projects, China with its deep pockets

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has increased its presence in South Asia and offered generous investment without political strings. It is funding massive infrastructure projects such as airports and ports that can greatly contribute to economic growth. For the first time, India's absolute primacy in South Asia is being challenged as China entrenches its position through huge investment with strategic intent. Yet, as India's influence in the politics of its neighborhood remains immense, it therefore continues to remain a potent player. At the same time, India's ability to influence the domestic politics of its neighbors in favor of the opposition if it wishes so has exacerbated the anxiety of ruling regimes and fueled a wave of regime-instigated anti-Indianism. Politically marginalized groups and oppositional forces in India's neighborhood have always sought its help to remove autocratic regime in favor of democracy and representative government in their countries, and this may be aided by a socio-cultural affinity that has helped to shape politics in its favor. The moment that the political opposition seeks India's attention, a given regime often resorts to a "China card" as a balancing strategy to deter any possibility of political intervention that may go against its interest. Courting China is justified as a sovereign foreign policy choice and an attestation of a regime's independence from India-ordained regional security order, one which expects its neighbors to give priority to India's security interests because India often perceives its stability is intertwined with developments in the neighborhood. The more India dislikes a particular foreign policy choice of a regime in its neighborhood, the more acceptable the regime and its policies become domestically. To some extent, perceptions of India are also rooted in the two-nation theory which led to the partition of India.

This is not surprising. As countries compete for influence over small states, the small states often attempt to play them against one other to leverage their bargaining power. Some have defined the relations of Bangladesh with India and China as "parallel relationships" and argue that "A connection with China was even more critical for Bangladesh than it was for Pakistan" (Chowdhury, 2010, p. 5). In spite of such geopolitical drama in the South Asian region, Bangladesh is the only country that has successfully engaged both China and India simultaneously instead of playing one against the other, as was the case in the past. To deal with India, it has been argued that Bangladesh needs to pursue a "pilot fish policy." This will essentially mean keeping close relations with India (given its size and power) without provoking it. Though mindful of India's security concerns, Bangladesh also realizes the importance of engaging China to build its much-needed infrastructure. As was said of Sheikh Hasina's visit to Beijing in 2010 by Obaidul Qader, the then General-Secretary of the Awami League (AL), "a proactive and balanced diplomacy like that between Washington and New Delhi could be established by the visit" (as cited in Chowdhury, 2010, p. 8).

What has dictated Bangladesh's policy toward India and China? Two substantial factors have dictated its foreign policy choices toward its two giant neighbors. First, India played a significant role in the country's liberation, and there are many who argue for closer relations. Second, Bangladesh's geographical location — surrounded by India on three sides — remains an important influence on its domestic and foreign policy, a geopolitical force that cannot be ignored or balanced. To some extent, China's role as a counterweight to India is seen both a political and a military strategy. China is also a major supplier of weapons to Bangladesh and has close ties with its politically influential, powerful military. As a state that is geographically proximate to both, the country's aspirations for development in the recent past have dictated its policies toward the two. Bangladesh has been able to address India's apprehensions of China by deepening its relations with India, institutionalizing dialogue mechanism, delivering on India's security needs in the North-east while engaging with its military through high-level exchanges and capacity building exercises. Bangladesh has also effectively engaged India multilaterally and sub-regionally, freeing Dhaka from the zero-sum game prism through which its relations with New Delhi are often evaluated. For Bangladesh, engaging China is also an important precursor for navigating domestic constraints and establishing close ties with New Delhi. Without an appearance of balancing New Delhi with Beijing, Dhaka's foreign policy is not considered as autonomous.

Both India and China are equally eager to engage Bangladesh as they compete for influence in South Asia. Dhaka's leveraging of its bilateral relations with India and China has also paid rich dividends. This paper analyzes Bangladesh's crucial balancing act of engaging the two Asian giants without getting caught in their bilateral relational dynamics. It also examines how India and China have engaged Bangladesh and speculates its future of bilateral relations with each country.

Several political realities of domestic politics in Bangladesh must be brought to the fore. As India is a major political factor in Bangladesh, there are divergent views within the country about how to engage India. Though the two major political parties realize the importance of engaging India as an important regional player, the Bangladesh Nationalist Party (BNP) for ideological reasons has always portrayed India as a threat to the country's sovereignty (Karim, 2012). As a result, some party workers continue to argue that any change of its posture toward India would dilute its electoral support base. In public perception, India is seen as a "hegemon" having vast influence in the country's politics. In contrast, China is perceived as a country that has "benign" intent and is eager to invest, partnering with Bangladesh in a development strategy based on a "win-win" formula. As the largest supplier of defense weapons to the Bangladeshi armed forces, China is seen as a counterweight to the "hegemonic intentions of India."

