

Coping with the Dragon: Small States of South Asia and Their Foreign Policy Responses to China's Rise

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The extraordinary rise of China is one of the most remarkable events of the 21st century and it has attracted tremendous interest in international politics. Yet, the ways in which the small states in South Asia strategically respond to the changes in the systemic structure have largely been neglected in traditional literature. This article seeks to fill this gap by systematically analysing the types and causes of strategies undertaken by three small states in South Asia in order to respond to China's rise. Empirically, it focuses on the contentious regional dyads in South Asia and its maritime domain, exploring how structural, behavioural, and past experiences shape the way in which Bangladesh, Sri Lanka, and Maldives respond to a rising China and the regional power politics. This article concludes that the small states in South Asia are neither bandwagoning nor balancing China, as structural realism assumes. Instead, these states have adopted a form of a 'hedging' strategy where they do not merely act as Lilliputians in Gulliver's world, but they maximise opportunities that a rising China offers these countries of South Asia.

Keywords: South Asia, small states, China, India, foreign policy.

Introduction

The dramatic rise of China as a political, military, economic, and cultural powerhouse in the 21st century is predicted to have a far-reaching impact on international politics, especially on the countries which are situated in the Indo-Pacific region.¹

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¹ Prime Minister of Australia, The Hon Tony Abbott MP, "Address to Parliament, House of Representatives, Parliament House," *Canberra*, 18 November 2014, <http://www.pm.gov.au/media/2014-11-18/address-parliament-house-representatives-parliament-house> (accessed November 7, 2020); "Japanese Prime Minister Shinzo Abe Addresses Australian Parliament," *AustralianPolitics.com*, July 8, 2014, <http://australianpolitics.com/2014/07/08/shinzo-abe-addresses-australian-parliament.html> (accessed November 5, 2020); Marty M. Natalegawa, Minister for Foreign Affairs of the Republic of Indonesia, "An Indonesian Perspective on the Indo-Pacific," Keynote address, Conference on Indonesia, Washington DC, May 16, 2013, http://csis.org/files/attachments/130516_MartyNatalegawa_Speech.pdf (accessed November 5, 2020); Hilary Clinton, "America's Pacific Century," *Foreign Policy*, October 11, 2011, <http://foreignpolicy.com/2011/10/11/america-pacific-century/> (accessed November 6, 2020).

Given China's ascendancy on the global stage and South Asia's growing strategic importance, the governments of this region are also experiencing a set of policy choices that shape their economic prospects and national security. The smaller states of South Asia, Southeast Asia, and Central Asia are in particular facing powerful foreign policy implications of China's rise. Amid this rapid power transition, how Beijing would exercise its leverage on its neighbours relying on its growing prowess is a matter of scholarly interest to many regional experts. Various strategic options began to dominate the region's policy conversations for handling the so-called 'China Conundrum', ranging from bandwagoning to containment, active engagement, and hedging.

So far, much of the discussion on this subject has primarily centred on great power competition between the USA and China,² as well as on dynamic geopolitical and geo-economic interactions between the regional states of East Asia and China.³ However, little attention has been paid to South Asia's small countries' ongoing foreign policy reorientation. More specifically, there has been a dearth of literature on analysing how the small states of South Asia manage to promote and further their political and economic objectives vis-à-vis a rising power. This article attempts to fill this lacuna in literature and it seeks to analyse policies employed by three small states – Bangladesh, Sri Lanka, and Maldives – to adjust to the new realities presented by the ascendancy of China. China's varied engagement levels in Bangladesh, Sri Lanka, and Maldives require special attention. China's renewed interest in these three South Asian countries unravels a mutually beneficial relationship. The paper also locates domestic and international factors that shape these states' foreign policy behaviour towards China. By analysing several policy directions of these states, we argue that small states' coping strategies are marked by a form of 'hedging' where they are not merely pawns on a chessboard dominated by bigger powers. Rather, over the last two decades, these states have developed tools and policies that can help them not only to internalise challenges posed by China's rise, but also to maximise the opportunities

² John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Company, 2011); Zheng Bijan, "China's peaceful rise to great-power status," *Foreign Affairs* 84, no. 18 (2005); John G. Ikenberry, "The rise of China and the future of the West-Can the liberal system survive," *Foreign Affairs* 87, no. 23 (2008); Qi Hao, "China debates the 'New type of great power relations,'" *The Chinese Journal of International Politics* 8, no. 4 (2015): 349–370.

³ Gerald Segal, "East Asia and the 'constraint' of China," *International Security* 20, no. 4 (1996): 107–135; David Shambaugh, "China engages Asia: reshaping the regional order," *International Security* 29, no. 3 (2005): 64–99; Evan S. Medeiros, "Strategic hedging and the future of Asia-pacific stability," *The Washington Quarterly* 29, no. 1 (2005): 145–167; Thomas J. Christensen, "Fostering stability or creating a monster? The rise of China and US policy toward East Asia," *International Security* 31, no. 1 (2006): 81–126; Robert S. Ross, "Balance of power politics and the rise of China: Accommodation and balancing in East Asia," *Security Studies* 15, no. 3 (2006): 355–395; David Chan-oong Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2007); Shiping Tang and Li Mingjiang, eds., *Living with China: Regional States and China through Crises and Turning Points* (New York: Palgrave Macmillan, 2009).

that a rising China offers these countries of South Asia. In the first section, the paper discusses the theoretical aspects of how small states respond to the policies of bigger states. The policies adopted specifically by Bangladesh, Sri Lanka, and Maldives constitute the second section, which is followed by a brief conclusion.

Small states' alignment choices

One of the fundamental challenges for small states in international politics is how to manage relations with the big powers as far as their national security and autonomy are concerned. The mainstream International Relations (IR) literature invariably focuses on the alignment policies of the great powers. To quote the Greek historian Thucydides, "The strong do what they can, and the weak suffer what they must."⁴ In his pioneering work, namely *Politics Among Nations*, Hans Morgenthau observed that "small nations have always owed their independence either to the balance of power, or to the preponderance of one protecting power, or to their lack of attractiveness for imperialistic aspirations."⁵

Owing to their size and minimal assets as well as a limited presence in the play of international relations, small states continue to be alienated from the debates within the traditional Western international relations studies. However, the emergence of the BRICS (Brazil, Russia, India, China, and South Africa) shifts the theoretical debates in IR to the regional-global architecture, though only partially, as it does not alter the hierarchy of the small actors.

The existing literature on the small states' alignment choices examines some of the specific dimensions. To the realists, one bone of contention is that the small states are largely constrained by external structural dynamics.⁶ According to this view, small states are in general expected to 'balance or bandwagon' in the face of powerful actors⁷; here, balancing is a behaviour that economically, politically, and militarily prevents an ascending power from becoming a hegemon, whereas bandwagoning is the alignment with the source of threat through security cooperation, either explicitly or implicitly. As Walt writes,

[t]he weaker the state, the more likely it is to bandwagon. Balancing may seem unwise because one's allies may not be able to provide assistance quickly enough.... States that are close to a country with larger offensive capabilities ... may be forced to bandwagon because balancing alliance are not simply viable.⁸

⁴ Moses I. Finley, *History of the Peloponnesian War* (Baltimore: Penguin Books, 1972), 402.

⁵ Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace* (New York: Alfred P. Kopf, 1948), 196.

⁶ Robert Jervis, "Cooperation under the security dilemma," *World Politics: A Quarterly Journal of International Relations* 30, no. 2 (1978): 167–214.

⁷ Stephen M. Walt, *The Origins of Alliances* (New York: Cornell University Press, 1987), 87; Kenneth N. Waltz, *Theory of International Politics* (Reading, UK: Addison-Wesley Publishing Company, 1979).

⁸ Walt, *The Origins of Alliances*, 25.

For Walt, the fundamental mantra of state behaviour relates to the degree of threat that small states face in relation to the power of others.⁹ Balancing and bandwagoning on the part of smaller states are both, therefore, a response to menaces, with the perception of a threat being influenced by another state's overall power, geographic proximity, capability, and offensive intentions. Scholars in IR also differentiate between 'hard balancing' and 'soft balancing', both of which reflect the states' behaviour. Thus, hard balancing refers to the strategies pursued by small states to modernise and strengthen their military power and engage in alliances in order to enhance their negotiating capabilities with the powerful state. Meanwhile, 'soft balancing' refers to tacit balancing that is short of formal alignment. As Paul explains,

[i]t occurs when states generally develop ententes or limited security understandings with one another to balance a potentially threatening state or a rising power. Soft balancing is often based on a limited arms buildup, ad hoc cooperative exercises, or collaboration in regional or international institutions; these policies may be converted to open, hard-balancing strategies if and when security competition becomes intense and the powerful state becomes threatening.¹⁰

However, this bandwagoning–balancing approach has its critics due to its dichotomist view presenting a narrow set of choices.¹¹ A pure form of the balancing and bandwagoning approach is hardly desirable by small states in their relations with big powers, especially under the typical conditions of global politics if it is short of immediate crisis. The liberal theorists claim that the process of globalisation as well as a growing interdependence among countries and worldwide institutions have profoundly transformed the nature of international relations, moving it out of the balance of power theory.¹² For example, Briguglio has gone beyond the vulnerability paradox to advocate 'resilience' and even 'nurturing', given the numerous opportunities and challenges of 'globalisation'.¹³ The constructivist attack on the balance of power theory is more conceptual and theoretical, arguing that the balancing–bandwagoning approach's focus on material power misses the key role played by ideational factors – such as norms and identities – in the making of threats and allies.¹⁴

Of late, a plethora of literature has shown that small states' behaviour is becoming more diverse and dynamic than ever. The behaviour of small states varies considerably

⁹ Walt, *The Origins of Alliances*, 25.

