



GS FOUNDATION BATCH FOR CSE 2024

International Relations- 11

(India China Relations-II)

South China Sea

It is a marginal sea in the Western Pacific surrounded on the northeast by the Taiwan Strait; on the east by Taiwan and the Philippines; on the southeast and south by Borneo, the southern limit of the Gulf of Thailand, and the east coast of the Malay Peninsula; and on the west and north by the Asian mainland.

The name “South China Sea” given by Japan during its military occupation of the surrounding regions during Second World War. However, after Spratley Islands disputes between China and Philippines, Philippines started calling it as **West Philippines Sea**.

The South China Sea contains over 250 small islands, atolls, cays, shoals, reefs, and sandbars, most of which have no indigenous people, many of which are naturally under water at high tide, and some of which are permanently submerged.

Several countries have made competing territorial claims over the South China Sea. China has claimed almost entire South China Sea demarcating its claims within “nine-dash line” (Taiwan refers to it as eleven-dash line), which overlaps with the claims of virtually every other country in the region. In January 2022, The US state department called China's claims in the South China Sea "unlawful."

Significance:

1. The U.S. Geological Survey estimates that the sea contains as much as 290 trillion cubic feet of natural gas.
2. The South China Sea also accounts for about one-tenth of the entire annual global fish catch.
3. Strategic Importance: This sea is the connecting link between the Indian Ocean and the Pacific Ocean (Strait of Malacca).
4. one-third of the global shipping passes through South China Sea. As of 2016, \$3.4 trillion of world's \$16 trillion maritime shipping passed through South China Sea.
5. 80 percent of China's energy imports and 39.5 percent of China's total trade passes through the South China Sea.



Origin of Nine-dash Line:

The origin of the line goes back to 11-dash line on 1947, an attempt by Chinese geographer Yang Huairan to catalogue China's maritime treasures for the Kuomintang government. In 1952, Communist government of China, in the spirit of Communist solidarity, handed over the Gulf of Tonkin to Vietnam, making it a nine-dash line.

There is little historical evidence since Chinese empires were continental kingdoms rather than a maritime one. But Chinese scholars claim sovereignty based on from pottery shards to navigational handbooks used by Chinese fishermen. Other nations that share the waterway, such as Vietnam, Malaysia and the Philippines, have their own archaeological finds that they say prove their peoples also roamed the South China Sea. Earlier, Chinese maps gave scant attention to the South China Sea. But this began to change after 2009, when a map with the nine-dash line was attached in a submission to the U.N. during a dispute with Vietnam.

Disputes in South China Sea:

- The nine-dash line area: Claimed by China and overlaps with the exclusive economic zone claims of Brunei, Indonesia, Malaysia, the Philippines, Taiwan and Vietnam.
- **Spartly Islands:** Claimed by China as its integral part. Similar is the argument of Taiwan. Vietnam argues that China had never claimed sovereignty over the islands before the 1940s. It has actively ruled over both the Paracels and the Spratlys since the 17th Century - and has the documents to prove it. Philippines invokes geographical proximity to the Spartly islands to lay its claim.
- **Scarborough Shoal:** It is claimed by Philippines, Taiwan and China
- **The Paracel Islands** are claimed by China, Taiwan and Vietnam.

In 2013, Philippines took the matter of dispute in South China Sea including nine-dash line to the **Permanent Court of Arbitration (PCA)**. China declared non-participation in the arbitration and argued that the tribunal lacks jurisdiction. In July 2016, the PCA held that the nine-dash demarcation could not be used by Beijing to make historic claims to the South China Sea. China has "no legal basis" for maritime claims. The tribunal also found that China's actions in the region, including building of artificial islands and interfering with fishing and oil exploration, violated the Philippines' sovereign rights.

Since 2009, China has advanced its territorial claims in this region through a variety of tactics—such as reclaiming land, militarizing islands it controls, and using legal arguments and diplomatic influence—without triggering a serious confrontation with the United States or causing a regional backlash. China has also gone for militarisation of these islands by creation of runways, helipads etc.

China's ability to control this waterway would be a significant step toward displacing the United States from the Indo-Pacific region, expanding its economic influence, and generally reordering the region in its favour.

Though US does not have any direct involvement in the disputes, it has Philippines as ally. US navy goes for **freedom of navigation operations ("FONOPs")** in effort to challenge China's

claims in the region and to assure its partners. In response China goes for criticism of such exercises and taking aggressive manoeuvres like locking radar on US aircrafts, conducting frequent and provocative military exercises. Such aggressive manoeuvres might spiral into active conflicts, destabilising and whole region and the world.

