

CHAPTER – 3

CHINA'S INTERNAL DYNAMICS

Geography

Geography & history play a distinct role in shaping the politics & future of a country. China is no different.

China's blessed geography is so obvious a point that it tends to get overlooked in discussions of the country's economic dynamism and national assertiveness.³⁵

Some Facts³⁶

It is the largest of all Asian countries and has the largest population of any country in the world. Spread over nearly the entire east Asian landmass, it occupies approximately one-fourteenth of the land area of Earth. Probably the single most identifiable characteristic of China to the rest of the world is the size of its population. Some one-fifth of humanity is of Chinese nationality. However, this population is unevenly distributed with the main concentration being in the coastal eastern region. It is also ethnically diverse with a wide variety of indigenous people.

³⁵ Robert D Kaplan, "The Geography of Chinese Power", *Foreign Affairs*, May 2010. Available at <https://www.foreignaffairs.com/articles/china/2010-05-01/geography-chinese-power>. Accessed 11 Nov 2016.

³⁶ "China". Encyclopaedia Britannica. Encyclopaedia Britannica Online. Available at <https://www.britannica.com/place/China#toc70957>. Accessed 11 Nov 2016.

China stretches for about 5,250 km from east to west and 5,500 km from north to south. Its land frontier is about 20,000 km in length, and its coastline extends for some 14,000 km. It has the maximum neighbours for any country in the world. It shares land borders with fourteen countries. Similarly, it also shares maritime boundary with multiple countries.

Topography

The territory of modern China is characterized by dramatic geographical diversity. Topographically, it is low in the east and high in the west. The land surface ascends like a three-step staircase. The plains and lowlands in the east and southeast constitute the first step, occupying about 12 percent of the land. Two-thirds of the country, the two higher steps, are mostly mountains and high plateaus.³⁷ These three steps comprise distinct macro regions namely, Eastern China (subdivided into the northeast plain, north plain, and southern hills), Xinjiang-Mongolia, and the Tibetan Highlands.

China's terrain is diverse with snow-capped mountains, deep river valleys, broad basins, high plateaus, rolling plains, terraced hills, sandy dunes many other geographic features & landforms present in myriad variations. In general, the land is high in the west and descends to the east coast.

Importantly, mountains (33 percent), plateaus (26 percent) and hills (10 percent) account for nearly 70 percent of the country's land surface. Most of the country's arable land and population are based in lowland plains (12 percent)

³⁷ Land. Available at <https://depts.washington.edu/chinaciv/geo/land.htm>. Accessed 21 Nov 2016.

and basins (19 percent), though some of the greatest basins are filled with deserts.³⁸

China is a vast country with extreme diversity in terms of terrain, resources & ethnicity. This coupled with a huge border (both land & water) with many countries makes China difficult to govern & secure.

There being both internal & external dimensions to the above, the next logical step would be to have a brief look at the same.

Internal Dimensions

Some experts internally divide China into two parts based on its most prominent Isohyet line, i.e. the *15-inch Isohyet Line*. (map below refers).

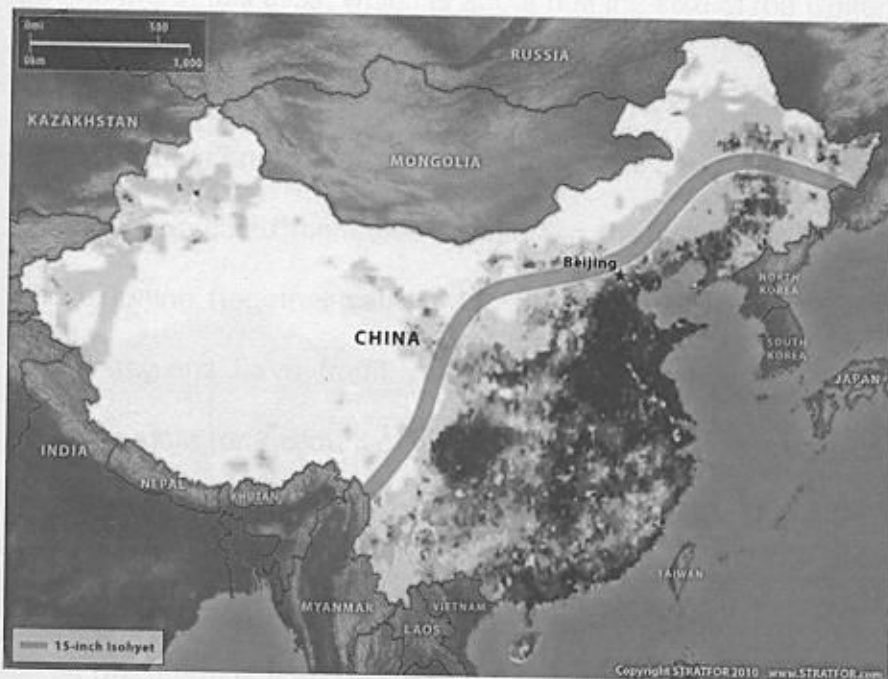


Figure 1.
15”
Isohyet
and China
population
density.
Source³⁹

³⁸ Geography of China. Available at https://en.wikipedia.org/wiki/Geography_of_China. Accessed 21 Nov 2016.

³⁹ "15” Isohyet and China population density is republished with permission of Stratfor." Available at <https://www.stratfor.com/image/15-inch-isohyet-and-china-population-density>. Accessed 25 Nov 2016.

As can be seen in the map, this line runs from north east to south west following approximately the same contours as of the above mentioned Eastern macro region. The areas east of this line gets more than 15 inches of rain fall each year while those to its west are recipients of much less annual rainfall. Obviously, areas with higher rain fall (i.e. to the east) are more fertile & prosperous. Population density reflected in the above map clearly reveals that vast majority of Chinese live east and south of this line. The images of China that we see & understand as Han China is actually this portion of China. Because of its disproportionately high population density, it is also called the '*Chinese Heartland*'. This region is home to the ethnic Han, whom the world regards as the Chinese. It is important to understand that more than a billion people live in this area, which is about half the size of the United States.⁴⁰

Surrounding the Heartland in a crescent fashion, running from northeast to west & then enveloping the heartland in the southwest & south are the arid, sparsely populated highlands comprising the provinces of Heilongjiang, Jilin and Liaoning (together called Manchuria), Inner Mongolia, Xinjiang & Tibet. These regions have traditionally been both a source of protection to the Chinese state (on account of the formidable terrain) as well as worry (when not in Chinese control). Hence, they are regarded as the '*Buffer Zone*'.

In fact, there is another popular way of depicting the differences between these two prominent divides of China by calling them as 'China Proper' & 'China Outer'. China Proper is the area – changing constantly over time – where Chinese culture was dominant. Chinese dynasties also sometimes had control

⁴⁰ *ibid*

of significant regions populated primarily by other ethnic groups, areas we can consider Outer China. The map below shows these two zones. The curved lines show the gradual expansion of the region where Chinese culture was dominant. The bulk of China Proper is less than 1000 meters above sea level. With fertile alluvial soil, adequate water, and moderate temperatures, this zone is well-suited to agriculture, a key feature of Chinese civilization from its earliest stages.⁴¹

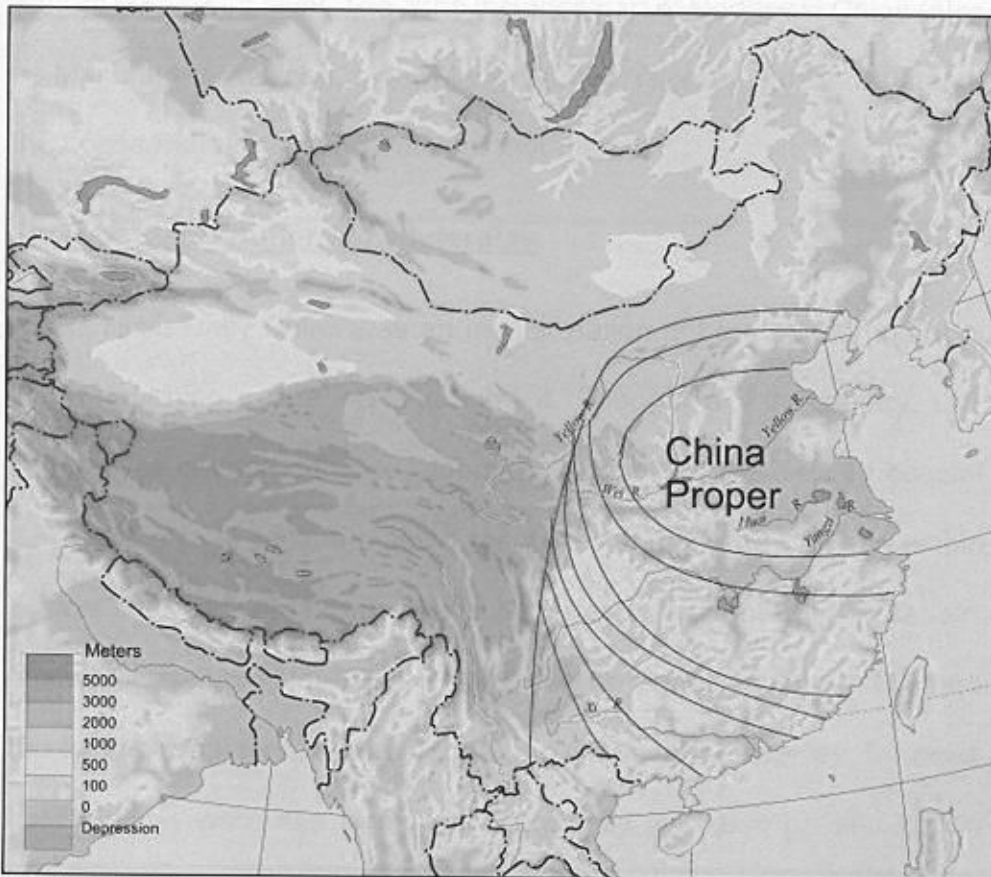


Figure 2. Source⁴²

Two great rivers run through China Proper: The Yellow River in the north, and the Yangtze River to the south. In fact, most of China Proper belongs to the drainage-basins of these two rivers. Both originate to the far west in the

⁴¹ Land. Available at <https://depts.washington.edu/chinaciv/geo/land.htm>. Accessed 21 Nov 2016.

⁴² *ibid*

Tibetan Plateau. The much smaller Xi River cuts through southern China. North China is dominated by the alluvial plain along the Yellow River. This part of China Proper is mostly flat and the soil, replenished by silt carried down by the river, is well-suited to agriculture. The region drained by the Yangtze (Yangzi) River, loosely called South China, is hillier than North China. The region is also warmer and more humid. As already brought out earlier, Outer China is the huge area to the north and west of China Proper. It ranges from 1,000 to 5,000 meters above sea level. The zone includes part of Northeast China (also known as Manchuria), Xinjiang, Inner Mongolia, the Yunnan-Guizhou Plateau, part of the Loess Plateau, and a stretch of mountains.⁴³

The Heartland-Buffer Zone Interplay

Historically China was an insular nation not too concerned about what was happening in the world around it. Though, a vast country, the terrain imperatives restricted the development & growth to the eastern coastal areas. Given the size of its land mass & resources therein, the Chinese empire could always take care of its own needs. As already brought out, the terrain on the landward side being formidable, there was no significant threat. On the seaside too things remained quiet as neither the Chinese themselves, for most part of their history, were sea farers nor were they too keen on sea bound trade. Limited trade that they indulged in happened through the famous '*silk route*' which otherwise did not pose any serious threat of invasion because of logistical considerations related to supporting a large army. However, this state of equilibrium was broken only whenever China established contacts with the

⁴³ ibid

outside world. These contacts were mostly enforced. Earlier by the Mongols of the north, who established the world's largest empire & in the process subjugated much of northern China. In response, the Chinese central authorities re-established control & stability by building the Great Wall. The next wave of outside control was enforced by the western powers, notably Britain who came from the hitherto secure eastern coast (i.e. sea side) & forced open trade with China.

Interestingly, opening of the trade posed a different kind of problem - *that of prosperity*. Since, trade was taking place on the eastern coast, those living in the vicinity started prospering in comparison to others living further away. Thus, trade also brought in poverty or more precisely exaggerated it by highlighting the disparity. Further, this also gave rise to vested interests amongst the coastal dwellers who wanted the central government to pay heed to the interests of the foreign traders for the sake of perpetuating the state of affairs to their own economic & social advantage. Pandering to the interest of the western traders inevitably led to – weakening of central authority & the drifting away of the buffer areas. What followed was the western subjugation & Japanese invasion, referred to by the Chinese as the '*century of humiliation*'.

This notion of humiliation had a deep impact on the shaping of Mao & (by extension) the CPC's ideological development. Restoration of Chinese pride was non-negotiable & Mao identified the ***following objectives*** to achieve the same: -

- *Secure frontiers.*
- *Re-establishment of strong central control.*

In order to achieve the **first objective**, Mao determinedly forced the physical assimilation of the buffer zones into China. He first consolidated Chinese communist control over Manchuria and Inner Mongolia, thereby securing China from the Soviet side. Xinjiang had been under the control of a regional warlord, Yang Zengxin. Shortly after the end of the civil war, having strengthened his hold, Mao wrested Xinjiang from the control of Yang Zengxin. Then, in 1950 Mao turned his attention to Tibet & took control over it by 1951. It may be recalled that in the process of securing her frontiers, China fought wars with India & Vietnam, had serious confrontation on the Ussuri River with the Russians (whom they accused of not treating the Chinese as equals) & reacted violently by entering into the Korean Peninsula in opposition to the US intervention there (the old fear of western powers on their doorstep). What resulted was three years of brutal warfare in which the Chinese lost about a million men.⁴⁴

Achievement of the **second objective**, i.e. re-establishment of strong central control, manifested in two different ways. *One*, all opposition to the CPC was ruthlessly crushed. There was to be only a singular authority over whole of China. *Two*, a 'class struggle' aimed at removing disparities which had in the first place caused erosion of central power & the subsequent subjugation of the Chinese nation. However, the removal of disparities meant achieving a common denominator – poverty for all.

For Mao, an insular agrarian China meant a secure China.

⁴⁴ The Geopolitics of China: A Great Power Enclosed (25 Mar 2012). *Stratfor*. Available at <https://www.stratfor.com/sample/analysis/geopolitics-china-great-power-enclosed>. Accessed 05 Nov 2016.

Poverty, however, is anti-inspirational & thus against human nature. Post Mao, the pressure to alleviate poverty was much too strong. Accordingly, under Deng Xiaoping, the Chinese embarked on the 'four modernisations'. This involved opening up & re-establishment of contact with outsiders. The subsequent rise of China is too well known to merit recounting at this stage.

However, what needs to be highlighted here is that, ironically, China's spectacular rise has led her to the same old problem of disparity & consequent dissensions in the 21st century as well.