¹⁰ Thazha V. Paul, "Introduction: The enduring axioms of balance of power theory and their contemporary relevance," in *Balance of Power: Theory and Practice in the 21st century*, ed. Thazha V. Paul, James J. Wirtz, and Michel Fortmann (California: Stanford University Press, 2004), 1–25.

¹¹ Doug Lieb, "The Limits of Neorealism," *Harvard International Review* 26, no. 1 (2004): 26.

¹² Randall L. Schweller, "The balance of power in world politics," in *Oxford Research Encyclopedia of Politics* (accessed May 09, 2016).

¹³ Lino Briguglio, Gordon Cordina, Nadia Farrugia, and Stephanie Vella, "Economic vulnerability and resilience: Concepts and measurements," *Oxford Development Studies* 37, no. 3 (2009): 229–247.

¹⁴ Schweller, "The balance of power in world politics."

according to the types of international architecture in which they operate. Therefore, it would be inaccurate to argue that small states are essentially weak in an environment primarily controlled by large and powerful states. A consideration that has gained significance is about the small states' ability to sustain themselves in the face of pressures emanating from larger neighbouring entities; it is, therefore, a valid question to consider what strategies are necessary for adapting to such an environment. Of course, as is demonstrated by scholars, certain kinds of behaviour relating to small states as well as big states' behaviour towards smaller neighbours have not changed much.

Meanwhile, a new generation of IR theorists has proposed a basket of policy tools, including 'accommodation', 'hiding', 'buck-passing', 'soft-balancing', 'transcending', and 'hedging'.¹⁵ They are virtually applicable for every state in any part of the world. Among these policy options, 'hedging' has drawn most attention, because this concept seems to explain small states' behaviour vis-à-vis emerging powers in a convincing way. In essence, hedging refers to:

purposeful act in which a state seeks to insure its long-term interests by placing its policy bets on multiple countering options that are designed to offset risks embedded in the international system. [...] It is conceived as a multiple-component strategy situated between the two ends of the balancing-bandwagoning spectrum.¹⁶

Some scholars define the concept broadly enough to include the overall strategy of any state. As Goh describes with regard to the policies adopted by Southeast Asian countries, 'hedging' is

[a] set of strategies aimed at avoiding (or planning for contingencies in) a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality. Instead they cultivate a middle position that forestalls or avoids having to choose one side [or one straightforward policy stance] at the obvious expense of another.¹⁷

¹⁵ Paul Schroeder, "Historical reality vs. neo-realist theory," *International Security* 19, no. 1 (1994): 108–148; David A. Lake, "Anarchy, hierarchy, and the variety of international relations," *International Organization* 50, no. 1 (1996): 1–33; David C. Kang, "Hierarchy, balancing, and empirical puzzles in Asian international relations," *International Security* 28, no. 3 (2004): 165–180; Robert A. Pape, "Soft balancing against the United States," *International Security* 30, no. 1 (2005): 7–45; Robert S. Ross, "Balance of power politics and the rise of China: Accommodation and balancing in East Asia," *Security Studies* 15, no. 3 (2006): 355–395; Thazha V. Paul, "Soft balancing in the age of US primacy," *International Security* 30, no. 1 (2005): 46–71; Kai He, "Institutional balancing and international relations theory: Economic interdependence and balance of power strategies in Southeast Asia," *European Journal of International Relations* 14, no. 3 (2008): 489–518; Kai He, "Contested regional orders and institutional balancing in the Asia Pacific," *International Politics* 52, no. 2 (2015): 208–222.

¹⁶ Kuik Cheng-Chwee and Lee Kong Chian, "Rising Dragon, Crouching Tigers? Comparing the Foreign Policy Responses of Malaysia and Singapore toward a Re-emerging China, 1990–2005," *Biblio Asia* 3, no. 4 (2008): 5.

¹⁷ Evelyn Goh, "Understanding 'hedging' in Asia-Pacific security," *PacNet* 43 (2006): 31, https://csis-website-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/media/csis/pubs/pac0643.pdf (accessed August 10, 2020).

In short, hedging offers a state enough flexibility to deal with their partner's uncertain intentions while enabling them to get the best out of their relations. In the next section, the hedging strategies of Bangladesh, Sri Lanka, and Maldives are outlined based on the theoretical underpinnings discussed in this section.

Bangladesh's China policy

Bangladesh's foreign policy interactions are primarily shaped by two factors: first, ensuring security and preservation of sovereignty, and, second, the quest for resources for overall development.¹⁸ Because of geographical proximity between Bangladesh and China, only ninety miles across the Himalayas, China has always been a significant factor in Bangladesh's foreign policy ever since formal diplomatic relations were established. For Bangladesh, the historical fact of China casting its first United Nations Security Council (UNSC) veto against the admission of the former to the UN stays alive. However, it has been reconsidered in the light of China's political calculations of the time.¹⁹ Since the relationship between the two countries was formally established in August 1975, the bilateral relationship has become one of Bangladesh's foreign policy's major cornerstones.

Visits of high officials, including government leaders on both sides, marked the significance of bilateral relations. With President Xi Jinping's visit to Bangladesh in October 2016, a new chapter in the China–Bangladesh relations was written. During the visit, Bangladesh received the largest economic assistance and investment package from China, totalling \$38.05 billion.²⁰ The signing of 27 deals between the two governments would allow Bangladesh to receive \$24.45 billion, while the signing of agreements by 13 Bangladeshi companies with their Chinese counterparts would secure another \$13.6 billion. It is argued that Xi's visit elevated bilateral relations from a “comprehensive partnership of cooperation” to a “strategic partnership of cooperation.”²¹ The Chinese President's statement reads:

China is ready to synergise its 13th Five-Year Plan with Bangladesh's Seventh Five-Year Plan with a view to leveraging our respective comparative advantages, increasing economic exchanges and trade, building key projects in areas such as infrastructure, production capacity, energy, electricity, transportation, information, telecommunications

¹⁸ Iftekhar Ahmed Chowdhury, “Foundations of Bangladesh's Foreign Policy Interactions,” *ISAS Insights*, no. 120 (2011).

¹⁹ Lailufar Yasmin, “Bangladesh and the great powers,” in *Routledge Handbook of Contemporary Bangladesh*, ed. Ali Riaz and Mohammad Sajjadur Rahman (London: Routledge, 2016), 389–401.

²⁰ Refayet Ullah Mirdha, “Deals with China a turning point for Bangladesh,” *The Daily Star*, October 17, 2016, <https://www.thedailystar.net/business/deals-china-turning-point-bangladesh-1299802>.

²¹ Pinak Ranjan Chakravarty, “India needs to re-strategise as the Dragon woos Dhaka,” *Observer Research Foundation (ORF)*, October 15, 2016, <https://www.orfonline.org/research/the-dragon-woos-dhaka/> (accessed August 22, 2020).

and agriculture, strengthening practical cooperation under the BCIM Economic Corridor and delivering to our people tangible benefits of our cooperation.²²

Most notably, the two parties formally agreed to advance China's flagship project namely the 'One Belt, One Road' (OBOR) initiative.²³ Furthermore, China has recently increased the number of scholarships available to Bangladeshi students and government officials for higher education, training, and cultural exchange programmes. In order to encourage Bangladeshi students to learn Mandarin, China has helped establish several Confucius Institutes in top public and private universities, including the University of Dhaka, the North South University, and the BRAC University.²⁴

On the economic front, despite being a latecomer, China was quick to make significant inroads into Bangladesh in the arena of infrastructural development, trade, and economics. China had only a small share of Bangladesh's imports in 1975, accounting for less than India measuring USD 3.06 million, while in 2019, the bilateral volume reached USD 18.33 billion, which was a dramatic rise.²⁵ Since 2005, China has emerged as the largest trading partner of Bangladesh.²⁶ Similarly, Bangladesh's trade deficit with China has been much bigger than that with India, becoming a bone of contention between the two parties.²⁷ Moreover, due to the extensive trade ties, many Chinese workers migrated to Bangladesh and sent 958 million USD in remittances to China in 2014.²⁸

Since the normalisation of diplomatic relations, defence cooperation has become a significant strength of ties between the two countries. From the 1980s onwards, leaders of the two armed forces have engaged in military talks, exchanged visits frequently,

²² "China-Bangladesh cooperation will bear golden fruits," *The Daily Star*, October 14, 2016, <https://www.thedailystar.net/frontpage/china-bangladesh-cooperation-will-bear-golden-fruits-1298536> (accessed November 8, 2020).

²³ Arafat Kabir, "Chinese President Xi Jinping's Visit To Bangladesh Gives Boost To Bilateral Relations," *Forbes*, October 14, 2016, <https://www.forbes.com/sites/arafatkabir/2016/10/14/chinese-president-xi-jin-pings-visit-to-bangladesh-gives-boost-to-bilateral-relations/#451d70b36ccb> (accessed January 15, 2020).

²⁴ "China increases 'full' scholarships for Bangladesh students," *Bdnews24.com*, April 7, 2016, <https://bdnews24.com/education/2016/04/07/china-increases-full-scholarships-for-bangladesh-students> (accessed July 1, 2020); B.M. Jain, *China's Soft Power Diplomacy in South Asia: Myth or Reality?* (Maryland: Lexington Books, 2017); Parama Sinha Palit, *Analysing China's Soft Power Strategy and Comparative Indian Initiatives* (New Delhi: SAGE Publishing, 2017).

²⁵ "'Trade ties with China to enter new stage', says Chinese Ambassador," *The Dhaka Tribune*, June 30, 2020, <https://www.dhakatribune.com/business/economy/2020/06/30/trade-ties-with-china-to-enter-new-stage-says-chinese-ambassador> (accessed February 20, 2020).

²⁶ Urvashi Aneja, "China-Bangladesh relations: An emerging strategic partnership," *IPCS Special Report* 33, no. 3 (2006).