India's stance on the dispute:

In the past, India has avoided taking sides in the South China Sea dispute. But in June 2023, In a joint statement with Philippines, India for the first time asked China to abide by UNCLOS in South China Sea. It asked China to abide by 2016 legally binding ruling.

South China Sea Code of Conduct:

The overlapping claims on the Exclusive Economic Zone (EEZ) in the SCS have become a significant source of regional tensions and instability. The ASEAN proposed a regional code of conduct to resolve territorial claims in the SCS. After years of negotiation with ASEAN, a non-binding Declaration of Conduct was agreed upon in November 2002 in Phnom Penh, Cambodia. The DOC aimed to promote peace, stability, and cooperation in the South China Sea region by providing a framework for managing disputes. It called upon the parties to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability. It urged for respecting the freedom of navigation and overflight in the South China Sea in accordance with international law.

Despite China's proposal to complete negotiations by 2021, it has not been eager, China has continued to seize new lands and militarisation of the islands. Moreover, while most of the ASEAN member states appear to support the COC as legally binding, China has been opposing the binding nature of the COC.

Russia-China Relations

Western sanctions on Russia have brought Russia and China together. China has become a reliable customer for Russian Gas. Russia has also exported S-400 missile defence system, Su-35, Missiles, Naval assets to China. From 2016-20, China was second largest customer for Russian armaments with 77% of total imports from Russia.

Both nations have signed a 30- year gas-deal worth \$400 billion via a new pipeline. Since annexation of Crimea, the bilateral trade has increased by 50% and China has become the biggest destination for Russian exports. Bilateral trade has crossed \$150 billion. Both have declared "No limit partnership."

Just before beginning of Russian military action in Ukraine, Russia and China unveiled "no limits partnership" with no forbidden areas.

During Ukraine crisis, China had been at the forefront of supporting Russia and criticizing west for sanctions. At the UNGA meet to suspend Russia from UNHRC, China voted in favour of Russia, while India abstained.

Both have also held military exercises and naval drills alongside Iran in the Indian Ocean. Both sides have declared collaboration on **space, climate change, the Internet, and artificial intelligence**.

On Indo Pacific and QUAD, Russia has taken the Chinese line in criticizing it. It continues to support the idea of Asia Pacific.

Complementarities:

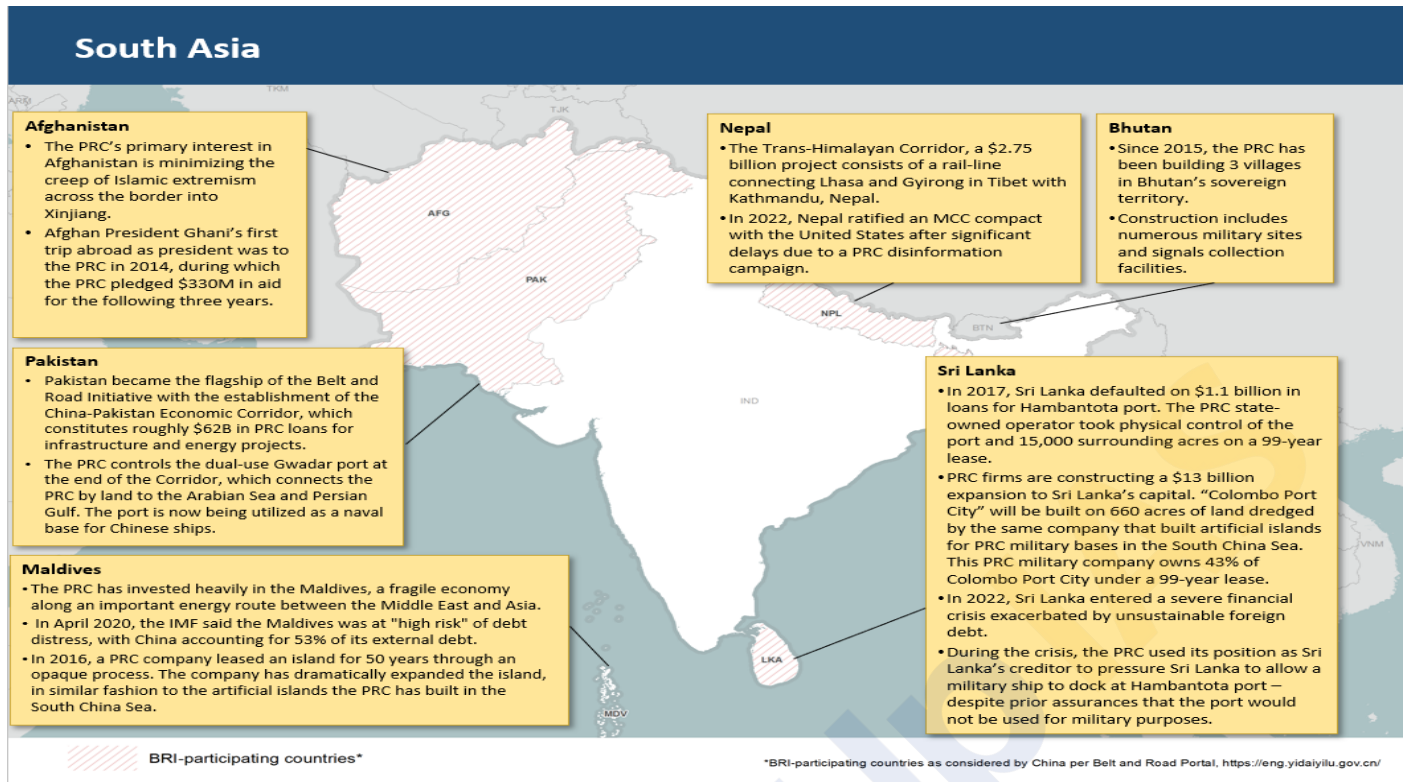
1. Both Russia and China view USA as common challenge.
2. Similar type of governments and leadership: Both have authoritarian communist regimes.
3. Economic complementarities: While Russia is a supplier of raw materials and energy, China needs raw materials and energy and is a manufacturing powerhouse.
4. Cooperation between EEU and BRI: This will reduce trade barriers, simplify custom procedures resulting in deeper integration between two economies.

