



# **ICRIER**

## **Policy Series**

**No. 3 | August 2011**

### **Strategic Influence of Soft Power: Inferences for India from Chinese Engagement of South and Southeast Asia**

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## Abstract

This study proceeds on the assumption that both India and China are keen on maintaining peace and stability in their respective neighbourhoods. A benign external environment is a critical driver of their respective economic growths, and consequently regional and global strategic influences. Soft power plays a key role in this regard and is increasingly being deployed as a strategic tool by major powers of the world, including China and India.

The paper researches China's projections of soft power and employment of attendant tools in South and Southeast Asia. and tries to draw relevant inferences for India's soft power applications in South Asia. Quantitative and qualitative dimensions of Chinese soft power in the region are analyzed with respect to public diplomacy as well as economic assistance.

The paper is divided into a few broad sections for analytical convenience. It begins by defining the concept of soft. For purposes of the present study it restricts itself to the following salient components of soft power: cultural diplomacy, public diplomacy and economic aid (essentially development assistance). China's soft power initiatives in Southeast Asia and South Asia are then analyzed, followed by India's initiatives in South Asia. The core objective is to draw lessons from China's practice of soft power policies and study their applicability to India's foreign policy.

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***JEL classification:*** F5, F50, F59

***Keywords:*** Soft Power, China, India, Foreign policy

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## Executive Summary

National foreign policies in the 21<sup>st</sup> century are increasingly focusing on projection of benign country images. Such projections are critical not only for gaining access to new markets but also for building partnerships for addressing mutual security concerns. While major Western and Asian powers have been aggressively advancing their soft power, India appears to be lagging behind. This is surprising because even if soft power is interpreted narrowly as cultural diplomacy, India along with China has been a noted historical practitioner. China's use of soft power in recent years is in contrast extensive and has motivated considerable academic research and interest among strategic analysts. This paper endeavours to draw lessons from China's soft power policies and examine their applicability to India which faces a qualitatively similar situation in South Asia.

The Chinese political leadership as well as its institutions and agencies have made planned efforts to bring about a change in negative perceptions in the Asian neighbourhood which has several territorial disputes and instances of frictions leading to an image of China as an aggressive regional power, coupled with negative notions of its curbs on freedom of expression and individual rights.

Beijing's soft power instruments range from culture to economic engagement. Official pronouncements have been accompanied by matching initiatives. Instituting confidence-building measures (CBMs), resolving existing border disputes, reassuring neighbours about benign intentions, enhanced economic engagement along with cultural outreach characterize Beijing's soft power diplomacy in Asia.

Given its rich cultural heritage and global appeal, it is only natural that culture emerges as a strategic tool in China's efforts. This is more so in its neighbourhood where the footprint of Chinese culture already exists, as also Chinese diaspora. A considerable part of China's efforts to reach out to Southeast Asia comprise cultural exchanges and allied initiatives. The spread of Chinese Confucius Institutes in the region provide an enabling environment for learning the Chinese language, which in turn helps in familiarity with Chinese art, cinema, cuisine, fashion and lifestyle. The emphasis attached by China on spread of its language is evident from the dispatch of more than 2,000 volunteers and teachers in 35 countries, since 2004. China is also trying to attract foreign students from these countries to its own educational institutions by boosting financial aid and liberalizing visa policies for foreign students.

Recognising that Buddhism, the dominant religion in Southeast Asia, is a common socio-cultural and religious thread, China has been making conscious efforts to project a Buddhist-friendly image by drawing attention to its Buddhist heritage. China's liberal and generous economic assistance has garnered appreciation disproportionate to the size of its aid, and thus has a large impact on recipient governments.

Further, China is making similar efforts in South Asia which is steadily emerging as a strategic priority. Confucius Institutes are mushrooming across South Asia, although their growth, and the concomitant spread of the Chinese language, has run into difficulties in India. Beijing has also been offering generous scholarships to South Asian students for studying Chinese language as well as pursuing other studies and research in China. China has initiated several agreements for facilitating cultural exchanges with individual South Asian countries. Development assistance has been a key component of China's efforts to engage South Asia.

India will do well to learn from China. China's exercise of soft power is a good example of the pragmatic manner in which it manages its strategic priorities. A key component of such pragmatic management is keeping economics and politics distinct. Despite ticklish bilateral issues with Indonesia, Vietnam, and Philippines, China has maintained economic engagement through development assistance and commercial activities with all these countries. In India's case, however, political differences have occasionally resulted in disruption in economic ties with neighbours. This does not pay dividends in the long term. India must realise that good economic ties can serve as important confidence-building measures and can help in ameliorating political differences.

Economic assistance has been a key component of China's engagement of both Southeast and South Asia. China has been quick to offer development support to several parts of Southeast and South Asia, where multilateral aid and development assistance from major global donors has not been forthcoming. Cambodia, Myanmar, Laos and Vietnam in Southeast Asia and Afghanistan, Bangladesh, Nepal and Pakistan in South Asia are key examples. For all these countries, Chinese support in infrastructure development and industrial expansion have not only been generous, but also unqualified as far as conditionalities are concerned. China has also indicated that its economic assistance is irreversible and aimed at integrating small, marginal and resource-starved economies with the robust and vibrant Chinese market. Much of Southeast and South Asia is therefore heavily obliged to China on economic grounds. This has helped China secure strong commitment from these countries and reap large strategic dividends.

Despite dedicated efforts in cultural diplomacy, China has had limited success in ameliorating its image as an aggressive regional power which discourages freedom of expression and individual rights. Its Confucius Institutes are often viewed as vehicles for achieving deeper strategic objectives in the garb of cultural diplomacy.

Peace and stability in the neighbourhood is a critical imperative for India, given the positive externalities. To this end, India has to enhance its soft power leverage in the region, learning from the Chinese experience in using soft power as a critical tool of regional strategy. While it does possess an edge in the cultural and educational dimensions, it is almost impossible for India to match China in economic assistance at

this stage of economic development. It therefore has to follow a carefully thought out strategy for optimizing its soft power leverage in the region. Financial limitations must be offset by cultural and educational advantages, with country-specific variations wherever required.

There is however no gainsaying much larger outlays on economic assistance in select areas where there is convergence of interests. India's aid to South Asia should have greater strategic focus, like Chinese aid, on building infrastructure for expanding production networks and exchange relationships with the neighbourhood. Adjunct components of the policy include encouraging Indian industries and businesses to invest in the neighbourhood.

In short, India needs to give much greater attention to soft power as a critical tool of foreign policy if it wishes to achieve its strategic objectives in South Asia.

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# Strategic Influence of Soft Power: Inferences for India from Chinese Engagement of South and Southeast Asia

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## 1. Introduction

India is increasingly becoming a part of an Asia that has experienced dense economic integration between its Northeast and Southeast parts. Such integration and robust maintenance of economic activity, notwithstanding the temporary setback inflicted by the global financial crisis of 2008, makes the region one of the world's most strategically vital geographical territories. In comparison, however, South Asia is yet to 'emerge' in terms of economic or political might as a regional block, despite India steadily assuming powerful economic and strategic dimensions. China and India's growing strategic presence in Asia has been accompanied by a relative decline in influence of the United States in the region. These gradual but far-reaching processes have impacted the balance and structure of power in Asia.

India's efforts to strengthen its soft power in Asia have interesting strategic implications for a region that is perceived as becoming China-dominated. Singapore's Minister Mentor Lee Kuan Yew observes in this regard: "India can project power across its borders farther and better than China can, yet there is no fear that India has aggressive intentions".<sup>2</sup> Despite enjoying such positive impressions in the region, as noted earlier, India's soft power credential is yet to match up to China's, even in its immediate neighbourhood of South Asia.

Both India and China are extending their strategic reach in the region by using economic incentives, and political and cultural tools, relegating forceful means to the background as much as possible. The use of force as a foreign policy tool is gradually losing ground. This is not to suggest that military force has, or will cease to remain an option. It will be one of the several strategies for influencing states, while not being the most important one. This combination of both hard and soft power has been often termed as 'smart power' by scholars working in the area. While India seems uncomfortable using either soft or hard strategies in a consistent manner, China appears to have blended them well. Thus while adopting a unilateral approach toward its military modernisation,<sup>3</sup> it is also honing its public (termed 'strategic communication'

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<sup>2</sup> Lee Kuan Yew, "India's Peaceful Rise", *Forbes*, 24 December 2007

<sup>3</sup> Shambaugh

in the 2010 US National Security Strategy document) and cultural diplomacy tools to engage countries on its periphery and even beyond.

## 2. The Research Question

The core objective of this research is to draw lessons from China's practice of soft power policies and study their applicability in India's foreign policy. It proceeds on the assumption that both countries are keen on maintaining peace and stability in their respective neighbourhoods since benign external environments are critical drivers of their economic growth and concomitant escalation of regional and global strategic influences. Soft power tools are expected to play a key role in this regard. The study examines China's projection of soft power and employment of attendant tools in South and Southeast Asia and tries to draw relevant inferences for India in South Asia. Quantitative and qualitative dimensions of Chinese soft power in the South and Southeast Asian region are analyzed with respect to public and cultural diplomacy and development and humanitarian assistance.

Accordingly, the key research question addressed by the study is: **What lessons can India's foreign policy towards South Asia draw from China's soft power policies in South and Southeast Asia?**

## 3. China and Southeast Asia

The literature on China's soft power highlight the influence of culture, economics and politics in shaping such power. Beijing's soft power instruments range from culture to economic engagement. The political report of the 16<sup>th</sup> Communist Party of China (CPC) Congress pointed out that, "in today's world, culture intertwines with economics and politics, demonstrating a more prominent position and role in the competition for comprehensive national power."<sup>4</sup> Beijing's eagerness to harness soft power is reflected in several official policies in the copious use of phrases like "friendly and good-neighbourly" (*mu lin youhao*), "benevolence toward and partnerships with neighbours" (*yi lin wei shan, yu lin wei ban*) and "enrich, harmonise, and reassure the neighbourhood" (*fu lin, mu lin, an lin*) in official documents.<sup>5</sup> Many Chinese scholars and analysts have argued that "the Chinese use of peaceful economic forces on foreign trade and on its diplomacy" has given them edge over Western powers like the United States in Asia.<sup>6</sup> Various experts support this argument by pointing out that during the last thirty years relations have improved significantly between China and its Southeast Asian neighbours. However, they also believe that China needs to divert its

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<sup>4</sup> Mingjiang, Li, "Soft Power in Chinese Discourse: Popularity and Prospect", *RSIS Working Paper* no. 165, 1 September 2008, p. 2

<sup>5</sup> Mingjiang Li, "Explaining China's Proactive Engagement in Asia" In Shiping Tang, Mingjiang Li, Amitav Acharya, *Living with China: Regional States and China through Crises and Turning Points* (New York: Palgrave Macmillan, 2009)

<sup>6</sup> Yong Deng, "The New Hard Realities: 'Soft Power' and China in Transition" In Mingjiang Li (ed.), *Soft Power: China's Emerging Strategy in International Politics* (UK:Lexington Books, 2009), p.75



concentration away from enhancing only its economic gains from trade with and investment in the region. It should begin to focus more on benefiting its neighbours as well. This way China's positive and constructive image will be further highlighted.<sup>7</sup>

Matching initiatives in the form of several confidence-building measures (CBMs), resolving existing border disputes, reassuring neighbours about benign intentions, enhanced economic engagement along with cultural outreach symbolize Beijing's earnest pursuit of soft power diplomacy in Asia. These initiatives have arguably helped China in acquiring favourable perceptions in the region.<sup>8</sup> Soft power is expected to remain an integral component of Chinese foreign policy to engage its neighbours given the high priority it accords to maintaining stable relations with them. In this respect, South and Southeast Asia has emerged a strategically vital region for China.