Since 2008, the AL has replaced this “balance India policy” that emphasized close relations with China without corresponding improvement of its ties with India and has engaged the two Asian giants while being mindful of their concerns and sensitivities. The AL government realizes that Bangladesh can benefit from the relative strength, economic capacity and geographical proximity of both countries. The dictum of Bangladesh’s foreign policy is “friendship towards all, malice towards none” (Hasina, 2017). While China has proposed investment in Bangladesh in the sum of US\$24 billion, India’s investment is only around US\$8 billion. Scholars and the media in Bangladesh have often compared China’s massive investment capacity with India’s to argue for close relationship with China which has economic potential to take the economy of Bangladesh to new heights. They also point at India’s lack of capital for investment, arguing that the country is not in a position to fulfill Bangladesh’s development needs.

Still, New Delhi remains an important international partner. Expectation from India in supporting Bangladesh in international fora is immense. For example, there was a huge public expectation that India would support Bangladesh against Myanmar in dealing with the Rohingya refugee crisis, while there are no such expectations of China. Ironically, India’s image as a “big brother” and a “hegemon” comfortably coexists with public expectations that it acts as a friendly neighbor. Though it will likely seek deeper economic and political engagement with China, Bangladesh will continue to engage India in framework of “beneficial bilateralism.” Dhaka has recognized China’s “core interests” including the “One China” policy and eagerly joined the Belt and Road Initiative (BRI), yet has refused at the same time an agreement with China to develop a deep sea port in Sonadia that could contribute to India’s concerns. It has also engaged both Russia and India in the Ropur nuclear power plant despite China having declared an interest in the project earlier. During President Xi Jinping’s visit to Bangladesh in September 2016, Bangladesh and China’s relations were labeled a “strategic partnership.” While relations with India were described as one that has gone beyond strategic partnership.

The History of Bangladesh’s Relationship with India and China: A Balancing Act

Ever since the Liberation War of 1971 in which it played a major role, India has been an important factor in the domestic politics of Bangladesh. Though initially part of a security arrangement through the 1972 Treaty of Peace and Friendship which expired in 1996, India has never been an actual part of Bangladesh’s security architecture. While the 1972 Treaty remained on paper, thanks to the campaign of groups

opposed to Mujib regime. As a retired Foreign Secretary of Bangladesh pointed out, “The fear was India would leverage its role in 1971 to influence domestic politics, and by extension, its foreign policy.” The opposition insisted that this would establish India’s hegemony and will only subjugate Dhaka’s interests to those of New Delhi. Suspicions of India remained a major factor post liberation, often colored by India’s perceived and actual role during the war that was woven through India’s approach to a series of bilateral disputes. After the assassination of Sheikh Mujibur Rahman, the visionary founding father of Bangladesh and the main architect of the close India–Bangladesh relationship, bilateral relations were overtaken by a series of balancing games authored by General Zia ur Rahman, a military dictator who had taken power in 1977 and founded the BNP in 1978. As it shared a more than 4,000-km border with Bangladesh, India was portrayed as the country’s main adversary as the Army was reorganized under Zia’s military leadership.

Bangladesh followed a policy of “defensive offence” and the political circumstances under which Zia’s regime had taken power necessitated a new focus in its foreign policy. As Zia cemented the country’s relationship with China, Pakistan, the US and the Islamic countries of the Middle East who had opposed Bangladesh’s independence, relations with India followed a policy of ideological balancing between the secularism of the AL and the BNP’s brand of Bangladeshi nationalism. India was portrayed as a military and ideological adversary that the Army would eventually need to confront. Viewed as the natural counterbalance to India, China was willing to collaborate closely with Dhaka in strengthening its defenses against India, the only country that surrounds Bangladesh on three sides. Bangladesh decided to procure weapons from China to strengthen its military after the two established diplomatic relations in 1975. During this period, relations blossomed with countries that had originally opposed its liberation. This was especially true of China, Pakistan and the US, which shared adversarial relations with India. China also had strategic interests in furthering ties with Bangladesh. Not wanting Bangladesh to fall to the “Indo–Soviet axis,” it was therefore keen to renew its relationship with the newly independent country. Though China had sided with Pakistan during the war of liberation and vetoed its entry into the United Nations to show its solidarity, Pakistan’s recognition of Bangladesh in 1974 opened up new opportunities, particularly when relations between Bangladesh and India were witnessing a downward slide.

Despite close collaboration during the Liberation War, relations degenerated as the military regime and rightist political parties that had opposed Bangladesh’s liberation joined hands to rule the country till 1990. Issues like water sharing, undemarcated land and maritime boundaries, unresolved enclaves and lopsided trade in

favor of India contributed to the larger narrative of India as a hegemon, and Bangladesh's opposition to India was portrayed as a legitimate struggle for survival against a powerful neighbor. China also vocally supported Bangladesh in its struggle to "safeguard national independence, state sovereignty and resist foreign interference." Relations with India were influenced on the one side by anti-India groups such as the BNP and its allies from religious political parties, and on the other by parties such as the AL and its allies who perceived India as an opportunity and the country that had contributed to liberation. Each political group viewed relations with India through its own ideological lens. Opposition to India and friendship with China are intertwined symbolically with the issues of sovereignty and independence. In the past, India was perceived as a threat to its sovereignty since its expansive cold war security architecture included Bangladesh without Dhaka's concurrence which means Bangladesh's foreign and security policies have to cater to India's security concerns. This, in other words, binds Bangladesh to India's security and even restricts it to follow an autonomous foreign policy that New Delhi may interpret as a threat. Therefore to engage China which defeated India in the 1962 Sino-Indian War is seen as a hallmark of Bangladesh's independent policy and also a rejection of India's attempt to include Dhaka in its security framework. Many therefore continue to perceive China as a guarantor of Bangladesh's independence through its generous military aid even though India and Bangladesh are bound together to meet challenges posed by non-traditional security threats.

