Exploring Options to Address China’s Strategy in South Asia

by

Brigadier Shashank T. Upasani
Indian Army

United States Army War College
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Brigadier Shashank T. Upasani
Indian Army

Colonel Charles W. Vanbebber
Department of National Security and Strategy

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South Asia in its current disunited state will continue to live under growing Chinese hegemony though few states can prolong their individual benefits from this status quo. If India can show that it is in the South Asian collective interest to demand its rightful higher return on the region’s investment from China, the regional hegemon, then, South Asia can emulate Association of South East Asian Nations in prosperity and stability. China will cooperate in this win-win solution only if it is reasonably assured that it will continue to remain regionally important (though not dominant) and that the United States, the global hegemon, is kept away from its periphery, where it is already showing a perceptible interest by its rebalancing strategy of Asia-Pacific. Creating mutually beneficial alternatives by aligning its interests selectively, South Asia can convince China to transform into a responsible hegemon, thus ensuring its proportional contribution to the global security, in keeping with its global power status—which is exactly what the United States desires; through South Asia, the United States can achieve it, and through the United States, by making China cooperate, South Asia can collectively achieve higher prosperity than the status quo.
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U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013
Abstract

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Exploring Options to Address China’s Strategy in South Asia

South Asian countries individually cannot withstand the growing domination of China,\(^1\) collectively they may, and if and when assisted by the United States, they can, and thereby, attempt to make China, the world’s second strongest power\(^2\) contribute proportionately to international security.\(^3\)

While China’s present objectives are limited to domestic order, development,\(^4\) peripheral stability and geopolitical recognition; its national beliefs, aspirations, and pursuit of long-term goals will lead to conflict of interests with South Asia because China believes it must dominate its neighbourhood and deny influence of extra-regional powers like the United States\(^5\), since the latter’s increased high level attention to Asia and adjustments in military posture have led China to conclude that this is containment.\(^6\)

South Asia includes countries\(^7\) south of Central Asian Republics and China, from Afghanistan to Myanmar, and their contiguous Indian Ocean region.

This paper will use causal loop study to unravel China’s strategy in South Asia, and then, employing strengths weaknesses opportunities threats analysis, explore South Asia’s strategic options.

Unravelling China’s Strategy in South Asia

The opaque nature of Chinese decision making and lack of public information and debate make security assessments vague,\(^8\) hence, observing the effects, their causes will be deduced, and using systems analysis, Chinese strategy in South Asia will be unravelled.

Two subjective scales of measurement followed in the paper are: 1) five point scale for impact – very high, high, medium, low, and very low, and 2) three point scale for time – long term, medium term, and short term.
Causal Loop Study\textsuperscript{9} of China’s View

China’s view of its calibrated rise of power is attempted in Figure 1 by applying systems thinking\textsuperscript{10} where the community of connected entities forming different sub-systems is shown with their cause and effect linkages.\textsuperscript{11} China’s view, to be unravelled, must be studied as a whole in order to know the underlying connectedness, such that when a sub-system is tweaked in one place, we may predict its effects in otherwise unforeseen places.\textsuperscript{12}

The first causal loop of ‘political legitimacy’ shows that in the long term, regime perpetuity\textsuperscript{13} guarantees a durable economic policy which in turn ensures prosperity and domestic stability, ultimately leading to a stable perpetual regime.\textsuperscript{14} This reinforcing loop\textsuperscript{15} declares that the probability of the regime’s duration and stability improves with successive iterations. (All other causal loops here are also of the reinforcing type where with each iteration, the causes reinforce their effects.)

The first part of the second causal loop of ‘economics’ states that to sustain high growth, access to markets and their consolidation is required which in turn increases export, creating a favourable trade balance, and this ultimately sustains high growth\textsuperscript{16} in the long term, sequentially reinforcing the first causal loop of political legitimacy. (Exports thrive on low-wage unskilled labour; later, value added industries need higher wages, which increases inflation, but till wage growth outpaces inflation, people are content.\textsuperscript{17}) The input dangle of ‘accurately evaluating currency’\textsuperscript{18} has opposite effect—accurate currency evaluation will dampen growth and therefore, it has to be undervalued\textsuperscript{19} so as to sustain high growth in order to retain the reinforcing nature of the first causal loop which perpetuates regime.
The third causal loop of ‘regime’s charm’ informs that internal prosperity and domestic stability generate in the medium term an ability to apply soft power on region in order to convey China’s peaceful rise,\textsuperscript{20} which ultimately assists in perpetuating its regime.\textsuperscript{21}

The fourth causal loop of ‘hard power’ declares that sustained high growth facilitates increase in military capability which allows China in the long term to dream of projecting power\textsuperscript{22} resulting in 1) greater reach by sea,\textsuperscript{23} air and land to access markets, and 2) securing its vital energy supply\textsuperscript{24} for its manufacturing industries in order to increase export (the second part of the second causal loop of economics).

The fifth causal loop of ‘geo-political aspirations’\textsuperscript{25} states that enhanced military capability in the long term facilitates domination of the region in order to influence regional decisions, and this in turn reinforces the regime’s strength.

The sixth causal loop of ‘internal security’ informs that military power increases the political muscle of the party in the short term, thereby facilitating internal dissent\textsuperscript{26} management; this in turn ensures prosperity and domestic stability of the first causal loop with the eventual effect of a strong durable regime.

