I Articles

*Domestic Factors in the Making of Chinese Foreign Policy**

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The hard logic of China's geostrategic vulnerability drives Chinese foreign policy. Neither nationalism, power struggles nor interest group politics constrain the elite's foreign policy decisions. The good news for India is that China's goals are relatively easy to understand. The bad news is that China seeks more influence in South Asia.

Keywords: Four Rings of security, China's territorial strategy

It is an honour to join in remembering Giri Deshingkar, a pioneering scholar of contemporary China. I did not have the pleasure of knowing Professor Deshingkar personally. But his fame spread to the United States through the *China Report*, which he co-founded and edited, and his voluminous and insightful writings in that journal. Professor Deshingkar insisted that to understand another society, we have to know its language, history, culture and ideology, and seek to explore as fully as possible how things look from the perspective of that society.

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This is the approach that we used to call 'area studies' in the United States, and it is the approach in which I was trained by Professor John K. Fairbank and other scholars of his generation. It is not so much in fashion any more in my discipline, political science. But I believe it is still necessary if we wish to understand one another in an increasingly interdependent world.

It is an approach that doesn't offer any shortcuts. It takes a lot of work. Professor Deshingkar therefore—like Fairbank—not only pursued his own research, but also supported colleagues and built institutions, like the Institute of Chinese Studies and *China Report*, to build stronger foundations for understanding China. All of us here today are the beneficiaries in one way or another of Professor Deshingkar's efforts as an academic leader.

In my case, part of the benefit is to be able to learn from you. After all, one cannot fully understand China by researching only China. International affairs are inherently interactive. To understand China one must try to understand China's neighbours, including India. I hope to learn more from you about India, Indian foreign policy and how China's policies look from your vantage point.

To do that, let me offer some of my views about Chinese foreign policy, in the hope of drawing out your views in return. I've chosen to focus my remarks on the question of domestic factors in the making of Chinese foreign policy because, although I do think domestic factors are important, I believe that their role is widely misunderstood. In the United States at least, there is a popular view that a form of emotional nationalism drives Chinese foreign policy—the drive to reclaim China's place at the center after a century of humiliation—with the result that the policy is irrational and aggressive. I am curious to find out to what extent this view is also prevalent here in India. In my opinion, this view of Chinese foreign policy as nationalism-driven represents a failure of the Giri Deshingkar type of analysis, if I can put it that way. I think it fails to make sense of Chinese foreign policy from a Chinese point of view, and therefore can mislead us about Chinese goals and diminish our ability to deal realistically with the challenge presented by a rising China.

I want to argue, therefore, first, that we need to look more closely at China's situation in order to understand what drives Chinese foreign policy. Based on that, I will argue, second, that there are indeed many domestic factors driving this foreign policy, but that these do not include emotional, out-of-control nationalism. Chinese policies are not irrational or aggressive, even though they are challenging in many ways. Third, I will seek to identify how Chinese security concerns drive its relations with India, and I will conclude with brief remarks on the prospects for Sino-Indian relations going forward.

What then, in my view, drives Chinese foreign policy? As you may know, my co-author Andrew Scobell and I argued In *China's Search for Security* that Chinese foreign policy is driven by the hard logic of geostrategic vulnerability. We described this vulnerability in terms of what we called China's 'Four Rings of Security' (Nathan and Scobell 2012).

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The *First Ring* is the geographic region defined by China's own, self-defined borders. (I say self-defined because we can understand the logic of Chinese foreign policy only if we understand that contested areas such as Taiwan are inside the territorial area which Beijing policy makers define as constituting China. I am not taking a position on the status of Taiwan, just describing how the Taiwan issue fits into the making of Chinese foreign policy.) Within this First ring, the government's security priorities are regime survival and territorial integrity. There is nothing especially remarkable in a country's foreign policy placing a priority on regime survival and territorial integrity. What is distinctive in China's case, however, is the degree to which these two goals are under threat, and the degree to which those threats are cross-border in nature, emanating from or reinforced by sources outside the country's borders.