In the first three decades of the Cold War, China's image in Southeast Asia was primarily that of an aggressive power often fomenting revolution. The changes in geo-strategic dynamics following the end of the Cold War and America's emergence as the dominant power compelled China to make efforts for changing perceptions in the region. China's declaration of the New Security Concept, a more contemporary version of the five principles of peaceful co-existence,<sup>9</sup> was launched, first in Southeast Asia where earlier Chinese claims to parts of the South China Sea had made countries in the region wary of a 'rising' China. China's subsequent enthusiasm for bilateral agreements and active participation in regional multilateral frameworks gradually also improved its image. Many scholars studying China's rising soft power image identify 1997 as a turning point. resulted in a perceptive de-scaling of its engagement efforts in Asia. The tide turned after 9/11 with parts of Asia being identified as hubs of terrorism forcing the US to redesign its strategies for the region. This created enough room for China to engage Southeast Asia culturally as well as otherwise. Consequently, the region's perception of China changed significantly.<sup>10</sup> Later, its refusal to devalue its currency during the Asian financial crisis signalled 'its decision as standing up for Asia'.<sup>11</sup> This was coupled with generous economic packages and low interest loans to Southeast Asian countries. For example, Beijing offered US\$400 million in stand-by loans as part of an IMF rescue package to Indonesia along with export credit facilities

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<sup>7</sup> The author interviewed Zhang Guihong, Research Professor and Executive Director, Centre for UN Studies, and Associate Dean, Institute for International Studies and a few other academics from the Fudan University, Shanghai on 17 September 2010

<sup>8</sup> According to a 2007 Pew research poll, only 29 % Indonesians and 27% Malaysians had a favourable view of the United States while 83% Malaysians and 65% Indonesians had positive impressions of China. See *CRS Report for Congress*, p. 2, no. 8

<sup>9</sup> The Concept was a repackaged version of the Five Principles of Peaceful Coexistence. For details see Andrew Scobell, "China's Geostrategic Calculus and Southeast Asia", *Testimony before US-China Economic and Security Review Commission*, February 4, 2010 at [http://www.uscc.gov/hearings/2010hearings/written\\_testimonies/10\\_02\\_04\\_wrt/10\\_02\\_04\\_scobell\\_statement.pdf](http://www.uscc.gov/hearings/2010hearings/written_testimonies/10_02_04_wrt/10_02_04_scobell_statement.pdf) [Accessed on August 10, 2010]

<sup>10</sup> Joshua Kurlantzick, "China's Charm: Implications of Chinese Soft Power", *Carnegie Policy Brief* 47, June 2006 at [http://www.carnegieendowment.org/files/PB\\_47\\_FINAL.pdf](http://www.carnegieendowment.org/files/PB_47_FINAL.pdf) [Accessed on 7 May 2009]

<sup>11</sup> Kurlantzick, "China's Charm"

amounting to \$200 million.<sup>12</sup> As noted by David Shambaugh, this initiative ‘punctured the prevailing image of China in the region as either aloof or hegemonic and began to replace it with an image of China as a responsible power’.<sup>13</sup>

### *Cultural Diplomacy*

Given China’s rich cultural heritage and the global appeal which such heritage enjoys, it is only natural that culture emerges as a strategic tool in China’s engagement efforts. This is more so in its neighbourhood where the footprints of Chinese culture already exist, as does the Chinese diaspora. A considerable part of China’s efforts to reach out to Southeast Asia comprises cultural exchanges and allied initiatives.

China’s cultural advances are aimed at neutralizing international, particularly Southeast Asian, threat perceptions prompted by territorial conflicts in the South China Sea during the 1990s and Chinese defence spending reaching an average of 15.9 percent annually during 1998 - 2007.<sup>14</sup> The 2008 Beijing Olympics and the Shanghai Expo are the latest examples of China showcasing its cultural attributes for creating a benign image and advancing its prestige. With the Olympics, the ‘China element’ has been injected into the world.<sup>15</sup>

The enhanced benign perception of China is instilling interest and desire among foreigners to know the country better. A PIPA survey reveals that “China is viewed as having a mainly positive influence in the world...”<sup>16</sup> Particularly striking is the fact that the neighbouring countries, where historically China was looked at with suspicion, have developed a positive impression of China in recent years.<sup>17</sup> This is further substantiated by the fact that the number of foreign students in China has tripled from 36,000 to 110,000 over the past decade, and the number of foreign tourists also increased dramatically to 17 million per year even before the Olympics.<sup>18</sup> China’s cultural sites like the Great Wall, the Summer Palace, the Forbidden City, the Temple of Heaven and other remarkable heritages attract large volumes of tourists.

### *Confucius Institutes*

China has made great efforts to project cultural transmission to its neighbours in Southeast Asia in order to increase China's influence in the region.<sup>19</sup> To use the

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<sup>12</sup> Rizal Sukma, “Indonesia-China Relations: The Politics of Re-engagement”, *Asian Survey*, vol. 49, Issue 4, p. 601

<sup>13</sup> Shambaugh, “China Engages Asia”, p. 68

<sup>14</sup> Lawrence, “China’s Soft Power Strategy”

<sup>15</sup> Zhongying, “The Beijing Olympics”

<sup>16</sup> “22-Nation Poll Shows China Viewed Positively by Most Countries Including Its Asian Neighbors”, November 26, 2008, BBC/GlobalScan/PIPA at [http://www.pipa.org/OnlineReports/China/China\\_Mar05/China\\_Mar05\\_rpt.pdf](http://www.pipa.org/OnlineReports/China/China_Mar05/China_Mar05_rpt.pdf) [Accessed on 30 August 2010]

<sup>17</sup> Ibid

<sup>18</sup> Joseph Nye, “The Olympics and Soft Power”

<sup>19</sup> Parama Sinha Palit, “Cultural Diplomacy for Engaging Southeast Asia: Indian and Chinese Experiences”, *ICFAI University Journal of International Relations*, Vol. 3, 2009

metaphor suggested by Randall Peerenboom, “it is an effort to downplay the image of China as a fire breathing dragon, and promote that of China as a cute, cuddly panda”.<sup>20</sup> The Confucius Institutes try to do just this. They attempt to engage Southeast Asia through language, culture and education.<sup>21</sup> Though modelled after France’s *Alliance Francaise*, Germany’s *Goethe Institut* and the United Kingdom’s British Council, they are foreign joint partnerships.<sup>22</sup> Despite being non-government and non-profit organisations, they are guided and sponsored by the Office of Chinese Language Council International affiliated with the PRC Ministry of Education, signalling their underlying strategic value.<sup>23</sup>

The teachings of Confucius emphasising secular values of humanity, education and harmony can not only bind ethnic Chinese all around the world but can also draw countries closer to China.<sup>24</sup> Perhaps it will not be erroneous to suggest that Confucian thought is probably the nearest non-communist doctrine that the CPC can be comfortable in identifying with and disseminating across the world. In fact many argue that “China can do more good by promoting the political values that inspire Chinese people and can help to make the world a better place...” by exporting indigenous Confucius values such as meritocracy and harmony.<sup>25</sup> The Chinese government has established 295 Confucius Institutes<sup>26</sup> in 78 countries for spreading its language and culture abroad. Out of these, 21 in Southeast Asia offer Chinese language courses. Thirteen of these are located in Thailand alone. The remaining are in Indonesia, Malaysia, Burma, Philippines, and Singapore.<sup>27</sup> Many more are being planned to be set up, including four in Indonesian cities<sup>28</sup> despite Indonesia being reluctant to have them! The Institutes also provide a “Chinese Bridge Fund,” sponsoring college student exchange program and supporting the development of overseas Chinese education.

Confucius Institutes provide an enabling environment for Chinese learning. Familiarity with Chinese language helps in shaping a popular Chinese culture in host countries that is characterized by Chinese art, cinema, cuisine, fashion and lifestyle. The emphasis attached by China on spread of its language is evident from the dispatch of more than

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<sup>20</sup> Peerenboom, Randall, “The Fire Breathing Dragon and the Cute, Cuddly Panda: The Implication of China’s Rise for Developing Countries, Human Rights, and Geopolitical Stability,” *Chicago Journal of International Law*, Summer 2006, no. 1, p. 17

<sup>21</sup> The author was quoted in “Slouching Tiger Racing Dragon”, *India Today*, p. 43, July 12, 2010

<sup>22</sup> Lai Hongyi, “China’s Cultural Diplomacy: Going for Soft Power”, *EAI Background Brief* No. 308, October 2006, p. 10

<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> Daniel A. Bell, “Developing China’s soft power”, *International Herald Tribune*, 24 September 2010, p. 8

<sup>26</sup> The first Confucius Institute was established in Seoul, South Korea in November 2004

<sup>27</sup> H H Michael Hsiao and Alan Yang, “Ins and Outs of China Courtship”, *Asia Times Online*, 4 December 2008. See [http://www.atimes.com/atimes/Southeast\\_Asia/JL04Ae03.html](http://www.atimes.com/atimes/Southeast_Asia/JL04Ae03.html) (Accessed on 11 June 2010)

<sup>28</sup> Ignatius Wibowo, “China’s Soft Power and Neoliberal Agenda in Southeast Asia” In Li Mingjiang (ed.), *Soft Power: China’s Emerging Strategy in International Politics* (UK: Lexington Books, 2009), p. 215