From this big picture, the cause-effect linkages ‘relevant to South Asia’ will be extracted to facilitate unravelling of China’s strategy in South Asia.
China’s Strategy in South Asia

Ends

Ends with their impacts are: 1) China secures sea lines of communication for its energy needs\(^{27}\) to overcome its Malacca dilemma (very high impact), 2) China obtains land access to ports in Indian Ocean region\(^{28}\) (very high impact), 3) China upsets India’s possible ambition of containing China\(^{29}\) (very high impact), 4) China denies influence of extra regional powers like the United States\(^{30}\) (very high impact), 5) China accesses markets for export in South Asia, and through South Asia in West Asia and Africa\(^{31}\) (high impact), 6) China develops sources of raw materials for its industries (high impact), 7) China exports arms\(^{32}\) to South Asia to increase interdependence (high impact).
impact), 8) China prevents overflow of South Asia’s hotspots of religious
fundamentalism, secessionism and terrorism\textsuperscript{33} into China (high impact), 9) China builds
on ancient mutual cultural linkages\textsuperscript{34} with South Asia (medium impact), and 10) China executes confidence building measures\textsuperscript{35} to convey its peaceful rise\textsuperscript{36} (medium impact).

Ways

Ways with their timeline are: 1) China exploits smaller countries’ needs like
security and development by providing capital and expertise\textsuperscript{37} (long term), 2) China develops allies by selectively favouring certain states\textsuperscript{38} (long term), 3) China ensures a favourable trade balance to retain grip on South Asia by following the principle of ‘give more; take less’ as in Association of South East Asian Nations’ free trade agreement\textsuperscript{39} (long term), 4) China develops its ‘string of pearls’ to prevent its perceived containment\textsuperscript{40} and to dominate sea lines of communication (long term), 5) China consolidates presence in South Asian Association of Regional Countries\textsuperscript{41} to progressively influence regional decision-making (medium term), 6) China selectively allows South Asia’s participation in Shanghai Cooperation Organisation\textsuperscript{42} to reduce security threat by non-state actors (medium term), 7) China builds socio-cultural institutions to consolidate common Asian\textsuperscript{43} identity to wean away South Asia from an expected Western embrace (medium term), 8) China conducts joint military exercises\textsuperscript{44} with South Asia to probe its attitude, preparedness and interoperability (medium term), 9) new Chinese leadership’s visits to South Asia demonstrate continuity and stability\textsuperscript{45} (short term), and 10) China explores feasibility of developing trade links with South Asia\textsuperscript{46} similar to Association of South East Asian Nations’ (short term).
Means

Diplomatic means with high impact are to 1) emphasise its five principles of peaceful coexistence: mutual non-aggression, non-interference in internal affairs, respect for sovereignty, equality and mutual benefit, and peaceful coexistence, 2) boost diplomatic priority of region by enhancing high level exchanges, and 3) to retain leverage, endlessly discuss but do not solve the boundary dispute with India.

Information means with high impact are to 1) portray perception of China’s peaceful rise, 2) participate constructively in South Asian Association of Regional Countries, and 3) attempt a regional geo-cultural identity.

Military means with medium impact are to 1) conduct joint exercises to combat terrorism on land today and on sea tomorrow, 2) invite officers to courses in China, 3) improve regional interoperability of allies, and 4) enhance surveillance capability for trans-national threats today and conventional ones tomorrow.

Economic means with very high impact are to 1) increase trade in range and depth, 2) use South Asia to access markets in West Asia and Africa, and 3) attempt free trade agreement similar to Association of South East Asian Nations’.

Financial means with very high impact are to 1) favour allies financially to improve China’s benevolent image, 2) advance credit for development to potential allies, and 3) offer aid to deserving cases to tip them over as allies.

Intelligence means with medium impact are to 1) establish maritime intelligence infrastructure for Indian Ocean region in its string of pearls, 2) generate a database on information related to cross border threats of non-state actors, and 3) undertake capability assessment of India’s military ambitions.
Legal means with low impact are to work within the domain of international law to demonstrate its status as a responsible state.\textsuperscript{57}

Suitability, Acceptability and Feasibility

Ends are suitable to China because: 1) its national interests are being safeguarded by their alignment with regional ones, 2) it will be perceived as a benevolent hegemon, 3) its containment can be stopped / delayed long enough till it reaches a stronger status, 4) by increasing interdependence on trade and arms, it will increase the opportunity cost of South Asia seeking the United States’ protection, and 5) they eventually perpetuate its regime.

Ways are acceptable because they are: 1) non threatening, as they are based on cooperation,\textsuperscript{58} 2) creating win-win solutions for South Asia, 3) attempting to tactfully wean away South Asia from the United States, 4) exploiting region’s collective potential for growth, 5) taking advantage of the security and development needs of smaller nations,\textsuperscript{59} 6) taking a long term perspective which enables calibrated application of power which appears benevolent,\textsuperscript{60} and 7) checking India’s aspiration.\textsuperscript{61}

Means are feasible because: 1) non interference in other’s internal affairs\textsuperscript{62} gives China a ready acceptance, 2) negligible use of military power appears non-threatening just as Sun Tzu declared that to subdue the enemy without fighting is the acme of skill,\textsuperscript{63} 3) they are structured to respect international laws, 4) economic gain makes strategy attractive, and 5) since chance of overstretched is low, probability of regime perpetuity is high.