How China deals with this problem is amongst the most interesting phenomenon of contemporary times.

The 21st Century Challenges & Fault-lines

There was a fundamental flaw in Mao's calculation – ***Insufficient Arable Land.***

It is a well-known fact that China is the most populous nation on Earth. Such a huge population imposes substantial stress on the country's natural resources, including arable land. Although China ranks fourth in the world in terms of total arable land, the pressure of population on this precious available agricultural land is acute. China's arable land is primarily in the eastern region, the same area where a majority of China's vast population is concentrated. In addition to extensive areas of western China which are relatively uninhabited, substantial portions of southern China too are unfavourable for agriculture because of mountainous topography.

As a consequence, only about 12% of China's land is arable which are prominently found in Eastern China. Thus, China feeds somewhat less than one-quarter (25%) of the world's population on approximately 7% of the world's arable land. Thus, **food security** has emerged as a major concern.

Facing increasing difficulties to feed its growing population, China is turning to its "blue territories" and high seas for food. Chinese marine experts have advocated the country's food system to be more maritime based. Such a maritime based food security strategy aims at intensifying its fishery operations in its territorial waters and Exclusive Economic Zones (EEZs) as well as expanding them to its Distant Water Fishing (DWF) reach, to utilise the resources of the oceans. While this shift in China's food system contributes to its food security, it also has serious regional and global implications. These effects are already evident in the East and South China seas where the China's search for maritime based food is one of the contributors to it aggressively seeking sovereignty rights in these disputed waters.⁴⁵

Current Shape of Disparity

As already brought out above, disparity is China's most profound fear as it erodes the power of central authority & fuels dissenting & fissiparous tendencies – an absolute anathema.

There has been considerable interest & numerous studies on the subject. It would be useful to look at a few of them.

⁴⁵ Sirsikar AR, (2016). 'China's Geography : A Boon or a Bane'. Occasional Paper. *Vivekanand International Foundation*.

Study - 1

Shantong Li, Fei Wang and Zhaoyuan Xu undertook a study in 2016 on The Trend of Regional Income Disparity in China in 2016.⁴⁶ Some of the interesting & relevant findings are reproduced below:

- Following three indexes were adopted to measure China's regional disparities in the said paper: GDP per capita, urban household disposable income per capita and rural household net income per capita.
- China was divided into four regions as per following map: -

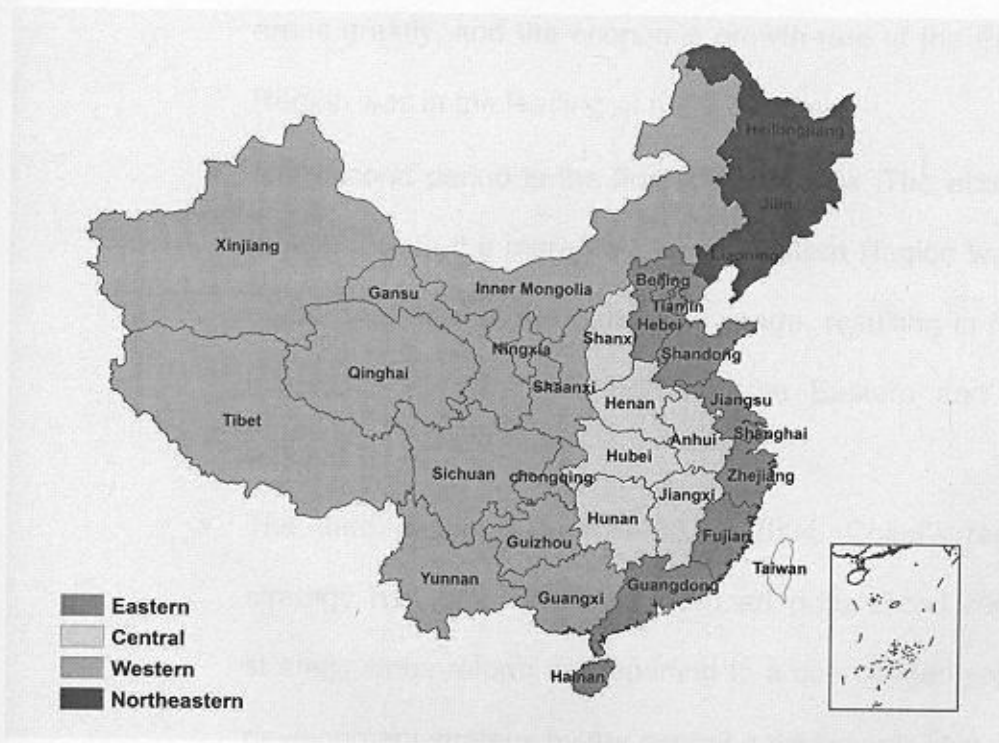


Figure 3. Source⁴⁷

⁴⁶ Shantong Li, Fei Wang and Zhaoyuan Xu, (2016). 'The Trend of Regional Income Disparity in China', Rimisp – Latin American Center for Rural Development. Available at http://rimisp.org/wp-content/files_mf/1467323896193_Shantong_Li_et_al.pdf. Accessed 05 Dec 2016.

⁴⁷ *ibid*

- Findings:
 - Since China began its reform and opening up, inter-provincial disparities have experienced a process of narrowing first and then expanding, and since 2004 the trend of the income disparity between the regions has been narrowed. It can be divided into four periods as follows:
 - ✓ The first period is the early period of China's reform from 1978 to 1990. In this period, the Eastern Region became the pilot area of China's reform and opening up. The non-balanced development strategy promoted the development of coastal areas greatly, and the economic growth rate of the Eastern Region was in the leading at national level.
 - ✓ The second period is the first half of 1990s. The economic growth rate in the more developed Eastern Region was still higher than that of the national average, resulting in further expansion of disparities between the Eastern and other regions.
 - ✓ The third period is from 1996 to 2004, China's regional strategy had been switched from an unbalanced regional strategy since reform and opening to a coordinated regional development strategy by the central government. This period features a higher economic growth rate of less developed regions than before, and the state of expansion of inter-province disparity was relaxed.

✓ The fourth period is after 2004 in which the rapid economic development of non-eastern regions and the slowdown of economic growth of the Eastern Region have caused a trend of large reduction of China's overall regional disparity.

- Disparities among the four regions of China, especially disparities between the Eastern and other regions, are mainly caused by inter-provincial disparities. The Western Region has experienced rapid growth since implementation of the Western Development Strategy in 1999.
- Urban-rural income disparities are the main source of regional disparities.
- According to the results of the regression analysis, the government expenditure, the level of infrastructure, urbanization and education have significant impacts on promoting regional economic growth and improving regional disparities.
- As far as the future is concerned, there is still a lot of uncertainty about the trend of regional disparity. On the one hand, the development of regional economy faces many favourable conditions. For instance, the development of the regional economy faces the structural reform of the supply side put forward by the central government, which will effectively promote the transformation of regional economic structure, especially in the areas hardly stressed; the implementation of national development strategies, *such as One Belt and One Road*

Initiative, Yangtze River Economic Belt, and the integrated development of Beijing-Tianjin-Hebei, will continue to create better conditions and provide a better policy support for regional development; in the long term in China.

It may be pointed out that this study was supported by China's Postdoctoral Science Foundation (Grant No.2015M581051).

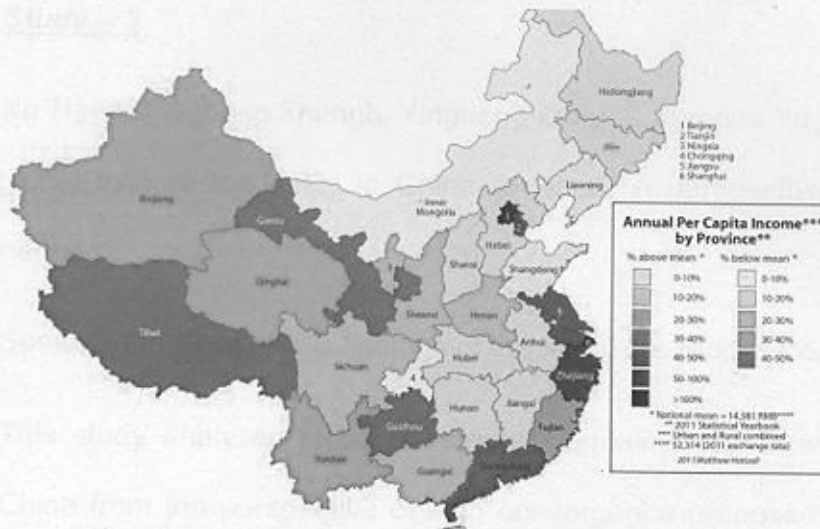
Study – 2

Matt Schiavenza's 2103 article Mapping China's Income Inequality.⁴⁸

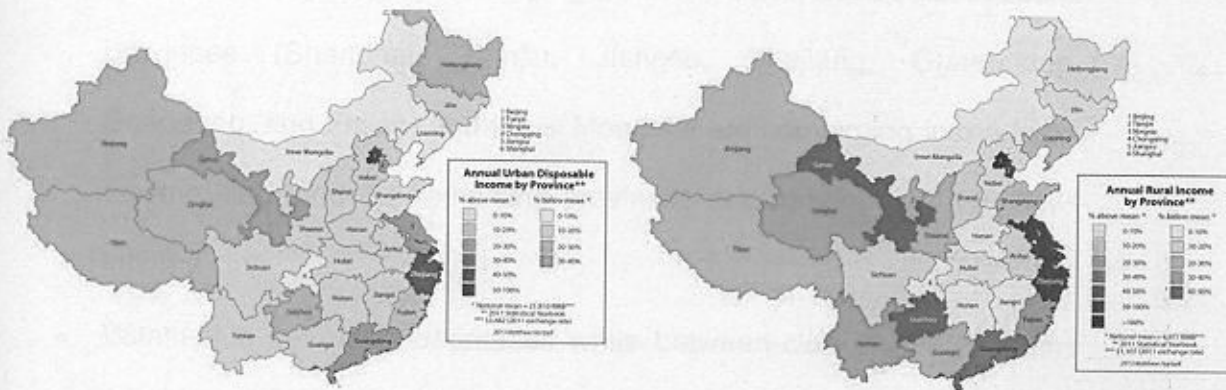
Some of the interesting & relevant findings are described below:

- Inequality is more than just a binary issue of urban versus rural: significant regional differences exist.
- Using data from the 2011 China Statistical Yearbook, China-based blogger Matthew Hartzell created maps that show just how large the income gap is in the country. Here are three maps, for instance, that measure annual per capita income, urban disposable income, and rural income by province:

⁴⁸ Matt Schiavenza (13 Sep 2103). 'Mapping China's Income Inequality', *The Atlantic Daily*. Available at <https://www.theatlantic.com/china/archive/2013/09/mapping-chinas-income-inequality/279637/>. Accessed 18 Nov 2016.



- The above map clearly shows that the coastal areas are rich & that poverty gradually increases as one goes west.



Figures 4, 5 & 6. Source⁴⁹

- The above two maps, however, point out another startling fact – It doesn't really matter whether you are poor or urban, so long as you are in the east coast (*primarily ethnic Han area, my own interpretation*) you are better off.

⁴⁹ ibid

Study – 3

Xu Tiana, Xiaoheng Zhangb, Yingheng Zhou, & Xiaohua Yu, 2016 study on Regional income inequality in China revisited: A perspective from club convergence.⁵⁰

Some of the *highlights* & findings of the study are reproduced below:

- This study analyses regional income inequality and convergence in China from the perspective of club convergence proposed by Phillips and Sul (2007).
- Instead of one convergence at the national level, it determines that provincial incomes are converging into two clubs: seven east-coastal provinces (Shanghai, Tianjin, Jiangsu, Zhejiang, Guangdong, Shandong, and Fujian) and Inner Mongolia are converging into a high-income club, and the remaining provinces are converging into a low-income club.
- Within-club inequality decreases while between-club disparity widens over time.
- Between-club inequality is associated with investment in physical and human capital, as well as population growth rates.

⁵⁰ Xu Tiana, Xiaoheng Zhangb, Yingheng Zhou, & Xiaohua Yu (Aug 2016). 'Regional income inequality in China revisited: A perspective from club convergence'. Available at <http://www.sciencedirect.com/science/article/pii/S0264999316300475>. Accessed 20 Nov 2016.

Study – 4

Nan Wu, 2014 study on Income inequality in China and the urban-rural divide.⁵¹

Some of the *highlights* & findings of the study are as under:

- The growth in household income in China hasn't been uniformly distributed. The country's poorer residents have benefited: "We can reasonably expect the virtual elimination of extreme poverty [in China] by 2022," the World Bank reported in 2013. But a survey by Peking University the same year found that the top 5% of the country's households took home 23% of the total household income in 2012, while the bottom 5% earned just 0.1%.
- China's income inequality started rising when the country's former leader Deng Xiaoping launched market-oriented reforms and opened the economy in 1978.
- The incomes of the poor are growing, but it appears the rich are getting richer much faster: Between 2002 and 2007, the income ratio of the country's richest 10% and the poorest 10% increased from 19:1 to 25:1, according to the World Bank.
- Driving the above phenomenon are development policies that favour heavy industry, cities and special economic zones in coastal areas.
- The most commonly used measure of income inequality, the *Gini coefficient*, ranges from 0, which indicates perfect equality, to 1, as

⁵¹ Nan Wu, (Aug 2014). 'Income inequality in China and the urban-rural divide', *Journalist's Resource*, Harvard Kennedy School, Shorenstein Center on Media, Politics & Public Policy. Available at <https://journalistsresource.org/studies/international/china/income-inequality-todays-china>. Accessed 13 Dec 2016.

maximal inequality; a coefficient of 0.4 or higher is widely regarded as an indication of severe inequality in a society. A 2014 study published in the U.S. Proceedings of the National Academy of Sciences, "Income Inequality in Today's China," used several newly available surveys, including a large-scale NBS survey and six independent surveys conducted by university-affiliated organizations, to estimate China's Gini coefficients for recent years and compare them with those in the U.S. The researchers, Yu Xie of the University of Michigan and Xiang Zhou of Peking University, closely examined the factors that contributed to the income inequality in both countries.