Bangladesh and China have developed close military ties that include both training and the supply of military hardware. The two countries signed a defense cooperation agreement in 2001 and upgraded their relationship to a strategic partnership in 2016. The initiation of the Look East policy by the BNP government in 2001 was also intended to move Bangladesh away from India's sphere of influence. Bangladesh's policy toward China has therefore contained an element of strategic balancing with India. The ideological rationale has been based on a two-nation theory that portrays India as the "Hindu other," supported by vested interests that seek a reorientation of the country's foreign policy. India's acts of omission and commission in its bilateral dealings have only contributed to this narrative and often been highlighted by those who oppose close relations with New Delhi.

As is the case in international politics, foreign policy is very dynamic, and India-Bangladesh relations are no exception. While the balancing game remained a part of state policy, Bangladesh began to repair its relations with India after they had reached a low from 2001 to 2006, sending high-level delegations that included several chiefs of the armed forces and honoring the veterans from India who contributed to Bangladesh's war of liberation. To some extent, this policy change was dictated by the

political exigencies of a military-backed caretaker government that had taken power under peculiar circumstances in 2007 which needed India's support.

Efforts were made to develop a modicum of synergy in security issues as necessitated by their notoriously porous border. In a scenario of emerging non-traditional security threats such as terrorism, drug trafficking and other transnational crimes, the emphasis on military security has paled in comparison. This has opened up new vistas for cooperation on security issues, especially when Bangladesh has faced terrorism. China watched with concern when Prime Minister Hasina made a successful visit to India in 2009, soon after coming to power. She was however able to allay China's fears with a subsequent visit to China.

The Roles of India and China and the Need for Infrastructure Connectivity

As a developing country that is growing consistently at the rate of more than 7% and is poised for transition from a least developed country to a developing country by 2024, Bangladesh's need for infrastructure has grown manifold. The country is in need of investment into its road and rail infrastructure on a massive scale. Also needed are an increase in the capacity of existing port infrastructures and the construction of new ports. In the recent past, Bangladesh portrayed itself as a country able to truly connect South and Southeast Asia and emerge as a hub of regional connectivity for India's North-east, Nepal and Bhutan. Speaking at the Plenary of the 11th Asia–Europe Meeting (ASEM) Summit in Mongolia, Prime Minister Hasina said, “Connectivity is indeed no longer a ‘choice’ for any community, it is about seizing ‘strategic opportunity.’” Since coming to power after winning the election in 2008, Hasina has been keen to transform Bangladesh into a hub of regional connections. Though the former BNP government had rejected the Asian Highway (AH) and railway networks¹ on the ground that it would amount to extending transit rights to India, Bangladesh has now not only signed the AH but also joined the Chinese-initiated Bangladesh–China–India–Myanmar (BCIM) and Indian-led Bangladesh–Bhutan–India–Nepal (BBIN)

¹India offered the Astagram–Karimganj route, but Bangladesh chose the Tamabil route about 600 km to Imphal from Sylhet. M. Rahmatullah, the former transport director of the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), pointed out that some officials in the communications ministry of Bangladesh had chosen Tamabil over Astagram because they believed that “Since India has offered this route, it must have some deep interest in it, so we can't go for it” (“Asian Highway,” 2009). The BNP had argued for a separate route through Myanmar's Rakhine state, a proposal rejected by Yangon. The ESCAP has made it clear that Dhaka cannot ask for a change of the original route without signing the Asian Highway Network (AHN). Bangladesh decided not to sign the AHN for political reasons.

initiatives within a regional and sub-regional framework. Bangladesh formally joined the AH on November 8, 2009, enabling it to connect with 28 other countries. As a flagship foreign policy initiative of the AL government, Bangladesh is poised to emerge as a hub of connections that gainfully engages India and China while benefitting from both. According to the report *Sixth Planning Commission Report, FY 2011–2015, Part II, Sectoral Strategies, Programmes and Policies*, “Geostrategically, Bangladesh’s location is very significant and sensitive in terms of Pan-Asian continental surface connectivity. It has the potential to be the local connecting point between SAARC and BIMSTEC countries” (Government of Bangladesh, 2011, p. 158).