²⁷ Forrest Cookson and Tom Felix Joehnk, "China and India's geopolitical tug of war for Bangladesh," *East Asia Forum*, 2018, <https://www.eastasiaforum.org/2018/04/11/china-and-indias-geopolitical-tug-of-war-for-bangladesh/> (accessed September 30, 2020).

²⁸ Ashlyn Anderson and Alyssa Ayres, "Economics of Influence: China and India in South Asia," *Council on Foreign Relations*, 2015, <https://www.cfr.org/expert-brief/economics-influence-china-and-india-south-asia> (accessed September 30, 2020).

and taken part in training and exercises, contributing to strengthening the cooperation between the two armed forces.²⁹ The two countries signed the ‘Defence Cooperation Agreement’ in 2002 for cooperation in military training and for defence equipment production, the first of its kind for Bangladesh.³⁰ Over time, China has emerged as the major supplier of arms, making Bangladesh the second largest Chinese military-equipment-purchasing country after Pakistan.³¹ In addition to the only ammunitions factory in Bangladesh being built with China’s help, the country’s armed forces are equipped with Chinese tanks, patrol craft, missile launchers, fighter aircraft, artillery guns, frigates, and submarines. More recently, Bangladesh has signed a new contract with China to purchase training aircraft for the Bangladesh Air Force (BAF).³² The personnel of the Bangladeshi armed forces participate in training activities in China, while Chinese military officials pay regular visits to Bangladesh.

Sandwiched between two rising powers – China and India – Bangladesh’s foreign policy orientation is significantly constrained by the external political dynamics.³³ Bangladesh’s geographical location is such that the country is surrounded by India on three sides and as such is often dubbed as ‘India-locked’. As a consequence, policy planners in Bangladesh cannot afford not to take India into serious consideration while formulating its China policy. From the beginning, New Delhi has been keeping an eye on Bangladesh’s closer ties with China, viewing the relationship as inimical to its strategic interests; this is only intensifying over time. While some observers claim that Prime Minister Sheikh Hasina’s government is pursuing an India-leaning foreign policy and has abandoned the counterbalancing strategy taken by the previous regimes,³⁴ there is concern from India about Dhaka’s growing bonhomie with Beijing.

Of late, Bangladesh’s acquisition of two Ming-class submarines at friendly prices from China as part of its military modernisation project ‘Forces Goal 2030’ disconcerted Indian policymakers.³⁵ The country views Chinese submarines in the strategically

²⁹ Sucheta Ghosh, *China–Bangladesh–India Tangle Today: Towards a Solution?* (New Delhi: Sterling Pub Private Limited, 1995); Noor Mohammad Sarker, “Bangladesh-China relationship at the dawn of the twenty first century,” *Peace and Security Review* 6, no. 11 (2014): 72–96; Bhattacharjee, Joyeeta. 2018. “India-Bangladesh Defence Cooperation: Coming of Age, At Last?” *Observer Research Foundation*, <https://www.orfonline.org/research/india-bangladesh-defence-cooperation-coming-of-age-at-last/?amp> (accessed August 15, 2020).

³⁰ Sarker, “Bangladesh-China relationship at the dawn of the twenty first century.”

³¹ Stockholm International Peace Research Institute, *SIPRI Yearbook: Armaments, Disarmament, and International Security* (2017).

³² Shakil Bin Mushtaq, “Bangladesh’s Ambitious Military Modernization Drive,” *The Diplomat*, January 9, 2018, <https://thediplomat.com/2018/01/bangladeshs-ambitious-military-modernization-drive/> (accessed October 19, 2020).

³³ R. Chakrabarti, “China and Bangladesh,” *China Report* 30, no. 2 (1994): 149–159.

³⁴ Bhumitra Chakma, “Bangladesh-India Relations: Sheikh Hasina’s India-positive Policy Approach,” *RSIS Working Paper*, no. 252 (2012): 1–24.

³⁵ Nilanthi Samaranyake, “Bangladesh’s Submarines from China: Implications for Bay of Bengal Security,” *RSIS Commentary*, no. 295 (2016); Gurpreet S. Khurana, “China Delivers Submarines to Bangladesh: Imperatives, Implications and Intentions,” *Viewpoint, National Maritime Foundation* 28 (2016); Blake

significant Bay of Bengal arena as a potential threat – a case made clear in former Indian diplomat Chakravarty's remarks.³⁶ India was so concerned that it promptly dispatched Defence Minister Manohar Parrikar to Bangladesh. Later, the two countries signed a framework agreement and MoUs on defence cooperation. However, very little information on these agreements has been made public, as the confidentiality clause protects them.³⁷ The deal has sparked controversy at home in Bangladesh; experts raised questions about its true nature and also the necessity of a defence deal with India.³⁸ Also, Bangladesh and India signed three agreements in October 2018, which allowed New Delhi to access two strategically important ports – namely Mongla and Chittagong – as transit points for the movement of goods to and from India.³⁹

Notwithstanding the common perception that the rivalry between the two regional powerhouses – India and China – benefits small countries, as they can reap the rift's reward,⁴⁰ Bangladesh often finds itself swimming the troubled waters while balancing the relations. For example, when Bangladesh asked for China's assistance in developing and modernising the Chittagong port, it came under intense scrutiny by Indian policymakers who consider the project as another pearl in the China's so-called 'String of Pearl' strategy. Later, Bangladesh and China agreed to sign a deal on the construction of the Sonadia deep seaport – with an estimated cost of 14 billion USD – during Sheikh Hasina's visit to China in 2014. However, pressure from India, the US, and Japan not only halted the earlier signing of the deal, but also caused the project to be officially scrapped altogether in 2020. At the same time, Bangladesh decided to fast-track the Matarbari deep seaport project funded by Japan.⁴¹

More importantly, the country's formal consent to join the Belt and Road Initiative (BRI) did not please India, which has officially opposed this grand project due to the fear of Chinese encirclement in its backyard.⁴² Besides, Bangladesh is a party

Herzinger, "Submarines in the Bangladesh Navy: Acquired Deterrence or Strategic Misstep?," *The Diplomat*, December 21, 2016, <https://thediplomat.com/2016/12/submarines-in-the-bangladesh-navy-acquired-deterrence-or-strategic-misstep/> (accessed August 10, 2020).

³⁶ Chakravarty, "India needs to re-strategise as the Dragon woos Dhaka."

³⁷ Joyeeta Bhattacharjee, "India-Bangladesh defence cooperation: Coming of age, at last?," *Observer Research Foundation (ORF)*, no. 250 (2018): 1–10, https://www.orfonline.org/wp-content/uploads/2018/07/ORF_IssueBrief_250_India-Bangladesh_FinalForUpload.pdf (accessed July 20, 2020).

³⁸ Shahedul Anam Khan, "Bangladesh-India defence cooperation," *The Daily Star*, March 16, 2017, <https://www.thedailystar.net/opinion/strategically-speaking/bangladesh-india-defence-cooperation-1376479> (accessed January 10, 2020).

³⁹ "Dhaka, Delhi sign deal on port use," *The Daily Star*, October 26, 2018, <https://www.thedailystar.net/frontpage/news/dhaka-delhi-sign-port-deal-1652074> (accessed March 15, 2020).

⁴⁰ Thazha V. Paul, "When balance of power meets globalization: China, India and the small states of South Asia," *Politics* 39, no. 1 (2019): 50–63.

⁴¹ "Bangladesh formally scraps Sonadia deep seaport project," *The New Age*, September 1, 2020, <https://www.newagebd.net/print/article/115005> (accessed September 12, 2020).

⁴² Rubiat Saimum, "What One Belt One Road means for Bangladesh," *The Dhaka Tribune*, November 1, 2017, <https://www.dhakatribune.com/opinion/op-ed/2017/10/31/one-belt-one-road-means-bangladesh/> (accessed June 19, 2020); Ishrat Hossain, "Bangladesh balances between big brothers China and India," *East*

to a regional quadrilateral group involving Bangladesh, China, India, and Myanmar (BCIM). However, it should be noted that the progress of this initiative has been less than satisfactory in terms of reducing tensions and promoting inter-state connectivity, though the origin of this platform dates back to the late 1990s.⁴³ In 2018, Beijing's purchase of a 25% of stakes in the Dhaka Stock Exchange (DSE) – the largest stock market in Bangladesh, outbidding India's National Stock Exchange (NSE) – expanded its sphere of competition from hard infrastructure to soft assets.⁴⁴

With regard to the Rohingya crisis, China's action to block the move of the UN Security Council against genocide or ethnic cleansing by Myanmar was deeply unsettling for Bangladesh, which the country sees as an unfriendly act by an 'all-weather friend'.⁴⁵ In the end, China came to partially rescue Bangladesh by mediating a relatively weak repatriation deal with the Myanmar government. Though the agreement has not been properly implemented yet, China's quiet diplomacy demonstrates its ambition to take the leadership role in a regional crisis, further undermining India's role as a security manager in South Asia.⁴⁶ On the other hand, the recently unfolded tensions and stalemating between China and India in the Himalayan region along the Line of Actual Control (LAC) has brought the two regional rivals – as well as their relations with smaller countries in South Asia – into the spotlight. Unlike with the previous crises, i.e. when India received unwavering support from its neighbours except for Pakistan, the latest clash with China has produced no significant support.⁴⁷

Amidst this intensifying rivalry over the past few months, the Bangladeshi government has awarded a \$250m contract in April 2020 to build a new airport terminal in the north-eastern city of Sylhet (located only about 50km from the border with India) to the Beijing Urban Construction Group, where an Indian company lost the bid.⁴⁸ On the other hand, Beijing granted tariff exemptions for 97% of Bangladeshi products with immediate effect, along with the proposals to establish 'Sister Cities' in Bangladesh.⁴⁹

Asia Forum, June 6, 2018, <http://www.eastasiaforum.org/2018/06/06/bangladesh-balances-between-big-brothers-china-and-india/> (accessed July 10, 2020).