Let us discuss regime survival. If we look at India, the US, or Japan, if there is widespread opposition, a government may be thrown out of office and replaced by another government, but there is no serious threat to the regime, in the sense of the constitutional order—no threat of revolution, military coup, monarchist revival, fascist takeover and so on. But in China, because it is a one-party authoritarian system that hews to Leninist principles of legitimacy, opposition to the people in office is construed as opposition to the regime, and is seen as constituting what they call a 'counter-revolutionary' threat, which is a threat to overthrow not just the incumbents but the very form of government itself.

And in the case of China, to a degree greater than in most other places, support for the government and therefore for the regime is affected by both intentional and unintentional foreign influences. On the intentional side, foreign governments and non-governmental organisations (NGOs) criticise China for human rights abuses. Foreign foundations and embassies give grants and technical support to assist the growth of NGOs. The country swarms with foreign investors, managers, development advisers, customs and health inspectors, tourists and students, all with their own ideas for how China should change. Ethnic dissidents in Tibet and Xinjiang receive moral and diplomatic support and sometimes material assistance from fellow ethnic communities abroad and from foreign governments and foundations. These are all forces from outside the country that are intentionally seeking to change the regime in some way. They do not usually seek to overthrow the regime, but their activities challenge its legitimacy and are seen as having subversive potential.

And because China is deeply integrated into the global economy, there are also lots of unintentional foreign subversive impacts—impacts that challenge the regime without being purposed to do so. These include the inroads of foreign consumer culture, foreign media and foreign educational models. Although no country is immune from external influences—via migration, smuggling, terrorism and disease—China is perhaps the most penetrated of the big countries. Domestic stability, therefore, is a foreign policy issue for China to a greater degree than is the case with any other major country that I can think of. A lot of China's foreign policy activity—trying to limit foreign assistance to domestic civil society, trying to control foreign journalists,

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countering foreign criticism, trying to tamp down foreign support for the Dalai Lama or the Uyghur exile movement and so on—is really about defending the regime, not about trying to extend Chinese influence.

Let us look at the second type of security issue within the First Ring, territorial integrity. At its birth in 1949, the PRC (People's Republic of China) inherited border disputes with every one of its 20 immediate neighbours. It has since then settled many of these disputes. But most of those that remain unsettled are important to Chinese security in one way or another. These include, as you know, three pieces of territory contested with India, all of which are of strategic significance, as well as maritime claims (most of them important strategically and economically) contested with Japan, Korea and Vietnam and four other Southeast Asian countries. Moreover, also as a legacy of history, 67 years after the founding of the People's Republic of China, China remains (in its own eyes at least) a divided country, not having established control over its claimed province of Taiwan. The Taiwan agenda is complex for Chinese policy makers to manage, because Beijing has to deal not only with the government in Taipei, but with Taiwanese opposition politicians, business entrepreneurs and public opinion, and also with the US government, which insists on 'peaceful resolution' of the Taiwan issue and continues to sell weapons to Taiwan.

Even within the national boundaries that Beijing firmly controls militarily, some populations remain poorly integrated into the political and cultural system. These include Hong Kong, Macau, Tibet, Xinjiang, parts of Inner Mongolia and the ethnic Korean districts on the North Korean border. Other countries, including India, face problems of cultural integration that are similar in some ways, but I think what makes the Chinese case again different is the intensity of interactions that each of these poorly integrated territories has across international borders—Hong Kong with the West, Tibet with India and the West, Xinjiang with Central Asia, Turkey, Germany and the US (where there are sizeable Uyghur diasporas) and the Yanbian border region with North and South Korea. To hold China together requires a great deal of work not only domestically, but in the foreign policy domain to try to fend off both intentional and unintentional forces that keep destabilising Chinese control over these semi-integrated territories.

Let me turn to the *Second Ring*, by which I mean China's relations with the 20 countries, arrayed in a circle from Japan in the east to Vietnam in the south to India in the southwest to Russia in the north, with which China shares either land or maritime borders (or both). No other country except Russia has as many contiguous neighbours. Numbers aside, China's neighbourhood is uniquely challenging, even dangerous. The contiguous states include 7 of the 15 largest countries in the world (India, Pakistan, Russia, Japan, Philippines, Indonesia and Vietnam—each having a population over 89 million); 5 countries with which China has been at war in the last 70 years (Russia, Korea, Japan, Vietnam and India) and at least 9 countries with unstable regimes (including North Korea, the Philippines, Myanmar, Bhutan, Nepal, Pakistan, Afghanistan, Tajikistan and Kyrgyzstan).