It is noteworthy that both India and China as growing economies have their own interests in pursuing connectivity projects. While China promotes its ambitious BRI project, its BCIM project, or the “Kunming initiative,” has been in play for some time. China is keen on the BCIM as it would provide its far eastern provinces access to the sea. Similarly, India is keen to acquire transit through Bangladeshi territory in order to access its North-eastern states and provide them access to the country’s seaports, given that they are much closer to its North-eastern region than its port in Kolkata. As the North-eastern region of India was economically integrated with Bangladesh until 1965, India was zealous to restore this old transit route. After Bangladesh agreed to a one-time transit of over-dimensional cargo through the Ashuganj port for the Palatana project in 2013, Dhaka made a decision to allow transit to India and fixed its multi-modal transit fees at Taka 192 per ton. Unfortunately, this form of transit through Bangladesh is yet to pick up and there are several bottlenecks that the two countries must eliminate in order to make transit meaningful. Many in Bangladesh argue that Hasina’s government has managed to constructively engage Beijing without heightening Indian anxiety by capitalizing on its favorable relations with India. It has taken advantage of the geostrategic ambitions of the two countries to expand their markets and establish connectivity that are conducive to mutual trade. At the same time, Bangladesh has managed to protect its interests by developing its infrastructure, port facilities and energy trade, boosting its economy and generating revenue from trade and transit.

For the past few years, Bangladesh has been seeking investment in its infrastructure sector. This explains why it has engaged both India and China. Indian investment is largely geared toward restoring the old road and rail connectivity that existed during British rule while focusing on several new projects that are able to ease traffic congestion. According to some estimates, India’s interest rates for its credit lines is 1% per year, one of the lowest in the world (“India Extends,” 2017). China’s rate of interest on its loans is a matter of concern, however. Bangladesh is insisting that the US\$24 billion be treated as a soft loan on a government-to-government basis, while

China has said some of these commitments would be based on commercial loans.² The then Finance Minister AMA Muhith said while assuaging concerns about the repayment of huge loans to China, “Getting the funds to finance our ambitious development plans is more important. If we grow as we have for the last few years, we should not be worried about repaying these loans.” At the same time, the state of national debt in Bangladesh is far from dire. National debt was 11.9% of the gross domestic product (GDP) in 2016, but declined to 11.4% of GDP in 2017 (Bangladesh Bank, 2017, p. 8) and remains at low risk for external debt (International Monetary Fund, 2017, p. 6). China is currently implementing several projects with investment totaling over US\$10 billion: the Chinese Economic and Industrial Zone, the Payra Power Plant, the 8th China–Bangladesh Friendship Bridge, and the International Exhibition Center (“China Implements,” 2018). Bangladesh has prioritized a list of 12 projects and has sought US\$9.45 billion in Chinese loans for them, a move which Dhaka feels would significantly boost its connectivity projects (Chakma, 2017). These projects include a new dual-gauge rail track from Joydebpur to Mymensingh, the Joydebpur–Ishwardi railway section, and the conversion of meter-gauge rail tracks into dual-gauge tracks in the Akhaura–Sylhet route. Bangladesh has agreed to the construction of a Dhaka–Ashulia elevated expressway, coastal protection work, the construction of a marine drive expressway from Chittagong’s Sitakunda to Cox’s Bazar, and the expansion and modernization of Mongla Port facilities. China is also involved in Phases I and II of the Padma Bridge Rail Link project, a Dhaka–Sylhet Four-Lane Highway Project to be built on commercial loans, a new line on Dohazari–Cox’s Bazar–Ghundum route and the construction of the Karnaphuli tunnel in Chittagong.

Bangladesh is also keen to connect to China through Myanmar. It also looks forward to expanding its port and railway networks, developing new ports and waterways. With regard to the higher interest rates, the *Global Times* reported, “there is no need for China to compete with other countries in offering competitive interest rates just to please partners or win contracts, to the detriment of its own interests” (Wang, 2017). As mentioned in an article in the *New York Times*, in spite of the negative consequences of Chinese loans on the economy and the rising debt burden, “recipient governments use these as a bargaining chip to defer measures that strengthen transparency and rule of law, especially those that could challenge elite power” (Walker & Cook, 2010). This may be especially so in the aftermath of the

²Chinese officials also said that they would send the Economic Relations Division (ERD) a detailed list outlining how much of the US\$25 billion for 34 projects would be treated as soft loans, how much as commercial credit and how much would be contributed by the Bangladeshi government (“China Wants Its Soft Loans,” 2017).

Table 1.
Selected Connectivity Projects with India and China

Connectivity Projects with India	Connectivity Projects with China
The Payra port	Chittagong, the modernization and expansion of Mongla
The 2nd Bhairab–Titas Railway bridge	The 8th China–Bangladesh Friendship Bridge
The Khulna–Mongla port rail line, rehabilitation of the Kulaura–Shahbapur sector of Bangladesh railways, Akaura–Agarala rail links	The Padma Bridge rail link, a 6.15-km multi-purpose bridge
Bus services between Khulna–Kolkata, Tripura–Kolkata and Dhaka–Kolkata, the Bandhan Express and Moitree express rail connection	The 24-km Dhaka airport–Ashulia elevated expressway
The 3rd and 4th dual-gauge track between Dhaka and Tongi, doubling the dual gauge track between Tongi and Joydevpur	Joydevpur–Mymansingh–Jamalpur dual gauge, Joydevpur–Ishwardi dual gauge rail link, Akhaura–Shylet dual gauge rail links
The National waterway 2 (protocol line 1) dredging on 80:20 basis between India and Bangladesh	Construction of the Shitakund–Chittagong–Cox’s Bazar marine drive expressway

negative publicity attracted by investment in Sri Lanka, where many blamed China for that country’s mounting debt.