Risk

Risk analysis is given in Figure 2.
Second Order Consequences

Its positive effects are that 1) regional stability improves economic interdependence exponentially, 2) China pretends to be or becomes a responsible hegemon regionally,⁶⁴ if not globally,⁶⁵ and 3) South Asia’s diplomatic bonds with the United States strengthen; while its negative effects are that 1) Chinese intervention, despite its soft power, is resisted by nascent democracies, fearing exploitation, 2) unresolved boundary dispute with India would call China’s bluff making India gravitate towards the United States, and 3) dissatisfied internal peripheral regions contiguous to South Asia will align with cross border non-state actors.
Third Order Consequences

Its positive effects are that 1) South Asia triangularly connects with Association of South East Asian Nations\textsuperscript{66} economically with China at its apex, and 2) the United States reinvigorates the Asian alliance system,\textsuperscript{67} while its negative effects are that 1) a rising democratic India, though inferior economically to China, is more acceptable\textsuperscript{68} to smaller states who fear manipulation of their sovereignty by China, resulting in a bipolar region, and 2) to overcome the Malacca dilemma,\textsuperscript{69} string of pearls is not enough for China to counteract India’s strength in Indian Ocean region.

Net Benefit to China

China’s strategy in South Asia provides net benefit to China in that: 1) its national interests are being safeguarded by their alignment with regional ones,\textsuperscript{70} 2) it will be perceived as a benevolent hegemon by exploiting region’s collective potential for growth, 3) its containment can be stopped / delayed long enough till it reaches a stronger status, 4) by increasing interdependence on trade and arms, it will increase the opportunity cost of South Asia seeking the United States’ protection, and 5) this eventually perpetuates its regime.

Having unravelled China’s strategy in South Asia, the paper will now explore options to address it.
Exploring Options to Address China’s Strategy in South Asia

China has a penchant for doing things in small steps and piecemeal; quietly, patiently, and eventually driving the jigsaw pieces together when the conditions are ripe. Then the fog suddenly clears, the string of pearls emerges, and surprises everyone. Therefore, in order to penetrate this fog, this paper will methodically deduce the logic of South Asia’s options by strengths weaknesses opportunities threats analysis before analysing and comparing each option.

**Strengths Weaknesses Opportunities Threats Analysis** from South Asia’s Perspective Relative to China

*Internal Scan – Strengths and Weaknesses of South Asia*

Strengths of South Asia relative to China are: 1) facilitate flow of China’s energy needs through sea lines of communication (very high impact in long term), 2) provide land communication from China to Indian Ocean region ports (very high impact in medium term), 3) offer markets and raw materials in South Asia, and through South Asia in West Asia and Africa (very high impact in long term), 4) ally with extra regional powers like the United States (very high impact in medium term), 5) economically link South Asia with Association of South East Asian Nations (high impact in long term), 6) lay regional energy pipelines for mutual benefit (high impact in long term), and 7) cooperate in anti terrorism intelligence and operations in contiguous areas (medium impact in short term).

Weaknesses of South Asia relative to China are: 1) weak infrastructure and poor investment climate (very high impact in long term), 2) unstable and weak democratic governments facing internal and external challenges (very high impact in long term), 3) negligible lateral intra regional land and rail communication (very high impact in
long term), 4) mutually unfriendly nuclear states\textsuperscript{82} (high impact in long term), 5) unequal military capability with no interoperability\textsuperscript{83} (high impact in long term), 6) ineffective regional grouping of South Asian Association of Regional Countries\textsuperscript{84} relative to Association of South East Asian Nations, (medium impact in medium term), and 7) hotspots of religious fundamentalism, secessionism and terrorism\textsuperscript{85} (medium impact in short term).

External Scan – Opportunities and Threats to South Asia

Opportunities in China for South Asia to exploit are: 1) procure capital for development\textsuperscript{86} (very high impact in long term), 2) increase interdependence in trade\textsuperscript{87} (very high impact in long term), 3) improve water and flood management\textsuperscript{88} (high impact in long term), 4) conduct joint military exercises for transnational threats by non-state actors (medium impact in medium term), 5) join Shanghai Cooperation Organisation\textsuperscript{89} (medium impact in medium term), and 6) enhance interaction in higher education and tourism\textsuperscript{90} (medium impact in short term).

Threats to South Asia from China are: 1) unfavourable export import imbalance\textsuperscript{91} (very high impact in long term), 2) militarily resolve territorial disputes\textsuperscript{92} (very high impact in long term), 3) unjust trade practices\textsuperscript{93} like dumping and unfair competition (very high impact in short term), 4) aggressively pursue its string of pearls approach\textsuperscript{94} (high impact in long term), 5) selective favouritism by China to divide and influence (high impact in medium term), 6) Chinese arms\textsuperscript{95} exports to South Asia (high impact in medium term), and 7) discreetly manipulate South Asian Association of Regional Countries proceedings\textsuperscript{96} (medium impact in long term).
Strengths Weaknesses Opportunities Threats

Factors

The factors, individually sorted in descending order of impact and time, are as follows.

The Strengths-Opportunities factor ‘uses strengths to exploit opportunities’ such that South Asia can: 1) facilitate flow of China’s energy needs through sea lines of communication and provide land communication to Indian Ocean region ports in order to procure much needed capital for its development, 2) make available its markets and raw materials, and those in West Asia and Africa to increase interdependence in trade with China, 3) attempt economically linking South Asia with Association of South East Asian Nations and laying energy pipelines for increasing regional trade, and 4) cooperate in anti terrorism intelligence and operations in contiguous areas for combating transnational threats by non-state actors and to join Shanghai Cooperation Organisation.

The Strengths-Threats factor ‘uses strengths to overcome threats’ such that South Asia can: 1) ally with extra regional powers like the United States to counter an aggressive pursuit of Chinese string of pearls approach, thwart a military resolution of boundary dispute, and counter imbalance caused by selective Chinese arms exports to South Asia, and 2) facilitate flow of China’s energy needs through sea lines of communication and provide land communication to Indian Ocean region ports to build mutual deterrence by trade interdependence in order to prevent unjust trade practices and an unfavourable export import imbalance.