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Every one of these Second Ring neighbours is a stranger to China, with a cultural gap larger than that which the US, Europe or India face with their immediate neighbours. Although Japan, Korea and Vietnam borrowed some parts of their written and spoken languages and some Confucian beliefs from China, they do not consider themselves in any sense Chinese. The other neighbouring cultures—Russian, Mongolian, Burmese, Indonesian, Indian, Kazakh and others—have even less in common with China. None of the neighbouring states perceives its core national interests as congruent with China's. The larger neighbours are all historical rivals of China, while the smaller ones are wary of Chinese influence.

Not a single one of these countries constitutes a security asset for China, in the sense of a natural ally or even (with the possible exception of North Korea) a buffer state. Rather, in varying degrees, most of these neighbours present security threats to China. Without going into detail country by country, one can say that these security threats fall into two categories. Some of these countries are powerful potential rivals of China, such as Japan, India and Russia; and even Vietnam and potentially a united Korea. Relations may be stabilised and elements of cooperation may be pursued through cultivation of economic ties and skillful diplomacy, but each of these countries has permanent security interests that are in important ways adverse to China's. The second category of countries on China's borders are those that are weak and unstable, where regime breakdown or civil disorder may present one or another kind of potential threat to China—examples include North Korea, Myanmar, Pakistan and the Central Asian republics.

And we must note the pervasive political and military presence throughout the Second Ring of the United States. The US is not geographically a contiguous neighbour of China, but it acts like one. It looms as a mighty presence throughout China's neighbourhood, with its Pacific Command headquarters in Pearl Harbor; its giant military base on the Pacific island of Guam (6,000 miles from the continental United States but only 2,000 miles from China); its dominating naval presence in the South and East China Seas; its defense relationships and military bases of various kinds around China's periphery in South Korea, Japan, Taiwan, the Philippines, Vietnam, Thailand, India, Pakistan, Afghanistan and Kyrgyzstan; and its economic and political influence all through the Asian region. If the vast distances that separate the United States from China prevent China from exerting direct military pressure on the US, the same is not true in reverse.

I will speak more briefly about the *Third Ring*, which Scobell and I identify as consisting of the politics of six multi-state regional systems that surround China. Each system includes several of China's immediately bordering Second Ring nations, but includes additional countries as well. For example, Beijing's policies towards North Korea affect the interests of South Korea, Japan, the United States and Russia; policies towards Cambodia affect the interests of Vietnam and Thailand, and often those of Laos—as well as the interests, again, of the United States; policies towards Myanmar affect India, Bangladesh, Thailand and indirectly the other nine states that are co-members with Myanmar in the Association of Southeast Asian Nations (ASEAN)—and

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again, the United States. Because of such links, China can rarely make policy with only one state in mind, and can almost never make policy anywhere around its periphery without thinking about the implications for relations with the United States. The map of Asia is too crowded for that.[1]

And finally, Chinese policy makers must consider their country's security interests in the *Fourth Ring*, which consists of the rest of the world: Eastern and Western Europe, the Middle East, Africa, North and South America and the polar regions. These vast areas have entered the Chinese security calculus in a serious way only since the late 1990s, so far not in pursuit of general power and influence but to serve four specific needs: for energy resources; for commodities, markets and investment opportunities; for diplomatic support for its positions on Taiwan and Tibet; and for support for its position on multilateral diplomatic issues like human rights, international trade, the environment, arms control and space weapons. Not only its goals, but its tools of influence in the Fourth Ring have so far been limited: they are commercial and diplomatic, not military or, to any significant extent, cultural or political. We do see signs of China seeking to expand its political influence and military presence in some of these areas for the purpose of protecting its commercial interests and access to resources. And scholars debate to what extent China's footprint will grow in the future as its economic presence increases. But so far we do not see evidence of a Chinese ambition to displace other powers' political and military dominance of these regions more remote from China's immediate area or to promote other countries' adoption of Chinese-style regimes.