The study's findings include:

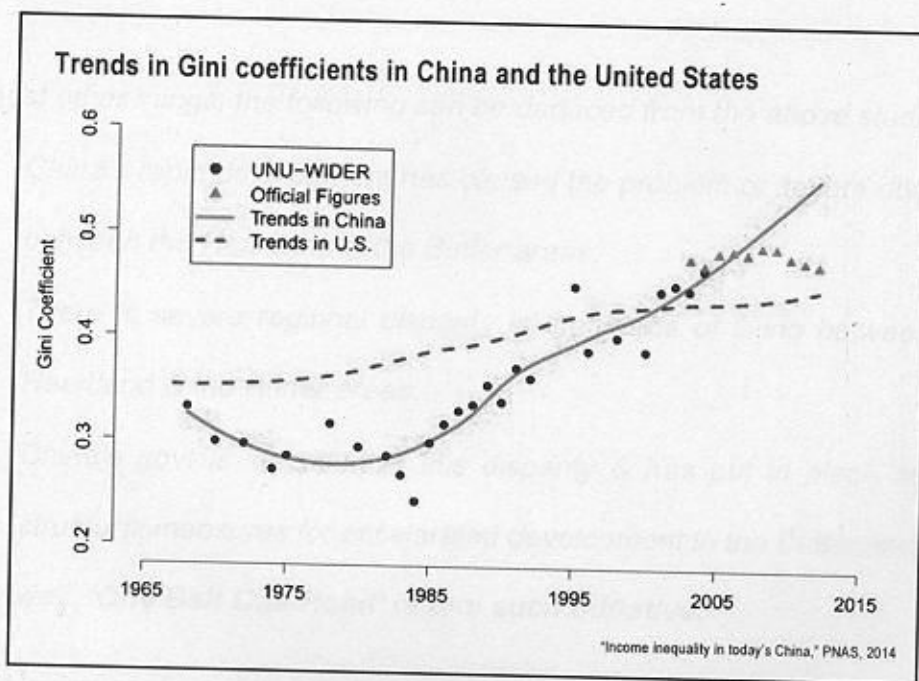


Figure 7. Source⁵²

⁵² *ibid*

- Since the 1980s, income inequality in China has risen at a faster pace than in the United States. From 1980 to 2012, China's Gini coefficient increased from 0.30 to 0.55, surpassing the U.S. coefficient of 0.45.
- China's income inequality has grown rapidly in the last three decades, to a very high level around 2010. The rapid rise in income inequality can be partly attributed to long-standing government development policies that effectively favour urban residents over rural residents and favour coastal, more developed regions over inland, less developed regions."
- To address this problem, the researchers suggested that government policies should work to reduce rural-urban and regional disparities.

Amongst other things, the following can be deduced from the above studies:

- *China's rapid development has caused the problem of severe disparity between the Heartland & the Buffer areas.*
- *There is severe regional disparity in standards of living between the Heartland & the Buffer areas.*
- *China's govt is sensitive to this disparity & has put in place certain structural measures for accelerated development in the Buffer areas as well. **'One Belt One Road' is one such initiative.***

Having confirmed that China's old problem of disparities has re-surfaced on account of its opening up, let us re-visit China's periphery to see what kind of effect the same is having in the 21st century. To do this, let us Start from the Northeast & go around in an anti-clockwise fashion & first look at her land borders.

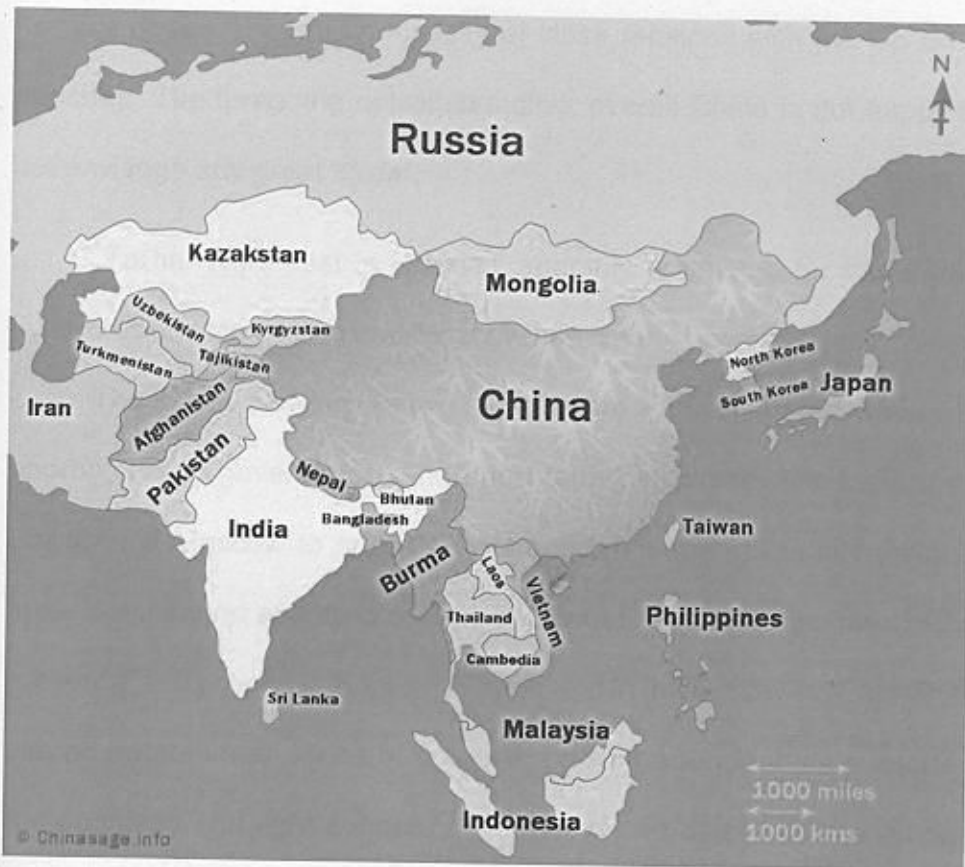


Figure 8. Source:⁵³

Land Frontiers

- Northeast

To China's extreme Northeast lies the Korean Peninsula, one of the world's most unstable places. The belligerent here, i.e. North Korea has long been a Chinese ally but in recent times has become more & more reckless with its nuclear & missile proliferation programmes. Its impoverished economy is also causing some amount of migration into an already highly populous China. Tension on the peninsula & in the Yellow Sea is inherently destabilising to Chinese trade relations with South Korea & Japan besides fuelling South

⁵³ Google images. Available at <http://www.chinasage.info/maps/neighborcountries.htm>. Accessed 20 Feb 2017.

Korea's desire & indeed necessity of close relations with the US on Chinese doorstep. The foregoing notwithstanding, overall China is not happy but does not envisage any great threat.

To her Northeast is Russia's sparsely populated far east. The overall dynamic between Beijing and Moscow has clearly been positive in the past year or so. The forces drawing the two together are a mix of shared threats, common approaches to governance, and short-term objectives. The factors that draw Beijing and Moscow to speak a common language in the international arena are – Washington and its presence in Central Asia, and also the US and allied presence and actions in Eastern Europe and in the South and East China Seas, shared authoritarian ideas of governance with abundant state interference in the economy and tight control of the media and other information sources, a common narrative on a "multipolar" world, with both countries trying to reinvent and reassert their role in the world, thus challenging the US. China and Russia are also linked by membership in regional and international organizations such as the BRICS, SCO and UN Security Council.⁵⁴ Given these dynamics & the facts that the population density differential in this area is heavily pronounced in favour of China, there is little cause for her to feel concerned at this stage. However, given the size & ambitions of both the nations, China would do well to be wary of Russia, a fact she understands only too well.

- **North**

To her North is the resource rich but very sparsely populated Mongolia. China-Mongolia relationship improved dramatically post the collapse of the

⁵⁴ Dragos Tirnovanu (Jan 2016). 'Russia, China and the Far East Question', *The Diplomat*. Available at <http://thediplomat.com/2016/01/russia-china-and-the-far-east-question/>. Accessed 13 Dec 2016.

USSR which was the latter's erstwhile benefactor. "It's no secret that Mongolia is heavily dependent on China. According to 2015 data from Trading Economics, China accounts for 89 percent of Mongolia's exports and 26 percent of its imports. Perhaps most tellingly of the relationship, Mongolia cancelled a visit by the Dalai Lama last year (2014) in favour of a visit by Chinese President Xi Jinping, a move sources claim was the result of pressure from China."⁵⁵ As of now the Mongolian front is secure if not increasingly under Chinese influence.

- **West**

On to China's western border are located the Central Asian Republics (CAR). Following the collapse of the Soviet Union, China has endeavoured to build and strengthen its relations with the five Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Today, a substantial network of roads, railways, air flights, communication, and oil and gas pipelines connects China to Central Asia. Driven by economic interests, especially the pursuit of resource security and the desire to preserve stability and security in its Xinjiang region, China's substantial engagement with Central Asia has triggered what has been dubbed 'The New Great Game'.⁵⁶ The Russians, Chinese & the western powers, notably the US, all have their vested interests here.

⁵⁵ Bochen Han (2015). 'The Trouble With China-Mongolia Relations', *The Diplomat*. Available at <http://thediplomat.com/2015/11/the-trouble-with-china-mongolia-relations/>. Accessed 20 Dec 2016.

⁵⁶ Bernardo Mariani (2013). 'China's role and interests in Central Asia Bernardo Mariani', *Safe World*. Available at file:///C:/Users/Ansh/Downloads/chinas-role-and-interests-in-central-asia%20(1).pdf. Accessed 12 Dec 2016.

The other issue of importance to China on this front are the Turkic ethnic affiliations between the Xinjiang Uyghurs & Kazakh as well Kyrgyz communities. Also, the Wakhan corridor with unstable Afghanistan too links up with Xinjiang autonomous region. Seeping-in of fundamentalist Islamic cross border influence into this region can never be ruled out.

- **South West & South**

The terrain here is extremely difficult. To the Southwest is Pakistan. To quote Hindustan Times, "China and Pakistan have shaped a paradigm of neighbour-to-neighbour relations. Their time-tested friendship, described by some as "higher than the mountains and deeper than the oceans," is not just a bunch of empty words," a commentary in the state-run Xinhua news agency said⁵⁷. Of course, China Pakistan are all weather allies with the latter ready to provide whatever concession the former seeks. Pakistan is also China's gateway to the Gulf (CPEC, more about it later). To the south is India with whom China has an unresolved border issue. However, in the Chinese security calculus, India is in no position to pose a military threat across its land borders. Interspersed with India are the peaceful borders with Nepal & Bhutan.

- **South East**

To China's Southeast are Myanmar, Laos & Vietnam. The border with Vietnam is the only border readily traversable by large armies or capable of being utilised for mass commerce. The rest of the south-eastern border where Yunnan province meets Laos and Myanmar is hilly jungle, difficult to traverse,

⁵⁷ Sutirtho Patranobis (13 May 2013). 'China-Pak relations 'higher than mountain, deeper than ocean' *Hindustan Times*. Available at <http://www.hindustantimes.com/world/china-pak-relations-higher-than-mountain-deeper-than-ocean/story-22JIWjJtaqGWZJ6okMwzXX.html>. Accessed 09 Feb 2017.

with almost no major roads. Significant movement across this border is almost impossible. Vietnam is an old foe with whom China continues to have maritime boundary disputes.

Apparently, China today faces no imminent threat to her territorial integrity from any of her many neighbours. However, the areas of concern are the following: -

- *Disquiet in the Korean peninsula.*
- *Converging interests of China, Russia & US in the CARs which have been China's age old link to the Caspian, Mediterranean & Europe.*
- *Fundamentalist Islamic cross-border influence into Xinjiang from the Turkic states, Afghanistan & Pakistan.*
- *Irritants on the Indo-China border.*

Before taking our attention to the seaward side let us for a moment review the state of the Buffer Zones. Manchuria is by & large well managed.

- **Xinjiang**

Xinjiang, China's western border province comprising 18% of the country's entire land area, is a region beset by change, and increasingly, confrontation between two very distinct peoples – the more recently arrived Han Chinese and the indigenous Uyghur Turkic Muslims. The confrontation revolves primarily around a struggle for domination over the province and a Uyghur quest for autonomy or even independence from Beijing's rule. Conflicting interests and goals thus offer two quite different visions and narratives of current Xinjiang realities, reflecting the distinct concerns of each people. From an official Chinese perspective, many of the changes taking place

in Xinjiang can be seen as positive and certainly not "problems" at either the national or international level. A generation of rapid economic development in Xinjiang has created sufficient wealth to lift per capita income there to twelfth among all thirty-one Chinese provinces, higher than any other province outside the favoured coastal area in the southeast. Ample reserves of oil and gas invite investment. Millions of Chinese, seeking to improve their lives, have flooded to Xinjiang, causing it to be viewed as a land of opportunity.

Beijing proudly extols these developments, which are indeed impressive by any measure. Yet these same social, economic, and cultural conditions in Xinjiang present a radically different picture when viewed from a Uyghur point of view. Where Han Chinese see recent developments there as uniformly positive, Uyghur Muslims, with equal logic, discern a much darker side by focusing on what they see as the one-sidedness of the benefits those developments bestow. Every change that brings advances to some hypothetical average citizen of Xinjiang, when viewed from their perspective, only helps marginalize them as a group in their own homeland. So ominous is this process of marginalization to members of this minority population that they see it as posing an existential threat. For a millennium, Xinjiang's large Muslim and Turkic population has viewed itself as religiously and ethnically distinct from Han Chinese society. The Uyghurs themselves comprise just under half of Xinjiang's population, but with the addition of Kazaks and Kyrgyz the number of Turkic Muslims rises to over half of the total.

The essence of the "Xinjiang problem" is that its economic development has come to be seen by many active parts of the indigenous population as a zero-sum game, in which they are not only the losers but will, by losing, also

forfeit their culture and homeland and even their very existence as a distinct people.⁵⁸

Xinjiang is one of China's most resource-rich provinces, home to large deposits of coal, natural gas and rare earth metals and also the region that plays a key role in the "One Belt, One Road" initiative, championed by President Xi Jinping, that aims to improve economic ties with central Asia as China battles an economic slowdown.

In order to secure these areas Beijing has for decades been populating them with Han Chinese from the country's heartland. It has also been aggressively courting the independent ethnic Turkic republics of Central Asia, partly to deprive the Uighurs of Xinjiang of any possible rear base.⁵⁹

When China's president, Xi Jinping, visited the north-western region of Xinjiang in late May (2014) he spoke of spreading nets "from the earth to the sky" to capture terrorists. The increased concern of China's leadership with domestic security coincides with an uptick in violence attributed to ethnic tension, and possible indications of growing links between Xinjiang and foreign Islamist extremists.⁶⁰ The foregoing report is indicative of the continuing dissensions in the Xinjiang province where violence, particularly that linked by Chinese authorities to Islamic Jihadist terror has been witnessed regularly.

In sum, Xinjiang continues to be a challenge of significant proportions.

⁵⁸ Fuller, E Graham & Starr, S. Frederick (2003), *The Xinjiang Problem, Central Asia Caucasus Institute, The John Hopkins University, US*

⁵⁹ Robert D Kaplan, "The Geography of Chinese Power", *Foreign Affairs*, May 2010. Available at <https://www.foreignaffairs.com/articles/china/2010-05-01/geography-chinese-power>. Accessed 11 Nov 2016.