2,000 volunteers and teachers in 35 countries, since 2004, to work on Chinese education abroad. The countries having these volunteers include several ASEAN states such as Indonesia, Laos, Philippines, Singapore, Thailand and Vietnam.<sup>29</sup> These “civil diplomats” eventually pose as vital human resources in wielding cultural and social influence in the region.<sup>30</sup> It is, however, important to note that notwithstanding their popularity, these institutes have occasionally encountered resistance, even in Southeast Asia. This is presumably on account of their presence and agenda being associated with ‘fifth column’ intentions.<sup>31</sup> However, much of the initial suspicion has eventually not assumed strong proportions and perceptions have become more favourable.<sup>32</sup>

Apart from Confucius Institutes, China has undertaken other measures to integrate Chinese way of life into Southeast Asia. Beijing pushes instruction in Mandarin and Chinese culture in overseas primary schools, partly by signing agreements with countries in Southeast Asia to help assimilate Chinese into public school curricula, and partly by helping students in relatively low-income countries like Cambodia attend private local Chinese-language primary schools.<sup>33</sup> Beijing has created a Chinese version of the Peace Corps, run by the China Association of Youth Volunteers, to send young Chinese on long-term volunteer service projects to relatively backward countries of Southeast Asia like Laos and Burma. These activities underscore Beijing's efforts to increase its cultural attractiveness and magnify the influence of its soft power at the grassroots level.<sup>34</sup> Furthermore, in an effort to connect with Asia, China hosts regular visits for high-level delegations from different countries, particularly Southeast Asian nations such as Vietnam, and Myanmar for studying the Chinese model of economic development.<sup>35</sup> Apart from high-level delegations, it has begun hosting overseas scholars as well.

### *Education Programmes and Scholarships*

While China is attempting to promote Chinese language and culture in Southeast Asia through Confucius Institutes, it is also trying to attract foreign students from these countries to its own educational institutions. Higher education is slowly emerging as an instrument of Chinese statecraft. To encourage greater inflow of foreign students, China’s ministry of education has boosted financial aid and loosened visa policies for

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<sup>29</sup> H H Michael Hsiao and Alan Yang, “Ins and Outs of China Courtship”, *Asia Times Online*, 4 December 2008. See [http://www.atimes.com/atimes/Southeast\\_Asia/JL04Ae03.html](http://www.atimes.com/atimes/Southeast_Asia/JL04Ae03.html) (Accessed on 11 June 2010)

<sup>30</sup> Ibid

<sup>31</sup> Fifth columns have often been orchestrated by countries in host countries for seizing power

<sup>32</sup> Daniel Chew’s unpublished paper presented at the 18<sup>th</sup> Biennial Conference of the Asian Studies Association of Australia, Adelaide, July 2010

<sup>33</sup> Josh Kurlantzick, “China’s Charm Offensive in Southeast Asia”, *Current History*, September 2006 at <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=18678> [Accessed on 14 June 2010]

<sup>34</sup> H H Michael Hsiao and Alan Yang, “Ins and Outs of China Courtship”, *Asia Times Online*, 4 December 2008. See [http://www.atimes.com/atimes/Southeast\\_Asia/JL04Ae03.html](http://www.atimes.com/atimes/Southeast_Asia/JL04Ae03.html) (Accessed on 11 June 2010)

<sup>35</sup> Honygyi, “China’s Cultural Diplomacy”, p. 7

foreign students.<sup>36</sup> This has produced immediate results. Between 2002 and 2004, the number of Cambodian students in China grew by nearly 20 percent, while the number of Indonesians rose by nearly 50 percent. Similar trends are observed with respect to Vietnam. The number of students moving from Vietnam to China has increased by 90 percent during the comparable period.<sup>37</sup>

The China Scholarship Council, apart from offering Chinese scholarships to Southeast Asian students, also regularly holds Education Exhibitions in Southeast Asian countries to promote and introduce Chinese higher learning. These exhibitions help familiarise students in Southeast Asian countries and beyond in understanding and appreciating Chinese educational programmes, thus in turn improving China's image in the region.

China has progressively liberalised its domestic higher education market by allowing entry of foreign education service providers. The Universities of Nottingham and Liverpool from the United Kingdom have set up campuses in China following announcement of new directives for foreign universities in September 2003.<sup>38</sup> Entry of reputed foreign education providers in the Chinese market, apart from improving China's own higher education capacities, has also signalled to its neighbourhood its growing stature as a regional hub of higher education and has helped in bolstering its 'charm offensive' in the region.

#### *Chinese Diaspora and the Buddhist Link*

The Chinese diaspora has also contributed in promoting Chinese culture in the Southeast Asia.<sup>39</sup> Several countries in the region have ethnic Chinese populations. The region's most vibrant economy, Singapore, has a predominant ethnic Chinese population, followed by Malaysia, Indonesia and Thailand. China has a contiguous boundary with Myanmar, Vietnam and Laos on its South, which has also facilitated considerable settling of ethnic Chinese in these countries. China's relationships with Southeast Asian countries like Indonesia, Vietnam, and Thailand were not particularly peaceful till the early 1990s.<sup>40</sup> However, the presence of a diaspora has sometimes helped China in making its soft power overtures. For example, ethnic Chinese in Cambodia, 3-5 percent of the country's population, have been instrumental for

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<sup>36</sup> Kurlantzick "China's Charm Offensive in Southeast Asia"

<sup>37</sup> Kurlantzick, "China's Charm Offensive in Southeast Asia"

<sup>38</sup> Amitendu Palit, 'Private Higher Education in China and India'; *East Asia Forum*; 11 August 2010; <http://www.eastasiaforum.org/2010/08/11/private-higher-education-in-china-and-india/> [Accessed on 23 May 2011]

<sup>39</sup> Li Mingjiang, "Soft Power in Chinese Discourse: Popularity and Prospect", *S. Rajaratnam School of International Studies*, No. 165, 1 September 2008 at <http://www.rsis.edu.sg/publications/WorkingPapers/WP165.pdf> [Accessed on 8 May 2009]

<sup>40</sup> Andrew Schobell, "China's Geostrategic Calculus and Southeast Asia – The Dragon's Backyard Laboratory", *Testimony Before US-China Economic and Security Review Commission*; 4 February 2010; [http://www.uscc.gov/hearings/2010hearings/written\\_testimonies/10\\_02\\_04\\_wrt/10\\_02\\_04\\_scobell\\_statement.pdf](http://www.uscc.gov/hearings/2010hearings/written_testimonies/10_02_04_wrt/10_02_04_scobell_statement.pdf) [Accessed on 9 August 2010]

facilitating China's economic involvement and cultural outreach in the country.<sup>41</sup> Similarly, commonality of language and culture has inspired Singaporean and Chinese media firms to collaborate.<sup>42</sup>

Buddhism is a dominant religion in several parts of Southeast Asia. In many ways, it is a common socio-cultural and religious thread running through the region. In recent years China has been making conscious efforts to project a Buddhist-friendly image, by drawing the region's attention to its Buddhist heritage.<sup>43</sup> As part of these efforts it had organised the World Buddhist Forum in April 2006. This was an attempt by the Chinese government to 'showcase its cultural diplomacy and its willingness to use traditional beliefs to ease social tension'.<sup>44</sup> China's participation in the multi-country initiative for recreating the Nalanda University<sup>45</sup> – one of the most renowned ancient Buddhist centres of learning and knowledge - also highlights its intention of projecting a benign image in the neighbourhood and its desire to connect with Southeast Asia through history and heritage.

### *Public Diplomacy*

The Tiananmen Square massacre in 1989 severely damaged China's global image and prompted it to revisit its public diplomacy. Vice Foreign Minister Fu Ying has pointed out the lack of experience "in dealing with the public and media agencies"<sup>46</sup> as a factor that often leads to misunderstandings about China's foreign policy posture. President Hu Jintao, pushed it further in 2009 by stating that public diplomacy would be a focus of all foreign affairs in the future.<sup>47</sup> A number of initiatives have been subsequently undertaken to improve public diplomacy. The State Council Information Office (SCIO) was set up for addressing the issue. The other player responsible for public diplomacy, along with the SCIO, is the Office of Foreign Propaganda of the Chinese Communist Party. Today, both the offices are responsible for looking after public diplomacy plans and guidelines, monitoring the foreign media and guiding and censoring domestic media, including the internet.<sup>48</sup>

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<sup>41</sup> There are reportedly 75 schools in Cambodia teaching Chinese to around 40,000 students, many of whom are ethnic Chinese. See Phou Sambath, 'Cambodia-China Relation : Past, Present and Future'; <http://www.ncku.edu.tw/~cseas/report%20SEA/CAM/cam11%20phou%20sambath.pdf> [Accessed on 9 August 2010]

<sup>42</sup> "Singapore, China to co-produce more TV and music programmes", 14 August 2010 at <http://www.channelnewsasia.com/stories/singaporelocalnews/view/1075202/1/.html> [Accessed on 14 August 2010]

<sup>43</sup> Sudha Ramachandran, "India has its own soft power-Buddhism", *Asia Times*, 4 July 2007 at [http://www.atimes.com/atimes/South\\_Asia/IG04Df02.html](http://www.atimes.com/atimes/South_Asia/IG04Df02.html) [Accessed on 8 May 2009]

<sup>44</sup> Mingjiang, "Soft Power in Chinese Discourse"

<sup>45</sup> A recent joint effort by India and other Southeast Asian nations

<sup>46</sup> Ji Beibei, "Public Diplomacy gains ground", *Global Times*, 15 September, 2010, p. 5

<sup>47</sup> Ibid

<sup>48</sup> Ingrid d' Hooghe, "The Rise of China's Public Diplomacy", *Netherlands Institute of International Relations*, July 2007 at [http://www.clingendael.nl/publications/2007/20070700\\_cdsp\\_paper\\_hooghe.pdf](http://www.clingendael.nl/publications/2007/20070700_cdsp_paper_hooghe.pdf) [Accessed on 27 September 2010]

In a significant development, the Information Department of China's Foreign Ministry upgraded its "Public Diplomacy Division" to the "Public Diplomacy Office" in late 2009. Beijing has been trying to establish a more 'open' form of interface and accountability and has recently designated fixed dates for the Foreign Ministry to open to the public and has also been holding press conferences for Chinese and foreign reporters. On the eve of the 83rd founding anniversary of the Chinese People's Liberation Army (PLA), the Ministry of National Defense and Ministry of Foreign Affairs invited close to 200 Chinese and foreign reporters for the field coverage of an engineering regiment under the PLA Beijing Military Command.<sup>49</sup>

Academic enquiry into public diplomacy has gone hand in hand. Beijing Foreign Studies University recently established a Public Diplomacy Research Centre to promote research on China's public diplomacy and act as a strategic consulting outfit for assisting the CCP and the government on public diplomacy. With these ends in view the University has also started a *Public Diplomacy Quarterly*<sup>50</sup>

The CCP has also launched the English language newspaper, *Global Times* along with CCTV 9-China's English language channel to reach out to the international community, particularly the English-speaking population. In this regard, however, there are views that suggest it is more important for China to decide what it says to the foreign public rather than how it says so!