The Weaknesses-Opportunities factor ‘overcomes weaknesses by exploiting opportunities’ such that South Asia can: 1) improve its weak infrastructure and poor investment climate by procuring Chinese capital for development, 2) facilitate unstable
and weak democratic governments, and an ineffective South Asian Association of Regional Countries to overcome their challenges by prosperity generated by greater interdependence in trade\textsuperscript{97}, and 3) facilitate weaker military states to conduct joint exercises with China to improve interoperability for transnational threats.

The Weaknesses-Threats factor ‘overcomes weaknesses by avoiding threats’ such that South Asia can: 1) facilitate unstable and weak democratic governments avoid selective favouritism by China to divide and influence, 2) surmount its weak infrastructure and poor investment climate by avoiding an unfavourable export import imbalance, and 3) resist China’s discreet manipulation of an ineffective South Asian Association of Regional Countries.

Generation of Options

As per the process logic depicted in Figure 3, the strengths weaknesses opportunities threats analysis generates four options for South Asia: 1) Status quo - Regional Submission, 2) Cooperation - Regional Win-Win Resolution, 3) Collaboration – United States’ Assisted Solution, and 4) Containment - Regional Focus. Polar opposite pairs have been chosen in the development of the logic, like accept or resist China and exploit opportunities or overcome threats, in order to develop contrast, and to show which strengths-weaknesses-opportunities-threats factor is predominantly (though not completely) shaping that option.

The nuances of these options will be elaborated next before recommending a workable solution.
Figure 3. Generation of South Asia’s Options

Option 1: Status quo - Regional Submission

Ends

Ends are: 1) Chinese interests dominate South Asia’s in a win-lose relationship\(^98\) (very high impact), 2) China secures its sea lines of communication in Indian Ocean region (very high impact), 3) South Asia accepts Chinese land access to multiple Indian Ocean region ports\(^99\) (very high impact), 4), Chinese economic goals\(^100\) override regional ones (high impact), 5) South Asia’s weaker states accept Chinese suzerainty\(^101\) (medium impact), 6) South Asia’s internal strife hampers pursuit of its collective identity\(^102\) (medium impact), and 7) South Asia tackles only its internal threats while finding itself incapable of tackling the transnational ones\(^103\) (medium impact).

Ways

Ways are: 1) unstable states find China acceptable since China does not question their legitimacy (long term), 2) Pakistan and Myanmar provide China with land access to ports in Indian Ocean region (in short term and medium term respectively) 3)
India’s multi-party democracy\textsuperscript{104} with fragmented internal politics does not assume leadership role in South Asia leaving Chinese interference in South Asia and their string of pearls approach in Indian Ocean region unchallenged (medium term), 4) smaller states prefer Chinese suzerainty over South Asia’s lacklustre collective response (medium term), 5) China is readily available to land-locked, contiguous states and is hence their default option even when they see the wolf in sheep’s clothing (medium term), 6) South Asia tolerates progressively greater Chinese meddling in South Asian Association of Regional Countries’ affairs (short term), 7) South Asia lives with an unfavourable export import imbalance with China and its domination of South Asia’s investment climate leading to stagnation, and at best, incremental growth in trade to South Asia’s bigger states (short term), 8) weaker states find transnational threats beyond their scope and conclude undeclared treaties with religious fundamentalists, secessionists and terrorists (short term), 9) South Asia’s general way is ‘look inward—don’t assist—don’t resist’ (short term), and 10) Chinese economic offers are too lucrative to be resisted especially in absence of alternatives by more benevolent hegemons\textsuperscript{105} (short term).

Means

Diplomatic means with high impact are that 1) states entice China individually and not collectively, 2) smaller states readily accept China which does not preach governance, and 3) stronger states occasionally raise objections on issues like visa\textsuperscript{106} and travel.

Information means with medium impact are that South Asia increases socio-cultural exchanges with China.
Military means with very high impact are that 1) India prepares militarily for its border dispute with China, 2) Pakistan allies closer to China, and 3) few states import Chinese arms.

Economic means with very high impact are that 1) few South Asian states selfishly accept unfavourable export import imbalance with China, 2) China is allowed access to ports in Indian Ocean region, and 3) India increases interdependence of trade with China as mutual deterrent.

Financial means with very high impact are that South Asia accepts Chinese capital to drive respective development projects.

Intelligence means with high impact are that 1) India increases intelligence on its Northern borders to gauge Chinese intentions, and 2) China increases Indian Ocean region’s surveillance through its facility at Cocos islands.

Legal means with high impact are that 1) South Asia resolves its territory issues bilaterally with China, and 2) South Asia raises trade issues as per World Trade Organisation’s rules.

Suitability, Acceptability and Feasibility

Option 1 ends are suitable because: 1) South Asia’s individual states pursue their own interests without China’s interference by meeting China’s needs with their geo-economic position, 2) weaker states, unable to tackle their internal threats and burdened by today’s developmental needs cannot look outwards to exploit tomorrow’s regional opportunity, and 3) weak governments struggling to survive internally attempt to meet their ‘needs’ as opposed to the bigger nations’ ‘aspirations’.
Ways are acceptable because: 1) in the short term, weaker regimes find China as a non-interfering hegemon, that allows them to evolve their nascent democracies in their own style, and 2) China finds South Asia’s disunity beneficial to its preferential and bilateral pursuit of its interests.