⁴³ Pravakar Sahoo and Abhirup Bhunia, "BCIM Corridor a game changer for South Asian trade," *East Asia Forum* 18 (2014); M. Shahidul Islam, "Xi Jinping's Visit: Implications for Bangladesh-China Relations," *CSG China Insights* (2016).

⁴⁴ Arafat Kabir, "China Outbids India for Bangladesh's Largest Stock Exchange: What's Next?," *Forbes*, May 16, 2018, <https://www.forbes.com/sites/arafatkabir/2018/05/16/china-outbids-india-for-bangladeshs-largest-stock-exchange-whats-next/#605b65637f2c> (accessed May 15, 2019).

⁴⁵ Cookson and Joehnk, "China and India's geopolitical tug of war for Bangladesh."

⁴⁶ Hossain, "Bangladesh balances between big brothers China and India."

⁴⁷ Ali Riaz, "As the Sino-Indian rivalry heats up, watch Bangladesh carefully," *The Atlantic Council*, July 2, 2010, <https://www.atlanticcouncil.org/blogs/new-atlanticist/as-the-sino-indian-rivalry-heats-up-watch-bangladesh-carefully/> (accessed October 10, 2020).

⁴⁸ "As Bangladesh's relations with India weaken, ties with China strengthen," *The Economist*, September 19, 2020, <https://www.economist.com/asia/2020/09/19/as-bangladeshs-relations-with-india-weaken-ties-with-china-strengthen> (accessed September 20, 2020).

⁴⁹ Sudha Ramchandran, "Why Bangladesh Reaches out to China," *The Diplomat*, August 26, 2020, <https://thediplomat.com/2020/08/why-bangladesh-reaches-out-to-china/> (accessed September 11, 2020).

In September 2020, Bangladesh, seemingly frustrated after years of negotiation with India on a water-sharing agreement for the Teesta river, turned to Beijing to fund a \$1bn water-management-and-restoration project.⁵⁰ In addition, in recent years, China has completed building seven ‘friendship bridges’ in Bangladesh. In 2018, China surpassed India as the country’s biggest source of foreign direct investment (Figure 1).⁵¹

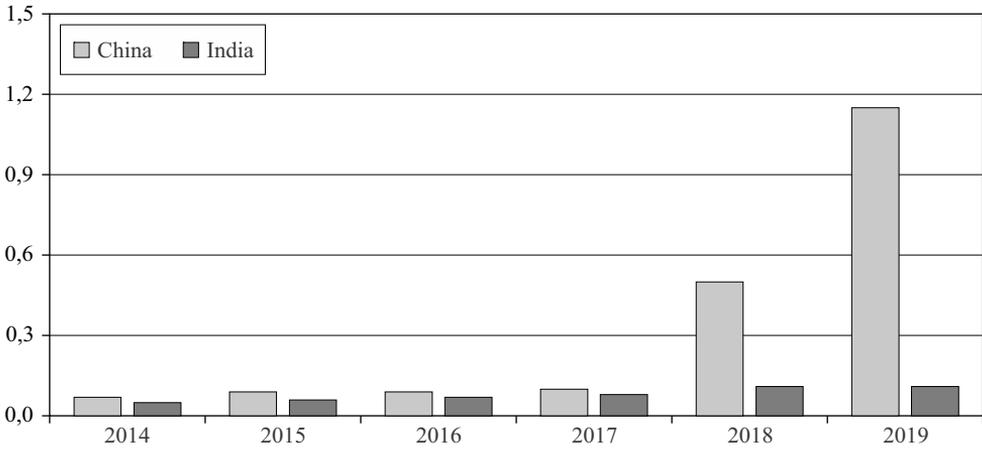


Figure 1. Bangladesh, FDI net inflows, \$bn

Source: *The Economist*, September 19, 2020.

As the COVID-19 pandemic descended upon Bangladesh, China donated medical logistics and sent a team of medical experts to guide and train Bangladeshi medical professionals in fighting against the outbreak. Besides, the Bangladeshi government cleared the way for the Chinese company Sinovac Biotech, a private-owned company, and the International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR) to conduct a stage-three clinical trial of its CoronaVac vaccine.⁵²

Bangladesh’s outreach to China has raised concerns for policymakers in New Delhi, prompting India’s Foreign Secretary Harsh Vardhan Shringla to make a sudden and unannounced visit to Dhaka to discuss expediting the existing Indian projects

⁵⁰ Jagaran Chakma, “Bangladesh leans to China for Teesta management amidst Indian neglect,” *The Daily Star*, August 10, 2020, <https://www.thedailystar.net/business/news/bangladesh-leans-china-teesta-management-amidst-indian-neglect-1942561> (accessed September 11, 2020).

⁵¹ “As Bangladesh’s relations with India weaken, ties with China strengthen,” *The Economist*, September 19, 2020, <https://www.economist.com/asia/2020/09/19/as-bangladeshs-relations-with-india-weaken-ties-with-china-strengthen> (accessed September 20, 2020).

⁵² Mehedi Al Amin, “Human trial of Chinese Covid-19 vaccine in Bangladesh to start in September,” *The Dhaka Tribune*, September 8, 2020, <https://www.dhakatribune.com/health/coronavirus/2020/09/08/human-trial-of-chinese-covid-19-vaccine-in-bangladesh-to-start-within-september> (accessed September 10, 2020).

in the country. During his trip, Mr. Shringla said that Bangladesh would be given priority for the COVID-19 vaccine supply, and he also laid the ground for a deal between one of the renowned Bangladeshi pharmaceutical companies, Beximco, and the Serum Institute of India.⁵³ New Delhi has also launched several initiatives to win back its goodwill with its eastern neighbour, which is strained due to a number of issues in recent years. The current Bharatiya Janata Party's (BJP) majoritarian policy – epitomised by India's Home Minister Amit Shah's comment on the Bangladeshi immigrants to India as 'termites', and by his attitude towards immigration in general – has troubled Bangladesh. Commentators fear that the Indian government's pursuit of both the Citizenship Amendment Act and the National Register of Citizens can have grave consequences for Bangladesh.⁵⁴ Given the spurt of religiosity and the reassertion of national sentiment as displayed by the resurgence of Hindu nationalism in India, it remains to be seen whether the BJP government can overcome its ideological foundation and allay the concerns felt in Bangladesh.⁵⁵ On a more mundane issue, India's abrupt ban of onion exports in recent years without prior notice – despite the signed MoU between the two countries stipulating that information must be provided in case of India's inability to do so in advance – has led to deep concerns in Bangladesh. Onions are a staple item in cooking in a typical Bangladeshi kitchen, and every year the country imports thousands of tonnes of onion from India to meet its domestic demand.⁵⁶

Over the past four decades and a half, Dhaka's perception of Beijing and its foreign policy orientation did not vary significantly across consecutive regimes. In fact, the bilateral relationship has always been perceived as a 'positive factor' for the country's overall development. As Jain writes,

[B]angladesh perceives China as a principal source of economic aid, indispensable for the country's economic development and prosperity [...] There is a growing perception among Bangladeshis that China is friendlier and more accommodating than India.⁵⁷

⁵³ Ramachandran, "Why Bangladesh Reaches out to China."

⁵⁴ Pranay Sharma, "Citizenship Amendment Bill Has Bangladesh On Tenterhooks, Relationship with India May Suffer," *Outlook India*, December 2019, <https://magazine.outlookindia.com/story/world-news-citizenship-amendment-bill-has-bangladesh-on-tenterhooks-relationship-with-india-may-suffer/302499> (accessed November 12, 2020).

⁵⁵ For more on the ideological basis of the Bharatiya Janata Party and the Hindu nationalism, see: Jyotirmaya Sharma, *Hindutva, Exploring the Ideas of Hindu Nationalism* (Chennai: Contxt, 2015); K.S. Komireddi, *Malevolent Republic: A Short History of the New India* (Chennai: Contxt, 2019); Perry Anderson, *The Indian Ideology* (London–New York: Verso, 2013); Walter Andersen and Damle D. Shridhar, *Messengers of Hindu Nationalism: How the RSS Reshaped India* (London: Hurst & Company, 2019).

⁵⁶ Kallol Bhattacharjee, "Bangladesh protests India's ban on onion exports," *The Hindu*, September 17, 2020, <https://www.thehindu.com/news/national/bangladesh-protests-indias-ban-on-onion-exports/article32624768.ece> (accessed September 17, 2020); Bertil Lintner, "Bangladesh wins and loses in China-India rivalry," *The Asia Times*, October 14, 2020a, <https://asiatimes.com/2020/10/bangladesh-wins-and-loses-in-china-india-rivalry/> (accessed September 10, 2020).

⁵⁷ Jain, *China's Soft Power Diplomacy in South Asia: Myth or Reality?*

The bilateral interactions over the years show that Bangladesh is carefully hedging its relations with China, keeping the necessary manoeuvring space and the regional chess game in mind. While the country is calibrating its effort to attract Chinese investment, it also actively engages India in political, economic, and security cooperation at the same time. In order to reduce the concerns of India, Bangladesh's Foreign Secretary Shahidul Haque in his speech at the World Economic Forum (WEF) in New Delhi on October 5, 2017, said that China's One-Belt-One-Road initiative (OBOR) had everything to do with economic integration and nothing to do with 'sovereignty'. As he asserted, "We look at sovereignty and integration rather from a different angle."⁵⁸ Later, while speaking to the press after assuming power for the fourth time in 2019, Prime Minister Sheikh Hasina reiterated Bangladesh's position towards India and China, stating that "India should not worry about the China-led Belt and Road Initiative (BRI); rather it can join the initiative for the economic benefit of all countries."⁵⁹

This section illustrates a mixed strategy that involves pursuing China while keeping the regional reality of the Indian hegemony in mind. This has created the crux of the hedging strategy of Bangladesh. For obvious economic reasons, Bangladesh needs China. However, just as much as China does not put all its eggs from one basket, Bangladesh has also diversified its options. More significantly, in recent years, the rising geopolitical significance of Bangladesh has caught international attention.⁶⁰ Bangladesh – wedged between India and Myanmar on the one hand and with the potential to providing closest maritime port opportunities for Nepal and Bhutan on the other – has seen itself at the peak of a number of regional and international initiatives, such as the BBIN, i.e. Bangladesh, Bhutan, India and Nepal, or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). The rising pace of the activities of major powers in Bangladesh is a testament to these changing circumstances.⁶¹ Bangladesh's unique identity as a keeper of international peace and security through its contribution to United Nations' Peacekeeping Missions is globally recognised.⁶² Gradually, Bangladesh has developed a hedging strategy, despite physically being a small country, which serves its national interest vis-à-vis accommodating China.