In short—to conclude the first part of my presentation—I am suggesting that Chinese foreign and security policy is driven above all by threats to the stability of its society, to the survival of its regime, to the integrity of its national territory and to the prosperity of its economy. So far from being a menacing giant—as it is portrayed, for example, in the current presidential primary campaign in the United States—China is a vulnerable giant whose foreign policy at this point is essentially defensive. It is defending its territorial claims, defending its sea lanes of communication (or rather, seeking to build up the capability to defend them), defending its access to the global economy and seeking to weaken what it sees as an American encirclement that seeks to interfere in China's political stability, maintain its territorial division and constrain its ability to defend its own interests.

To say that the motives of these policies are defensive is not to say that they do not pose potential threats to neighbours. In a classic instance of the security dilemma, Beijing's efforts to defend what it calls its core interests naturally generate friction, competition

[1] The six regional systems are Northeast Asia (Russia, the two Koreas, Japan, China and the US), Oceania (Australia, New Zealand, Papua New Guinea, Fiji, 12 Pacific island microstates, China and the US), continental Southeast Asia (Vietnam, Cambodia, Laos, Thailand, Myanmar, China and the US), maritime Southeast Asia (Vietnam, Malaysia, Singapore, Indonesia, Brunei, the Philippines, China and the US), South Asia (Myanmar, Bangladesh, India, Nepal, Bhutan, Pakistan, Sri Lanka, the Maldives, Russia, China and the US), and Central Asia (Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Afghanistan, China and the US). Counting the 12 microstates, there are 45 states in the six systems.

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and sometimes diplomatic or (less often) armed conflict with other states, because China is closely surrounded by other states that have their own interests to protect—a point I will explore further in a moment with respect to China's relations with India.

What then of domestic factors in Chinese foreign policymaking? In fact, the account I have presented gives a prominent role, perhaps even a dominant role, to domestic drivers of foreign policy. A great deal of China's conflict with the West and with several of its neighbouring countries arises from its efforts to fend off diverse challenges to its domestic legitimacy and stability. Much of the friction in China's relations with its Second Ring neighbours has to do with sustaining territorial claims and protecting the integrity of borders. To a considerable degree, the build-up of China's navy and other elements of its evolving military strategy aim at gaining some independent ability to protect the sea lanes of communication that are crucial to China's economic security. Beijing's policy priorities in the Fourth Ring are intimately connected to the security concerns in the First Ring—that is, the need to secure resources and markets so as to keep the economy growing, provide rising incomes and employment and prevent the breakdown of social order at home.

In fact, if one tries to think of non-domestic drivers for Chinese foreign policy, it is hard to think of a strategic goal that is essentially non-domestic. Unlike the United States, China does not evince a missionary desire to create Chinese-style regimes around the world, or a distinctive vision of a China-centered world order. To be sure, Chinese diplomats speak of a world order that is pluralistic, democratic and governed by law, but this is not really a missionary vision, but rather an attempt to borrow American rhetoric and turn it against the US to defend the idea that the US should not dominate. And yes, China has created some new international institutions like the Asian Infrastructure Investment Bank (AIIB). But so far as we can see now, these institutions do not embody a new world order vision but are additions to the existing roster of institutions doing more of the same kinds of things that other institutions do, albeit with increased Chinese influence. In other words, China is trying to rise and prosper within the current world order, not make a new one (Nathan 2016). Its driving goals remain domestic prosperity, domestic political stability and consolidation of the still unfinished national project of integration and unification.

These are not the domestic drivers of foreign policy that are usually cited in the 'nationalism-drives-policy' narrative. I do not argue that nationalist sentiment does not exist. It does, and understandably so given China's painful history, its accomplishments in the post-Mao era, and the ongoing challenges that I have just described. However, the leaders so far have been able to repress or unleash the force of nationalist sentiment depending on what signal they want to send to foreign interlocutors. As Jessica Chen Weiss shows in *Powerful Patriots: Nationalist Protest in China's Foreign Relations* (Weiss 2014), more nationalist demonstrations have been restrained or prevented by Chinese authorities than have been allowed. For example, in 2001 the government repressed a nascent protest in order to indicate its willingness to negotiate a solution to the crisis generated by a collision between a Chinese fighter jet and an American EP-3 spy plane.