Means are feasible because the existing balance of power is sustained and individual states derive benefit from China as they can without regional concern.

Risk

Risk analysis is given in Figure 4.

Figure 4. Risk Analysis of Option 1

Second Order Consequences

Its positive effect is that the United States finds a stable South Asia while it rebalances to Asia-Pacific; while its negative effect is that consolidation of democracy in South Asia suffers.
Third Order Consequences

Its positive effect is that South Asia gets an opportunity to analyse the progress of the United States’ rebalancing to Asia-Pacific; while its negative effect is that China accelerates its march to claim its global power status exploiting South Asia’s disunity, resources and access to Indian Ocean region.

Net Benefit to South Asia

Option 1: Status quo - Regional Submission provides net benefit to South Asia in that: 1) individual states pursue their respective interests with each other and with China in an attempt to draw relatively better bargains than their uncoordinated neighbours, 2) unstable states find China acceptable since China does not question their legitimacy, 3) smaller states prefer Chinese suzerainty over South Asia’s lacklustre collective response, and 4) Chinese economic offers are too lucrative to be resisted especially in absence of alternatives.

Option 2: Cooperation - Regional Win-Win Resolution

Ends

Ends are: 1) South Asia involves China in long term investment in South Asia’s development\(^{109}\) (very high impact), 2) South Asia optimises potential of its trade interdependence with China as depicted in Figure 5 (very high impact), 3) South Asia links economically with Association of South East Asian Nations\(^{110}\) (very high impact), 4) South Asia and China establish an anti terrorism intelligence network and conduct operations in their contiguous areas (high impact), 5) South Asia lures China to development projects instead of its sponsored arms race (high impact), 6) Chinese confidence building measures prevent South Asia from migrating to the United States’ influence (high impact), 7) China engages constructively with South Asian Association
of Regional Countries to develop win-win solutions (medium impact), 8) South Asia joins Chinese dominated Shanghai Cooperation Organisation to leverage its geo-political situation (medium impact), and 9) China and South Asia jointly exploit water management potential of the Himalayas for hydroelectricity, irrigation and consumption\textsuperscript{111} (medium impact).

Figure 5. Suggested Trading Arrangements by Intensity of Economic Integration between China and South Asia\textsuperscript{112}

Ways

Ways are: 1) South Asia uses its collective potential to draw more from China economically than it is giving today to South Asia’s individually weak states\textsuperscript{113} (long term), 2) India initiates confidence building measures with Pakistan particularly and
others generally to make South Asian Free Trade Area\textsuperscript{114} effective economically (long term), 3) India assists fledgling democracies build democratic institutions such that regional security improves and states can look beyond their borders to a regional identity (long term), 4) India engages China to mutually resolve their boundary dispute (long term), 5) South Asia builds lateral land communications to Association of South East Asian Nations with China’s assistance to connect the two economies (medium term), 6) China and India together steer regional projects like Himalaya’s hydroelectricity, energy pipelines, transnational road and rail network, and inland water transport (medium term), 7) South Asia conducts joint military exercises for transnational threats at its level today and in conjunction with Shanghai Cooperation Organisation tomorrow (medium term), 8) with improvement in regional security, South Asia lowers drastically or stops Chinese arms import (medium term), 9) South Asia trades transit facility of China’s energy through South Asia for capital investment in its development\textsuperscript{115} (medium term), 10) South Asia postpones construction of Myanmar’s Indian Ocean region port for China (short term), and 11) South Asia invites the United States for greater participation in South Asian Association of Regional Countries (short term).

Means

Diplomatic means with very high impact are that 1) South Asia invites China to participate constructively\textsuperscript{116} in South Asian Association of Regional Countries, 2) India resolves its boundary dispute with China, 3) India initiates confidence building measures with Pakistan,\textsuperscript{117} and 4) frequent high level mutual visits confirm South Asia’s collective identity.
Information means with very high impact are that South Asian Association of Regional Countries establishes information network to study regional outsourcing, supply chain management, off-shore manufacturing, education, talent transfer and immigration.

Military means with high impact are that 1) India initiates confidence building measures with Pakistan\textsuperscript{118} to reduce defence expenditure, and 2) South Asia reduces arms imports.

Economic means with very high impact are that 1) South Asia increases interdependence in trade incrementally with China to Association of South East Asian Nations’s level, 2) South Asian Association of Regional Countries’ economic working group functions online, and 3) South Asia convinces China\textsuperscript{119} to reciprocate its Association of South East Asian Nations’ free trade agreement principle of ‘give more; take less’ for South Asia.

Financial means with very high impact are that China drops its investment barriers and facilitates credit to South Asia in short term to reap benefit in medium / long term.

Intelligence means with high impact are that 1) South Asia cooperates on intelligence on transnational threats, and 2) joint working mechanism on Indo-China border stops occasional flare-ups by local commanders.

Legal means with high impact are that 1) South Asia resolves its territory issues bilaterally with China, and 2) South Asia raises trade issues as per World Trade Organisation’s rules.
Suitability, Acceptability and Feasibility

Option 2 ends are suitable because: 1) excessive domination of South Asia by China and/or emerging regional identity unlocks South Asia’s desire to not only meet its ‘needs, but also its aspirations’ by exploiting opportunity in China, and 2) since individual states by themselves are too small as compared to China, they collectively engage China, though with caution, in a win-win relationship.\textsuperscript{120}

Ways are acceptable because: 1) exploiting collective potential, South Asia finds exponential long term gain in collective pursuit\textsuperscript{121} as against short term gain in individual pursuit of interests with China, and 2) China too finds this option non-threatening and profitable in the long term without South Asia challenging its hegemony.