#### *Development Assistance*

China's liberal and generous economic assistance ('aid without strings') has "garnered appreciation disproportionate to the size of its aid, and thus has a large impact on recipient governments".<sup>51</sup> China's 'appeal' as a donor to recipient low-income is increasing since Chinese aid does not come with as many strings attached as OECD assistance, particularly with respect to performances of recipient nations in areas of human rights, political empowerment etc. According to Carl Thayer, a Professor at the Australian Defence Force Academy, "Chinese aid offers an escape hatch for countries under pressure from the West [that] promote human rights and democratic reform."<sup>52</sup>

Chinese aid has sought to fill up an important vacuum in the infrastructure development space of Southeast Asian countries. From a Chinese vantage point, economic assistance for building infrastructure serves two critical objectives. First, it greatly enhances its

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<sup>49</sup> Ibid

<sup>50</sup> For details see "Public Diplomacy: New luminance colour of Chinese diplomacy" at <http://english.peopledaily.com.cn/90001/90776/90883/7125349.html> [Accessed on 20 September 2010]

<sup>51</sup> Thomas Lum, Wayne M. Morrison, Bruce Vaughn, "China's 'Soft Power' in Southeast Asia", *CRS Report for Congress*, 4 January 2008, pp. 4-5. See <http://www.fas.org/sgp/crs/row/RL34310.pdf> [Accessed on 8 June 2010]

<sup>52</sup> "International analysts say China's policies in Cambodia are only one aspect of its engagement with the region as a whole" at <http://newsgroups.derkeiler.com/Archive/Soc/soc.culture.cambodia/2009-10/msg00068.html> [Accessed on 14 June 2010]

soft power for the recipient country given that most of the latter suffer from paucity of infrastructure as well as lack of resources for building such infrastructure. Second, it also helps China in securing some strategic objectives like improving cross-border connectivity or accessing essential resources. An illustrative description of Chinese development assistance to Southeast Asia during recent years is given in Appendix 1.

In Southeast Asia, the CLMV (Cambodia-Laos- Myanmar-Vietnam) has received particular attention from China as far as development assistance is concerned. China has been quick to respond to their urgent need for resources to build infrastructure. In the process, it has obtained strategic benefits.

China's support to the Khmer Rouge regime in the 1970s had dealt a serious blow to its relations with the Cambodian people. It was therefore essential for China to project a benign image to Cambodia. Playing a critical role in economic development in Cambodia has allowed it to do just that. China has become the highest donor for Cambodia (US\$257 million), overtaking the European Union (US\$214 million) and Japan (US\$113 million). The main focus appears to be infrastructural projects, including a US\$280 million hydroelectric project being built by the Chinese state-owned firm Sinohydro, US\$200 million committed to building a road between Preah Vihar and Kampong Thom provinces, and a US\$128 million Cambodia-China Prek Kdam Friendship Bridge in Kandal province. Indeed, Chinese aid has come as a major boon for Cambodia given the reluctance of Western multilateral donors and agencies to disburse resources to the country due to a variety of issues.<sup>53</sup>

Vietnam is another country with which China, after acrimonious relations for centuries, has begun sharing strong economic links. Apart from bilateral trade, which has experienced a sharp increase, the two sides have been active in forming joint ventures in manufacturing, not only for selling in respective domestic markets, but also for exporting to third countries.<sup>54</sup> The Vietnam-China Business Forum, set up in 2004, is an important step towards bilateral economic cooperation. An agreement to set up three projects, reached in 2004.<sup>55</sup>, envisages an economic corridor linking Yunnan with Vietnam's northern provinces, another to connect Nanning in Guangxi province with Lang Son province, Hanoi, Haiphong and Quang Ninh province in Vietnam, and an economic belt encompassing the Tonkin Gulf.<sup>56</sup> China also has financed railway construction, hydropower development, and ship building facilities in Vietnam.<sup>57</sup>

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<sup>53</sup> See Phou Sambath as cited in 41 earlier.

<sup>54</sup> "China, Vietnam find Love", *Asia Times*, July 21, 2005 at [http://www.atimes.com/atimes/Southeast\\_Asia/GG21Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/GG21Ae01.html) [Accessed on August 2, 2010]

<sup>55</sup> Ibid

<sup>56</sup> Ibid

<sup>57</sup> Thomas Lum, Hannah Fischer, Julissa Gomez-Granger, Anne Leland, "China's Foreign Aid Activities in Africa, Latin America and Southeast Asia" *CRS*, February 25, 2009 at [www.accessmylibrary.com/coms2/summary\\_0286-38209015\\_ITM](http://www.accessmylibrary.com/coms2/summary_0286-38209015_ITM) [Accessed on August 2, 2010]



Economic engagement has clearly been an important aspect of China's efforts to build ties with both Cambodia and Vietnam. However, there is a subtle qualitative difference in the nature of Chinese engagement with respect to the two countries. While aid has been the overwhelming component of China's economic engagement with Cambodia, its engagement with Vietnam has involved aid for infrastructure development along with distinct efforts to facilitate trade and cross-border investment. This is on account of the difference in levels of development between the two economies and the nature of gains envisaged from them. Vietnam is a far more dynamic and expanding economy than Cambodia and has deeper global links. Chinese businesses can visualise much greater gains from boosting trade and investment links with Vietnam than Cambodia, where economic development is yet to reach a stage in which Chinese companies can foresee substantive gains from collaboration or commercial exchange. However, it is an economy with considerable potential that encourages China to invest in its infrastructure. Financial aid in this respect serves both economic and strategic purposes for China in Cambodia, as it does in combination with business facilitation measures in Vietnam.

Given its strategic value to Beijing because of its location on India's eastern flank, economic assistance to Myanmar has been given special attention. China has helped to build roads, railways, airfields, and seaports in the country. In addition, China's state energy group CNPC started building a crude oil port in Myanmar recently, as part of a pipeline project aimed at cutting out the long detour oil cargoes take through the congested and strategically vulnerable Malacca Strait.<sup>58</sup> Apart from infrastructure building in Myanmar, China has also reached out to Myanmar in the area of humanitarian assistance. Beijing had sent assistance, including a medical team to Myanmar earlier as well, after it was hit by a cyclone in 2008.<sup>59</sup>

Following the imposition of U.S. trade sanctions against Myanmar in 2003, China reportedly announced a loan of US\$200 million to Myanmar. It appears that in 2006, China promised further support of US\$200 million, though many believe that the loan actually never came through.<sup>60</sup> Some reports even suggest that China had further pledged nearly US\$5 billion in loans, plants and equipment, investment in mineral exploration, hydro power, oil and gas production and agricultural projects to Myanmar.<sup>61</sup>

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<sup>58</sup> "Factbox: Five facts about China-Myanmar Relations", *Reuters*, June 1, 2010 at <http://in.reuters.com/article/idINIndia-48959920100601> [Accessed on August 11, 2010]

<sup>59</sup> "China, Myanmar to boost 'Comprehensive, stable and lasting relations'", June 16, 2009 at [http://news.xinhuanet.com/english/2009-06/16/content\\_11553126.htm](http://news.xinhuanet.com/english/2009-06/16/content_11553126.htm) [Accessed on August 11, 2010]

<sup>60</sup> Lum, Fischer, Gomez-Granger, Leland, CRS, February 25, 2009<sup>60</sup> Thomas Lum, Christopher M. Blanchard, Nicolas Cook, Kerry Dumbaugh, Susan B. Epstein, Shirley A. Kan, Michael F. Martin, Wayne M. Morrison, Dick K. Nanto, Jim Nichol, Jeremy M. Sharp, Mark P. Sullivan, and Bruce Vaughn, "Comparing Global Influence: China's and US Diplomacy, Foreign Aid, Trade and Investment in the Developing World", p. 84, *CRS Report for Congress* RL 34620 at <http://italy.usembassy.gov/pdf/other/RL34620.pdf> [Accessed on August 2, 2010]

<sup>61</sup> *CRS* 2008

As far as development assistance to Laos is concerned, China provides the country grants and low-interest loans for development projects, along with technical assistance. Development and other forms of aid include those aimed at developing transportation infrastructure and hydro power projects (reportedly worth \$178 million.

Chinese aid has gone to relatively higher-income economies in the region as well. For example, a US\$20 billion canal is being constructed across the Kra Isthmus in Thailand to allow ships to bypass the Straits of Malacca. The canal project would provide port facilities, warehouses and other infrastructure in Thailand.<sup>62</sup> This project is a typical example of Chinese development assistance securing multiple objectives in the neighbourhood. By being a key stakeholder in the project, China gains strong access to important sea lanes of communication (SLOC), and is also able to cast a positive impression in the neighbourhood in terms of its sensitivity to the region's development needs.

Beijing has emerged as a major financier and investor in infrastructure, energy, agriculture and mining in Philippines. China is reportedly the largest loans giver to Philippines in Southeast Asia, which totalled US\$2 billion in 2007, of which about half has been disbursed.<sup>63</sup> One of the largest China-funded projects in the country is the US\$1 billion North Rail line.<sup>64</sup> In addition to these initiatives, the two countries have signed 20 economic agreements including a contract for a Chinese company to build and renovate railways, upgrade agriculture, and rural development.<sup>65</sup> However, their South China territorial sea dispute continues to influence China-Philippines relationship with the US dynamic posing as a critical factor in determining the bilateral relationship.