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In 2005, on the other hand, the government added muscle to its campaign against a UN Security Council permanent seat for Japan by allowing citizens to demonstrate against Japan. In other words, the government can dial nationalist outbursts up or down as it wishes. Nationalism is a tool, rather than a driver, of Chinese foreign policy.

How about pressure from the military as a potential source of foreign policy aggressiveness? This is indeed a murky question on which there is a great deal of uncertainty. However, my assessment—and I would cite in support a recent book called *PLA Influence on China's National Security Policymaking*—is that civilian policy makers continue to dominate the making of Chinese foreign and security policy (Saunders and Scobell 2015). To be sure, the civil–military boundary line is drawn differently in China from the way it is drawn in the United States (and from what I know, from the way it is drawn in India). There is a thin layer of civilian control over the Chinese military—basically one person, the chair of the Central Military Commission, currently Xi Jinping—and the military makes most of its own decisions about budget, weaponry and training. Once an armed clash breaks out, the military runs the war on its own. However, major strategic decisions about whether to increase the military budget, streamline military organisation, build up the navy, ramp up military tensions, launch an attack and the like are firmly in the hands of the civilian leadership, in the form of the Politburo Standing Committee.

Under Xi, civilian leadership has become even more centralised than before, with the top leader, Xi himself, consulting less with other top civilians and making more decisions by himself. Xi appears to have rolled back the institutional rules that Deng Xiaoping laboriously built into the Chinese political system—collective leadership, a division of spheres of authority among top leaders, orderly cultivation of successors, timely retirement from office and a degree of tolerance for social and intellectual diversity. By now, he exercises more power than any Chinese leader in history. Mao Zedong could intervene in any policy area and his word was law, but he did not constantly micromanage across every policy area. Deng Xiaoping had the final word when he wanted it, but he tried to avoid daily policy, and before deciding on major issues he had to consult other senior leaders like Chen Yun. Jiang Zemin and Hu Jintao consulted widely with colleagues and retired elders, let senior colleagues manage major policy areas without interference, and tolerated substantial autonomy on the part of various bureaucratic organs.

I think this hyper-centralisation of power brings considerable risk for China. By undercutting the institutionalised system that Deng built, Xi hangs the survival of the regime on his ability to bear an enormous work load, make the right decisions and not make big mistakes. He is trying to bottle up a growing diversity of social and intellectual forces that are bound to grow stronger. He may be breaking down, rather than building up, the consensus within the political leadership and among economic and intellectual elites over China's path of development. He seems to have failed to cultivate the authority of anyone who can succeed him in office. As he departs from Deng Xiaoping's path, he risks undermining the regime's adaptability and resilience.

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But so far, in the foreign policy domain, concentrated civilian power has shown some benefits. Chinese foreign policymaking is insulated from public opinion, the media, the legislature and to a considerable extent even from bureaucratic interest groups. This structure makes it possible to produce a policy that has a strategic logic and a long-term consistency (which does not mean that it is always successful). So for the time being, in my judgment, neither nationalism, power struggles nor interest group politics constrain the elite's ability to pursue a foreign policy that is strategic and defensive, rather than emotional and irrationally aggressive.

Let me try to apply these general propositions to an analysis of China's policies towards India. From Beijing's perspective, India is not a top-ranking security threat, compared to the United States, Japan and I would say even Vietnam and—in a long-term perspective—Russia. And yet, Chinese geostrategic vulnerabilities commit it to a relationship of rivalry with India in six main areas.

The first and perhaps most important area of rivalry is Tibet, which has tremendous geopolitical significance as a strategic buffer and as a water source for both China and India, and which is also of interest to other great powers like Russia and the US because of its strategic location. Yielding to facts on the ground, India accepts that Tibet is part of the PRC, but it has an understandable interest in weakening Chinese control. It has done this especially by offering refuge to the Dalai Lama and his exile government and by allowing the Dalai Lama to travel freely to mount international pressure on China. It is a matter of concern for China that New Delhi has never acknowledged that Tibet was part of China 'since antiquity', which would imply that Chinese rule is irrevocable; and that Indian statements emphasise that Tibet should be 'autonomous' within the PRC, using the same term the Chinese government uses but implying a higher degree of autonomy than the Chinese government grants and in that way echoing the position of the Dalai Lama. And China is also aware of the existence of a 9,000-strong paramilitary frontier force in the Indian military composed largely of ethnic Tibetans, which is trained and equipped to fight in the Himalayan environment. In short, China regards Indian policy as an ongoing threat to its core project of national integration.