⁶⁰ 'China's Xinjiang problem, The net is cast' 2014, *The Economist*, 01 Jul.

- Tibet

Tibet is a sparsely populated region. To its South are the formidable Himalayas running from the Hindu Kush on the border with Pakistan to the Myanmar border, small groups can traverse this terrain, but no major army is going to thrust across this border in either direction. Supplying a major force through these mountains is impossible. From a military point of view, it is a solid wall.

Running along the frontier directly south of this border is one of the largest population concentrations in the world. If China were to withdraw from Tibet, and there were no military hindrance to population movement, Beijing fears this population could migrate into Tibet. If there were such a migration, Tibet could turn into an extension of India and, over time, become a potential beachhead for Indian power. If that were to happen, India's strategic frontier would directly abut Sichuan and Yunnan — the Chinese heartland.⁶¹

The above description by George Friedman encapsulates Chinese strategic thinking on Tibet. China views Dalai Lama as a trouble maker sheltered by India & is very sensitive to his travels & interactions. In fact, even the Tibetan Govt in exile in India has long since ceased to demand independence for Tibet & now merely seeks greater autonomy within the Chinese state. However, it can be said that the Chinese have Tibet in full control including with an upgraded military presence (& associated infrastructure).

⁶¹ George Friedman (15 Apr 2008), 'Chinese Geopolitics and the Significance of Tibet', Stratfor. Available at https://www.stratfor.com/weekly/chinese_geopolitics_and_significance_tibet. Accessed 19 Oct 2016.

All in all, it can be said that the Buffer region of Tibet is quite secure & not a cause for any major source of worry.

Sea Frontiers

On the East, China opens onto the seas with a coastline that extends some 14000 km. Though historically China for most part had not been a maritime power nor had used the sea side extensively for trade (till it was forced open by Britain), today things are quite different. China has great interest towards this coastline in particular (which today is greatly developed) & the oceans in general. Some of the important Chinese sensibilities as regards this flank are described hereunder: -

- The Island Chains

This refers to a set of limited number of islands in the otherwise vast Pacific Ocean. Ref map below.

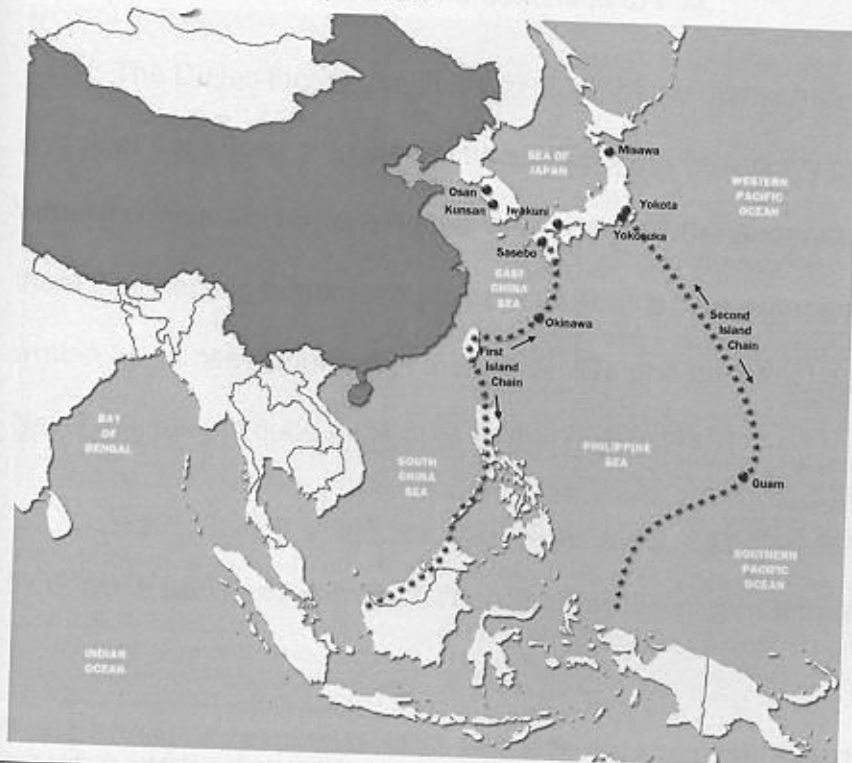


Figure 9.
First & Second
Island
Chains.
Source⁶²

⁶² Available at <https://cofda.wordpress.com/tag/second-island-chain/>. Accessed 04 Jan 2017.

These island chains caught the attention of the Japanese strategists during the WW-I & then later the US as places of great strategic significance due to their potential to be used to deny access to the main Japanese Islands on the one hand & the western US Coastline on the other (depending on which side of the divide one was aligned). They were also viewed as stepping stones for mounting offensives as well as sea denial operations. Consequently, WW-II saw many island-hopping operations for Pacific dominance between the US & Japan. After the war & till date the US continues to maintain its military bases in some of these islands, Okinawa, Philippines & Guam for instance.

Later during the Korean War period, John Foster Dulles (US secretary of State from 1953-59) in 1951 developed the concept of using these islands to block the spread of communist ideology & influence by USSR & China. However, with the disintegration of the USSR, Russia is no longer a dominant player in these waters, but China continues to rise.

The Dulles theory continues to play heavily on the minds of the Chinese. A look at the above map clearly shows how the PLA Navy can be confined to within the inner arc comprising the Yellow, East & the South China seas denying them the space to breakout & project power as a blue water navy. The following written by James R Holmes in the article, 'Defend the First Island Chain' for US Naval Institute, is quite instructive in this regard:⁶³

"Want to give China an ulcer, a nagging sore that compels Beijing to think twice about aggression? Then look at the map. Geography affords the

⁶³ James R Holmes in the article (Apr 2014). 'Defend the First Island Chain' for US Naval Institute. Available at <http://www.usni.org/magazines/proceedings/2014-04/defend-first-island-chain>. Accessed 04 Jan 2017.

U.S.-Japan alliance abundant opportunities to make trouble for the People's Liberation Army (PLA), denying China's military access to the vast manoeuvre space of the Western Pacific while hampering its movements up and down the Asian seaboard. Fortifying the offshore island chain while deploying naval assets in adjoining waters could yield major strategic gains on the cheap. Doing so is common sense."

Fearful of the above containment, the Chinese themselves have also theorised quite a lot on this issue. Chinese military writings frequently refer to the island chains as barriers imposed by the US that limit China's ability to evolve into a genuine maritime power with freedom of manoeuvre throughout the Western Pacific. A 2007 article in the Chinese navy's official magazine, for instance, declares that the island chains have the power to "contain China and the Chinese navy." Two Chinese naval strategists similarly argue that the "partially sealed-off nature of China's maritime region has clearly brought negative effects on China's maritime security."⁶⁴

Some believe that the relatively recent Chinese assertions in the East & South China seas are an expression of their desire to negate the boxing-in effect of the island chains by the US-Japanese combine. However, that is not alone, there is an economic angle to it as well. The following are some of the salient issues.

⁶⁴ Erickson & Wuthnow (Feb 2016). 'Why Islands Still Matter In Asia' Princeton University. Available at <https://cwp.princeton.edu/news/why-islands-still-matter-asia-cwp-alumni-erickson-wuthnow>. Accessed 03 Jan 2017.

- Taiwan

Taiwan issue is a creation of China's civil war. For China, 'national reunification' & 'One China' policy is not only a matter of national pride but also of strategic importance. Taiwan is seen to be under complete US influence. In fact, its continued existence as quasi-independent state can be easily attributed to its diplomatic & military alliance with the US. There are two important issues here. *One*, Taiwan's existence outside PRC's control is an affront to the China Dream of national resurgence as well as against the stated core interest of territorial integrity. Hence, any attempt to alter the status-quo against Chinese interests evokes sharp reaction (e.g. President Trump's call to Taiwanese president & Chinese reaction thereof). *Two*, Taiwan is geopolitically strategic as part of the first island chain. Remember Eisenhower famously called it an "unsinkable aircraft carrier" midway up China's seaboard.

- East China Sea (ECS)

Here China has its famous dispute with Japan over a group of islands variously referred to as the Diaoyu by the Chinese & Senkaku by the Japanese. China has claimed that they were aware of the islands from the 15th century, and both China and Taiwan claim that the islands have been a part of Chinese territory since the 16th century. However, the Japanese claim that when the island was surveyed by them in the 1800's, it was uninhabited and showed no signs of Chinese occupation. The Senkaku islands were subsequently incorporated into Japanese territory in 1895 after their victory in the First Sino-Japanese War. The islands briefly came under American occupation in 1945, when Japan surrendered at the end of World War II, but were soon returned in

1972. Before 1971, neither China nor Taiwan made any claims to the "territorial sovereignty" of the Islands and neither government expressed any objection to Japanese sovereignty over the islands. In the late 1960s, the Bangkok-based Economic Commission for Asia and the Far East (ECAFE) surveyed the waters around the Senkaku and suggested potentially rich oil deposits beneath the seabed. After the ECAFE released its findings in 1971, Taiwan made its first territorial claim to the islands. Months later China followed suit. In 2012, the government of Japan bought three of the Senkaku islands from a private Japanese owner to whom the islands had previously been leased. This led to angry responses and anti-Japanese protests from the Chinese who felt that their sovereignty had been violated and saw the purchase as an act of nationalizing the islands.⁶⁵

Besides the above-mentioned reasons, it would be instructive to remind ourselves that these islands are part of the first island chain & their continued presence in Japanese hands gives the US-Japan strategic alliance an upper hand vis a vis the Chinese quest to break free from the East China.

The recent past has witnessed belligerent actions by both sides. Both countries have been sending their military hardware into these territories to keep the dispute alive. China has even declared an Air Defence Identification Zone (ADIZ) over East China Sea which both the US & Japan have refused to acknowledge.

⁶⁵ Shantanu Roy-Chaudhury (01 Aug 2016). 'The Senkaku Islands Dispute', *International Policy Digest*. Available at <https://intpolicydigest.org/2016/08/01/senkaku-islands-dispute/>. Accessed 10 Jan 2017.

- South China Sea (SCS)

South China sea is an even more complex area. Here China stakes what it calls the nine-dash line. There are a few hundred small islands in the SCS, a part of the Pacific Ocean. Some of the main ones are Spratly Islands, Paracel Islands and Scarborough Shoal. China claims most of these islands as its own. Vietnam, Malaysia, Brunei, the Philippines and Taiwan have rival claims. China has said it will not permit other nations to infringe on what it considers its sovereign rights in the strategically vital area. Following Map refers.

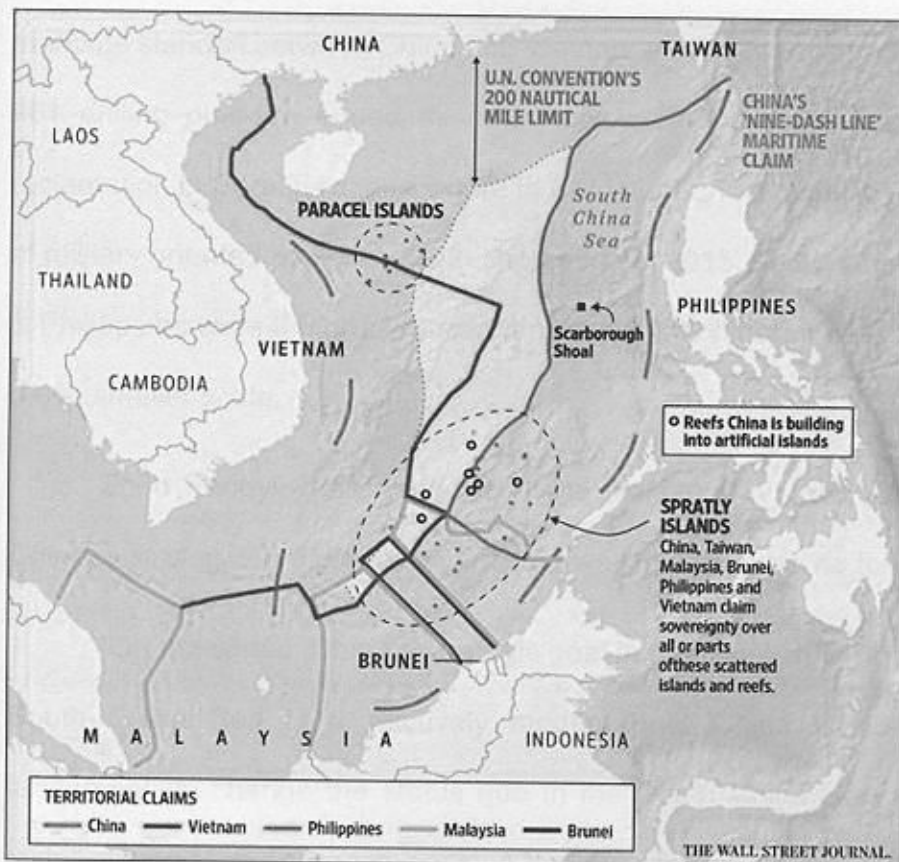


Figure 10. Source⁶⁶

⁶⁶ Available at <https://johnib.wordpress.com/2016/07/12/after-ruling-humiliated-china-set-to-turn-wrath-on-u-s/>. Accessed 04 Jan 2017.

There have been *four major* incidents in SCS, *first* the Scarborough Shoal incident (2012) involving China & Philippines with the Chinese ultimately establishing effective control over the islands; *second* the Second Thomas Shoal incident (2013) again involving China & Philippines where the situation was resolved with both nations asserting their presence in different ways; Philippines took the matter to The Permanent Court of Arbitration (PCA) in The Hague, which eventually ruled against China; *third* HYSY-981 drilling rigs deployment in Paracel Islands (2014) about 133 to 156 nautical miles from Vietnam's continental shelf. Vietnam reacted vehemently. However, the maritime standoff between China and Vietnam gradually eased once the HYSY-981 drilling platform ended its operations on 15 Jul 14. *Fourth*, the land reclamation in Spratly Islands where in China undertook significant building up of military oriented assets within a short span in 2015. To be fair, both Vietnam & Philippines were the ones to start land reclamation activities first though at a much smaller scale.