Means are feasible because: 1) regional team spirit opens up opportunities for both, China and South Asia, and the greater mutual long term good is visible on the horizon, and 2) they allow China to truly implement a regional solution\textsuperscript{122} as a responsible hegemon, effectively putting at rest apprehensions of the United States.

Risk

Risk analysis is given in Figure 6.

Second Order Consequences

Its positive effect is that South Asia flourishes under China’s benevolent hegemony; while its negative effect is that since China still controls the game, it economically tweaks the growth of states selectively.

Third Order Consequences

Its positive effect is that China amicably resolves territorial disputes with India and possibly, also in the South China Sea; while its negative effect is that time lost in selecting the United States as a better hegemon cannot be recovered.

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Net Benefit to South Asia

Option 2: Cooperation - Regional Win-Win Resolution provides net benefit to South Asia in that: 1) it involves China in long term investment in South Asia’s development by optimising potential of its trade interdependence, 2) it uses its collective potential to draw more from China economically than it is giving today to its individually weak states, and 3) fledgling democracies build democratic institutions such that regional security improves and states can look beyond their borders to a regional identity and collective prosperity.
Option 3: Collaboration – United States’ Assisted Solution

Ends

Ends are: 1) South Asia replaces China, an apparently benevolent hegemon with the United States, a proven benevolent hegemon, to pursue its interests of development, disarmament and democracy (very high impact), 2) South Asia cooperates with the United States in its rebalancing strategy of Asia-Pacific (very high impact), 3) the United States contributes significantly in South Asian Association of Regional Countries’ affairs to improve regional security and prosperity (very high impact), 4) the United States facilitates confidence building measures between India and Pakistan to unite South Asia to exploit its collective potential (very high impact), 5) the United States assists economic integration among Central Asian Republics, South Asia, Association of South East Asian Nations, Japan and South Korea for energy and trade to offset reliance on China (very high impact), 6) South Asia cooperates with the United States in anti terrorism intelligence, joint exercises and operations against regional transnational threats (high impact), 7) international institutions provide capital for South Asia’s development to reduce dependence on China (high impact), 8) the United States assists in consolidation of democracy in South Asia (medium impact), and 9) South Asia develops its internal regional trade (medium impact).

Ways

Ways are: 1) South Asia aligns it interests with the United States to pursue its interests of peace and prosperity through partnership (long term), 2) the United States facilitates South Asia in developing a collective identity by guaranteeing regional security (long term), 3) the United States coordinates actions of Central Asian Republics, South Asia, Association of South East Asian Nations, Japan and South
Korea such that they link with each other economically to reduce dependence on China (long term), 4) the United States assists South Asian Association of Regional Countries in becoming effective and united in its vision (medium term), 5) international institutions provide capital to South Asia’s smaller states to become competitive economically (medium term), and 6) South Asia conducts joint military exercises with the United States (medium term).

Means

Diplomatic means with high impact are that 1) South Asia progressively accepts the United States as a better hegemon, relative to China, to steer its collective destiny for which mutual interests of security, access to global commons in Indian Ocean region, democracy, development and status are aligned, 2) South Asia resolves peacefully its internal disputes and if possible, those with China, and 3) South Asian Association of Regional Countries states cooperate to make the organisation effective.

Information means with very high impact are that South Asian Association of Regional Countries establishes information network to study regional outsourcing, supply chain management, off-shore manufacturing, education, talent transfer and immigration.

Military means with very high impact are that the United States 1) facilitates confidence building measures between India and Pakistan—vital for South Asia’s unity, and 2) conducts joint training with South Asia.

Economic means with very high impact are that 1) the working age population, which is decreasing in China is increasing in India, implying a certain loss of China’s export trade to India,\textsuperscript{131} 2) the United States facilitates Asia’s ultimate economic dream
of linking Central Asian Republics, South Asia and Association of South East Asian Nations for energy and trade to expose China’s economic vulnerability,\textsuperscript{132} and 3) South Asia reduces its trade imbalance with China by accessing South Asia’s internal markets.

Financial means with very high impact are that the United States facilitates international institutions to provide capital to South Asia for development.

Intelligence means with high impact are that South Asia cooperates with the United States on intelligence gathering in Indian Ocean region and in South Asia’s hotspots of transnational threats.

Legal means with medium impact are that South Asia raises unfair trade practices of China in World Trade Organisation.

Suitability, Acceptability and Feasibility

Option 3 ends are suitable because: 1) having established a minimum regional identity and even when the existing needs of states have not been fully met, South Asia, by choosing the United States as a responsible hegemon, attempts to meet its ‘aspirations, even by deferring its needs in the short term’, and 2) the economic integration among Central Asian Republics, South Asia, Association of South East Asian Nations, Japan and South Korea can be facilitated only by the United States and not even by China\textsuperscript{133} — this grouping can be self-sustaining in all domains of manufacturing, agriculture and service, in terms of capital, energy, growing market of middle class, skilled and unskilled labour, and connectivity of land, sea and culture.

Ways are acceptable because 1) South Asia aligns its interest with the United States, a trusted benevolent hegemon, in seeking collective peace and prosperity while diplomatically expecting China to contribute proportionately to international security,
which is what the United States desires, and 2) moving away from non-alignment, India weaves non-confrontational relationships to grapple with China’s rise and to facilitate its own.

Means are feasible because assured greater collective gain is viable in the long term as compared to the present limited individual gains.

Risk
Risk analysis is given in Figure 7.