Bangladesh is no longer beholden to the traditional notion of sovereignty when it comes to the connectivity projects (see Table 1). Speaking at a World Economic Forum held in New Delhi, Foreign Secretary Shahidul Haque said, “Economic issues now dictate how much sovereignty one should exert. . . We cannot be isolated in the name of sovereignty. . . There are times when you have to put sovereignty issue behind, in the back seat, to the economic benefits to your people” (“Dhaka Defends,” 2017).

Several ports are being proposed to lessen pressure on the existing Chittagong port as it is facing serious congestion issues and 92% of Bangladesh’s foreign trade is dependent on it.³ Bangladesh has been actively pursuing the development of other ports such as Sonadia, Matarbari and Payra. While Sonadia was shelved partly due to a difference in the interest rate offered by China as well as a negative response from India and the US, the development of alternative ports is still in the offing. Bangladesh has therefore offered Matarbari and Payra for development through large consortium of foreign companies from the US, Japan, UAE, China and India. Japan is developing

³“The seaports handle 87% of Bangladesh’s trade, while land ports handle 13%. Chittagong Port services 79% of Bangladesh’s agricultural imports and exports” (M. S. Islam, 2017).

both a port and a power plant in Matabari, and Payra is likely to be given to a consortium of multinational companies. Both India and China have also competed for shares in the Dhaka stock exchange as a part of a process of demutualization.

It is amply clear that enjoying favorable relations with India, Bangladesh would want to engage India, China and Japan in developing its deep-sea ports, as these will be used by both developers and other countries in the sub-region. Many in Bangladesh argue that a sub-regional framework is appropriate to deal with any negative implications that a bilateral agreement with India may attract from the political opposition. Similarly, Bangladesh finds itself in a better position to play a regional game by engaging India, China and to some extent Japan, which also has the economic capacity to invest. The country's regional role has been clearly laid out in the sixth plan of the government of Bangladesh.

Cooperation in Energy: Power Generation, Grid Connections and LNG Pipelines

Power generation is another area in which Bangladesh has engaged both India and China. Bangladesh is now connected to Indian power grids (Bahrampur–Bheramara, and Tripura–Comilla) as a part of its energy trade. To further its electricity trade, the country is also connecting to the power grids of Bhutan and Nepal. It is worthy of note that India had earlier rejected energy trade through its territory when the BNP government had made such an arrangement a precondition for allowing a trilateral gas pipeline (between Myanmar, Bangladesh and India) in 2003 through Bangladesh. A regional grid is now both a possibility and a showcase for the growing bilateral synergy between the two countries. Several projects have now been undertaken under three credit lines that India has extended to Bangladesh.⁴

In the energy sector, private companies are also emerging as important players. India has proposed to build a 6.5-MMTPA liquefied natural gas (LNG) terminal on Qutubdiya Island off the coast of Chittagong, and a joint working group has already been formed to look into the proposal (Bagchi, 2018). In this regard, Petronet LNG Ltd. has proposed to set up a Rs 5,000 crore LNG import terminal on the Kutubdia islands. Reliance Power has signed a Memorandum of Understanding (MoU) with PetroBangla to set up a 500-MMSCFD LNG terminal (The Asian Development Bank [ADB], 2017), making it the largest investment in the energy sector. In April 2017,

⁴See “List of Projects under the US\$ 800 Million Indian LOC to Bangladesh” at <<https://www.hcidhaka.gov.in/line>> (accessed May 7, 2018).

Reliance Power signed another agreement with the Bangladesh Power Development Board (BPDB) for Phase I of the 750-MW LNG power project at Meghnaghat, near Dhaka. The Indian cabinet has already approved a framework of understanding regarding cooperation in the hydrocarbon sector (Press Information Bureau, 2017). Bangladesh and India recently signed an MoU to build a 131-km pipeline from Siliguri (Numaligarh Refinery Ltd. — NRL) to the Parbatipaur depot (Ministry of External Affairs, 2017). NRL and Bangladesh Petroleum Corporation (BPC) have signed a sale and purchase agreement for the construction of an Indo-Bangla Friendship Pipeline (Ministry of External Affairs, 2017). India plans to supply diesel to Bangladesh with the pipeline from its Numaligarh refinery, which is already being augmented from 3 to 9 MTTPA. India has plans to supply the Jessore–Khulna power plant with LNG from Dhamra in Odisha.