Zhou Fangyin has analysed these incidents in great detail from the *Chinese strategic/foreign policy perspective*. He concludes as follows⁶⁷:

“On the whole, China's strategic goal in dealing with the disputes in the South China Sea is a relatively modest one. China is not seeking to fundamentally change the status quo in the South China Sea. Instead, it is taking a long-term approach, seeking to deal with issues in the region through the process of development. Although the disputes in the South China Sea have important practical implications, they are not matters of priority in the

⁶⁷ Zhou Fangyin (2016). 'Between assertiveness and self-restraint: understanding China's South China Sea policy', *The Royal Institute of International Affairs*.

strategic framework of Chinese foreign policy. Not only are these disputes of minor significance in the context of grand strategic considerations such as China's rise and the 'one belt, one road' initiative, their handling is also subject to other foreign policy considerations such as China's overall relationship with ASEAN. From the perspective of policy implementation, China's approach to the South China Sea disputes has become in general firmer and more assertive since 2012. This trend is, however, tempered by self-restraint from time to time. As we have seen, when it has taken a more assertive approach, it is in instances where China has been defending its rights and interests rather than attempting to extend its control. When there is a crisis, it is very rare to see China making any kind of move to escalate it, let alone demonstrating any intention of steering things towards military conflict. At the same time, neither Vietnam nor the Philippines wishes to become entangled in high-intensity confrontation, as this would give China the opportunity to exert its material power advantage. In addition, as the development of the Twenty-first Century Maritime Silk Road gathers momentum, the Asia Infrastructure Investment Bank (AIIB) comes into operation, the China-ASEAN Free Trade Zone is upgraded, and the focus of the regional agenda in south-east Asia shifts from traditional security issues to regional development issues, Vietnam and the Philippines do not want to miss important opportunities for economic development because of their confrontations with China."

- ***The Permanent Court of Arbitration (PCA) in The Hague. Ruling on the SCS Dispute Case Filed by the Philippines***

Deeply connected to the SCS dispute is the Jul 2016 ruling by the above Arbitration Tribunal (herein after referred to as the Tribunal) on the case filed

by the Philippines after the 2013 Second Thomas Shoal incident. Some of the important issues that emerge from the legal perspective alone are described hereunder (without delving into issues pertaining to territorial claims or merits thereof by respective parties).

The Tribunal. The PCA was the first permanent intergovernmental organization to provide a forum for the resolution of international disputes through arbitration and other peaceful means. The PCA was established by the Convention for the Pacific Settlement of International Disputes, concluded at The Hague in 1899 during the first Hague Peace Conference. Accordingly, Article 20 of the 1899 Convention formally established the PCA, stating:

"With the object of facilitating an immediate recourse to arbitration for international differences which it has not been possible to settle by diplomacy, the signatory Powers undertake to organize a Permanent Court of Arbitration, accessible at all times and operating, unless otherwise stipulated by the parties, in accordance with the rules of procedure inserted in the present Convention."

The 1899 Convention was revised at the second Hague Peace Conference in 1907.

China is a member of the PCA & is a signatory to both of the PCA's founding conventions.

The PCA provides administrative support in international arbitrations involving various combinations of states, state entities, international organizations and private parties.⁶⁸

⁶⁸ Website of Permanent Court of Arbitration. Available at <https://pca-cpa.org/en/services/arbitration-services/unclos/>. Accessed 10 Mar 2017.

Amongst other things it also provides for arbitration under the 1982 United Nations Convention on the Law of the Sea (UNCLOS).

*UNCLOS*⁶⁹. UNCLOS came into force on November 16, 1994. It is an international treaty that provides a regulatory framework for the use of the world's seas and oceans, inter alia, to ensure the conservation and equitable usage of resources and the marine environment and to ensure the protection and preservation of the living resources of the sea. UNCLOS also addresses such other matters as sovereignty, rights of usage in maritime zones, and navigational rights. As of 10 Jan 2014, 166 States have ratified, acceded to, or succeeded to, UNCLOS. UNCLOS sets forth in Part XV rules for the resolution of disputes between State Parties arising out of the interpretation or application of UNCLOS. Pursuant to Article 287(1) of UNCLOS, when signing, ratifying, or acceding to UNCLOS, a State may make a declaration choosing one or more of the following means for settling such disputes:

- the International Tribunal for the Law of the Sea (ITLOS) in Hamburg, Germany;
- the International Court of Justice in The Hague, The Netherlands;
- ad hoc arbitration (in accordance with Annex VII of UNCLOS); or
- a "special arbitral tribunal" constituted for certain categories of disputes (established under Annex VIII of UNCLOS).

Pursuant to Article 287(3) of UNCLOS, arbitration under Annex VII is the default means of dispute settlement if a State has not expressed any preference with respect to the means of dispute resolution available under Article 287(1) of

⁶⁹ *ibid*

UNCLOS (and has not expressed any reservation or optional exceptions pursuant to Article 298 of UNCLOS). Likewise, pursuant to Article 287(5) of UNCLOS, if the parties have not accepted the same procedure for the settlement of the dispute, arbitration under Annex VII is the default means of dispute settlement (again subject to same exceptions or reservations pursuant to Article 298).

Philippines' Submission. The Philippines made a total of 15 submissions to the Tribunal which have been listed out in the Judgement as well. However, for the sake of brevity these have been classified into three basic aspects by Kate Parlett⁷⁰ as under: -

- The first concerned China's claimed nine-dash line in the South China Sea. The Philippines contested China's maritime entitlements in the South China Sea (Submission 1) and challenged the legality of the nine-dash line (Submission 2).
- The second aspect concerned the characterization of certain maritime features as rocks, islands, or low-tide elevations, and their corresponding maritime entitlements (Submissions 3-7). For this aspect of its claim, the Philippines argued that it was not asking the Tribunal to determine who is sovereign over the features, but merely to characterize them and identify their maritime entitlements.
- The third aspect involved claims that China had violated various rights of the Philippines by occupying particular features (and by related conduct, including construction and fishing), thereby denying the

⁷⁰ Kate Parlett, *Jurisdiction of the Arbitral Tribunal in Philippines v. China under UNCLOS and in the Absence of China*, 110 AJIL Unbound 266 (2016).

Philippines its rights under the Convention to resources in maritime areas within its exclusive sovereignty (Submissions 8-10). It also argued that China had violated its obligations to protect and preserve the marine environment (Submissions 11 and 12).

In addition to these three main aspects there is a fourth one as well which stems from submissions 13, 14 & 15. This concerns aggravation of the situation due to Chinese actions since commencement of the Tribunal's proceedings.

The Chinese Position. China has refused to accept both the jurisdiction & the award of the Tribunal. China has officially articulated her position through a Statement of the Ministry of Foreign Affairs of the People's Republic of China issued on 12 Jul 2016. The salient aspects of the same are as follows⁷¹: -

- The award is null and void and has no binding force. China neither accepts nor recognizes it.
- Arbitration initiated unilaterally by Philippines.
- Philippines' initiation of arbitration breaches the agreement between the two states; violates the United Nations Convention on the Law of the Sea (UNCLOS), and goes against the general practice of international arbitration.
- The Arbitral Tribunal has no jurisdiction.

⁷¹ Website of the Ministry of Foreign Affairs of the People's Republic of China. 'Statement of the Ministry of Foreign Affairs of the People's Republic of China on the Award of 12 July 2016 of the Arbitral Tribunal in the South China Sea Arbitration Established at the Request of the Republic of the Philippines.' Available at http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1379492.shtml. Accessed 10 Mar 2017.

- The arbitration initiated by the Philippines concerns territorial sovereignty over Spratly Islands and not merely interpretation & application of UNCLOS.
- Under the provisions of Article 298 of UNCLOS, China in 2006 itself excluded the issues of, “among others, maritime delimitation, historic bays or titles, military and law enforcement activities”, being subject to UNCLOS compulsory dispute settlement procedures.
- Philippines’ actions are in violation of the 2002 *Declaration on the Conduct of Parties in the South China Sea* (DOC) commitment between China & ASEAN Member States for dispute resolution through negotiations by states directly concerned.

The above statement further states, “The Chinese government reiterates that, regarding territorial issues and maritime delimitation disputes, China does not accept any means of third party dispute settlement or any solution imposed on China.”

The Tribunal’s Award. The Tribunal gave its award on 12 Jul 2016. Salient aspects of the award as extracted/reproduced from the Tribunal’s press release⁷² are covered hereunder.

- The Tribunal was constituted on 21 Jun 2013 pursuant to procedure set out under Article VII of the UNCLOS (hereinafter referred to as the Convention).

⁷² ABS-CBN News (12 Jul 2016). ‘Press Release The South China Sea Arbitration (The Republic of The Philippines v . The People’ s Republic of China), ABS-CBN News. Available at <http://news.abs-cbn.com/news/07/12/16/read-arbitral-courts-ruling-on-philippines-vs-china>. Accessed on 10 Mar 2017.

- *On China's Refusal to Participate or Accept.* The Tribunal held that Annex VII, provides that the "absence of a party or failure of a party to defend its case shall not constitute a bar to the proceedings." Annex VII also provides that, in the event that a party does not participate in the proceedings, a tribunal "must satisfy itself not only that it has jurisdiction over the dispute but also that the claim is well founded in fact and law." Accordingly, throughout the proceedings, the Tribunal had taken steps to test the accuracy of the Philippines' claims. Article 288 of the Convention provides that: "In the event of a dispute as to whether a court or tribunal has jurisdiction, the matter shall be settled by decision of that court or tribunal." Accordingly, the Tribunal held hearings on jurisdiction and admissibility. The Award was given on the merits of the Philippines' claims over which the Tribunal has jurisdiction. Thus, the Tribunal held that it could adjudicate over the matter despite China's refusal to accept or participate.
- *On Historic Rights & the Nine Dash Line.* Tribunal concluded that the Convention comprehensively allocates rights to maritime areas and that protections for pre-existing rights to resources were considered, but not adopted in the Convention. Accordingly, the Tribunal concluded that, to the extent China had historic rights to resources in the waters of the South China Sea, such rights were extinguished to the extent they were incompatible with the exclusive economic zones provided for in the Convention. The Tribunal also noted that, although Chinese navigators and fishermen, as well as those of other States, had historically made use of the islands in the South China Sea, there was no evidence that

China had historically exercised exclusive control over the waters or their resources. The Tribunal concluded that there was no legal basis for China to claim historic rights to resources within the sea areas falling within the 'nine-dash line'.

- *On the Status of the Features.* Features that are above water at high tide generate an entitlement to at least a 12 nautical mile territorial sea, whereas features that are submerged at high tide do not. The Tribunal noted that the reefs have been heavily modified by land reclamation and construction, recalled that the Convention classifies features on their natural condition, and relied on historical materials in evaluating the features. The Tribunal then considered whether any of the features claimed by China could generate maritime zones beyond 12 nautical miles. Under the Convention, islands generate an exclusive economic zone of 200 nautical miles and a continental shelf, but "rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf." The Tribunal concluded that this provision depends upon the objective capacity of a feature, in its natural condition, to sustain either a stable community of people or economic activity that is not dependent on outside resources or purely extractive in nature. The Tribunal noted that the current presence of official personnel on many of the features is dependent on outside support and not reflective of the capacity of the features. The Tribunal found historical evidence to be more relevant and noted that the Spratly Islands were historically used by small groups of fishermen and that several Japanese fishing and guano mining enterprises were

attempted. The Tribunal concluded that such transient use does not constitute inhabitation by a stable community and that all of the historical economic activity had been extractive. Accordingly, the Tribunal concluded that none of the Spratly Islands is capable of generating extended maritime zones. The Tribunal also held that the Spratly Islands cannot generate maritime zones collectively as a unit. Having found that none of the features claimed by China was capable of generating an exclusive economic zone, the Tribunal found that it could—without delimiting a boundary—declare that certain sea areas are within the exclusive economic zone of the Philippines, because those areas are not overlapped by any possible entitlement of China.

- *On Lawfulness of Chinese Actions.* Having found that certain areas are within the exclusive economic zone of the Philippines, the Tribunal found that China had violated the Philippines' sovereign rights in its exclusive economic zone by (a) interfering with Philippine fishing and petroleum exploration, (b) constructing artificial islands and (c) failing to prevent Chinese fishermen from fishing in the zone. The Tribunal also held that fishermen from the Philippines (like those from China) had traditional fishing rights at Scarborough Shoal and that China had interfered with these rights in restricting access. The Tribunal further held that Chinese law enforcement vessels had unlawfully created a serious risk of collision when they physically obstructed Philippine vessels.
- *On Harm to Marine Environment.* The Tribunal considered the effect on the marine environment of China's recent large-scale land

reclamation and construction of artificial islands at seven features in the Spratly Islands and found that China had caused severe harm to the coral reef environment and violated its obligation to preserve and protect fragile ecosystems and the habitat of depleted, threatened, or endangered species.

- *On Aggravation of Dispute.* Finally, the Tribunal considered whether China's actions since the commencement of the arbitration had aggravated the dispute between the Parties. The Tribunal found that it lacked jurisdiction to consider the implications of a stand-off between Philippine marines and Chinese naval and law enforcement vessels at Second Thomas Shoal, holding that this dispute involved military activities and was therefore excluded from compulsory settlement.

The Tribunal has also stated that the Award is final and binding, as set out in Article 296 of the Convention and Article 11 of Annex VII. However, the Chinese have refused to accept the same. In this regard the Chinese reaction & position has already been outlined above. Possible fallout of the situation is as under: -

- It appears that it would not be possible to force Chinese acceptance of the award.
- Since military activities & disputes are not within the compulsory jurisdiction of the Tribunal, China will continue to exploit this provision to increase their military infrastructure/asset building in the area.
- Since territorial disputes are also not within the remit of the Tribunal, the Chinese claims on territorial sovereignty within the 'Nine-Dash Line' will remain un-resolved as of now.

The foregoing indicates the following: -

- *China has abiding interests in SCS.*
- *China has adopted a carefully crafted & calibrated strategy to ensure enduring validity of its territorial claims in the SCS while keeping the conflict escalation to a level which does not invite violent military counter measures by the US & its allies.*
- *China is committed to protecting its economic interests & energy flows. Also, she has been able to somewhat dent the US influence over the ASEAN countries by appealing to & aligning their economic interests with her own.*
- *In keeping with its rising power status, China is modulating its foreign policy from keeping a low profile to being more assertive.*
- *On the island chain issue, China, is trying to achieve two things. One, break Japanese boxing in of the ECS by denying it the exclusive use of Senkaku Islands. Two, out flank Japan-US dominance over the first island chain.*

- **The Malacca Dilemma**

The Malacca Strait is a narrow and congested waterway separating Indonesia and Malaysia, with Singapore located at its southern tip. At its narrowest it is only 2.8 km wide. From an economic and strategic perspective, the Strait of Malacca is one of the most important shipping lanes in the world. It is the shortest shipping route between the Indian and Pacific oceans. Over 94,000 vessels pass through the strait each year. About a quarter of all oil

carried by sea passes through the Strait, mainly from Persian Gulf suppliers to Asian markets.

For China, the strategic significance of these straits increases every year. At present, approximately 60 percent of China's crude oil imports originate in the Middle East, and this figure is expected to rise to 75 percent. Oil from the Persian Gulf and Africa is shipped to the China via the Malacca or Lombok/Makkasar straits.