![Figure 7. Risk Analysis of Option 3](image)

**Second Order Consequences**

Its positive effect is that the United States gains credibility in solving regional issues; while its negative effect is that states may only partially (not completely and not collectively) switch hegemons.
Third Order Consequences

Its positive effect is that China, the world’s second strongest power, contributes proportionately to international security (established powers and rising ones need not clash like the United States and Britain did not\textsuperscript{136}); while its negative effect is that smaller states may suffer more in the shift from one hegemon to the other as the first half of the twenty-first century is characterised by cooperation and competition between the United States and China.\textsuperscript{137}

Net Benefit to South Asia

Option 3: Collaboration – United States’ Assisted Solution provides net benefit to South Asia in that: 1) having tolerated China enough for too long, South Asia replaces China with the United States, a proven benevolent hegemon, to pursue its interests of development, disarmament and democracy, 2) the United States assists economic integration among Central Asian Republics, South Asia, Association of South East Asian Nations, Japan and South Korea for energy and trade to offset reliance on China, and 3) the United States contributes significantly in South Asian Association of Regional Countries’ affairs to improve regional security and prosperity.

Option 4: Containment - Regional Focus

Ends

Ends are: 1) the United States re-orients South Asia’s dependence on China’s growth-oriented economic market to the one dominated by it (very high impact), 2) India allies with the United States in its strategic partnership\textsuperscript{138} against China (very high impact), 3) India and the United States monitor and selectively dominate sea lines of communication in Indian Ocean region (very high impact), 4) South Asia provides naval
and air bases to the United States in Indian Ocean region and hinterland (very high impact), 5) the United States facilitates confidence building measures between India and Pakistan (very high impact), 6) the United States contributes significantly in South Asian Association of Regional Countries’ affairs to improve collective regional security response (very high impact), 7) India upgrades its capability of long-range delivery systems and navy as deterrent against China\textsuperscript{139} (high impact), 8) South Asia cooperates with the United States in anti terrorism intelligence, joint exercises and operations against regional transnational threats (high impact), 9) South Asia chooses better interoperable arms from the United States\textsuperscript{140} instead of China (high impact), and 10) international organisations offer aid and development assistance to South Asia (medium impact).

**Ways**

Ways are: 1) the United States links the economic zone formed by Central Asian Republics, South Asia, Association of South East Asian Nations, Japan and South Korea to the Trans Pacific Partnership\textsuperscript{141} to optimise the Pacific region’s economic opportunity\textsuperscript{142} to shift the Asia-centric market to a Pacific-centric one (long term), 2) the United States pursues reforms at the United Nations to include India as a permanent member\textsuperscript{143} to facilitate equitable representation of Asia (long term), 3) India and South Asia’s Indian Ocean region littorals, conclude defence treaties with the United States\textsuperscript{144} (medium term), 4) South Asia conducts joint naval exercises with the United States in the Indian Ocean region to deter Chinese domination in the South China Sea (medium term), and 5) the United States offers its domestic market to non Chinese Asian
countries to send an economic signal to Chinese export oriented economy (medium term).

Means

Diplomatic means with very high impact are that 1) South Asia accepts the United States as a better hegemon, relative to China, to steer its collective destiny for which mutual interests of security, access to global commons in Indian Ocean region, democracy, development and status are aligned, and 2) South Asian Association of Regional Countries states cooperate to make the organisation effective.

Information means with high impact are that leaders reduce regional tension by perception management.

Military means with very high impact are that South Asia exercises jointly with the United States in Indian Ocean region and in hinterland to address interoperability, contingency planning and response escalation.

Economic means with very high impact are that 1) the United States facilitates Asia’s ultimate economic dream of linking Central Asian Republics, South Asia and Association of South East Asian Nations for energy and trade to expose China’s economic vulnerability, and 2) South Asia reduces its trade imbalance with China by accessing its internal markets collectively.

Financial means with very high impact are that the United States facilitates international institutions to provide capital to South Asia for development.

Intelligence means with high impact are that South Asia’s intelligence network monitors Chinese military capability, preparedness and intention.
Legal means with very high impact are that India resolves its territory dispute with Pakistan with the United States’ assistance.

Suitability, Acceptability and Feasibility

Option 4 ends are suitable because growing China’s domination forces desperate South Asia, having first attempted Option 2: Cooperation - Regional Win-Win Resolution and / or Option 3: Collaboration – United States’ Assisted Solution, to ally with the United States to collectively survive China’s might.

Ways are acceptable because 1) conceptual shift of the existing hub and spoke market model between China and South Asia, to the self-contained shared economic zone formed by linking Central Asian Republics, South Asia, Association of South East Asian Nations, Japan and South Korea to the Trans Pacific Partnership, will benefit all more than now and in a non-threatening way, and 2) India sees its relations to the United States as an important factor causing China to treat India with more respect.

Means are feasible because although states involved differ individually and at times, regionally, but they remain focused in loosening their grip from China and the United States alone has the soft power to make the option feasible—an implementable trans Pacific vision, albeit in the long term.

Risk

Risk analysis is given in Figure 8.
Second Order Consequences

Its positive effect is that new South Asia's allies reinforce the United States' global status; while its negative effect is that China attempts to militarily resolve its territorial dispute with India.

Third Order Consequences

Its positive effect is that China cooperates with the United States in global issues like climate change and disarmament; while its negative effect is that China flexes its military muscle in the South China Sea.