Cooperation between India and Bangladesh in the energy sector has received a further boost as India is selling 660 MW of electricity to Bangladesh, out of which 250 MW is sold through a bilateral agreement according to India's domestic generation tariffs and at the market rate of interest. The two countries have been connecting their grids over the past seven years, and additional 500 MW are being transmitted to the Bangladeshi power grid through Bheramara in Mursidabad while the rest is being transferred from the Palatana power project in Tripura. Bangladesh has also proposed an investment of US\$1 billion in a 1,125-MW Dorjilung hydropower project in Bhutan's Lhuentse district. This will be the first trilateral cooperation between India, Bhutan and Bangladesh. There are several proposals to construct a line from West Bengal through Bangladesh to connect the North-eastern region that is currently facing a severe electricity shortage. According to the Planning Commission of India, 89% of hydro power in the North-east is yet to be developed. The North-east is currently generating 1,911 MW and development is underway to increase capacity to 5,132 MW out of an estimated 63,257 MW ("Presentation on Infrastructure Development," 2014). The potential for further power trading between the two countries therefore remains high. The Power Trading Corporation (PTC) and BPDB signed a Power Purchase Agreement (PPA) to this end on November 14, 2013. The Bangladesh–India Friendship Company (BIFCL) is also planning the joint construction of a solar power plant in India. India has in principle agreed to allow Nepal to sell power to Bangladesh by using the available grid connectivity. However, the guidelines for India's cross-border energy trade clearly mention the bilateral nature of power trading (Ministry of Power, 2016). A new guideline has been issued in January 2019 for cross-border electricity trade which removes the bottle neck of the guidelines issued in 2018.

The Chinese power company Harbin Electric International lost to India's Bharat Heavy Electricals Limited (BHEL) over a 1,320-MW coal-fired power plant at Ramphal. However, China is developing a US\$1.6 billion coal-fired power plant in

Payra in the Patuakhali district, and several of these coal power plants are being implemented (Z. Islam, 2018). Interestingly, the Indian-funded coal power plant at Ramphal near ecologically sensitive Sundarbans is the subject of much of the debate and political controversy that have plagued Bangladesh–India cooperation. A trilateral Bangladesh–Myanmar–China project is being planned to connect the power grids and increase trade in power. A Chinese firm will build a 146-km offshore pipeline and a 74-km onshore pipeline to carry imported oil from the sea to a refinery in Moheshkhali, Chittagong district. A diesel and crude oil storage tank is to be set up on Moheshkhali Island (“China Company,” 2016).

China is also engaged in the Expansion and Strengthening of Power System Network project under the Dhaka Power Distribution Company (DPDC) and the Power Grid Company of Bangladesh (PGCB) to help Dhaka overcome its energy shortages.

China is building a 1,320-MW power plant and investing US\$1.6 billion in the port city of Payra in the Patuakhali district, which is not far from Dhaka. Both India’s and China’s power plants are coal-based.

More grid connections and power generation on bilateral and trilateral levels will surely connect Bangladesh and India in mutually beneficial ways. Though China has proposed grid connections through Myanmar’s Rakhine state, its implementation may not be feasible in the near future given the Rohingya refugee crisis. Bangladesh is poised to receive 2,400 MW of electricity from the Roppur nuclear power plant. While Russia will be constructing the power plant, a tripartite agreement was signed between India, Russia and Bangladesh in April 2018, stating that “Indian companies can be involved in construction and installation works, the supply of materials and equipment of a non-critical category in the interests of the project.” Bangladesh and Russia signed an MoU on May 13, 2009.

Bilateral Trade: Toward Economic Integration

Bangladesh has successfully engaged India and China in furthering trade ties even though bilateral trade is heavily skewed against it. Interestingly, though trade with China and India is heavily tilted in their favor (see Table 2), trade imbalance with India is a political issue in Bangladesh. Several Bangladeshi scholars argue that the trade balance with India should not be an issue as long as Bangladesh’s overall external trade remains in its favor.

Bangladesh mainly imports raw materials from India and China that feed its ready made garment (RMG) sector (High Commission of India, 2018). Bangladesh is the largest exporter of apparel in the world, and 46% of its cotton needs are met by

Table 2.

Chinese and Indian Imports from and Exports to Bangladesh (in Thousands of US Dollars)

All Products	2013	2014	2015	2016	2017
China's imports	602,366	761,108	816,845	869,398	870,833
India's imports	530,751	517,279	639,899	677,098	590,995
China's exports	9,705,087	11,782,272	13,894,708	14,300,635	15,202,749
India's exports	5,993,950	6,255,235	5,521,518	5,668,793	7,208,556

Source: International Trade Map <https://www.trademap.org/Bilateral_TS.aspx?nvpm>.

India. Indian companies have also been allotted special economic zones (SEZs), with 200 acres in Mongla and 447 acres in Bheramera as export processing zones (EPZs). China is developing two SEZs and establishing a dedicated EPZ for China in Chittagong and Mongla. China is developing a 750-acre industrial park in Bangladesh to be used by Chinese manufacturing firms. These developments reflect Bangladesh's growing economic engagement with China and its diversified approach to bilateral trade.

India has surpassed China to become the largest exporter of cotton to Bangladesh. This imported cotton is generally used for RMGs. Between July and December 2017, garment shipments to India fetched US\$111.33 million (Mirdha, 2018). Since 2012, India has removed a few non-tariff barriers by improving trade facilitation at its land borders. It has improved border infrastructure, established integrated check posts and set up modern laboratory testing facilities to expedite trade. Both countries have established border haats (border trade markets) to promote a sustainable border economy. With a sub-regional motor vehicle agreement, the development of infrastructure and port facilities, bilateral trade is likely to receive a boost. Apart from these projects, the two countries are cooperating on coastal shipping and the blue water economy to advance the exploration of maritime resources.