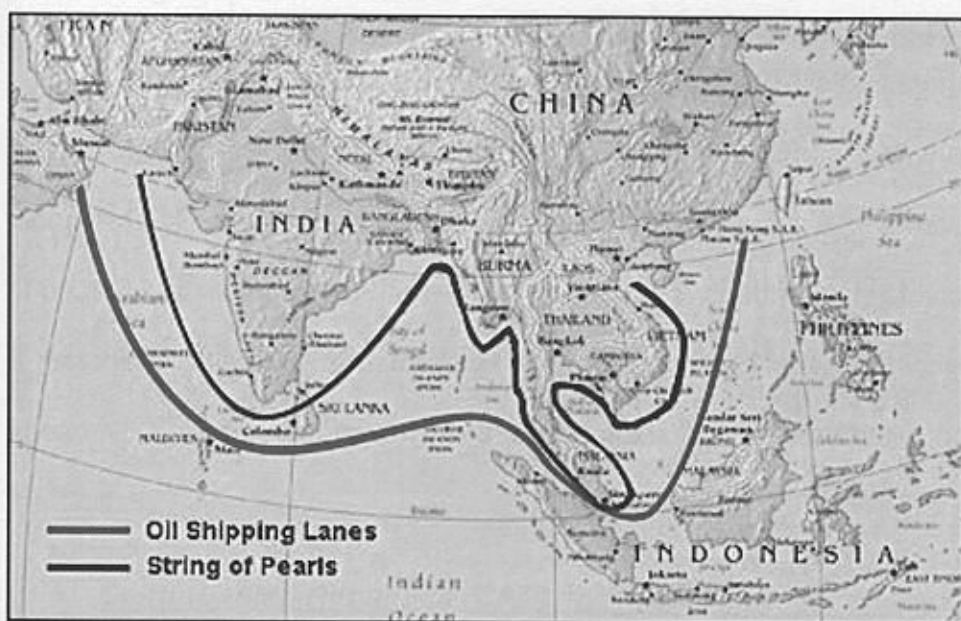


Figure 11. Source⁷³

Over the past few years, Chinese leaders have come to view the straits, especially the Malacca Strait, as a strategic vulnerability. In November 2003 President Hu Jintao declared that "certain major powers" were bent on controlling the strait, and called for the adoption of new strategies to mitigate the perceived vulnerability. Thereafter, the Chinese press devoted considerable attention to the country's "Malacca dilemma," leading one newspaper to

⁷³ Available at <http://defenceforumindia.com/forum/threads/china-decoding-string-of-pearls.7737/>. Accessed 23 Feb 2017.

declare: "It is no exaggeration to say that whoever controls the Strait of Malacca will also have a stranglehold on the energy route of China". Currently, China lacks the naval power necessary to protect its sea lanes of communication (SLOCs). Beijing fears that during a national security crisis ships carrying energy resources could be interdicted by hostile naval forces. Any disruption to the free flow of energy resources into China could derail the economic growth on which the Chinese government depends to shore-up its legitimacy and pursue its great power ambitions.⁷⁴

With a view to overcome the Malacca Dilemma, China has started going deep & far into the Indian Ocean. It has initiated a dalliance with the nations along the IOR rim on the strength of her economic charms. The famous 'string of pearls' is a result of this endeavour where in it is continuously striving to find & establish shipping infrastructure & diplomatic relations conducive to its economic & military aspirations in the SCS & into the Indian Ocean right up to the Gulf.

- **Central Asian Republics (CAR) and West Asia.**

Chinese economic growth has led to an ever-increasing demand for oil & raw materials. Since most of these resources are shipped to China through Malacca, her sensitivities to this vulnerability have acquired paranoiac proportions. To overcome the same China has started gazing westwards towards CAR and West Asian nations. These nations not only offer oil and other raw materials but also the transit corridor along which the same can be moved without being exposed to western naval dominance. China is therefore pursuing

⁷⁴ Ian Storey (12 Apr 2006). 'China's "Malacca Dilemma"', *The Jamestown Foundation Washington, DC*. Available at <https://jamestown.org/program/chinas-malacca-dilemma/>. Accessed 04 Jan 2017.

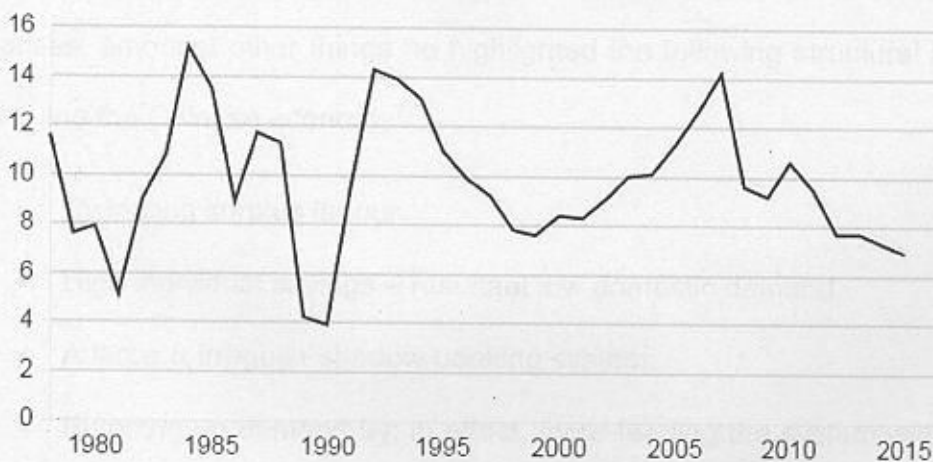
stronger trade and diplomatic relations with countries in this region. That said, given the gargantuan size of its resource needs, the Malacca dilemma is here to stay for a substantively long time.

- **Chinese Economy**

China's economic growth has been an achievement of legendary proportions. It has helped lift 600 million people out of poverty besides helping China attain a near middle income level country status. However, is the growth path sustainable? Most believe that China is now well past its heady growth days. In fact, speaking at the World Economic Forum in Davos in Jan 2015 China's Premier Li Keqiang acknowledged by stating, "China's economy is entering a "new normal" of slower but healthier growth."⁷⁵

China's GDP growth rate

%, inflation-adjusted



Source: National Bureau of Statistics of China

BBC

Figure 11.

⁷⁵ Li Yuan (21 Jan 2015). 'Chinese Prime Minister Invokes 'New Normal' of Slower Growth', *Wall Street Journal*. Available at <https://www.wsj.com/articles/chinese-prime-minister-invokes-new-normal-of-slower-growth-1421867441>. Accessed 04 Mar 2017.

Later in Mar that year (2015) speaking at the opening of China's annual parliamentary meeting, Premier Li Keqiang told about 3,000 delegates gathered at the Great Hall of the People in Beijing, "The downward pressure on China's economy is intensifying, deep-seated problems in the country's economic development are becoming more obvious. The difficulties we are facing this year could be bigger than last year. The new year is a crucial year for deepening all-round reforms."⁷⁶

So, what is the state of China's economy?

To answer this question let us look at commentaries/views of some leading experts:

In the wake of the Chinese stock market crisis, Paul Krugmann wrote a piece in The New York Times entitled, 'As China's era of superfast growth ends, its rulers have no idea what they're doing'. In this article, he highlighted the ineptitude of the Chinese leadership in handling of a slowing economy. In the process, amongst other things he highlighted the following structural lacunae plaguing the Chinese economy⁷⁷: -

- Dwindling surplus labour.
- High individual savings – resultant low domestic demand.
- A large & irregular shadow banking system.
- Pumping up demand by, in effect, force-feeding the system with credit, including fostering a stock market boom.

⁷⁶ 'Premier Li Keqiang signals China's 'new normal' with lower annual growth target' (05 Mar 2015), *South China Morning Post*. Available at <http://www.scmp.com/news/china/article/1729981/chinas-premier-li-keqiang-signals-new-normal-lower-annual-growth-target>. Accessed 27 Dec 2016.

⁷⁷ Krugman, Paul(2015). 'As China's Era Of Superfast Growth Ends, Its Rulers Have No Idea What They're Doing.' *New York Times*, 31 July.

A similar indictment followed from Ruchir Sharma in Jun 2016 writing for the same paper. Ruchir Sharma highlighted the following amongst other things⁷⁸:

- Soaring debt – China's public & private debt has soared to 230% of GDP up 80% from a steady 150%.
- China is trying to fuel growth by pumping in debt into wasteful projects.
- Trade growth has collapsed around the world dealing a body blow to exporters led by China.
- Growth in China's working age population has turned negative.
- A flourishing shadow banking system – enhancing common man's exposure to real estate.

Gordon Orr's article, 'What might happen in China in 2016?' points out⁷⁹: -

- There will be fewer jobs & flatter incomes due to labour replacement by technology & 15 million job losses in construction.
- *On the brighter side, China is still being innovative.*

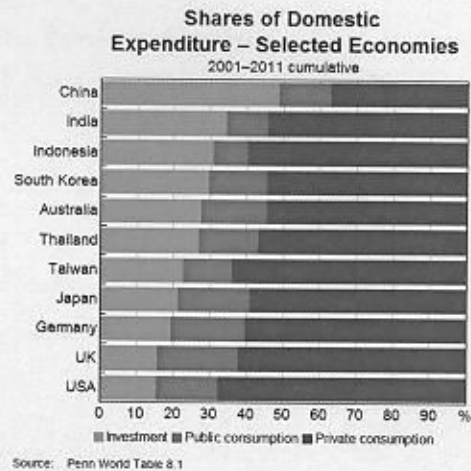
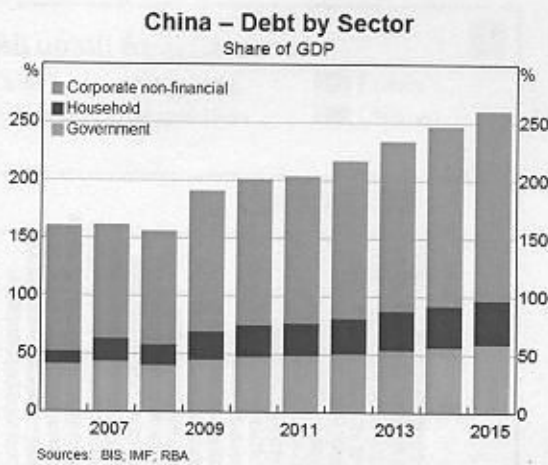
Sara Hsu writing for Forbes had the following to say⁸⁰:

- Fixed asset income is no longer coming from private sector.
- Over capacity is acting as a burden on the government.
- Services sector is not competitive enough.

⁷⁸ Sharma, Ruchir(2016). 'How China Fell Off the Miracle Path.' *New York Times*, 5 June

⁷⁹Gordon Orr (Jan 2016). 'What might happen in China in 2016?'. McKinsey & Company. Available at <http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/what-might-happen-in-china-in-2016>. Accessed 02 Jan 2017.

⁸⁰ Sara Hsu (13 Dec 2016). 'Three Things That Weakened China's Economy In 2016.' *Forbes*. Available at <http://www.forbes.com/sites/sarahsu/2016/12/13/three-things-that-weakened-chinas-economy-in-2016/#26dd38f24cef>. Accessed 02 Jan 2017.



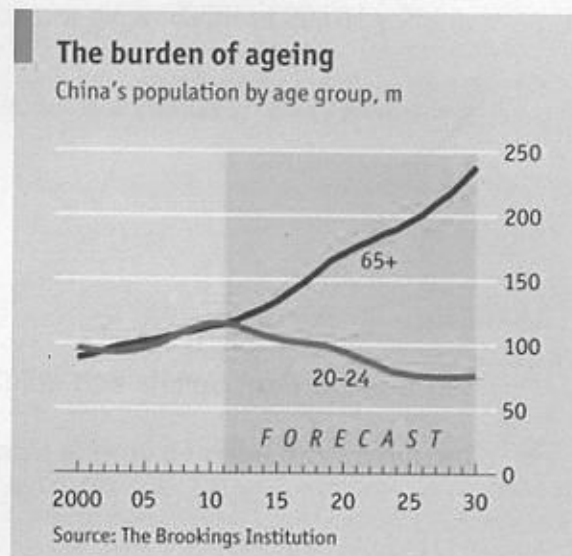
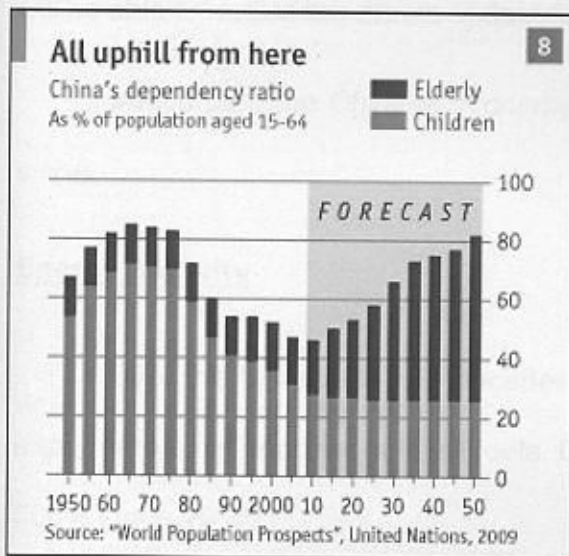
Figures 12 & 13. Source⁸¹

The above graph is extracted from a speech by Christopher Kent, Assistant Governor (Economic), Reserve Bank of Australia at Economic Society of Australia (QLD) Business Lunch on 16 June 2016. It would be interesting to note his following comments in support of above graph:⁸²

“Against this background, the Chinese Government’s stimulus policies adopted amid the global financial crisis led to a boom in debt-funded infrastructure investment and construction of residential and commercial properties. While these policies supported China’s economic activity and promoted urbanisation, they also exacerbated what was arguably an already ‘unbalanced’ pattern of growth and the rise in debt contributed to the emergence of substantial financial risks.”

⁸¹ Available at <http://www.rba.gov.au/speeches/2016/sp-ag-2016-06-16.html>. Accessed 08 Feb 2017.

⁸² Christopher Kent (16 June 2016). ‘The Economic Transition in China’, Speech at Economic Society of Australia (QLD) Business Lunch. Available at <http://www.rba.gov.au/speeches/2016/sp-ag-2016-06-16.html>. Accessed 06 Feb 2017.



Figures 13 & 14. China Will Get Old Before It Gets Rich. Source⁸³

There are many more similar views on Chinese economy. Clearly all is not well. Some serious issues confronting them include; dangerously high debt to GDP ratio, poor domestic as well as international demand, shadow banking supported real estate bubble, unemployment, ageing population & inept economic leadership. This does not portend well for the Chinese economy & its capacity to put money where its mouth is especially when seen in the context of investment promises that the Chinese leadership often makes regarding foreign projects.