The second area of Sino-Indian conflict is the territorial dispute over three strategically important parcels of land along the edge of the Tibetan plateau. Aksai Chin (administered by China and claimed by India) is strategically important for China because a road through it connects western Xinjiang with western Tibet, and for India because it lies to the east of the disputed territory of Kashmir. China and India disagree over the ownership of a 770 square mile area occupied mostly by India that contains a series of mountain passes from India into Tibet on the western edge of Nepal. And then there is the Chinese claim to most of Arunachal Pradesh, which is important to both sides partly because it contains a sizeable population of ethnic Tibetans. These three territories are important to both states—in China's case, again because they are connected to the national project of consolidating the integration of Tibet into the national territory. This is why the long-running boundary talks between the two sides have continued for decades without resolving the issues.

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The third area of competition centres on Pakistan. Given India's alliance with the country that was China's primary security threat in the 1960s and 1970s, the Soviet Union, it was natural that China would reach out for cooperation to India's main enemy, Pakistan. Pakistan has served China as a counterweight to India, a bridge to the Islamic world and a trusted friend in diplomacy—helping, for example, to facilitate Kissinger's secret visit to Beijing in 1971. In return, China has been Pakistan's most consistent supporter for over half a century, but always with the instrumental purpose of maintaining a counterweight to India rather than out of ideological or cultural affinity, economic value, a desire to shape Pakistani domestic politics or a plan to extend Chinese military influence to the west. No wonder the relationship has frequently disappointed Pakistani hopes. China stood by when Indian troops helped dismember Pakistan during the East Pakistan rebellion in 1971 that created Bangladesh. China helped Pakistan to get nuclear weapons in order to weaken the Indian nuclear threat to China, but then lobbied against Pakistani adventurism that risked triggering a war with India. It encouraged Pakistan to sponsor terrorist networks to attack the Soviets in Afghanistan, but then pressured Pakistan to rein in jihadis who were targeting Chinese rule in Xinjiang. Today, China needs Pakistan as the anchor of its infrastructure development plans for South and Central Asia, but it will not get deeply enough involved to fix the instability that renders Pakistan a risky venue for investment. These limitations on the Chinese commitment to Pakistan demonstrate that this area of rivalry with India, like the others, is driven more by Chinese attempts to manage its vulnerabilities than by a programme of power expansion (Small 2015; Scobell, Ratner and Beckley 2014).

The fourth area of China–India rivalry involves competition for influence over other states in South Asia. China's efforts to secure its borders and improve control over ethnic Tibetans are driving its efforts to increase its influence to Nepal. Beijing is pressing Kathmandu to tighten its borders with China because hundreds and perhaps thousands of Tibetan residents of China have used the porous border to make visits to India, including pilgrimages to see the Dalai Lama. In exchange, China offers the promise of improved transportation links and the lure of greater trade and economic investment. China and India have conducted an uneven rivalry for influence in Myanmar. Myanmar has historically been a key invasion route running either way between South Asia and East Asia, and its seacoast occupies a strategic position along the Bay of Bengal opposite India's east coast. China is also competing with India for influence in Sri Lanka and the Indian Ocean island states of the Seychelles, Mauritius and the Maldives. It appears that China's primary purpose in these efforts is to lay the basis for increased access for its navy to Indian Ocean ports, so that the PLA (People's Liberation Army) Navy can, in the future, play a greater role in defending China's sea lanes of communication with its oil and commodity sources in Africa and the Middle East and its markets there and in Europe.