⁵⁸ "Foreign secretary in Delhi: Bangladesh supports China's One-Belt-One Road," *The Dhaka Tribune*, October 7, 2017, <https://www.dhakatribune.com/bangladesh/foreign-affairs/2017/10/07/foreign-secretary-bangladesh-supports-chinas-one-belt-one-road> (accessed November 6, 2020).

⁵⁹ Shahriar Feroze, "PM's straight and subtle messages to India," *The Observer*, January 31, 2019, <https://www.observerbd.com/details.php?id=180856> (accessed March 10, 2019).

⁶⁰ Rashed Uz Zaman, "Can Bangladesh turn its burdensome geography into a blessing?," *East Asia Forum*, 2017, <https://www.eastasiaforum.org/2017/09/01/can-bangladesh-turn-its-burdensome-geography-into-a-blessing/> (accessed March 10, 2020).

⁶¹ Lailufar, "Bangladesh and the great powers."

⁶² Rashed Uz Zaman and Biswas R. Niloy, "Bangladesh," in *Providing Peacekeepers: The Politics, Challenges, and Future of United Nations Peacekeeping Contributions*, ed. Alex J. Bellamy and Paul D. Williams (Oxford: Oxford University Press, 2013), 183–203.

Sri Lanka's China policy

The response of Sri Lanka towards China is a positive hedging strategy that consists of active engagement and accommodation. The country has embraced a 'rising China' with closer political, economic, and military relations.⁶³ For example, a large number of bilateral visits by government officials at different levels took place after the war against the separatist Tamils in Sri Lanka.⁶⁴ Mahinda Rajapakshe, during his tenure in the presidency, made six official visits, while the former President Maithripala Sirisena paid major visits in March 2015 and in May 2019. Prime Minister Ranil Wickremesinghe visited Beijing in April and August 2016 as well as in May 2017, which added much impetus to the relations between the two countries.

The mutual interactions between the two countries started in 1952, even before formal diplomatic relations, when the pro-West United National Party (UNP) in Sri Lanka signed the 'Rubber-Rice pact' with China due to economic compulsions.⁶⁵ Since then, relations between Sri Lanka and China have been amicable, with Colombo as an early recogniser of China's Communist party-led government after the revolution. A significant part of this long-standing diplomatic tie is Sri Lanka's constant support for China's 'One-China' policy, as it voted against Taiwan's attempts to become a UN member several times. Sri Lanka has also pursued a similar stance on China's policy regarding Tibet, Xinjiang, and Hong Kong, and supporting the country over its South China Sea dispute with the Philippines.

However, during Sri Lanka's more recent protracted conflict with Tamil separatists, China's non-judgmental support became indispensable.⁶⁶ During Mahinda Rajapaksa's administration – he was elected in 2005 and ran the administration over the last years of the war – Sri Lanka increasingly became cornered by the international community for its severe human rights violations. Through economic assistance, military weapons supply, and political support at the UN Human Rights Council, China's unwavering support helped to withstand potential sanctions for human rights violations.⁶⁷ Just as

⁶³ Nilanthi Samaranyake, "Bangladesh's Submarines from China: Implications for Bay of Bengal Security," *RSIS Commentary*, no. 295 (2016); Saman Kelegama, "China–Sri Lanka Economic Relations: An Overview," *China Report* 50, no. 2 (2014): 131–149.

⁶⁴ Nilanthi Samaranyake, "Are Sri Lanka's relations with China deepening? An analysis of economic, military, and diplomatic data," *Asian Security* 7, no. 2 (2011): 119–146; Kelegama, "China–Sri Lanka Economic Relations: An Overview"; A. Panda, "China Courts Sri Lanka," *The Diplomat*, September 16, 2014; Rajni Nayanthara Gamage, "Balancing and bandwagoning: Explaining shifts in Sri Lankan foreign policy," *Journal of the Indian Ocean Region* 13, no. 2 (2017): 133–154.

⁶⁵ Nilanthi Samaranyake, "Are Sri Lanka's relations with China deepening? An analysis of economic, military, and diplomatic data," *Asian Security* 7, no. 2 (2011): 119–146; Kelegama, "China–Sri Lanka Economic Relations: An Overview."

⁶⁶ Jayadeva Uyangoda, "Sri Lanka in 2009: From civil war to political uncertainties," *Asian Survey* 50, no. 1 (2010): 104–111.

⁶⁷ Ana Pararajasingham, "Why Is Sri Lanka Defying the United Nations?," *The Diplomat*, December 22, 2017, <https://thediplomat.com/2017/12/why-is-sri-lanka-defying-the-united-nations/> (accessed October 19, 2020).

Sri Lanka supported China's bid for a UN seat during the 1950s and the 1960s instead of supporting Taiwan, China came to rescue Sri Lanka when the UN Human Rights Council tried to launch a probe against the war crime allegations of the Sri Lankan government in May 2009.⁶⁸ This fostered Sri Lanka's greater appreciation towards China, as it had received no assistance from Western countries.

After the defeat of the Tamil insurgency, Sri Lanka warmly welcomed a massive Chinese investment in the construction of a port in Hambantota and, in June 2009, was awarded a 'dialogue partner' status in the Shanghai Cooperation Organisation (SCO).⁶⁹ Though China's engagement with Sri Lanka is not new, investments have rapidly multiplied in recent years.⁷⁰ Most of the big projects by Chinese companies in Sri Lanka, including the Mattala Rajapaksa International Airport, the Lakwijaya power plant at Norochchollai, and some other long-road construction projects, have a better record of meeting deadlines and thus created a positive impression among Sri Lankans.⁷¹

Sri Lanka's economic pragmatism is best demonstrated by its government officials' frequent visits to China, which have always been accompanied by high-powered business groups and resulted in agreements on numerous joint venture projects. Since 2005, bilateral trade has skyrocketed from 660 million USD to more than 4 billion USD in 2016.⁷² A recent Chatham House report points out that in the years from 2006–2019, China has invested 12 billion USD in different projects.⁷³ Currently, Sri Lanka's trade with China is growing faster than that of India and the USA, the country's two major trading partners. With respect to military ties, China had already been a major supplier of arms to Sri Lanka. It is worth mentioning here that China's military support during the war proved vital to the small state's victory. According to the Stockholm International Peace Research Institute's (SIPRI) report of 2017, China is one of the major arms suppliers to Sri Lanka.⁷⁴

⁶⁸ Samaranyake, "Are Sri Lanka's relations with China deepening? An analysis of economic, military, and diplomatic data."

⁶⁹ Ashok K. Behuria and Sultana Gulbin, "Mahinda Rajapaksa's India Policy: Engage and Counter-vail," *Strategic Analysis* 37, no. 1 (2013): 84–100.

⁷⁰ Gauri Bhatia, "China, India tussle for influence as Sri Lanka seeks investment," *CNBC News*, April 27, 2016, <https://www.cnb.com/2016/04/24/global-opportunities-china-india-tussle-for-influence-as-sri-lanka-develops.html> (accessed August 15, 2019); Sudha Ramachandran, "China Expands Its Footprint in Sri Lanka," *The Diplomat*, September 11, 2018a, <https://thediplomat.com/2018/09/china-expands-its-footprint-in-sri-lanka/> (accessed October 19, 2020).

⁷¹ Behuria and Gulbin, "Mahinda Rajapaksa's India Policy: Engage and Counter-vail."

⁷² "Lanka, China bilateral trade crosses US\$ 4 bn," *The Daily News*, November 23, 2016, <http://www.dailynews.lk/2016/08/15/business/99892/lanka-china-bilateral-trade-crosses-us-4-bn> (accessed November 6, 2020).

⁷³ Ganeshan Wignaraja, Dinusha Panditaratne, Pabasara Kannangara, and Divya Hundlani, "Chinese Investment and the BRI in Sri Lanka," *Research Paper*, 2020, Asia Pacific Programme, Chatham House, <https://www.chathamhouse.org/sites/default/files/CHHJ8010-Sri-Lanka-RP-WEB-200324.pdf> (accessed October 19, 2020).

⁷⁴ Stockholm International Peace Research Institute, *SIPRI Yearbook: Armaments, Disarmament, and International Security* (2017).

Since 2015, China has provided more than 1200 scholarships, trainings, and internships to Sri Lankan students annually.⁷⁵ Besides, China has launched a series of training programmes for Sri Lankan government officials, journalists, academics, and entrepreneurs. In order to facilitate academic interactions between the two countries, the Confucius Institute of the University of Kelaniya and the Confucius Institute of the University of Colombo were inaugurated in 2007 and 2015, respectively.⁷⁶ It should be mentioned here that this relationship is not one-sided, as China sends its students to Sri Lanka as well, mainly for studies and research in subjects such as Buddhism, Sinhala, and tea plantation.