China actively promotes regional and multilateral groupings involving Southeast Asian nations such as ASEAN + 3 (ASEAN, China, Japan, and South Korea), the ASEAN + 1 (ASEAN and China), the ASEAN Regional Forum (ARF), the ASEAN Vision Group and the ASEAN Senior Officials Meeting. China is actively involved in all these forums. The East Asia Summit (EAS) including China, Japan, South Korea, India, Australia, New Zealand and the ASEAN is yet another regional arrangement where China is dominantly present.<sup>66</sup> The formation of the EAS demonstrated ASEAN's degree of comfort with China. Resultantly, a more Asia-oriented grouping is garnering increased regional support for China.<sup>67</sup> This indicates the intention on part of some regional states for a more Asian focus rather than a trans-Pacific grouping including the United States.<sup>68</sup> China's role as a regional leader on drug and human trafficking and its willingness to mediate disputes in Southeast Asia reflects China's new soft power

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<sup>62</sup> Hideaki Kaneda, "The Rise of Chinese 'Sea Power'", 8 September 2005 at <http://www.project-syndicate.org/commentary/kaneda7/English> [Accessed on 14 June 2010]

<sup>63</sup> CRS 2008, no. 51

<sup>64</sup> *ibid*

<sup>65</sup> "Comparing Global Influence: China's and US Diplomacy, Foreign Aid, Trade and Investment in the Developing World", p. 86

<sup>66</sup> *CRS Report*, p. 3

<sup>67</sup> *CRS*, p. 4

<sup>68</sup> Richard W. Hu, "China and East Asian Community-Building: Implications & Challenges Ahead", *The Brookings Institute*, presentation on 2 October 2007

strategy.<sup>69</sup> Its regional trade efforts have prompted Southeast Asia to think of itself as one regional block.<sup>70</sup>

Many scholars have rightly pointed out that in forging closer relationship with the Southeast Asian nations, China has chosen to limit its own sovereign interests for the sake of engagement in multilateral frameworks and pursuit of greater regional interdependence.<sup>71</sup> China's expanded engagement with Southeast Asia reveals a power that is ready to march an extra mile to erase the memories of its difficult past with its neighbours.

### *The Downsides*

Despite persistent efforts towards developing a benign image, concerns remain in the region, stemming mainly from China's sustained military build-up. The PLA's equipment budget in particular has risen from US\$3.1 billion in 1997 to an estimated US\$26 billion in 2010, putting it far ahead of any other country in the region and perhaps even making it the second-highest spender globally.<sup>72</sup> In its annual report to Congress, the U.S. Defense Department estimated China's total military-related spending for the year 2007 to be between US\$97 billion to US\$139 billion.<sup>73</sup> The expenditure is targeted towards building a sophisticated, modern military; a large and increasingly capable submarine fleet; an air force stocked with Russian warplanes; and technical upgradation in its missile capabilities along with improvement of satellite surveillance, radar, and interception capabilities.<sup>74</sup> The trend has generated considerable anxiety in the region. Indonesia and Malaysia, while carefully accommodating China, are also maintaining strategic links with the United States. While Indonesia considers the US as the "key to pacific security",<sup>75</sup> Malaysia prefers to source its major arms from the US. Its military interaction with the US is also considerable and it is argued that Kuala Lumpur will continue to facilitate US presence in the region as a hedge against a rising China.<sup>76</sup>

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<sup>69</sup> Josh Kurlantzick and Minxin Pei, "China's Soft Power in Southeast Asia: What does it mean for the region, and for the US?", *Carnegie Endowment for International Peace*, 13 June 2006 at <http://www.carnegieendowment.org/events/?fa=eventDetail&id=892&prog=zgp&proj=zusr> [Accessed on 8 May 2009]

<sup>70</sup> Kurlantzick, Pei, "China's Soft Power"

<sup>71</sup> Shambaugh, "China engages Asia", p. 76

<sup>72</sup> Richard A. Bitzinger, "Asia's Defence Industries: Challenges and Policy Options", *RSIS Commentary*, 15 September 2010 at <http://www.rsis.edu.sg/publications/Perspective/RSIS1152010.pdf> [Accessed on 20 September 2010]

<sup>73</sup> Jayshree Bajoria, "Countering China's Military Modernisation", *Council on Foreign Relations Backgrounder*, February 4, 2009 at [http://www.cfr.org/publication/9052/countering\\_chinas\\_military\\_modernization.html](http://www.cfr.org/publication/9052/countering_chinas_military_modernization.html) [Accessed on August 6, 2010]

<sup>74</sup> Ibid

<sup>75</sup> "The United States, Southeast Asia and Indonesia", July 26, 2010 at [http://carnegieendowment.org/files/bakrie\\_speech\\_final.pdf](http://carnegieendowment.org/files/bakrie_speech_final.pdf) [Accessed on August 10, 2010]

<sup>76</sup> Ian Storey, "Malaysia's edging Strategy with China", *The Jamestown Foundation*, Vol. 7, Issue 14, July 12, 2007 at [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=4298](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=4298) [Accessed on August 10, 2010]

China's aggressive economic expansion involving securing new markets and natural resources has also resulted in disquiet in some other parts of the region such as Vietnam. There was a widespread public outrage in 2008 over a Chinese firm's plans to mine bauxite in Vietnam.<sup>77</sup> China's large-scale economic involvement with non-democratic regimes like those in Myanmar occasionally sullies its image as a responsible international player.<sup>78</sup> The Spratly islands have been a zone of occasional conflict between China on one hand and Philippines and Vietnam on the other. China has also rejected any multilateral code of conduct that would restrict its access to marine and sea-bed resources.<sup>79</sup>

It is important to note that China's internal curbs go a long way in tarnishing its image. While one encounters a mixed bag of conflicting international perceptions, domestic discussions and opinions in China are beginning to increasingly focus on the salience of domestic political reforms and the larger context of well-defined property and freedom of expression<sup>80</sup>. The perceptible lack of these rights in China, till now, does tend to force neighbours to view its advances rather sceptically.

It appears that China's activism in Southeast Asia is still a few brownie points short of what it would have expected to score. Its rise is seen with both enthusiasm and trepidation in the region. While its economic engagement has been a success with China emerging as an engine of regional economic growth and integration, its engagement in other realms need to be still worked upon.

#### **4. China in South Asia<sup>81</sup>**

South Asia is steadily emerging as a strategic priority for China. Much of the region's importance, from a Chinese perspective, is on account of India's overwhelming presence. China's relations with India have experienced periodic frictions despite robust trade and economic engagement in more recent years. Given their large land areas, population, military capabilities and fast economic progress, China and India are expected to dominate all aspects of future global affairs. Both countries are aware of

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<sup>77</sup> Andrew Scobell, "China's Geostrategic Calculus and Southeast Asia", Testimony before US-China Economic and Security Review Commission, February 4, 2010, pp. 5-6 at [http://www.uscc.gov/hearings/2010hearings/written\\_testimonies/10\\_02\\_04\\_wrt/10\\_02\\_04\\_scobell\\_statement.pdf](http://www.uscc.gov/hearings/2010hearings/written_testimonies/10_02_04_wrt/10_02_04_scobell_statement.pdf) [Accessed on August 10, 2010]

<sup>78</sup> Ingrid d'Hooghe, "The Rise of China's Public Diplomacy", Netherlands Institute of International Relations, July 2007 at [http://www.clingendael.nl/publications/2007/20070700\\_cdsp\\_paper\\_hooghe.pdf](http://www.clingendael.nl/publications/2007/20070700_cdsp_paper_hooghe.pdf) [Accessed on August 10, 2010]

<sup>79</sup> Elizabeth Economy, "China's Rise in Southeast Asia: Implications for the United States", *Journal of Contemporary China*, Vol. 14, No. 44, August 2005 at <http://www.southchinasea.org/docs/E.Economy,%20China's%20Rise%20in%20Southeast%20Asia.pdf> [Accessed on August 10, 2010]

<sup>80</sup> The author interviewed several academics from Renmin University, Beijing, Fudan university, Shanghai and people from the media from the 10 September to the 18 September

<sup>81</sup> The author has a detailed Rajaratnam School of International Studies (RSIS), Singapore Working paper no. 200 on the subject. For details see <http://www.rsis.edu.sg/publications/WorkingPapers/WP200.pdf> [Accessed on 24 September 2010]

this inevitable outcome. As a result, their bilateral relationship assumes critical significance from not only each others', but also Asian and global perspectives.

It is only natural that the overarching strategic priority of cultivating a stable and peaceful neighbourhood will have encouraged China to turn on its 'charm offensive' in South Asia. The offensive has gathered sharp momentum during the first decade of the current century.

### *Confucius Institutes*

China's efforts to engage the smaller countries of the South Asian region are evident from its establishing a Confucius Institute in Nepal in June 2007.<sup>82</sup> The institute aims to strengthen bilateral relations in the realm of education, culture and tourism. A China Study Centre has also come up in Jhapa (east Nepal) for helping local entrepreneurs to do business with China.<sup>83</sup> The Confucius Institute at the University of Kelaniya in Sri Lanka is another example of education, primarily promotion of the Chinese language, being employed as a tool for building better ties. Finally, China Radio International (CRI) - China's state-owned overseas broadcaster - is launching on-air Confucius Institutes in Maldives, Pakistan, Sri Lanka, Bangladesh and Nepal.<sup>84</sup> While such Institutes are mushrooming in the rest of South Asia, their growth, and consequently the spread of the Chinese language have run into some difficulties in India.<sup>85</sup>

### *Educational Scholarships and Cultural diplomacy initiatives*

Beijing has been offering generous scholarships to South Asian students for studying Chinese language as well as pursuing other studies and research in China. The China Scholarship Council (CSC) has a Memorandum of Understanding (MOU) with the Higher Education Commission (HEC) of Pakistan. The collaboration plans to identify around 1,000 college teachers or scientific researchers to pursue doctoral degree studies in Chinese institutions of higher learning.<sup>86</sup> While China awards approximately 23 scholarships to Sri Lanka annually,<sup>87</sup> Maldives has also been getting scholarships since 2001. Through these initiatives, China has been able to promote itself as a centre for higher learning in medicine, science and technology. This aspect of China's soft power

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<sup>82</sup> "Nepal welcomes first Confucius Institute," *Xinhua*, 14 June 2007 at <http://www.china.org.cn/english/education/213859.htm> [Accessed on 1 March 2010]

<sup>83</sup> "New Chapter of China Study Center Established" at <http://np.china-embassy.org/eng/ChinaNepal/t621153.htm> [Accessed on 28 December 2009]

<sup>84</sup> Confucius Institute at CRI, 10 December 2009. See <http://english.cri.cn/7046/2009/12/10/167s534682.htm> [Accessed on 18 January 2010]

<sup>85</sup> "India oversensitive to anything related to China", *People's Daily Online*, 10 October 2009 at <http://www.peopleforum.cn/viewthread.php?tid=3220> [Accessed on 1 March 2010]

<sup>86</sup> "China Scholarship Council (CSC) signed MOU between the Higher Education Commission (HEC) of Pakistan," 30 May 2005. See <http://en.csc.edu.cn/News/da715f360f75496082ade5429f91f262.shtml> [Accessed on 19 January 2010]

<sup>87</sup> "Education in China". See <http://www.embbiz.net/com/slemb/2016e.html> [Accessed on 19 January 2010]

is visible with respect to India as well in the agreements reached by both countries “to consolidate and strengthen mutual cooperation in the field of education.”<sup>88</sup>

Chinese culture has captured the fancy of the entire world with its literature, art, films, fashion, martial arts and cuisine. While these potent ‘exports’ have succeeded in casting a strong Chinese footprint in South Asia as well, their influence has also been reinforced by the presence of Chinese diaspora in the region. Chinese settled in different parts of South Asia are participating actively in spreading Chinese culture and consolidating a benign image for China, a role similar to that played by them in Southeast Asia. Buddhism, as mentioned earlier, is acting as a common thread for connecting South Asia to China and Southeast Asia. This is evident from the initiative to rebuild Nalanda University. The diaspora’s role in a Chinese foreign policy that emphasises on peace, stability and regional harmony has been endorsed by the People’s Liberation Army (PLA) as well<sup>89</sup> for showcasing a ‘new’ China to the rest of the world including South Asia.