The long-term effort of China has been to diversify its energy supplies away from the strategically vulnerable maritime route to the more secure landward supply routes from Russia and Central Asia. Chinese energy security is enhanced through a long-term energy partnership with Russia and this is also an important driver of the strategic partnership.

Contradictions:

1. Chinese worldview is a leading global power and Russia's unwillingness to be a junior partner of China.
2. Historical animosity: Both nations had border disputes and Russia looks at China with suspicion.
3. Russia has concerns about increasing Chinese influence in Central Asia, Russia's own strategic backyard.
4. Bilateral relations dependent mainly on external factors

China in South Asia



- **Pakistan:** China's total debt to Pakistan is more than \$77 billion, around 1/3rd of Pakistan's total debt. **China-Pakistan Economic Corridor (CPEC)** alone is worth more than \$65 billion.
- **Nepal:** China and Nepal agreed to build the **Trans-Himalayan Multi-Dimensional Connectivity Network** or **Trans-Himalayan network**, as part of Belt and Road initiative.
- **Sri Lanka** owes \$7.4 billion, around 20% of Sri Lanka's total debt. China didn't come forward for helping Sri Lanka during its severe economic crisis. It has also not joined the official creditors' platform negotiating a common debt treatment plan with Sri Lanka, rather negotiated individually.
- **Afghanistan:** China has welcomed Taliban-appointed Afghanistan's ambassador to China. It has also attempted to engage economically with Taliban dispensation.
- **Himalayan QUAD:** China working along with Nepal, Pakistan, and Afghanistan.
- **Bhutan:** China and Bhutan have agreed on a Three-step roadmap for expediting the boundary negotiations to settle border dispute.
- **Maldives:** Approximately 70 percent of the Maldives' total debt is attributed to Chinese projects. The new Maldivian President Mohamed Muizzu is also considered Pro-China, while he has said about balancing relations with India and China.

Shanghai Cooperation Organisation

The Shanghai Cooperation Organisation (SCO) is a transcontinental political, economic, and security organisation. In terms of geographic scope and population, it is the world's largest regional organization, covering approx. 60% of the area of Eurasia, 40% of the world population, and more than 30% of global GDP.

SCO comprises nine member states: **India, Kazakhstan, China, Kyrgyz Republic, Pakistan, Russia, Tajikistan, Iran and Uzbekistan.**

The **Heads of State Council (HSC)** is the supreme decision-making body in the SCO. It meets once a year and adopts decisions and guidelines on all important matters of the organisation. The organisation has two permanent bodies — the SCO Secretariat based in Beijing and the Executive Committee of the Regional Anti-Terrorist Structure (RATS) based in Tashkent.