In January 2015, Maithripala Sirisena became the President of Sri Lanka and showed his eagerness to reorient Sri Lanka's foreign policy towards India, Japan, and the West, and move away from China. New Delhi and Washington welcomed the regime; Indian Prime Minister Narendra Modi even made a phone call and congratulated the newly elected leaders before the election results. At the beginning, President Sirisena suspended some of the China-led infrastructure projects – which started under the previous administration – over some highly questionable provisions, suspected corruption, overpricing, and flouted government procedures. However, the government soon realised that their room for manoeuvre was limited, and no other country could fill the economic and commercial void in the manner that China can for the benefit of Sri Lanka.⁷⁷ Therefore, a year later, after minor changes in some of the projects, the government allowed them. It restarted the suspended projects, but Sri Lanka also signed a 300-million-USD-worth contract with the Chinese Railway Beijing Engineering Group Co. Ltd. to build 40,000 houses in the Tamil-dominated Jaffna district in the Northern Province.⁷⁸ The country has also engaged in a negotiation with China to invest 30–40 million USD in Sri Lanka's rubber plantation industry to boost its export capacity.⁷⁹

Under the National Unity Government (NSG), economic considerations have been a key driving force behind Sri Lanka's China policy. In May 2018, during a meeting with China's Ambassador to Sri Lanka, President Sirisena reiterated his support for the Chinese OBOR initiative and put greater emphasis on the Chinese-backed great projects such as the Colombo Port City, the Hambantota Port, and the Industrial Park in Sri Lanka.

Sri Lanka's active engagement with Beijing has been viewed by India with apprehension, as China intensifies its presence in the Indian Ocean, builds strategic ties with Pakistan, Myanmar, and Djibouti, and pursues growing economic activities

⁷⁵ Y. Xianliang, "A Brilliant Future for China–Sri Lanka Cooperation under the 'Belt and Road' Initiative," *Embassy of the People's Republic of China in the Democratic Socialist Republic of Sri Lanka*, June 16, 2017, <http://lk.china-embassy.org/eng/xwdt/t1470918.htm> (accessed August 18, 2018).

⁷⁶ Palit, *Analysing China's Soft Power Strategy and Comparative Indian Initiatives*.

⁷⁷ Behuria and Gulbin, "Mahinda Rajapaksa's India Policy: Engage and Countervail."

⁷⁸ Ramachandran, "China Expands Its Footprint in Sri Lanka."

⁷⁹ Ramachandran, "China Expands Its Footprint in Sri Lanka."

in the region.⁸⁰ This was vividly reflected by former National Security Advisor of India Shivshankar Menon's words when he called Sri Lanka "an aircraft carrier parked fourteen miles off the Indian coast."⁸¹ The geo-strategic location of Sri Lanka at the centre of the Indian Ocean Region (IOR) is critical to the security of India's south-western and south-eastern regions. Indian defence planners view Chinese projects in the IOR as a form of strategic encirclement by China towards India, an area where China has historically not tried to expand its sphere of influence.⁸² India has long nurtured the ambition to become a security provider and regional manager in South Asia and elsewhere in the IOR. The Indian strategic community considers India as a country destined to be the natural leader of the region.⁸³ The turning point of Sri Lanka's relations with India was when a Chinese navy submarine docked at the Colombo International Container Terminal (CICT) in September 2014.⁸⁴ The Indian government and security elites sharply reacted to the visit of Chinese submarines to Sri Lanka. The issue later came up for clarification by means of a question in the Indian parliament.⁸⁵ In response to the changing strategic scenario, India has embarked on a policy to improve its defence relations with the USA, Australia, and Japan, and started building naval ports near the Indian Ocean choke points that implicitly threaten China's trading routes.

On the other hand, Beijing takes a sharply different view regarding India's proper role in the IOR and China's presence there. It strongly opposes any argument that India has any sort of natural right to verify China's relations with the Indian Ocean littoral states, or that India should be in some way recognised as having a special role in the region. China believes that it is free to engage in relationships with any state in the region.

Since 2009, the US has expressed its concerns about Sri Lanka's foreign policy shift towards China. In December 2009, the US Senate Foreign Relations Committee published a report that mentioned that Sri Lanka's strategic reorientation towards China would have implications for the US' interests in the region and that the US could

⁸⁰ Paul J. Smith, "The Tilting Triangle: Geopolitics of the China–India–Pakistan Relationship," *Comparative Strategy* 32, no. 4 (2013): 313–330; David Brewster, ed., *India and China at Sea: Competition for naval dominance in the Indian Ocean* (New Delhi: Oxford University Press, 2018); Eshan Jayawardena, "Balancing the Chinese presence in Sri Lanka: India and Japan's game of the stag hunt," *LSE South Asia*, 2018, <https://blogs.lse.ac.uk/southasia/2018/06/05/balancing-the-chinese-presence-in-sri-lanka-india-and-japans-great-game-of-the-chinese-stag-hunt/> (accessed October 15, 2020).

⁸¹ Shivshankar Menon, *Choices: Inside the Making of India's Foreign Policy* (Washington, D.C.: Brookings Institution Press, 2016), 143.

⁸² Vijay Sakhuja, "Maritime Multilateralism: China's Strategy for the Indian Ocean," *China Brief* 9, no. 22 (2009): 12; Barana Waidyatilake, "Sri Lanka's Strategy for Regional Security," *The Diplomat*, July 9, 2018, <https://thediplomat.com/2018/07/sri-lankas-strategy-for-regional-security/> (accessed October 19, 2020).

⁸³ Brewster, *India and China at Sea: Competition for naval dominance in the Indian Ocean*.

⁸⁴ Jeff M. Smith, "China and Sri Lanka: Between a dream and a nightmare," *The Diplomat*, November 18, 2016, <https://sangam.org/china-sri-lanka-dream-nightmare/> (accessed October 19, 2020).

⁸⁵ Vijay Sakhuja, "Chinese submarines in Sri Lanka unnerve India: Next stop Pakistan?," *China Brief* 15, no. 11 (2015): 15–18.

not afford to ‘lose’ Sri Lanka. The report urged an increase in the US leverage vis-à-vis Sri Lanka by adopting a comprehensive and broader approach to secure the US’ interests.⁸⁶ Security analysts have argued that Beijing has been actively cultivating the ‘String of Pearls’ strategy to ensure the safe passage of Chinese ships as well as to position the Chinese navy as a countervailing force against the US’ naval supremacy along the sea lanes of communication (SLOCs). During his recent trip to Sri Lanka, US’ Secretary of State Michael Pompeo, in a joint press conference with Sri Lankan Foreign Minister Dinesh Gunawardena, said that:

We see from bad deals, violations of sovereignty and lawlessness on land and sea, that the Chinese Communist Party is a predator, and the United States comes in a different way. We come as a friend and as a partner.⁸⁷

In recent years, with the desire to push back China’s influence in Sri Lanka, Japan is trying to woo Sri Lanka in cooperation with India by offering investment in the economy and military assistance. As a part of the process, in 2017, Japan announced it would invest in Sri Lanka’s port infrastructure, with a total amount of one billion yen (9.46 million USD) dedicated to improving the Trincomalee port.⁸⁸ In 2015, the Japanese Prime Minister called for the Sri Lankan Navy to join the Malabar exercise as an observer. In a symbolically significant gesture, two Japanese ships docked at the Colombo port immediately after the annual Malabar naval exercise series had ended in July 2017.

Although it is clear that Sri Lanka’s relations with China are steadily intensifying based on the growing economic, military, and diplomatic interactions, there is no evidence that Sri Lanka limits its foreign policy choices for the sake of stronger ties with China. In more recent years, a growing number of analysts have argued that the loans extended by China pushed Sri Lanka into a ‘debt trap’ due to high-interest rates associated with different projects. As Moramudali wrote, by the end of 2016

Sri Lanka’s external debt stock soared to 25.3 billion USD, which amounts to 34 percent of the country’s gross domestic product. Out of this massive debt stock, about 13 percent – which amounts to 3.3 billion USD – is owed to China; most of the debt to China was obtained over the last decade.⁸⁹

⁸⁶ “Recharting the U.S. Strategy after the war,” in Committee on Foreign Relations United States Senate, December 7, 2009, <https://www.foreign.senate.gov/imo/media/doc/SRI.pdf> (accessed October 19, 2020).

⁸⁷ “Secretary Michael R. Pompeo and Sri Lankan Foreign Minister Dinesh Gunawardena at a Press Availability,” *U.S. Department of State*, October 28, 2020, <https://www.state.gov/secretary-michael-r-pompeo-and-sri-lankan-foreign-minister-dinesh-gunawardena-at-a-press-availability/> (accessed November 6, 2020).

⁸⁸ Lasanda Kurukulasuriya, “Japan Eyes Sri Lanka’s Deep Water Port of Trincomalee,” *The Diplomat*, August 31, 2018, <https://thediplomat.com/2018/08/japan-eyes-sri-lankas-deep-water-port-of-trincomalee/> (October 10, 2020).

⁸⁹ Umesh Moramudali, “Sri Lanka’s Debt and China’s Money,” *The Diplomat*, August 16, 2017, <https://thediplomat.com/2017/08/sri-lankas-debt-and-chinas-money/> (accessed October 19, 2020).