China has initiated several agreements for facilitating cultural exchanges with individual South Asian countries. An Agreement of Cooperation was entered into by Bangladesh and China in November 1979, following which an implementation programme is being signed every three years for strengthening bilateral exchanges and cooperation in culture, media, education and sports.<sup>90</sup>, including visits by performing art groups, cultural delegations and artists.<sup>91</sup> China has been encouraging not only official interactions, but also private visits by its political leaders, journalists and academics to Nepal as part of its public diplomacy. China’s Track-II diplomacy with Nepal has resulted in extensive interfaces between scholars and think tanks from both sides.<sup>92</sup>

China’s relations with Pakistan have been cordial for several decades with an agreement signed in 1965 paving the way for cultural exchanges for several years now. Nine such plans have been signed by the two countries subsequently.<sup>93</sup> The latest initiative is an Exchange Programme for 2010-2011 signed in August 2009 on the sidelines of the Asian Cultural Minister’s Roundtable at Ordos, Inner Mongolia.<sup>94</sup>

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<sup>88</sup> “Documents signed between India and China during Prime Minister Vajpayee's to China,” 23 June 2003 at [http://www.indianembassy.org.cn/press/pm\\_docu.htm](http://www.indianembassy.org.cn/press/pm_docu.htm) [Accessed on 1 March 2010]

<sup>89</sup> Tang et al. p. 39, no. 5

<sup>90</sup> “China and Bangladesh”. Ministry of Foreign Affairs of the People’s Republic of China, 25 August 2003. See <http://www.mfa.gov.cn/eng/wjb/zzjg/yzs/gjlb/2681/t15842.htm> [Accessed on 28 December 2009]

<sup>91</sup> “Bangladesh, China sign Executive program for Cultural Exchanges,” 15 December 2008. See [http://en.youth.cn/yculture/cnews/200812/t20081215\\_836688.htm](http://en.youth.cn/yculture/cnews/200812/t20081215_836688.htm) [Accessed on 20 January 2010]

<sup>92</sup> Nihar Nayak, “Nepal: New ‘Strategic Partner’ of China?” *Institute for Defence Studies and Analyses* at [http://www.idsa.in/idsastrategiccomments/NepalNewStrategicPartnerofChina\\_NNayak\\_300309](http://www.idsa.in/idsastrategiccomments/NepalNewStrategicPartnerofChina_NNayak_300309) [Accessed on 28 December 2009]

<sup>93</sup> “China and Pakistan,” *Ministry of Foreign Affairs of the People’s Republic of China*, 23 October 2010. See <http://www.mfa.gov.cn/eng/wjb/zzjg/yzs/gjlb/2757/t16110.htm> [Accessed on 20 January 2010]

<sup>94</sup> “Pakistan and China sign Cultural Exchange Programme,” Government of Pakistan, Ministry of Culture. See [http://202.83.164.26/wps/portal/Mocul!/ut/p/c0/04\\_SB8K8xLLM9MSSzPy8xBz9CP0os\\_hQN68AZ3dnIwML82BTAYNXTz9jE0NfQwNfA\\_2CbEdFAA2MC\\_Y!/?PC\\_7\\_UFJPCGC20OUQE](http://202.83.164.26/wps/portal/Mocul!/ut/p/c0/04_SB8K8xLLM9MSSzPy8xBz9CP0os_hQN68AZ3dnIwML82BTAYNXTz9jE0NfQwNfA_2CbEdFAA2MC_Y!/?PC_7_UFJPCGC20OUQE)

China and Pakistan are also proposing to revive the ancient silk route to promote commerce, connect people, regions and cultures in South Asia.<sup>95</sup>

Cultural exchanges between China and Sri Lanka were facilitated through an institutional agreement signed in August 1979,<sup>96</sup> following which a supplementary agreement of 2008 encourages regular movements of artistes between two countries. With respect to Maldives, sports has been China's way of engaging. Both countries have signed a Memorandum of Understanding (MOU) in 2008 for building mutual understanding and friendship among the sporting communities.<sup>97</sup>

An Agreement of Cultural Cooperation (signed in 1965) also exists between China and Afghanistan, formalized along with the Boundary Protocol, Agreement of Economic and Technological Cooperation between the two countries.<sup>98</sup>

Apart from these formal agreements between China and different South Asian countries, there are regular visits, and student and cultural exchange programmes between China and these countries. However, while formal Chinese cultural ties in the form of formal agreements exist with Bangladesh, Nepal, Pakistan, Sri Lanka, and Afghanistan, cultural links with India, Bhutan and Maldives seem relatively less in comparison.

### *Development Assistance*

Development assistance has been a key component of China's efforts to engage South Asian Countries which have been facing difficulties in addressing infrastructure deficits due to paucity of resources. China has responded positively to their needs and become a major player in infrastructure development in South Asia. In the process, it has also been able to consolidate its strategic objectives of developing economic links with South Asia (and probably into West Asia in future) and projecting a benign image across the region.

Among South Asian countries, Pakistan has been the major beneficiary of such assistance in energy, physical infrastructure and mining for projects taken up under the

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[Accessed on 20 January 2010]

<sup>95</sup> Ambassador Masood Khan's opening statement on *Reviving the Great Silk Routes: Role of China and Pakistan as Ambassadors of Peace*, Tsinghua University, Beijing, 14 May, 2009. See [http://www.pakembassy.cn/statement\\_5.html](http://www.pakembassy.cn/statement_5.html) [Accessed on 29 December 2009]

<sup>96</sup> "Cultural Agreement between the Government of the People's Republic of China and the Government of the Democratic Socialist Republic of Sri Lanka". See [http://www.chinaculture.org/gb/en/exchange/2003-12/31/content\\_45322.htm](http://www.chinaculture.org/gb/en/exchange/2003-12/31/content_45322.htm) [Accessed on 22 January 2010]

<sup>97</sup> "Maldives and China sign Memorandum of Understanding on Sports Cooperation", 26 May 2008 at [http://www.maldivesinfo.gov.mv/home/files/bulletinx\\_det.php?id\\_news=998](http://www.maldivesinfo.gov.mv/home/files/bulletinx_det.php?id_news=998) [Accessed on 1 March 2010]

<sup>98</sup> "People's Republic of China—Afghanistan Relations". See [http://en.wikipedia.org/wiki/People's\\_Republic\\_of\\_China\\_%E2%80%93\\_Afghanistan\\_relations](http://en.wikipedia.org/wiki/People's_Republic_of_China_%E2%80%93_Afghanistan_relations) [Accessed on 22 January 2010]

Pakistan-China Joint Five Year Economic and Trade Cooperation Plan.<sup>99</sup> The current level of Chinese development assistances to the two countries are estimated at 150 million Yuan (around US\$21 million) for Pakistan<sup>100</sup> Pakistan's railway development in particular is progressing with active Chinese support following the agreement signed in 2007 between Pakistan Railways and Dong Fang Electric Supply Corporation for linking Havellian and Khunjerab.<sup>101</sup> Better rail connectivity within Pakistan works to China's strategic advantage by providing it faster access to energy-rich Central Asia and the Persian Gulf states.<sup>102</sup>

Similar strategic considerations have encouraged China to pursue reconstruction and infrastructure-building in Afghanistan as well. The US\$3.5 billion investment in the Aynak copper field and in affiliated projects of 400MW power plant and rail connection from Tajikistan to Afghanistan to Pakistan's Gwadar Port are major initiatives in Afghanistan's reconstruction.<sup>103</sup> China has provided around US\$180 million economic aid to Afghanistan and written off all matured debts<sup>104</sup> Chinese companies like ZTE and Huawei have ventured into Afghanistan's telecom sector in collaboration with the Afghan Ministry of Communications.<sup>105</sup> Chinese presence is noted in the Parwan irrigation project which restored water supply to the province, as well as retoration of hospitals in Kabul and Kandahar.<sup>106</sup>

Beijing's development assistance to Nepal has also experienced a sharp increase. For Nepal, the development assistance is focusing largely in hydropower, roads and tourism.<sup>107</sup> One of the biggest Chinese projects in Nepal is the proposed Lhasa - Xigaze - Khasa rail link across the Sino-Nepal border.<sup>108</sup> China's involvement in infrastructure development in Nepal includes a civil service hospital, a polytechnic in Banepa, and

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<sup>99</sup> "PM Gilani Concludes Successful Visit to China," *Embassy of the People's Republic of China in the Islamic Republic of Pakistan*, 17 October 2009. See <http://pk.chineseembassy.org/eng/zbgx/t620978.htm> [Accessed on 2 February 2010]

<sup>100</sup> "China rains Aid ahead of Nepal PM's Visit", *Thaindian News*, 19 April 2009. See [http://www.thaindian.com/newsportal/business/china-rains-aid-ahead-of-nepal-pms-visit\\_100181708.html](http://www.thaindian.com/newsportal/business/china-rains-aid-ahead-of-nepal-pms-visit_100181708.html) [Accessed on 4 February 2010]

<sup>101</sup> Syed Fazl-e-Haider, "China-Pakistan rail link on horizon," *Asia Times*, 24 February 2007. See [http://www.atimes.com/atimes/South\\_Asia/IB24Df02.html](http://www.atimes.com/atimes/South_Asia/IB24Df02.html) [Accessed 22 January 2010]

<sup>102</sup> Ibid

<sup>103</sup> Ambassador Masood Khan's opening statement no. 139

<sup>104</sup> "Remarks of Chinese Vice Foreign Minister Song Tao at the Special Conference on Afghanistan convened under the auspices of the Shanghai Cooperation Organisation," *Ministry of Foreign Affairs of the People's Republic of China*, 27 March 2009. See <http://www.fmprc.gov.cn/eng/zxxx/t555299.htm> [Accessed on 8 February 2010]

<sup>105</sup> Ibid

<sup>106</sup> Nicklas Norling, "The Emerging China-Afghanistan Relationship," *Central Asia-Caucasus Institute*, 14 May 2008. See <http://www.cacianalyst.org/?q=node/4858> [Accessed on 4 February 2010]

<sup>107</sup> "China to increase its assistance to Nepal by 50 pc", *nepalnews.com*, 28 October 2009. See <http://www.nepalnews.com/main/index.php/news-archive/3-business-a-economy/2109-china-to-increase-its-assistance-to-nepal-.html> [Accessed on 4 February 2010]

<sup>108</sup> Sudha Ramachandran, "Nepal to get China Rail link", *Asia Times*, 15 May 2008. See [http://www.atimes.com/atimes/South\\_Asia/JE15Df01.html](http://www.atimes.com/atimes/South_Asia/JE15Df01.html) [Accessed on 22 January 2010]



improving and expanding the Nepal Television Metro Channel Station.<sup>109</sup> Nepal also intends to seek further Chinese assistance in hydropower development.<sup>110</sup> Specific details of China's aid to South Asian countries are in Appendix 2.