The above notwithstanding, it must also be acknowledged that these lower levels of growth rate are in relation to China's own past performance & yet continue to be the highest for any major economy of the world. Also, the base level (\$ 11 Trillion economy) being very high, wealth creation even at

⁸³ Available at <https://stevensonfinancialmarketing.wordpress.com/2012/08/03/china-will-get-old-before-it-gets-rich/>. Accessed 01 Feb 2017.

these low rates of growth are very high. In fact, estimates suggest that China will be able to realise her dream of doubling its per capita GDP of 2010 by 2020.

Which path the Chinese economy follows is a matter that only time will clarify.

Energy Security

Over the last two & half decades, China has shifted from being a net exporter to a net importer of fossil fuels. China's energy demand has increased 500% since 1980.⁸⁴

Following depicts China's energy basket.

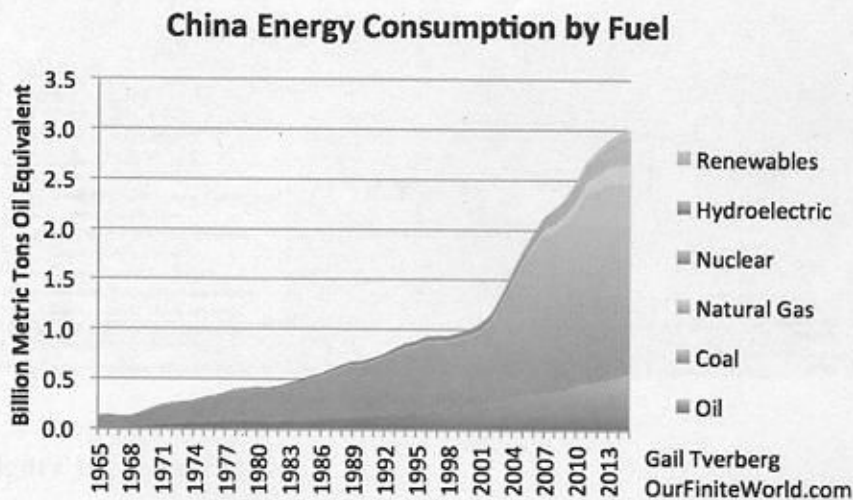


Figure 15. Source⁸⁵

⁸⁴ Sharon Burke (14 May 2015). 'China's Energy Security', *New America Weekly*. Available at <https://www.newamerica.org/weekly/81/chinas-energy-security/#>. Accessed 29 Jan 2017.

⁸⁵ Gail Tverberg (20 Jun 2016). 'China: Is peak coal part of its problem?', *Our Finite World*. Available at <https://ourfiniteworld.com/2016/06/20/china-is-peak-coal-part-of-its-problem/>. Accessed 18 Feb 2017.

In 2011, China imported approximately 58 percent of its oil; conservative estimates project that China will import almost two-thirds of its oil and three-quarters by 2030. Beijing looks primarily to the Persian Gulf, Africa, and Russia/Central Asia to satisfy its growing demand, with imported oil accounting for approximately 11 percent of China's total energy consumption.

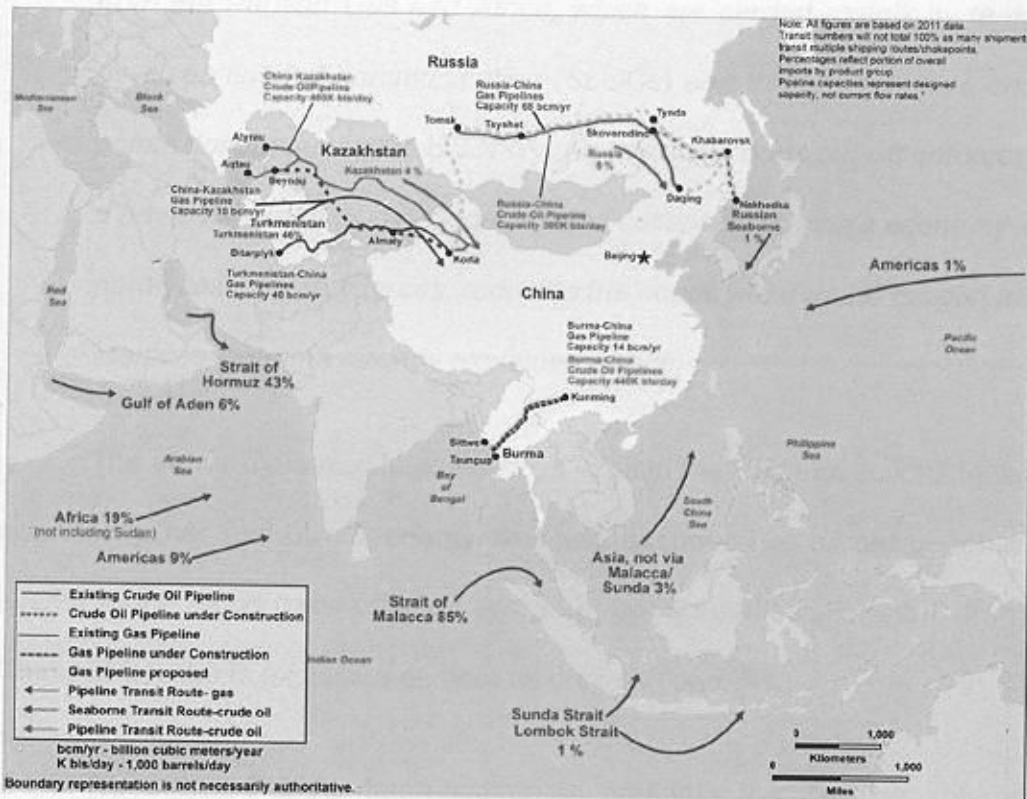


Figure 16. Source⁸⁶

Figures 15 & 16 in a sense depict China's energy dynamics:

- *Very high share of coal which is environmentally disastrous. China, much like India, has the dubious distinction of being amongst the world's most polluting countries.*

⁸⁶ Tyler Durden (20 Jan 2014). 'Where Does China Import Its Energy From (And What This Means For The Petro Yuan)'. Available at <http://www.zerohedge.com/news/2014-01-20/where-does-china-import-its-energy-and-what-means-petroyuan>. Accessed 02 Jan 2017.

- *Too much dependence on imported oil. Approximately 60% of all oil consumed in China is imported. This share will continuously increase corresponding to decrease in coal consumption (the stated policy for environment conservation).*
- *Currently, China is highly dependent upon oil and gas imports, principally from the Persian Gulf and Africa, which are carried mainly by tankers over sea lines of communication (SLOCs) and through maritime choke points dominated by the US Navy. An energy imports cut-off enforced by a naval blockade would trigger a rapid collapse of China's economy and paralyze its military forces, reducing the country to a paper dragon (refer Malacca dilemma already explained above).*

The above dynamics in some ways explain the Chinese actions towards diversifying her fuel mix & energy sourcing options. The recent geopolitical events in the world have offered two great opportunities (Russia & Iran) to China which she is exploiting as best as only she can:

- **Russia.** Putin's determination to preserve the Russian sphere of influence in Central Asia & Caucasus coupled with his push to remain relevant in middle east has led to confrontation with the west. The many sanctions imposed on Russia as a consequence has forced it to re-look at its energy export dependence on EU. *Enter China.* Russia's need for economic security in the form of reliable demand for its energy exports is perfectly aligned with China's need for energy security in the form of reliable supply to meet its energy imports. In this context, it is important to note that EIA (The Energy Information Administration, the statistical

arm of the US Department of Energy) estimates that as of 2015 Russia has proved reserves of 80 billion barrels of oil and 1,688 Tcf of natural gas (the world's largest reserves of gas). Further, as per EIA's base case projection, in 2035 Russia could satisfy about 85 percent of China's oil import requirements (8.1 of 9.7 million b/d) and all of China's needs for natural gas imports (6 Tcf).⁸⁷

China shares a huge land border with Russia which facilitates supply through pipeline network. The nascent East Siberia-Pacific Ocean (ESPO) pipeline connecting Russian oil fields in eastern Siberia to north-eastern China (current planned capacity of 2.6 million b/d by 2020), and the Power of Siberia (POS) gas pipeline to north-eastern China (current planned capacity of 3.3 Tcf by 2020) symbolize the beginning of the Sino-Russian energy partnership.

However, there is one caveat. Both Russia & China are wary of one another & hence neither would like to put all their eggs in one basket.

- **Iran.** Another country that can help China meet part of its energy supplies over land is Iran. Again, a country which has suffered much on account of US & EU sanctions. The plan is to build a pipeline from Iran to China via Pakistan. This forms part of the famous China Pakistan Economic Corridor.

⁸⁷ Samir Tata (14 Jan 2017). 'Deconstructing China's Energy Security Strategy', *The Diplomat*. Available at <http://thediplomat.com/2017/01/deconstructing-chinas-energy-security-strategy/>. Accessed 15 Jan 2017.

- **CAR.** China's quest for establishing trade & economic relations with CAR is yet another manifestation of China's push to secure its energy supplies. *This is one of the reasons for the famous OBOR initiative.*
- China's push to acquire large number oil & gas fields in Africa, Latin America & even US as also their propensity to deal with infamous regimes (e.g. Sudan) is yet another manifestation of their quest to secure their economic interests.

Water Crisis

"Let China sleep, for when she wakes she will shake the world, Napoleon once supposedly said. He might also have warned: Let China sleep, for when she wakes she will be really, really thirsty."⁸⁸

China has woken up & it is indeed very thirsty. China has a mere 7% of world's fresh water to feed 20% of world population. Un-checked ground water exploitation, poor management, rapid industrialisation & urbanisation have all contributed to a massive water crisis faced by China especially in the parched north of the country.

⁸⁸ Te-Ping Chen (13 Jan 2015). 'China's Water Problems Are Even Worse Than You Think: Report', *The Wall Street Journal*. Available at <http://blogs.wsj.com/chinarealtime/2015/01/13/chinas-water-problems-are-even-worse-than-you-think-report/>. Accessed 07 Feb 2017.

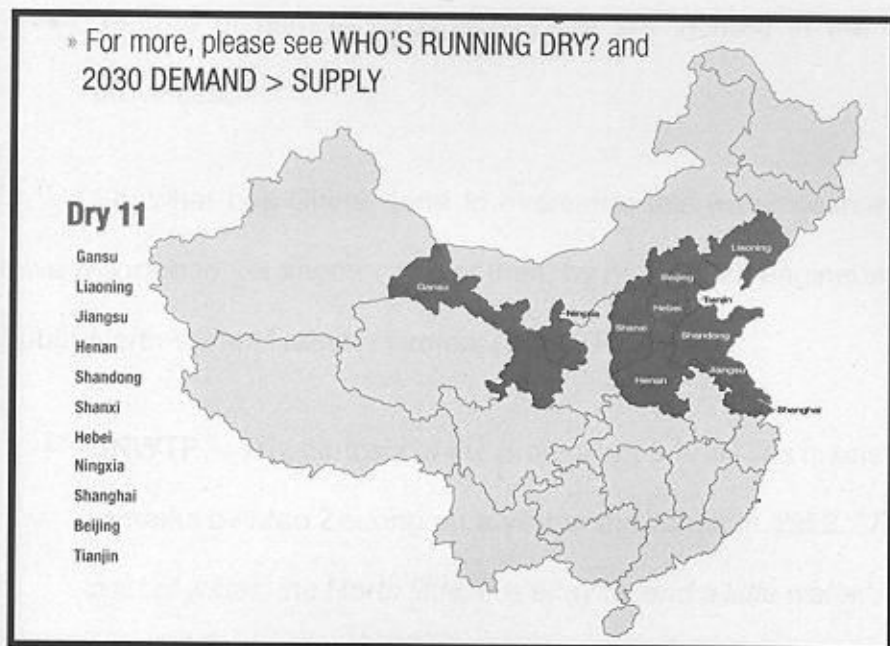


Figure 17. Source⁸⁹

Experts state that the water crisis could threaten economic growth & social stability. Unless major reforms are undertaken, current water supply will not be able to meet demand by 2030. In this connection, following facts reveal some startling statistics:⁹⁰

- 85% of water in China is used by agriculture (36%) & industry (51%).
- Massive amount of water is required for extraction of ore & production of metals. 2.5 cubic meters (4800 litres) of water is required to produce just one ton of coal. Similarly, 2.3 cubic meters of water is required per ton of mining.
- China produced a whopping 3.68 billion tonnes of coal in 2015.

⁸⁹ Available at <http://chinawaterrisk.org/big-picture/china-water-crisis/>. Accessed 14 Feb 2017.

⁹⁰ Reuters (18 Jan 2016). 'UPDATE 1-China 2015 coal output drops 3.5 pct on soft demand, pollution curbs'. <http://www.reuters.com/article/china-economy-output-coal-idUSL3N1531CD>

- 33-58% of bauxite, coal & iron ore are located in the water scarce provinces.

So, what has China done to overcome this water scarcity? Well, they have resorted to yet another one of their, by now usual, engineering feats. The South-North Water Transfer Project (SNWTP).

- **SNWTP.** The genesis of the project apparently lies in one of the casual remarks by Mao Zedong on a visit to the South in 1952, "*The South has a lot of water, the North little; it is okay to lend a little water*". The contours of this project are depicted in the picture on the following page.

This project has invited a lot of scrutiny & controversy as well. However, for the purpose of this study, the following should suffice⁹¹:

- It is the biggest inter-basin transfer scheme in the world, the SNWTP project has the capacity to deliver 25 billion cubic metres of fresh water per year from the Yangtze River in China's south to the drier north by two routes — each of which covers a distance of more than 1,000 kilometres.
- The project connects four major river basins, three megacities, six provinces and hundreds of millions of water users and polluters.

⁹¹ Jon Barnett, Sarah Rogers, Michael Webber, Brian Finlayson & Mark Wang (18 Nov 2015). 'Sustainability: Transfer project cannot meet China's water needs', *NATURE*. Available at <http://www.nature.com/news/sustainability-transfer-project-cannot-meet-china-s-water-needs-1.18792>. Accessed 13 Feb 2017.

SOUTH-TO-NORTH WATER TRANSFER

Mainland China has the capacity to pump 25 billion cubic metres of fresh water per year over a distance of more than 1,000 kilometres — from the Yangtze River in China's south to Beijing and other cities in the drier north.



1 WESTERN ROUTE

Yet to be built but would divert up to 20 billion cubic metres of water per year from tributaries of the Yangtze River to the Yellow River.

2 CENTRAL ROUTE

Provides up to 9.5 billion cubic metres of water per year, including one-third of Beijing's water.

3 DANJIANGKOU RESERVOIR

More than 300,000 people have been resettled owing to rising waters, and to lessen pollution.

4 EASTERN ROUTE

Supplies up to 14.8 billion cubic metres of water per year to the provinces of Jiangsu, Anhui, Shandong and Hebei and the city of Tianjin.

Figure 18. Source⁹²

- Beijing began to receive water channelled by the South-to-North Water Diversion (SNWD) project in Dec 2014.