Under such conditions, after months of protracted negotiations, Sri Lanka handed over the port to China in 2017 on a 99-year lease,⁹⁰ which stoked fear among Indian and Western analysts alike. The deal provoked criticisms from many, who claimed that Sri Lanka was virtually ceding control over the strategically vital port to China. However, the agreement erased 1 billion USD in debt from the port project and prohibited any military activity without Sri Lanka's consent in the final deal. In response to criticism, Chinese Ambassador to Sri Lanka Cheng Xueyuen denied any intention to use the joint projects for military purposes and warned against the dangers of external forces' attack on the joint operation and bilateral relations between the two countries. In an interview for the CNBC, former Sri Lankan Prime Minister Wickremesinghe has stated the following: "We don't foresee any issues by looking at this from an economic project, as an economic investment.... Sri Lanka has been unaligned and have stayed that way since 1948."⁹¹ Brewster, for example, has argued that

even if China were to take a more transparent approach to its activities, significant differences in perceptions of threat and over status and legitimacy will produce a highly competitive dynamic between them in the maritime domain.⁹²

The return of Mahinda Rajapaksa and his brother Gotabaya Rajapaksa to power as, respectively, the Prime Minister and the President of Sri Lanka after a landslide victory in the 2020 elections has again brought into the limelight the country's foreign policy approach to China, India, and the US. Scholars argue that the overwhelming electoral victory of the Rajapaksa brothers will have profound implications for the regional and global politics alike. It could be imagined that the country's foreign policy would surely lead to a heavy tilt towards China, given the previous record of Mahinda Rajapaksa's presidency from 2005 to 2015. In reality, however, Sri Lanka's foreign policy reorientations are likely to be cautious, balancing the Indian and the Chinese interests rather than aligning one over the other. After his swearing-in ceremony as President, Gotabaya Rajapaksa, in his inaugural speech, said the following: "We want to remain neutral in our foreign relations and stay out of any conflicts amongst the world powers."⁹³ He further reiterated: "I extend my hand of friendship to everyone to join me in building the prosperous nation we promised to our people."⁹⁴ In order

⁹⁰ Ana Pararajasingham, "Sri Lanka: Sovereignty Compromised," *The Diplomat*, September 27, 2017, <https://thediplomat.com/2017/09/sri-lanka-sovereignty-compromised/> (accessed October 19, 2020).

⁹¹ Sri Jegarajah, "Sri Lanka's prime minister says his country isn't nearly as vulnerable as others claim," *CNBC News*, September 11, 2018, <https://www.cnbc.com/2018/09/12/sri-lanka-prime-minister-my-country-isnt-as-vulnerable-as-others-say.html> (accessed September 12, 2018).

⁹² Brewster, *India and China at Sea: Competition for naval dominance in the Indian Ocean*, 3.

⁹³ Nilanthi Samaranyake, "Sri Lanka's foreign policy in a new Rajapaksa era," *East Asia Forum*, December 10, 2019, <https://www.eastasiaforum.org/2019/12/10/sri-lankas-foreign-policy-in-a-new-rajapaksa-era/> (accessed September 10, 2020).

⁹⁴ "Full text of the Inaugural Address of the 9th Parliament," August 20, 2020, <https://news.lk/news/politics/item/30588-full-text-of-the-inaugural-address-of-the-9th-parliament-august-20-2020> (accessed November 9, 2020).

to alleviate the concerns of India, the Sri Lankan President, in an interview with an Indian news outlet, said:

We understand the importance of the Indian concerns; we can't specially act or engage in any activity which will threaten the security of India, that we know. We are in the region and India is a big power, is a big country. Though we want to be an independent, sovereign nation but we don't want to get involved. We have to understand the points of view of other countries and act accordingly. But (what) everybody wants today, the most important thing, is economic development.⁹⁵

Later, in a series of talks with Sri Lankan media outlets, the new foreign secretary Admiral Colombage (retired) emphatically mentioned that his country “cannot afford to be a strategic security threat to India.”⁹⁶ At the same time, he emphasised that economic development was the key priority of his country's foreign policy. Reiterating this point further, in a recent interview, Colombage has mentioned that “China is the second-largest economy... and India the sixth... We are between two economic giants. How we benefit from both is diplomacy.”⁹⁷

While the new administration hardly wishes to entangle itself in a regional or global power rivalry, it may not have enough manoeuvring options, as it seeks to preserve its traditional non-alignment policy. Although Colombage has reiterated Sri Lanka's ‘India-first’ security policy, navigating diplomacy between China, India, and the US will be a daunting task.

To conclude, the accelerating commercial and military ties represent a strong case for the realist school, arguing that Sri Lanka is bandwagoning with the rising China, especially due to China's mounting interest and strategic presence in the Hambantota port. Yet, the port represents one of many projects in Sri Lanka, not only by China's companies but also by Indian, Japanese, Iranian, and Saudi Arabian companies. Moreover, it is even hard to think of Colombo declining any investment from the USA, if offered. Sherwood points out how “Sri Lanka suddenly matters,” as a ‘small state’ such as Sri Lanka hardly received any recognition from great powers.⁹⁸ Its geopolitical significance rose as China shifts its gaze towards the Indian Ocean region. In fact, it is not only the small states of South Asia, but also India and China – as the analysis

⁹⁵ “Won't Do Anything That Will Harm India's Interests: Gotabaya,” *Bharat Shakti*, November 25, 2019, <https://bharatshakti.in/we-wont-do-anything-that-will-harm-indias-interests-gotabaya-2/> (accessed November 9, 2020).

⁹⁶ Shastri Ramachandaran, “For Sri Lanka, India Is ‘Relation’, But China And Pakistan Continue To Be Friends,” *The Outlook India*, September 15, 2020, <https://www.outlookindia.com/website/story/opinion-for-sri-lanka-india-is-relation-but-china-and-pakistan-continue-to-be-friends/360343> (accessed September 16, 2020).

⁹⁷ Ramachandaran, “For Sri Lanka, India Is ‘Relation’, But China And Pakistan Continue To Be Friends.”

⁹⁸ Leah Sherwood, “Small States’ Strategic Hedging for Security and Influence,” *Trends: Research and Advisory*, 2016, <https://trendsresearch.org/insight/small-states-strategic-hedging-for-security-and-influence/> (accessed November 12, 2020).

of Zaman and Yasmin has revealed – that will employ a hedging strategy in the Indian Ocean region.⁹⁹

Maldives's China policy

Maldives occupies a crucial place in China's Maritime Silk Road Initiative (MSRI) due to its geopolitical and geo-strategic location in the Indian Ocean. In recent years, the country is thriving as a political pivot at an unprecedented scale, primarily due to the regional players' ongoing power play in the maritime domain.¹⁰⁰

Formal diplomatic relations between Maldives and China were established in 1972, seven years after Maldives gained independence from Britain.¹⁰¹ However, bilateral ties have started flourishing only recently, when China set up the Embassy in Male in 2011¹⁰² under former president Mohamed Nasheed. Meanwhile, Maldives opened its Embassy in Beijing in May 2009. Subsequently, bilateral negotiations on political, economic, and military issues were initiated between the two governments. Soon afterwards, direct flights from China to Maldives were inaugurated, and educational opportunities providing scholarships to Maldivian students were created. According to Maldives's Ambassador to China, political ties went through a 'sea change' when the Chinese President Xi Jinping visited the country in September 2014, accompanied by a hundred-member business delegation, demonstrating the economic focus of the trip.¹⁰³ In the words of the Ambassador, Mr. Faisal, "I always describe the relationship between Maldives and China as 'before Xi Jinping's visit' and 'after Xi Jinping's visit.'"¹⁰⁴ China's involvement in different projects, including the tourism sector, maritime cooperation, and infrastructure building, has significantly expanded.

In 2017, China replaced Europe as the largest source of tourists coming to Maldives. For his part, President Yamen has embraced China's Belt and Road initiatives. The country has become a founding member of the Asian Infrastructure Investment Bank (AIIB) and allowed the Chinese navy to dock in its port.¹⁰⁵

⁹⁹ Rashed Uz Zaman and Yasmin Lailufar, "The Rise of China and India: An Inevitable Confrontation at the Indian Ocean?" in *Sino-South Asian Relations: Continuity and Change*, ed. Bhuian Md. Monoar Kabir (Chittagong: University of Chittagong, 2014), 110–135.

¹⁰⁰ Brewster, *India and China at Sea: Competition for naval dominance in the Indian Ocean*; David Brewster, "An Indian Ocean dilemma: Sino-Indian rivalry and China's strategic vulnerability in the Indian Ocean," *Journal of the Indian Ocean Region* 11, no. 1 (2015): 48–59.

¹⁰¹ Srikanth Kondapalli, "The Maritime Silk Road and China–Maldives Relations," in *China's Maritime Silk Road Initiative and South Asia*, ed. Jean-Marc F. Blanchard (Singapore: Palgrave, 2018), 173–201.

¹⁰² Sudha Ramachandran, "The China-Maldives Connection," *The Diplomat*, January 25, 2018b, <https://thediplomat.com/2018/01/the-china-maldives-connection/> (accessed October 15, 2020).

¹⁰³ Mohamed Faisal, "Full support to Belt and Road Initiative (BRI)," *Beijing International Peace Culture Foundation*, May 14, 2017a, <http://www.bj-ipcfc.org/article/art/en/285> (accessed September 10, 2018).

¹⁰⁴ Mohamed Faisal, "Maldives provide all their support to the Belt and Road Initiative," *China.org.cn*, May 15, 2017b, http://belt.china.org.cn/2017-05/15/content_40815765.htm (accessed March 9, 2019).

¹⁰⁵ Ramachandran, "The China-Maldives Connection."