Beijing has also expressed willingness to finance five projects involving more than US\$1 billion following Bangladesh's request for US\$5.1 billion assistance for implementing 28 projects in telecommunication, infrastructure, energy and health sectors.<sup>111</sup>

China is supporting infrastructure development and reconstruction in Sri Lanka, including the sea-port in Hambantota being built by China Harbour Engineering.<sup>112</sup> The strategic location of the port on the southern tip of Sri Lanka is expected to increase China's access to commercial oil routes in the region. China is financing the coal-fired Norochcholai power plant with a loan of US\$891 million to be serviced over 20 years at the nominal cost of 2.0 per cent.<sup>113</sup> Chinese companies are investing in Sri Lanka's special economic zones with Huawei Technologies being involved in Sri Lanka's telecom expansion in a major way.<sup>114</sup>

China's aid disbursements in the neighbourhood underline a distinct 'strategic asset-seeking' motivation. Aid flows to South Asia have prioritized infrastructure links, which not only addresses supply constraints of recipient countries like Pakistan, Afghanistan and Nepal, but also helps China in securing strategic economic advantages by gaining access to new markets in the region as well as to sources of natural resources and minerals.

India's aid in the region appears to be much less both in scale as well as a 'strategic asset-seeking' tool. Its assistance to Afghanistan has flowed into development projects like the Salma dam on river Hari Rud, the Afghan Parliament building, and supply of airbus aircraft, public transport buses and medical services, which have little strategic content (with the exception of the 218 km Zaranj-Delaram road) compared with Chinese resources deployed in building the Aynak copper field or the rail link connecting Tajikistan to Gwadar through Afghanistan. In Sri Lanka and Nepal as well,

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<sup>109</sup> Government of Nepal, Ministry of Foreign Affairs, Kathmandu. See <http://www.mofa.gov.np/bilateral/nepal-china.php> [Accessed on 4 February 2010]

<sup>110</sup> Anil Giri, "Nepal to Seek Investment in Hydro, Infrastructure," *The Kathmandu Post*, 23 December 2009. See <http://www.kantipuronline.com/2009/12/23/top-stories/Nepal-to-seek-investment-in-hydro-infrastructure/304952/> [Accessed on 28 December 2009]

<sup>111</sup> Rejaul Karim Byron, "China offers \$1 b for 5 Projects in Bangladesh," *The Daily Star*, 27 August 2009. See <http://www.asianewsnet.net/news.php?id=7488&sec=2> [Accessed on 28 December 2009]

<sup>112</sup> "China Funds Sri Lanka Hambantota Port Development Project," *MarineBuzz.com*, 2 November 2007. See <http://www.marinebuzz.com/2007/11/02/china-funds-sri-lanka-hambantota-port-development-project> [Accessed on 2 February 2010]

<sup>113</sup> "Sri Lanka gives China first Exclusive Investment Zone," *Reuters India*, 1 July 2009. See <http://in.reuters.com/article/southAsiaNews/idINIndia-40731520090701?pageNumber=2&virtualBrandChannel=0> [Accessed on 2 February 2010]

<sup>114</sup> "Huawei Signs US\$40 million Deal with Sri Lankan Firm," *Xinhua*, 10 April 2005. See <http://www.china.org.cn/english/scitech/125372.htm> [Accessed on 2 February 2010]

India's aid while being much smaller in quantum does not match up to its Chinese counterpart in strategic salience and involves mostly credit lines enabling purchase of raw material and equipment for specific projects at low cost. The only example of Indian aid coming close to Chinese efforts in scale is the recent US\$1 billion credit to Bangladesh for a diverse range of projects pertaining to development of communication infrastructure, mostly in the railway sector and capital dredging in major rivers in the lower riparian country.<sup>115</sup> This is the largest credit line that India has ever extended to any country and also the single largest loan Bangladesh has ever received from any donor, country or development agency. Nonetheless, while this is a notable initiative in scale, it probably still does not qualify as a strategic asset-seeking venture in the way Chinese aid does.

## 5. Are there Lessons to be learnt from China?

India has hardly enjoyed sustained benign external conditions in its immediate neighbourhood. The history of India's relations with the South Asian countries has many facets including that of intervention and missed opportunities. India remains the biggest player in South Asia given its size and economic capabilities. However, this has not always had the desired outcome from a stalemated situation in South Asia.<sup>116</sup> Many external observers, depending on their points of view, have either labelled India a 'regional bully' or 'regional push-over'.<sup>117</sup> Relations with Pakistan – the second largest country and economy in the region – have been particularly acrimonious. Unstable Indo-Pak relations have affected the progress on the growth of a cohesive regional framework in South Asia. The South Asian Association for Regional Cooperation (SAARC) has remained essentially a non-starter despite completing twenty-five years of existence. Uneasy bilateral ties between the SAARC members, principally those between India and Pakistan, have prevented mobilisation of adequate political will for converting SAARC into an effective regional entity like the ASEAN.

Notwithstanding prevalence of multiple concerns ranging from terrorism to disputes over land borders and sharing of common water resources, the importance of a stable and peaceful neighbourhood for facilitating India's global ascent cannot be underestimated. Sustained high economic growth at the national level and perceptible decline in American influence in the region after the global financial crisis have increased India's "hopes of having sufficient freedom of manoeuvre based upon its national size, political stability, and material capabilities..."<sup>118</sup> to set the trajectory of its South Asia policy direction. China's proactive role in South Asia is yet another factor impelling

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<sup>115</sup> "Pranab Mukherjee set to visit Bangladesh on August 7: official", **Bangladesh Sangbad Sangshata** (BSS), August 4, 2010 at <http://bssnews.net/newsDetails.php?cat=0&id=124052&date=2010-08-04> [Accessed on August 5, 2010]

<sup>116</sup> Subrata K. Mitra, "The Reluctant Hegemon: India's self-perception and the South Asian strategic environment", *Contemporary South Asia*, September 2003, vol. 12, no. 3, p. 399

<sup>117</sup> *Ibid*, p. 401

<sup>118</sup> Sumit Ganguly, "The Genesis of Nonalignment" In *India's Foreign Policy: Retrospect and Prospect* (New Delhi: Oxford University Press, 2010), p. 5

India to be more positively involved with the region. There is a growing recognition of the need to project a more benign image to the region and connect with neighbours. Prime Minister Singh's statement, "if we as South Asians work together, there is nothing that we will not be able to achieve. India will play its part in the resurgence of South Asia,"<sup>119</sup> indicates New Delhi's seriousness in pursuing regional cooperation. But when it comes to application, India is unable to fulfil its promises.

This section examines the lessons India can learn from China in so far as deployment of the latter's soft power initiatives in South Asia is concerned. It is important to note that the idea is not to convey the impression that India's soft power needs to emulate China in its content and approach. Rather, the objective is to identify those aspects of China's cultural and public diplomacy and development assistance efforts that, if accommodated within India's similar policy domains, can deliver better results.

### *Eagerness to push a positive image*

China has been making concerted efforts to project a benign image to the Asian region and the rest of the world. Cultural diplomacy and development assistance have been its two key instruments in this regard. However, the outcomes from these efforts have not been entirely positive. Nonetheless, compared with India, there is little doubt that China has proceeded on image-building in a focused, dedicated and pragmatic fashion.

India's culture has a global appeal given its long history and rich heritage. India does not have a record of precipitating forcible territorial occupations in its neighbourhood. Many would argue that this imparts India an advantage over China as far as initial conditions shaping a benign image are concerned. Ground realities, however, might show China enjoying a more favourable perception in several parts of the region. This is probably on account of India falling short on effective projections and failing to influence people and countries in a positive way whether through ideas, attraction of cultural heritage or even intellectual contribution.<sup>120</sup>

India will do well to recognise the effort put in by the Chinese political leadership as well as its institutions and agencies to bring about a change in people's perception of China. China has set out to change its image in an Asian neighbourhood, which has several instances of disputes and frictions with China. This is qualitatively similar to the situation India faces in South Asia. The planned implementation of image-building efforts by China is worth taking note of.

### *Precision and Discipline*

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<sup>119</sup> "India will contribute to South Asia's resurgence: Manmohan", *Politics News*, 27 April 2010. See <http://blog.taragana.com/politics/2010/04/27/india-will-contribute-to-south-asias-resurgence-manmohan-31393> [Accessed on 28 April 2010]

<sup>120</sup> As noted by Professor Sumit Ganguly in the interview with authors

Chinese programmes aiming to deliver soft power are executed with the precision and orderliness that have come to characterise iconic projects such as the Beijing Olympics.. India will do well to study China's organization of large-scale projects. India's own record in this respect has been somewhat disappointing even when looked at from the point of view of privately-funded projects. The failure to take-off on part of the US\$2 billion project by the Tata Group in Bangladesh, as well as a similar fate of the bid by Indian infrastructure and construction firm GMR to develop hydropower facilities in Nepal, underline difficulties faced by Indian projects in South Asia. While there are political difficulties that often affect prospects of upcoming projects in the fragile South Asian region, it is important for India to counter them effectively with a view to sending out positive signals about its project implementation.

The South Asian University (SAU) - an initiative demonstrating India's eagerness to foster a culture of understanding and regional consciousness<sup>121</sup> – is a project, which, if efficiently implemented, can establish India's reputation as a mover of big ideas and their concrete implementation.