⁹² Office of the SNWD Project Commission of the State Council/J.B. Available at <http://www.nature.com/news/sustainability-transfer-project-cannot-meet-china-s-water-needs-1.18792>. Accessed 24 Feb 2017.

- Its success is already in question. Reservoir and canal construction costs have reportedly reached US\$80 billion, and more than 300,000 people have been displaced.
- Pollution and environmental fallout, as well as high maintenance costs and water prices, make the project unsustainable both ecologically and socially.
- The transfer of water does not address the underlying causes of water shortages in the north, namely pollution and inefficient agricultural, industrial and urban use.
- A third, western, route is planned that would divert up to 20 billion cubic metres of water from three tributaries of the upper Yangtze through tunnels to the upper reaches of the Yellow River. Its path is under debate and there has been no commitment to commencing its construction nor any indication of when a decision might be made.

*The SNWTP has already started building a north-south divide in China which has the potential to challenge the central authority. Jonathan Kaiman wrote the following in The Guardian:*⁹³

"Christine Boyle, founder of Blue Horizon Insight and an expert on China's water issues, said the issue boils down to how one defines a drought. In addition to crippling weather droughts – periods of little rainfall – China is also suffering from economic droughts, which occur when the demand for water outstrips supply. "You can't say the South-North Water Diversion is causing a

⁹³ Jonathan Kaiman (12 Dec 14). "China's water diversion project starts to flow to Beijing", *The Guardian*. Available at <https://www.theguardian.com/world/2014/dec/12/china-water-diversion-project-beijing-displaced-farmers>. Accessed 13 Feb 2017.

weather drought," she said. "But you can say it's intensifying an economic drought." Many Chinese farmers are already economically squeezed, and increasingly erratic weather patterns, perhaps related to climate change – freezing winters, blistering summers, floods and droughts – are now pushing them into a state of emergency."

There is one other issue that is important to us i.e. the strategic significance of the Buffer region – Tibet.

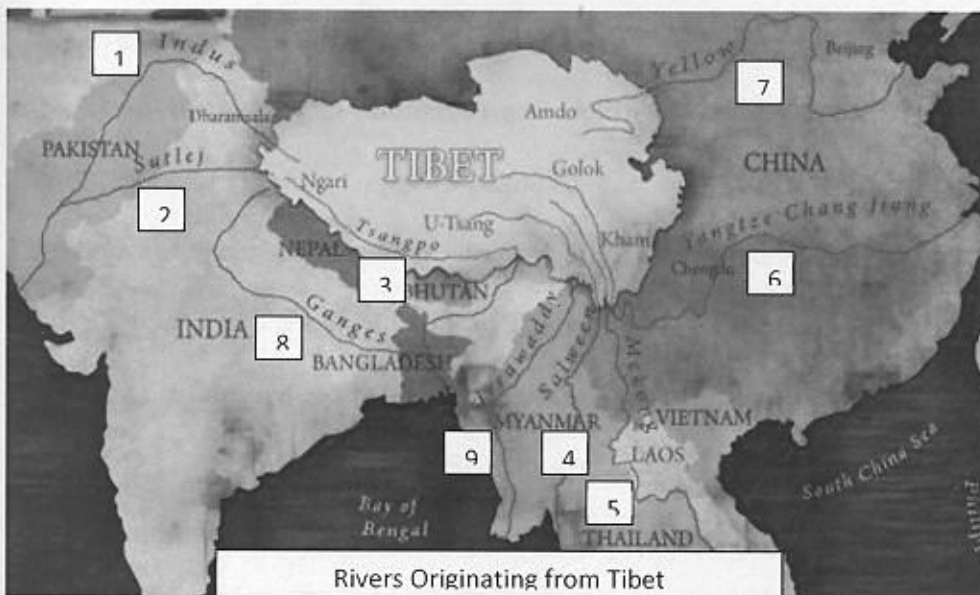


Figure 19. Source⁹⁴

The Tibetan Plateau, called the 'roof of the world', stretches over 2400 km East to West and 1448 km North to South and is the world's largest and highest plateau with average elevation of more than 4000 metres. The plateau is also called the 'third pole' due to its largest perennial ice mass and largest

⁹⁴ Available at <http://www.circleofblue.org/2008/world/china-tibet-and-the-strategic-power-of-water/>. Accessed 13 Feb 2017.

fresh water reserves on the planet after the Arctic and Antarctica, which feed virtually every major river of Asia (refer map above). These rivers include Indus (1), Sutlej (2) (which drains into Indus subsequently), Tsangpo (Brahmaputra) (3), Salween (4), Mekong (5), Yangtze (6) and Yellow (7) Rivers, that serve over 46.3 per cent of global population spread over 11 countries including the world's most populous countries, China and India. The Ganges (8) originates from the Gangotri glacier on the Indian side of the Tibetan Plateau's Himalayan rim, but has tributaries (Karnali, Gandak and Kosi) that originate from the Chinese side and feed it through Nepal. Irrawaddy (9), Myanmar's largest river is fed by three Tibetan streams near the Indo-Tibetan border. The Indus, Yangtze and Ganges support the three largest irrigation networks in the world. *Control of Indus and Gangetic water flow can enable manipulation of water flows in these major irrigation networks of the world in Pakistan and India respectively.* Tibetan Plateau also plays a central role in the pattern of monsoon flows into these rivers. The unique geostrategic position of Tibetan Plateau, which includes most of the Tibet Autonomous Region and Qinghai province of China, gives whoever that holds it immeasurable power that can threaten the Indian Sub-Continent and South East Asia. *Thus, China, which holds the Tibetan Plateau now, has the ability to control quantum of water flow in Indus, Sutlej, Ganges, Tsangpo, Irrawaddy, Salween and Mekong Rivers and can use this ability as a political tool to coerce the lower riparian states served by these rivers.*

In fact, there have been some studies to even suggest that in the year 2000 floods in Arunachal Pradesh (Tsangpo viz Brahmaputra) & Himachal Pradesh (Sutlej River) were caused by the Chinese.

There has also been a steady stream of reports to suggest that the Chinese plan to divert the Brahmaputra waters at the great bend near the Sino-Indian border for the twin purpose of Hydro-electricity generation as well as water diversion to the North.

The Indian Express carried a story on the same in Apr 2015 stating, "Though our neighbour had been assuring us that its projects will not have any impact on Indian projects downstream, we should not rest easy with these assurances. India has to act fast to ensure that its riparian rights and other interests are protected."⁹⁵

Primacy of the Communist Party of China (CPC)

Organizational Chart of the Chinese Communist Party Central Leading Bodies

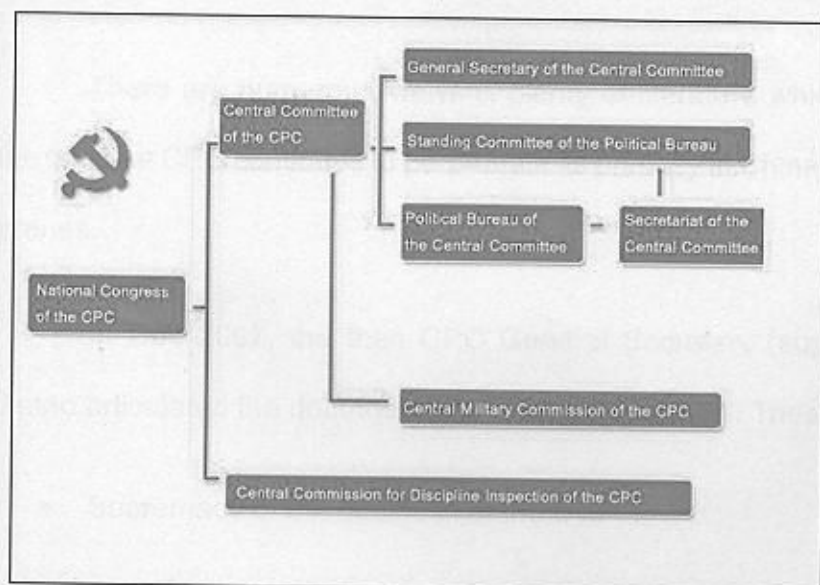


Figure 20.
source:
xinhua.net⁹⁶

Note. The above chart clearly shows that the military is virtually a part of the CPC.

⁹⁵ Great Chinese diversion (2015). *The Indian Express*, 21 Apr

⁹⁶ China Today.com. Available at <http://www.chinatoday.com/org/cpc/>. Accessed 19 Feb 2017.

The CPC was founded as both a political party and a revolutionary movement in 1921. Today with more than 85 million members, the CPC is one of the largest political parties in the world. It is a monolithic, monopolistic party that dominates the political life of China. It is the major policy-making body in China, and it sees that the central, provincial, and local organs of government carry out those policies.

The CPC has a strangle hold over political power in China. From all accounts the pre-eminent position of the CPC is there to stay & therefore all decision making will largely remain centralised. In this connection, it is interesting to draw a co-relation with China's stated 'core interests' as well. Remember in Chapter 2, one of the Chinese 'core interests' was defined as,

"preserving China's basic state system and national security"

There are numerous views & plenty of literature which clearly point to the fact that CPC continues to perpetuate its primacy in China's political & social arenas.

In Dec 2007, the then CPC General Secretary (supreme leader) Hu Jintao articulated the doctrine of the 'Three Supremes'. These are:

- Supremacy of the business of the CCP;
- Supremacy of the interests of the people;
- Supremacy of constitutional law.

One of the fall outs of the above doctrine was on the way law was to be interpreted & applied. In this connection following two reports give an insight: -

“During the National Conference on Political-Legal Work, convened by the party’s central Political-Legal Committee that presides over the legal system, Mr Hu told the assembled judges, procurators and officials: “In their work, the grand judges and grand procurators shall always regard as supreme the party’s cause, the people’s interest and the constitution and laws.” Like many previous communist doctrines, this “theory” is proving to be profoundly important.⁹⁷

“In a clear signal that China’s leaders intend to retain the Communist Party’s stranglehold on power, Mr Hu also stressed the need for increased state control to maintain social stability at a time when rising unemployment, a yawning wealth gap between the rich and poor, corruption and illegal land seizures are fuelling protests across the country.”⁹⁸

“In its ongoing efforts to tie the Chinese legal profession as tight as possible to the Chinese Communist Party (CCP), China’s Ministry of Justice (MOJ), the government agency that oversees the legal profession, announced its new initiative on Wednesday: every new lawyer in China must pledge allegiance to the CCP.”⁹⁹

⁹⁷ Jeremy Cohen (23 Oct 2008). Posted on <https://blogs.harvard.edu/guorui/2008/10/23/jerome-cohen-on-the-three-supremes/>. Accessed 16 Jan 17.

⁹⁸ David Eimer (18 Dec 2008). ‘China’s president rejects democracy’, The Telegraph. Available at <http://www.telegraph.co.uk/news/worldnews/asia/china/3833939/Chinas-president-rejects-democracy.html>. Accessed 16 Jan 2017.

⁹⁹ Elizabeth M. Lynch (22 March 2012). ‘1 Pledge Allegiance to the CCP..... Chinese Lawyers’ New Oath Requirements’, China Law & Policy. Available at <http://chinalawandpolicy.com/tag/three-supremes/>. Accessed 16 Jan 2017.

Above clearly shows that even the process of law is subverted to ensure the hegemony of the CPC.

At the time of transfer of power to Xi Jinping, it was hoped that there would be loosening of control as he was viewed as a more liberal minded leader than his predecessors. In fact, it was pointed out that his father (a CPC leader himself) was a pro-reform person who was opposed to the use of force to quell Tiananmen Square protests. It was said that he was more likely to have been influenced by his father's ideology. However, the following report gives an idea as to why these hopes were soon belied: -

"Almost no one noticed when Xi reportedly told Russian president Vladimir Putin in March that their "personalities" were similar. But now, six months later, Xi appears to be more of a Putin than a Mikhail Gorbachev, behaving like a leader more interested in consolidating his power and ensuring the survival of an authoritarian system than in adopting significant political reforms.

"The fundamental priority for him is to guarantee the ruling position of the party," said historian Zhang Lifan. "From the bottom of his heart, Xi Jinping wants to be a strong man. But I am not optimistic. In my understanding, a strong man should be creative. I don't see any new thoughts."

Shortly after being named president, Xi visited Russia and compared his character to Putin's, according to the Kremlin's Russian-language transcript. At the time, the remark, which did not appear in the English transcript, did not

attract attention. Six months later, it rings increasingly true, says Zhang, the historian, who accuses Xi of moving toward a "new authoritarianism."¹⁰⁰

More recently reports have appeared in the media indicating that in order to obviate any dilution in party's continued supremacy, signals have been given by top leadership to renew the efforts to ensure ideological orientation & grounding of young minds towards the CPC's interests. Sample this report:

"Chinese authorities must intensify ideological controls on academia and turn universities into Communist party "strongholds", President Xi Jinping has declared in a major address.

"Higher education ... must adhere to correct political orientation," Xi said in a high-profile speech to top party leaders and university chiefs that was delivered at a two-day congress on "ideological and political work" in Beijing."¹⁰¹

The following can be deduced: -

- *The existing single party rule in China is there to stay.*
- *Under these circumstances, it is more likely that irrespective of internal or external considerations, China will continue to pursue her 'Dream' while taking all actions to preserve her stated 'core interests'.*
- *Continuation in all policy matters to include foreign, military & economic pursuits should be expected.*

¹⁰⁰ Simon Denyer (4 Oct 2013). 'Post New leader of China's Communist party is in no mood to compromise', *The Guardian*. Available at <https://www.theguardian.com/world/2013/oct/04/xi-jinping-china-communist-leadership>. Accessed 16 Jan 17.

¹⁰¹ Tom Phillips (9 Dec) 2016. 'China universities must become Communist party 'strongholds', says Xi Jinping', *The Guardian*. <https://www.theguardian.com/world/2016/dec/09/china-universities-must-become-communist-party-strongholds-says-xi-jinping>. Accessed 16 Jan 17.

- *As communism declined as a credible ideology, the measure of the Chinese Communist Party's fitness to lead—and arguably its survival—became based on its ability to enhance national prosperity, restore China's prestige and stature as a great power, and unify the nation*¹⁰².

The internal dynamics of China as covered in this chapter have a great bearing on the way she chooses to chart her further course both for internal governance as well as external power play.

If that be so, it can be said that the recent Chinese initiatives related to accelerating/maintaining growth & jockeying for power are in effect a means to ensure internal stability & external prestige.

¹⁰² 'Chinese Foreign Policy what are the main tenets of china's foreign policy?', *China Balance Sheet*. Centre for Strategic International Studies. Available at file:///C:/Users/Ansh/Downloads/091019_china-bal_26-Chinese-Foreign-Policy.pdf. Accessed 01 Feb 2017.