Regional Anti-Terrorist Structure (RATS):

- Established in 2004 in Tashkent, Uzbekistan as a permanent organ of the SCO
- Promotes cooperation of member states against the three evils of terrorism, separatism and extremism.
- **Maintains working relations** with institutions of the member states and international organisations tackling terrorism, separatism and extremism.
- Assists member states in preparation and conduct of counter-terrorism exercises and other activities to fight terrorism, separatism and extremism.
- **Prepares and holds scientific conferences and workshops,** assistance in sharing experience in the field of fighting terrorism, separatism and extremism.

Main goals of SCO:

1. Strengthening mutual trust and neighbourliness among the member states.
2. Promoting effective cooperation in trade, economy, research, technology and culture, energy, transport, tourism, environmental protection, and other areas.
3. Making joint efforts to maintain and ensure peace, security and stability in the region.
4. Moving towards the establishment of a democratic, fair and rational new international political and economic order.

Significance:

1. Largest regional organisation in terms of population and geography
2. RATS can be critical in counter terrorism cooperation
3. Its emphasis on connectivity can give boost to regional connectivity
4. Can play staler role in stabilising Afghanistan
5. Can be a platform for ensuring stability in the Eurasian region

Importance for India:

1. Makes India part of Eurasian Security architecture
2. Helps India in breaking out of South Asian geography

3. India's membership of the SCO is in line with its current policy of multi-alignment and maintaining its strategic autonomy.
4. Can help in tackling non-Pakistan centric terrorism and extremism challenges
5. Membership of the SCO could be an attempt to increase engagements with the Eurasian region and also intensify its close ties with Russia.
6. Platform for engaging with Pakistan at a time when SAARC remains dysfunctional.
7. SCO can act as a guarantor for projects such as the TAPI (Turkmenistan-Afghanistan-Pakistan-India) to bolster economic ties between Afghanistan, South Asian and Central Asian countries.

Challenges:

1. Mutual distrust among members
2. Most of the members have anti-West stance and the platform is seen as a counter to NATO
3. SCO members prefer to tackle security issues at the bilateral level. Friction and distrust between members prevent the SCO from forming a unified policy on security issues in Afghanistan.
4. It has played limited role in stabilising Afghanistan after USA withdrawal.
5. Platform can get polarised due to Pakistan attempt of settling bilateral scores with India.
6. After Ukraine crisis, the distrust among Central Asian Republics towards Russia has increased. They are looking at new partners.

Challenges for India:

1. Balancing its partnership with the West, QUAD vis-à-vis SCO membership
2. Membership of Iran makes it a more discernible anti-West platform.
3. Presence of Pakistan makes action against terror More challenging
4. India is the only member which opposes BRI initiative
5. Ongoing border tensions with China has further limited scope for cooperation.
6. China blocking designation of terrorists at the UNSC exposes the limits of counter-terrorism cooperation.
7. Engaging with Central Asia in the face of China-Russia No-Limits Partnership.

India's Presidency of the SCO:

India holds the rotating presidency of the SCO for 23rd summit held on 4th July 2023. The theme was **"Towards a SECURE SCO"**. It stands for S: Security, E: Economic development, C: Connectivity, U: Unity, R: Respect for sovereignty and territorial integrity, E: Environmental protection. **Iran** Officially joined as **Ninth member**.

It has created **five new pillars and focus areas of cooperation** in SCO. These are Start-ups and Innovation, Traditional Medicine, Digital Inclusion, Youth Empowerment and Shared Buddhist Heritage.

AT the SCO summit meet 2023 (Took place virtually)

1. Russia talked about standing up to western sanctions, China tried to hard sell Belt and Road Initiative which India is opposed to, while India stressed on the need for respecting sovereignty and regional integrity, a veiled criticism of China.
2. India and Pakistan took pot-shots at each other on terrorism and alleged targeting of minorities.
3. India, however, remained isolated in its opposition to the BRI as all other members endorsed the paragraph on supporting the initiative in the economic strategy statement.

The disagreements expose the limits of cooperation under the SCO framework.

Outcomes of the Summit:

New Delhi Declaration: The international community must come together to "**counter the activities of terrorist, separatist and extremist groups**, paying special attention to preventing the spread of religious intolerance, aggressive nationalism, ethnic and racial discrimination, xenophobia, ideas of fascism and chauvinism."