Net Benefit to South Asia

Option 4: Containment - Regional Focus provides net benefit to South Asia in that: 1) the United States links the economic zone formed by Central Asian Republics,
South Asia, Association of South East Asian Nations, Japan and South Korea to the Trans Pacific Partnership to optimise the Pacific region’s economic opportunity to shift the Asia-centric market to a Pacific-centric one, and 2) South Asia accepts the United States as a better hegemon, to steer its collective destiny for which mutual interests of security, access to global commons in Indian Ocean region, democracy, development and status are aligned.

Stakeholders’ Responsibility

Before recommending a solution, a macro view of the proportion of responsibility of stakeholders in determining ends of various options is given in Table 1.

Table 1. Proportion of Responsibility of Stakeholders in Determining Ends

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Option 1: Status quo - Regional Submission</th>
<th>Option 2: Cooperation - Regional Win-Win Resolution</th>
<th>Option 3: Collaboration – United States’ Assisted Solution</th>
<th>Option 4: Containment - Regional Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Asia</td>
<td>75%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>China</td>
<td>25%</td>
<td>50%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td></td>
<td></td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Reason</td>
<td>South Asia’s inertia and incapability to muster collective spirit to challenge China prolongs status quo</td>
<td>South Asia asserts and China relents to give a more equitable status</td>
<td>South Asia progressively accepts the United States</td>
<td>South Asia abandons China in favour of the United States</td>
</tr>
</tbody>
</table>
Recommended Solution

Trends

The trends that will inform the selection of South Asia’s option are: 1) by its evenhanded treatment of Indo – Pakistan differences, China cooperates with the United States to limit instability in South Asia,148 2) after the Cold War, Chinese policy toward South Asia is in line with its efforts to reduce tensions around its periphery,149 3) India sees more opportunities than challenges in China’s peaceful rise and its more accommodating approach to South Asia,150 4) with progress in Russia – China relations and while maintaining close ties with Pakistan, China finds India, previously aligned to Russia, more open to incremental improvements in relations,151 5) China’s security concept elevates economic security at par with politics, and emphasises interrelationship between external and internal security challenges,152 6) the United States is predisposed to Sino-American partnership, contingent on China behaving as a responsible global stakeholder,153 and 7) the United States and India share a strategic affinity that neither can easily replicate with China,154 however, that has not yet produced a relationship deep enough that its failure would cost both sides dearly.

Preconditions of Options

The two preconditions required for selection of South Asia’s option are: 1) whether South Asia can unite or not? and 2) whether a cooperative relationship between China, the biggest Asian player and India, the biggest South Asian player is possible or not? It is possible if they avoid zero-sum power games and then, their combined strength can benefit the region.155 But, China, the relatively bigger player has to agree. A united South Asia, by aligning its interests with the United States, the biggest global player, can make China agree, such that China sees merit in cooperation.
instead of domination. China and India may pragmatically come to accept each other eventually as their mutual containment policies start yielding diminishing returns, but South Asia cannot wait indefinitely.

Recommendation

In light of the trends and the preconditions, the conditional recommendation for South Asia’s strategy is given below in sequential “if—then” statements:

A. If India does not attempt regional unity or fails in its attempt, then Option 1: Status quo - Regional Submission holds.

B. If region unites and China cooperates, then choose Option 2: Cooperation - Regional Win-Win Resolution.

C. Given regional unity, if China does not cooperate, then choose Option 3: Collaboration – United States’ Assisted Solution.

D. If Option 3 fails while regional unity holds, then choose Option 4: Containment - Regional Focus.

Net Benefit to South Asia

The recommended strategy provides net benefit to South Asia in that: 1) it is flexible enough to evolve as per the prevailing trends and existing preconditions, 2) it non-confrontationally incorporates the big and small South Asian’s stakeholders to ensure a higher degree of success, 3) it can be scaled up and down to cater for South Asia’s aspirations and needs respectively, 4) China gets an opportunity to be a responsible regional hegemon, 5) India gets an opportunity to unite South Asia and extract a higher return from China so that the collective region benefits tomorrow more than the few individual nations benefiting today from China, 6) the United States gets an opportunity to induce a non-military regional solution, thus not only benefiting its
interests but also enhancing its global image, 7) South Asia gets an opportunity to collectively solve its developmental and governance issues by playing one hegemon against another, and 8) both hegemons, the United States and China also get an opportunity to demonstrate to the world how their interests can be regionally aligned to achieve global peace, prosperity and stability.

Conclusion

China claims its cooperative security model\(^{157}\) promotes multilateralism, security based on development, common security through cooperation even with potential adversaries, partnerships, sovereignty of nations, non-interventionism, negotiations to achieve win-win outcomes and recognition of diverse paths of development. This ‘talk’ of China can be converted into a ‘walk’ only if South Asia unites and asserts its ‘aspirations’ by graduating from Option 1: Status quo - Regional Submission to Option 2: Cooperation - Regional Win-Win Resolution.

India views the United States as a critical balancer in the India-United States-China triangular relationship and its burgeoning relationship with the United States gives India strategic room to manoeuvre vis-à-vis China.\(^{158}\) India thus, plays the role of a link-pin between Option 2: Cooperation - Regional Win-Win Resolution and Option 3: Collaboration – United States’ Assisted Solution.

The threat of giving more to South Asia in Option 2 makes China continue Option 1, while India has to show to South Asia the opportunity of collective prosperity in Option 2 in order to unite South Asia. The threat in Option 3 of inducting the United States in the region will make China guarantee success of Option 2 while the opportunity in Option 3 will allow the United States to reinforce its global status. The threat in Option 4: Containment - Regional Focus of shifting control of the economic
market from China to the United States will make China behave responsibly while this option’s opportunity to the United States will ensure success in its rebalancing strategy of Asia-Pacific.

Endnotes


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