China has assured Bangladesh that it will work to address the trade imbalance in its favor. It is possible that Bangladesh will eventually become a manufacturing hub for China. With the significant growth of Chinese-funded infrastructure, the possibility of connecting the two countries through Myanmar and the collaborative generation of energy in Bangladesh will likely stand China in good stead.

Transiting Barriers: From a New Development Partnership with India to a Strategic Partnership with China

Bangladesh has engaged both countries while closely keeping its developmental, strategic and security concerns in mind. Therefore, it is not surprising that while

Bangladesh signed a Framework Agreement on Cooperation and Development with India in 2011, it also signed a Strategic Partnership Agreement with China in 2016 during Xi Jinping's visit.

Historically, India has been perceived as an adversary while China has remained a major source of weapons for the Bangladeshi Armed Forces. Bangladesh also signed a Defense Cooperation Agreement with China in 2001. However, relationship with India is changing as India has transited from a security-centric approach to neighborhood to a development-oriented approach. Moreover, non-traditional security issues currently dominate India–Bangladesh security collaboration.

Interestingly, Bangladesh wishes to follow the China–Pakistan model of strategic cooperation even though it does not nurture a pathological hatred of India. Many in Bangladesh feel elated with the Chinese description of its relations with Bangladesh as “natural partner” and “close friend,” making Bangladesh a close ally of a rising power. Opposition to India is rather ingrained in psychological plane by historic animosity against Hindu zamindars, colored by the concept of the equality of “two nations — Hindus and Muslims.” Indian aid is therefore seen as having hegemonic intent over the “other nation.” At the same time, comparisons of China and India are inevitable and geopolitically oriented. While some scholars tend to empathize with China's hesitant attitude to Bangladesh's independence, there is however no empathy for India's policy failures. Rather, India is seen at the popular level as guilty of denying water to Bangladesh, sometimes causing flooding with excess water, being insensitive to trade issues, exporting its culture through its television dramas, and exploiting Bangladesh for gaining transit at cheaper rates while ignoring the fact that Pakistan had provided free transit to India before the 1965 India–Pakistan War. Each of these grievances is based on contesting views, making it difficult for any government to formulate a bipartisan India policy. Such views of China are completely absent, and a vocal section of the elite has argued for closer relations with China with no fear of being labeled as “Chinese agents.” Ironically, India provides the largest number of visas to Bangladeshi nationals and there is demand to increase the number of visas issues to accommodate the growing number of Indian visa seekers in Bangladesh.

President Xi's visit to Bangladesh in October 2016 was the first visit of a Chinese President in 30 years. A glimpse into the Strategic Partnership Agreement signed between the two reveals cooperation in building infrastructure, maritime cooperation, and capacity building. Still, Bangladesh's relations with China do have strategic underpinnings. Though the Strategic Partnership Agreement of 2016 is focused on economic development, capacity building, training, and maritime cooperation, the portion concerning security and defense cooperation reads, “The two sides agreed to

maintain military cooperation and exchanges at various levels and deepen cooperation in areas such as personnel training, equipment and technology and UN peacekeeping missions.” The agreement does not however convey much about the deep military cooperation enjoyed by the two countries, but their strategic partnership should be understood in the context of China’s supply of weaponry and capacity building and its willingness to take defense cooperation further. China’s decision to supply submarines to Bangladesh has indeed caused some concerns in New Delhi. However, the deal has more to do with elevating the status of the Bangladeshi armed forces into a superior fighting force than preparing it to fight a war with India. At the same time, India’s concerns are not simply that weapons are being provided by China but rather that this is representative of China’s strategic outreach to Bangladesh. Prime Minister Hasina also concluded a three-day successful visit to China and signed five agreements and three MoUs reflecting Dhaka’s close relations with Beijing.

While the Framework Agreement on Cooperation and Development signed with India encompasses cooperation on energy, water, and capacity building, it also places an emphasis on security cooperation. Article 9 of the agreement reads “To cooperate on security issues of concern to each other while fully respecting each other’s sovereignty. Neither party shall allow the use of its territory for activities harmful to the other” (Ministry of External Affairs, 2011). This is relevant in the context of the porous border shared by the two countries and the fact that Indian insurgent groups use Bangladesh as a safe haven. In 2017, however, the two countries reached an agreement on the capacity building of the Armed forces and India has since extended a credit line of US\$500 million for the purchase of its weapons. It is clear that the two countries have developed a certain synergy at all levels of bilateral relations. Bangladesh has therefore managed to maintain close relations with India while keeping its development priorities in mind and continuing to share close strategic ties and defense cooperation with Beijing. It must be noted that Bangladesh cooperates closely with India on non-traditional security issues. Though a similar agreement exists with China, it is defense cooperation and arm procurement where the two are the closest. Despite India’s role as a threat from a defense point of view, Bangladesh is aware of the deeper need to cooperate with India in day-to-day matters of security that arise from terrorist and criminal groups that operate on both sides of the border. After the Burdwan blasts, for example, India and Bangladesh conducted a joint investigation and provided access to suspects apprehended in both countries (“Kolkata Police Team,” 2017). Security agencies of both countries are also engaging in the real-time sharing of information with the help of cross-border networks. Both have instituted a Joint Working Group of Indian and Bangladeshi home ministries to discuss cross-border