Joint Statement: **Two thematic joint statements** - one on cooperation in countering the radicalisation leading to separatism, extremism, and terrorism and the second one cooperation in the field of digital transformation.

BRICS

BRICS is an acronym coined to associate five major emerging economies: Brazil, Russia, India, China, and South Africa. It is an example of South-south cooperation.

The BRICS have about 26.7% of the world land surface, 41.5% of the world population, 25% of global GDP and 18% of global trade. Four out of five members are among the world's ten largest countries by population and by area, except for South Africa.

Objectives:

1. The BRICS countries act as one to promote a more democratic international system, including advocating reform of the UN Security Council.
2. The BRICS seeks to deepen, broaden and intensify cooperation within the grouping and among the individual countries for more sustainable, equitable and mutually beneficial development.
3. BRICS takes into consideration each member's growth, development and poverty objectives to ensure relations are built on the respective country's economic strengths and to avoid competition where possible.
4. BRICS is emerging as a new and promising political-diplomatic entity with diverse objectives, far beyond the original objective of reforming global financial institutions.

Significance:

1. The BRICS group is a South-South framework for cooperation.
2. Emergence of the BRICS forum as a reflection of a new, multi-polar world order; a result of the shift in economic and political power from the 'Global North' to the 'Global South'.

3. The BRICS countries are trying to position themselves as representatives of the global south, providing an alternative model to G7.
4. Two members are permanent members of UNSC, and rest three are claimants. Two of the members are most populous states. It has militarily most powerful nations.
5. It has created institutions like **New Development Bank** and **Contingency Reserve Arrangement**, that can democratise global financing mechanism.
6. It has become among the most powerful voices on geopolitics, global trade and climate change, giving a strong voice to global South.
7. With three of its members neighbouring Afghanistan, it can play a critical role in stabilizing Afghanistan and ensuring that it does not become a cause for instability in the region.
8. BRICS is attempting to pragmatically shape its counter-terrorism strategy by crafting the BRICS Counter Terrorism Action Plan containing specific measures to fight radicalisation, terrorist financing and misuse of the Internet by terrorist groups.
9. In the ongoing **Ukraine crisis**, the grouping holds even more importance because of presence of Russia, China and India who are key stakeholders.

Significance for India:

1. Key to achieving a multipolar world.
2. An example of South-South cooperation for mutual growth and development.
3. BRICS platform provides an opportunity for India to balance Russia-China axis.
4. New Development Bank as a source of financing India's infrastructure projects Including \$1 billion under Covid-19 emergency program.
5. Opportunity to cooperate and set agenda with Russia and China on global issues like climate change, terrorism, technology etc.
6. Balancing its diplomatic engagements between global east and global West.
7. Can be instrumental in demand for reform of multilateral systems.
8. Participating in the BRICS platform allows India to shape global governance conversations as a rising power and it underscores New Delhi's desire to maintain autonomy in its decision making.

Achievements of BRICS:

1. The successful lobbying for the International Monetary Fund (IMF)'s quota reforms in 2010.
2. BRICS countries have engaged with each other under a common framework on 15 global issues such as agriculture, trade and national security. Collaboration on agriculture and food security was one of the first initiatives by BRICS nations.
3. BRICS members adopted a common position on UN resolutions on intervention in Libya, on issues concerning the Central African Republic, Sudan, and Cote d'Ivoire, but took divergent positions on the resolution against Syria.
4. BRICS has setup **New Development Bank (NDB)** to provide funding in emerging markets & developing countries (EMDCs) and **Contingency Reserve Arrangement (CRA)** to help nations in their balance of payment crisis.

5. According to the latest BRICS investment report from the **UNCTAD released in April 2023**, despite its internal conflicts, the BRICS community has been seen as a success story. Its combined share of global economic output rose from 18% to 26% between 2010 and 2021.
6. The growth rate of intra-BRICS exports and the level of foreign direct investment into BRICS countries is above the global average.
7. In 2021, the BRICS National Development Bank (NDB) membership expanded to include the United Arab Emirates, Bangladesh, Uruguay, and Egypt.
8. At the 15th BRICS summit, six more nations have been invited for the membership: Argentina, Egypt, Iran, Ethiopia, Saudi Arabia and the United Arab Emirates.