Fifth, China looks towards a potential naval rivalry with India in the seas and oceans where both countries have security interests—the Indian Ocean, Andaman

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Sea, Arabian Sea and South China Sea. This rivalry remains largely in the future, because, with the exception of the South China Sea, the PLA Navy is not yet capable of projecting a major presence into these waters. But it is building up the capability to do so, and there is no mystery why this is of concern to India. Here again, however, I submit to you that Chinese ambitions are driven primarily by a concern to protect the seaways on which Chinese economic prosperity, and hence domestic political stability, depend. China does not believe it can rely on the US and Indian navies to protect its sea-borne access to the global economy because of its suspicion, justified or not, that the US would try to block its seaways in a conflict, and that New Delhi has 'great power dreams' (Scobell 2002: 342, 348) that might lead India to threaten Chinese interests.

The sixth area of rivalry is the nuclear balance. The China threat was one of the reasons New Delhi gave for declaring itself a nuclear weapons state in 1998. The 2007 test of an Indian IRBM (Intermediate-Range Ballistic Missile) put China within missile range (Holslag 2008). Although neither country has a realistic cause or strategy for using nuclear weapons against the other, it naturally behooves China to keep an eye on Indian nuclear strategy and to consider this as a potential tool to reinforce threats to Chinese interests or deter Chinese attempts to defend its interests.

Finally, let me speculate on the prospects for Sino-Indian relations going forward. To reduce tension between the two sides and consolidate what is currently a balance of power relatively favourable to China, Beijing has tried to build on elements of potential cooperation. Beijing and New Delhi exchanged a series of summit visits starting in 1988, and pursued border talks that at least prevented major military clashes although they did not produce progress on the issues. During the first decade of the twenty-first century, bilateral trade boomed, growing from less than US$3 billion in 2000 to US$74 billion in 2012. China consistently runs a significant surplus as India's imports are value-added manufactures and machinery while India's exports to China are mostly raw material and iron ore. Air links and travel between the two sides have increased greatly.

Despite these efforts, it seems to me that competition has the upper hand over cooperation in Sino-Indian relations. While seeking to reduce tensions, both China and India have continued the development of military means that could be used against one another. I believe that US–India cooperation faces sharp limits because of the robust Indian foreign policy principle of 'strategic autonomy' and differences of interest in Pakistan and in many other areas. But China worries about intensifying Indian cooperation with the United States as well as Japan and other countries, since it sees the US as its largest single security threat.

I do not share the view of some that there is an across-the-board race for influence between 'the dragon and the elephant'. I do not see India having global ambitions, at least not yet, partly because its economy is far less globalised than China's. Both economies are growing but they are for the most part not directly competitive in the search for markets, capital or technology—there is some competition for natural resources

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such as energy but this is not head-to-head, it is multilateral (and in any case energy and commodity supplies are now a glut on world markets); the economic models are different; and both economies have large domestic markets that are increasingly driving growth. The two political systems are very different but neither side has a missionary attitude about its political system, so there is no global struggle for political influence. China, of course, would not like to see India replace its role as a leading spokesman for the third world on such issues as global trade rules, human rights, state sovereignty or the right to development, and does not support a permanent UN Security Council seat for India; but on the substance of global issues, the two sides often see eye to eye, so these issues have not risen to a high level in the two countries' relations.

The good news for India is that—if my analysis has been correct—China's goals are relatively easy to understand. Even though we don't have access to the minutes of high-level Chinese meetings, the logic of Chinese foreign policy can be said to be visible on the map. Chinese policies are driven by geostrategic concerns that arise from its internal demography and geography and from the demography and geography of its neighbouring countries. They arise from the vulnerabilities of China's regime and of its national territory, from its internal divisions, territorial disputes with neighbours, and lack of control over the far-flung lifelines of its economy. China is not in a position—even if it wanted to—to enlarge its territorial claims beyond those it has traditionally upheld, seek to exert military control over neighbours, or try to overthrow other countries' regimes. Chinese policies are driven by vulnerability rather than by ambition.

The bad news, however, is that China's security goals clash with the equally understandable security goals of its neighbours. And these neighbours include India. For reasons of its own, China cannot but seek more influence in South Asia. India, of course, must protect its own diverse and complex security interests. Just as with Chinese relations with my own country, I anticipate that Chinese relations with India will undergo a long period of friction and competition—combined with elements of cooperation—and that the balance of power and interests between the two great states will remain contested and dynamic for the foreseeable future.

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