#### *Sending of right messages is crucial*

China's efforts to build an effective cultural diplomacy policy coupled with large-scale development assistance have targeted to nullify the image of China as an 'aggressive' power, particularly in its neighbourhood. India, in this respect, has a much more favourable impression globally. However, in its immediate neighbourhood of South Asia, historical impressions about India have often been adverse. Nonetheless, India's outstanding virtues of tolerance and co-existence, coupled with democratic foundations symbolising freedom of speech and expression, certainly make for a positive image. Thus while in certain ways it is imperative for China to work on its image due to the historical handicap, India is relatively better placed in certain ways. Indeed, India's soft power potential is actually more than that of China. But India needs to hone its skills in getting the right message across, something that China does astutely and by spending large resources.

From a comparative perspective, it is important to take note of China's initiatives in Southeast Asia towards projecting alternate media perceptions. China's continuing economic success at a time when the West is struggling to recover from the recessionary effects of the global financial crisis, has lent it the credibility to its viewpoint to global issues. The projection is being carried out by Chinese media in the region, particularly through Mandarin language newspapers and television channels. There are English editions of Chinese newspapers and news channels as well which disseminate news from a Chinese perspective for the non-Chinese population. It might be useful to consider whether India can intensify similar efforts that would influence

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<sup>121</sup> Suvi Dogra, "South Asian University: Catalyst for regional cooperation", *ISAS Brief* no 167, 20 August 2010

perceptions in the region. India's economic success in recent years can easily serve as a good platform for projection, as can its democracy. Indian television channels are already popular in much of South Asia. Probably it is time to encourage circulation of more print editions of prominent newspapers in the region. It is also important to pick up Indian 'icons' enjoying positive images in the region for regular meets with the local media South Asia.

#### *Publicising Achievements and Contributions*

India appears to be a poor performer in highlighting its positive role in South Asia. As a responsible regional entity, India has responded to natural disasters and other crises in the region. It is also active in conflict-ridden Afghanistan in a substantive fashion and is playing a key role in the country's reconstruction efforts. However, strategic literature and popular discourse has hardly attempted to positively articulate this aspect of India's involvement. Similarly, India's role in putting together a multilateral coalition of nations across East and Southeast Asia for rebuilding the Nalanda University has not received as much attention as it should have. In contrast, China's achievements hardly ever get marginalised. Notwithstanding the overly critical bent of India's domestic media, the challenge for official agencies is to project detailed, accurate and convincing accounts of India's achievements.

#### *Separating politics from economics*

China's soft power exercise is a good example of the pragmatic manner in which it manages its strategic priorities. A key component of such pragmatic management is keeping economics and politics distinct and disjoint. Despite ticklish bilateral issues with Indonesia, Vietnam, and Philippines, China has maintained economic engagement through development assistance and commercial activities with all these countries. In India's case, however, political differences have occasionally resulted in disruption in economic ties with neighbours. This does not pay dividends in the long term. India must realise that good economic ties can serve as important confidence-building measures and can be of considerable help in ameliorating political differences.

#### *Promoting contemporary culture in an institutional manner*

Confucius Institutes have assumed larger cultural ambassadorial roles from the Chinese perspective. They have come to symbolise China's cultural diplomacy. India can conceive of a similar institutional role through the Indian Council For Cultural Relations (ICCR). Bollywood films and music, Indian food, yoga, IT and higher education are the most potent Indian exports that have been earning it strategic gains. These exports have strong competitive advantages and are as effective in South Asia as in other parts of the world. Regular screening of Indian movies, promoting dance and music extravaganza, education fairs, yoga shows and IT exhibitions can serve India well. Mandarin language has been a significant component of China's cultural

diplomacy. Hindi, Urdu, Punjabi, Bengali and Tamil may be able to serve the purpose in a combined manner in South Asia.

### *Building Bridges through the Diaspora*

Southeast Asia has a large sprinkling of the Chinese diaspora. China's cultural diplomacy has tried to proceed by engaging the ethnic Chinese in a constructive manner. It has been a fairly successful strategy. India can benefit by enhancing engagement with its large and diverse diaspora in South Asia. There are, of course, difficulties in this respect. The Indian diaspora in South Asia, much like in other parts of the world, is more heterogeneous than its Chinese counterpart. The diaspora has multiple linguistic, cultural and ethnic traits. Nonetheless, given that India has begun recognising the diaspora as a strategic asset, and has embarked on initiatives such as the Pravasi Bhartiya Diwas (PBD), it will be useful to design its cultural diplomacy in consultation with the diaspora.

### *Resources and Focus*

Chinese and Indian initiatives on soft power are marked by the sheer magnitude by which the former dwarfs the latter. What is evident is the large resource allocation as well as focus that the Chinese have brought to its soft power strategy India's efforts to reach out to South Asian neighbours, lack comparable scale, thrust and intensity. The gaps are visible not only in development assistance, which has been discussed earlier, but also in efforts on cultural diplomacy. Indian efforts in this respect have not been able to match the kind of cultural impact and local penetration that the Confucius institutes have been able to achieve. Hanban - the public institution working in collaboration with the Chinese Ministry of Education for promoting the Confucius Institutes - is a model worth studying by ICCR.

## **Conclusions**

Despite dedicated cultural diplomacy, China has had only limited success in ameliorating its negative image as an aggressive regional power which discourages freedom of expression and individual rights.

However, its massive economic assistance has indebted most Southeast and South Asian recipients in a binding manner. China's economic surplus as well as the ability of its institutions to react and respond faster puts it in an advantageous position for leveraging aid strategically. It has been quick to offer support where aid from major donors has not been forthcoming. Cambodia, Myanmar, Laos and Vietnam in Southeast Asia and Afghanistan, Bangladesh, Nepal and Pakistan in South Asia are examples. For all these countries, Chinese support in infrastructure development and industrial expansion have not only been generous, but also unqualified as regards recipient obligations and aimed at giving small, marginal and resource-starved economies access

to the Chinese market. This has helped it in securing strong commitment from these countries and paid large strategic dividends.

India needs to learn from the Chinese experience in using soft power as a critical tool of regional strategy. While it does possess an edge in the cultural and educational dimensions, it is almost impossible for India to match China in economic assistance at this stage of economic development. It therefore has to follow a carefully thought out strategy for optimizing its soft power leverage in the region. Financial limitations must be offset by cultural and educational advantages, with country-specific variations wherever required.

There is however no gainsaying much larger outlays on economic assistance in select areas where there is convergence of interests. India's aid to South Asia should have greater strategic focus, like Chinese aid, on building infrastructure for expanding production networks and exchange relationships with the neighbourhood. Adjunct components of the policy include encouraging Indian industry and business to invest in the neighbourhood.

## Appendix 1: China's Development Assistance to Southeast Asia (2002-2008)

	Project Type	Description	Assistance	Funding (US\$)
Cambodia	Infrastructure	Road construction	Grant; Concessional Loan	215 million
		Hydro power	Investment	280 million
		Road link		128 million
Laos	Infrastructure	Hydro power		178 million
	Economic & technical cooperation & debt waiver			45 million
Myanmar	Natural resource extraction	a)Oil and gas pipelines	Investment	350 million
		b)Nickel mining	Investment	NA
	Infrastructure	Hydro power and oil pipeline	Investment	2.0 billion
	Infrastructure and natural resource	Hydro power and nickel ore	Investment and loans	3.1 billion
Vietnam	Natural resource	Mining	Investment	1.6 billion
	Infrastructure	Power plant	Loan	billion
	Infrastructure and natural resource	Power plant, shipyard and mining	Loans and Investment	3.4 billion
Thailand	Infrastructure	a)China-Laos-Thailand railroad	Investment	3.0 billion
		b) Steel plant	Investment	2.4 billion
		c) Sea link across Kra Isthmus		20 billion
Indonesia	Infrastructure	Power plants	Concessional loan	615 million
Philippines	Infrastructure		Loan	2.0 billion
	Infrastructure, natural resource and military	Railways, mining and non-lethal military capacities	Loans and grants	5.4 billion

Source: a) Thomas Lum, Hannah Fischer, Julissa Gomez-Granger, Anne Leland, "China's Foreign Aid Activities in Africa, Latin America, and Southeast Asia", CRS Report February 25, 2009 at <http://www.fas.org/sgp/crs/row/R40361.pdf> [Accessed on 27 September 2010]

b) Thomas Lum, Wayne M. Morrison and Bruce Vaughn, "China's 'Soft Power' in Southeast Asia", CRS report for Congress, 4 January 2008 at <http://www.fas.org/sgp/crs/row/RL34310.pdf> [Accessed on 6 May 2009]

c) Hideaki Kaneda, "The Rise of Chinese 'Sea Power'", 8 September 2005 at <http://www.project-syndicate.org/commentary/kaneda7/English> [Accessed on 14 June 2010]



## Appendix 2: China's Development Assistance to South Asia

	Project Type	Description	Assistance	Funding (US\$)
Afghanistan	Natural resource extraction	Aynak copper field	Investment	3.5 billion
	Infrastructure	Power plant; Rail link	Investment	
Sri Lanka	Infrastructure	a) Hambantota sea port in Southern Sri Lanka	Concessional loan	850 million
		b) International airport at Mathhala		190 million
		c) Colombo-Katunayake Expressway		
	d) Coal power plant in Norochcholai			
	e) Railway network		100 million	
	Natural disaster management	Flood prevention systems in Colombo suburbs		
	Business development	Special Economic Zone in Mirigama		
	Culture	National Theatre for Performing Arts in Colombo		
Bangladesh	Industry	Fertilizer factory in Chittagong	Concessional loan	
	Infrastructure	6 <sup>th</sup> Bangladesh-China Friendship bridge over Dholessori river	Grant and interest free loan	110 million yuan
		International Conference Centre at Dhaka	Grant	24 million
	Human resource	Building capacities of civil servants		6 million
	Economic & Technical Cooperation	Includes building Bangladesh-China Friendship Exhibition Center at Dhaka	Grant and interest-free loan	13.2 million
	Infrastructure	Telecommunications, energy and health		5.1 billion
	Natural disaster management	Relief and Reconstruction following Cyclone Sidr (2007)		1 million
Nepal	Infrastructure	Land port – rail link; Hydro power plant	Investment	
Pakistan	Infrastructure	Nuclear power (Chashma reactors)	Investment	1.96 billion
		Telecommunications (China Mobile Communications Corporation – parent of Zong)	Investment	
		Sea port of Gwadar	Investment	
		Upgradation of Karakoram Highway and Karakoram rail link	Investment	
	Hydro power development	Investment		
	Space capacities	Development of Paksat – satellite system	Concessional loan	
	Natural disaster management	Rehabilitation after floods		250 million



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