Challenges:

1. Economic and geopolitical asymmetry between members.
2. Western sanctions and trade wars limit scope for Economic Cooperation.
3. Increasing heft of China and balancing Chinese interests vis-à-vis interest of other members is becoming more difficult.
4. Each nation using the organization to expand their own geopolitical interests. This has restricted the scope for cooperation.
5. Intra-BRICS trade remain around 15%. India and South Africa have resisted intra-BRICS FTA as it would polarise BRICS nations between heavily industrialised and lesser industrialised ones.
6. Within BRICS, there is a division. Russia and China have taken a clear anti-West stance, but India, Brazil and South Africa enjoy warm relations with the West. Ukraine crisis has further polarised the organization.
7. Big ideas like developing a BRICS credit rating agency and creating a BRICS undersea cable never materialized.
8. A key agenda behind BRICS was reform of global multilateral order. But the agenda has been put on the backburner in recent years. Both China and Russia have not been pro-active about UNSC reform, and China has been creating challenges for India.
9. BRICS came into being because of their shared vision of a new global order where no single state nor any alliance should be allowed to dictate terms in international affairs. But it has changed due to China's rise and its revisionist stance.

Challenges for India:

1. Balancing between BRICS and deepening cooperation with the West.
2. Cooperating with China at the platform while the northern borders remain tense.
3. Lack of trust in cooperating with China on areas like digital economy, innovation etc.
4. China's attempt to shield Pakistan over the issue of terrorism.
5. Maintaining its neutrality over ongoing Ukraine crisis.
6. Expanding membership: The concern is the it might tilt the grouping towards China. But it also has some like-minded partners like Saudi Arabia.

New Development Bank

1. Came into existence as a result of agreement signed at sixth summit at Fortaleza, Brazil in 2014.
2. All five members have equal initial contribute of \$10 billion each to bring the total capital to \$50 billion.
3. The bank will have starting capital of \$50 billion, with wealth increased to \$100 billion over time.
4. NDB has approved loans worth **\$32.8 billion** for projects ranging from Mumbai metro lines to solar lighting in Brasilia.
5. Recently Bangladesh, United Arab Emirates (UAE), Uruguay and Egypt were added as new members of BRICS New Development Bank (NDB).

Contingency Reserve Arrangement:

The agreement to create CRA was made at the Fortaleza summit. The CRA was established in 2015 during 7th BRICS summit in July 2015. The BRICS CRA proposes to provide short-term liquidity support to the members through currency swaps to help mitigating Balance of Payments crisis situation, in case such a situation arises.

Idea of developing BRICS Currency

President Putin in his address to the BRICS business forum said about group developing a new global reserve currency. This will facilitate intra-BRICS trade in local currencies, but also firewall their global financial interests.

Brazilian President Lula Da Silva, in the past, had expressed his anguish of dollar domination in Brazilian trade and encouraged the idea of using BRICS as a de-dollarisation coalition.

The Indian government considers Russia and China's efforts to reduce dollar usage more ideological than practical and does not explicitly support the mobilisation of BRICS to challenge the dollar's hegemony. Furthermore, the recent military standoffs between India and China further prevent India from supporting China's plans to dethrone the dollar. But India has continuously tried to reduce dependence on dollars.

Expansion of BRICS membership:

- At the Fifteenth BRICS summit, six countries have been invited to become members: Argentina, Egypt, Iran, Ethiopia, Saudi Arabia and the United Arab Emirates.
- BRICS currently represents around 40% of the world's population and more than a quarter of the world's GDP. With the additions, it will represent almost half the world's population, and will include three of the world's biggest oil producers, Saudi Arabia, the UAE and Iran.
- Purpose- to have both voice and leverage.
- Increasing membership likely to weigh the group in favour of China.
- Russia has supported expansion arguing the BRICS group of countries will be strengthened by adding new members. Strengthening BRICS forms part of Russia's vision of undermining US dominance and building a new multipolar world.

- While China and South Africa support the expansion and Russia should fall in line with China, India and Brazil are concerned that their own influence will diminish.
- Many new members- friend of India. So, challenge to ensure that group doesn't become Chinese bandwagon.

Future of BRICS:

BRICS nations are also contemplating about launch of a new global currency, backed by Gold. If that happens along with increased membership, it could provide alternative to dollar dominance.

In the longer term, BRICS's future as a forum of constructive dialogue and as a promoter for a multipolar shift in world politics, giving more visibility to Global South's perspective, depends much on Russia's and China's stand on whether they will want to engage and to what extent, or rather push for changes desired by them alone.

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