issues. District Commissioners of border areas regularly meet to discuss security matters, and both countries have instituted a Joint Border Patrol mechanism to guard vulnerable points on the border. The two countries have instituted a *sampriti* series of anti-terror exercises and are engaged in capacity building. Bangladesh has agreed to defense MoUs with India and China, perhaps to strike a balance between them. Unlike the defense cooperation agreement signed with China in 2002, the defense MoU with India is non-binding. Nevertheless, cooperation on security matters is a positive step in building relations that will endure.

Bangladesh's relations with the two Asian giants illustrate the fact that Dhaka has managed to engage fruitfully with both.

Conclusion

Dhaka's relations with both New Delhi and Beijing have entered a new phase. For the past few years, the country's focus has been to develop economically and leverage its geographical location to attract investment in its infrastructure. According to a study, between 2010 and 2020, Bangladesh requires US\$144,903 million to maintain desired growth, 54% of which is required to increase capacity and 46% for maintenance (Bhattacharya, 2010). Infrastructural investment is suffering a yearly shortage of more than US\$500 billion (Chakraborty, 2014, p. 15), and it is critical that Bangladesh procures it from somewhere.

Both India and China are motivated by their own developmental goals, and connecting their peripheries to nearby seaports and establishing infrastructure connectivity to attract investment remain among their priorities. Both countries also have strategic priorities in the region. While China wishes to expand toward the Indian Ocean, India would like to maintain its dominance in the region. As such, defense cooperation between Bangladesh and China is destined to continue. Bangladesh is likely to remain an important component of Chinese efforts for an outlet to the Bay of Bengal and to dismantle India's dominance in the region. The BCIM project may offer some strategic cooperation, but it is unlikely that this will create a positive-sum game for India and China.

In its attempts to resolve the Rohingya refugee crisis, Bangladesh has earnestly engaged both India and China. China has brokered a deal between Bangladesh and Myanmar that proposes a three-phase plan for their repatriation, possibly to assure Bangladesh while not upsetting ties with Myanmar as it builds the Kyaukpyu Port. Since Myanmar continues to drag its feet and Bangladesh understands that China will

not upset its ties with Myanmar, Dhaka also sought the support of New Delhi to put pressure on Myanmar. To ease the economic burden on Dhaka, India is offering aid under “Operation Insaniyat” and is currently building 250 houses in Rakhine state for the resettlement of the Rohingyas. This may be the first time that Dhaka’s ties with Beijing and New Delhi are put to the test. Dhaka has continued to engage both countries to see that the Rohingyas eventually return to Myanmar. China has now stepped in to mediate between Dhaka and Naypyidaw to resolve the Rohingya issue.

As non-traditional security takes center stage, cooperation between Bangladesh and India is destined to continue. After the ratification of the Land Boundary Agreement and settlement of maritime boundaries through international arbitration, the two countries have no reason to be wedded to their past. Issues of terrorism, growing radicalism, and the presence of refugees will likely be among the issues that concern the two countries. India and Bangladesh in the past few years have established an institutional framework to deepen their bilateral relations in a way that exceeds the priorities of their ruling regimes.⁵ While Bangladesh’s defense preparedness would factor in Indian threat, the fact that citizens of both countries have a social-cultural stake in their relations is likely to promote the continuation of their many bilateral efforts in a way that transcends politics. As security cooperation between India and Bangladesh increases, apprehensions about India may decrease. Dhaka will engage the two Asian giants as it balances their interests while extracting political and economic benefits from both. As Dhaka is able to gain the trust of both of its partners, it is likely that the increasing integration between their economies will result in the benefit of all.

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Issues & Studies

A Social Science Quarterly on China, Taiwan, and East Asian Affairs

Vol. 55, No. 2

June 2019

CONTENTS

ARTICLE

- Digital Representation in an Electoral Campaign Influenced by Mainland China: The 2017 Hong Kong Chief Executive Election 1950005
Fung CHAN and Biyang SUN

SPECIAL ISSUE: CHINA'S ENGAGEMENT WITH SOUTH ASIA AND RESPONSES FROM THE REGION (PART I)

Guest Editors: G. V. C. NAIDU and MUMIN CHEN

- Introduction to the Special Issue — China's Engagement with South Asia and Responses from the Region 1902001
G. V. C. NAIDU and Mumin CHEN
- China's Belt and Road Initiative in South Asia and the Indian Response 1940002
Jingdong YUAN
- Modi's Neighborhood Policy and China's Response 1940001
Rajeev Ranjan CHATURVEDY
- Engaging the Asian Giants: India, China and Bangladesh's Crucial Balancing Act 1940003
Smruti S. PATTANAIK