Maldives later entered into the Free Trade Agreement (FTA) with China, signed on December 8, 2017, during President Yameen's four-day visit to China.¹⁰⁶ The agreement is Maldives's first one with any country and the second one as a SAARC country, after Pakistan had signed the FTA with China before. It provides an opportunity for Maldivian fish industries to export to the world's largest consumer market, opens up Maldives' tourism sector to Chinese investors, and allows them to run hotels, restaurants, and travel agencies. According to Maldivian Ambassador Faisal, tourists from China are close to 30% of all those who travel to Maldives. In 2019, the record number of 1.7 million tourists arrived in Maldives, with 300,000 of them being from China, the highest percentage of any nationality. Before the COVID-19 outbreak, there had been plans to attract a million Chinese visitors by the year 2023.¹⁰⁷

China has funded great infrastructure projects in the country, including the 'China-Maldives Friendship Bridge' – which has recently been inaugurated – linking Male to Hulhule Island, expanding the airport, and constructing a 1,000-apartment housing project on Hulhumale as well as a hospital. In addition to these endeavours, China is actively involved in many other projects, including renewable energy, building hotels, and setting up telecommunications networks.¹⁰⁸ During his visit to Japan in December 2018, Maldives' Finance Minister revealed that Maldives owes a total of 1.4 billion USD to China, representing 38% of the country's national debt of 3.7 billion USD and 78% of its external debt of 1.8 billion USD.¹⁰⁹

China's growing partnership and the deepening of the 'all-weather friendship' with the Maldives has alarmed India, which traditionally views this small island nation as an important strategic ally.¹¹⁰ Ever since China started investing in the Maldives's infrastructure, India has felt threatened by the presence of Chinese companies and citizens in the island nation.

Historically, the country has always remained under India's sphere of influence. The relations between India and Maldives are deep and old, and India, unlike China,

¹⁰⁶ Ramachandran, "The China-Maldives Connection."

¹⁰⁷ Bertil Lintner, "Quarantined Maldives needs China to survive," *Asia Times*, March 27, 2020b, <https://asiatimes.com/2020/03/quarantined-maldives-needs-china-to-survive/> (accessed September 5, 2020).

¹⁰⁸ Kondapalli, "The Maritime Silk Road and China-Maldives Relations."

¹⁰⁹ Lintner, "Quarantined Maldives needs China to survive."

¹¹⁰ Jagannath P. Panda, "China's tryst with the IORA: Factoring India and the Indian Ocean," *Strategic Analysis* 38, no. 5 (2014): 668–687; Angela Kumar and Sunaina Stanzel, "The Maldives Crisis and the China-India Chess Match," *The Diplomat*, March 15, 2018, <https://thediplomat.com/2018/03/the-maldives-crisis-and-the-china-india-chess-match/> (accessed February 10, 2020); R.P. Rajagopalan, "India's Maldives headache," *The Diplomat*, February 23, 2018, <https://thediplomat.com/2018/02/indias-maldives-headache/> (accessed August 8, 2020); Angela Kumar, "Chinese engagement with the Maldives: Impact on security environment in the Indian Ocean region," *Strategic Analysis* 36, no. 2 (2012): 276–289; Jayanna Krupakar, "China's Naval Base(s) in the Indian Ocean: Signs of a Maritime Grand Strategy?," *Strategic Analysis* 41, no. 3 (2017): 207–222; Arvind Gupta, "India and Maldives: Ties Must Be Consolidated," *IDSA Policy Brief*, 2014.

was among the first countries to recognise Maldives' independence back in 1965.¹¹¹ According to Malone, India had the only resident diplomatic mission in the capital before the Chinese came to Maldives.¹¹² The two countries have enjoyed a friendly relationship in terms of economic, military, and cultural cooperation since 1965. In 1988, when the reigning President Mamoon Abdul Gayoom faced an imminent *coup d'état*¹¹³ (having previously ruled the country for about 30 years), India sent 1,600 paratroopers in response to a request from the Maldivian President. This military assistance, known as *Operation Cactus*, helped Gayoom to stay in power until 2008.

The relations between India and Maldives deteriorated considerably when President Abdulla Yameen came to power in 2013 after a 'soft coup' which ousted Maldives' first democratically elected President Mohammad Nasheed. In February 2018, the Supreme Court ruled the Yameen government's imprisonment of opposition leaders as unconstitutional and urged them to release the former President Mohamed Nasheed.¹¹⁴ Though this led to a domestic political crisis, the stakes have increased significantly, as it has drawn both India and China into the regional chessboard.¹¹⁵ While the opposition leader Nasheed requested India to intervene militarily and resolve the crisis, China, quite unusually, warned against India's intervention, saying that it did not want the coup to become another 'flash-point'.¹¹⁶ By courting Beijing's support, the then Maldives' government resisted the pressures emanating from India.

Amid this crisis, a new government led by Ibrahim Mohamed Solih – who is primarily seen as a pro-Indian president – was sworn in in September 2018, defeating Abdulla Yameen in a general election. Indian Prime Minister Narendra Modi was the first prime minister to congratulate the newly elected President, and attended his swearing-in ceremony in Male as the only foreign leader.¹¹⁷ Soon after assuming office, Solih made his maiden visit to India and affirmed his country's traditional 'India-First Policy'. At the end of the visit, the two leaders, Modi and Solih, in a joint statement "reiterated their assurance of being mindful of each other's concerns and aspirations for the stability of the region and not allowing their respective territories to be used for any activity inimical to the other."¹¹⁸ It is not difficult to guess which country they

¹¹¹ Gupta, "India and Maldives: Ties Must Be Consolidated."

¹¹² David Malone, *Does the Elephant Dance? Contemporary Indian Foreign Policy* (Oxford: Oxford University Press, 2011).

¹¹³ Ramachandran, "The China-Maldives Connection."

¹¹⁴ Shannon Tiezzi, "China to India: Respect Maldives' Sovereignty," *The Diplomat*, February 8, 2018, <https://thediplomat.com/2018/02/china-to-india-respect-maldives-sovereignty/> (accessed October 15, 2020).

¹¹⁵ Kumar and Stanzel, "The Maldives Crisis and the China-India Chess Match."

¹¹⁶ Tiezzi, "China to India: Respect Maldives' Sovereignty."

¹¹⁷ Vinay Kaura, "A New Chapter in India-Maldives Relations," *The Diplomat*, December 22, 2018, <https://thediplomat.com/2018/12/a-new-chapter-in-india-maldives-relations/> (accessed October 15, 2020).

¹¹⁸ Ministry of External Affairs, "Joint Statement on the occasion of State Visit of the President of the Republic of Maldives to India," *Government of India*, December 17, 2018, https://www.mea.gov.in/bilateral-documents.htm?dtl/30765/Joint_Statement_on_the_occasion_of_State_Visit_of_the_President_of_the_Republic_of_Maldives_to_India_December_17_2018 (accessed January 10, 2019).

were referring to. Soon afterwards, the Indian government presented an in-shore patrol vessel *CGS Kaamiyaabuand* to the Maldives Coast Guard as well as a promise of new infrastructure projects, including building a cancer-treatment hospital, fish processing plants, and a cricket stadium.¹¹⁹ This might indicate that Maldives under the Solih government is pivoting away from China, but the growing cooperation between the two countries reflects otherwise. This was quite clear in Maldives' Foreign Affairs Minister Abdulla Shahid's recent interview, where he stated the following:

China has been and will continue to remain as an important economic and bilateral development partner of the Maldives and the government of Maldives is committed to working with China in further strengthening the strong ties of bilateral relations and the strong bonds of friendship between the people of the Maldives and the people of China.¹²⁰

The United States has recently focused its attention on the island nation. In September 2020, the US and Maldives signed an agreement called the "Framework for U.S. Department of Defense-Maldives Ministry of Defence Defense and Security Relationship,"¹²¹ which intends to deepen defence cooperation between the two countries. Though India had historically been sceptical of any foreign military presence in Maldives, this time it blessed the deal. More recently, US Secretary of State Pompeo travelled to Maldives and announced plans to set up the US Embassy and appoint a resident ambassador for the country.¹²² During his meeting with President Solih, Secretary Pompeo emphasised "strengthening cooperation to advance shared goals in the Indo-Pacific region."¹²³

The competitive dynamic between China and India for influence in this strategic island nation means that none of the regional actors can afford to alienate the Maldivian government. For its part, Maldives' dealings with the regional neighbours suggest that the country cannot completely steer away from China and tilt towards India, instead

¹¹⁹ Sparshita Saxena, "India to build cancer hospital, cricket stadium in Maldives," *WION*, December 4, 2019, <https://www.wionews.com/india-news/india-to-build-cancer-hospital-cricket-stadium-in-maldives-266215> (accessed September 5, 2020); Lintner, "Quarantined Maldives needs China to survive."

¹²⁰ "Interview: Maldives aims to strengthen relations with China: foreign minister," *Xinhua*, July 26, 2020, http://www.xinhuanet.com/english/2020-07/26/c_139241689.htm (accessed November 8, 2020).

¹²¹ "The Maldives and U.S. Sign Defense Agreement," *US Dept of Defense*, September 11, 2020, <https://www.defense.gov/Newsroom/Releases/Release/Article/2344512/the-maldives-and-us-sign-defense-agreement/> (accessed November 5, 2020); Amy Mackinnon and Robbie Gramer, "Pompeo Courts the Maldives in Latest Bid to Check China's Influence," *Foreign Policy*, October 28, 2020, <https://foreignpolicy.com/2020/10/28/pompeo-courts-maldives-embassy-defense-china-influence/> (accessed November 5, 2020).

¹²² "Statement by Secretary Michael R. Pompeo on U.S. Intent to Open an Embassy in Maldives," *U.S. Mission to Maldives*, October 28, 2020, <https://mv.usmission.gov/statement-by-secretary-michael-r-pompeo-on-u-s-intent-to-open-an-embassy-in-maldives/> (accessed November 7, 2020).

¹²³ "Secretary Pompeo's Meeting with Maldivian President Solih," *U.S. Department of State*, October 28, 2020, <https://www.state.gov/secretary-pompeos-meeting-with-maldivian-president-solih/> (accessed November 6, 2020).

moving fluidly within the regional political chessboard. In fact, China serves two critical roles in Maldives' hedging strategy. First, it is an irreplaceable source of big economic investments. Second, many Maldivian political elites share China's deep discomfort with Indian dominance, especially with India's interference in Maldives' domestic affairs. The COVID-19 pandemic can become an important factor in the Maldives' foreign policy, as the state has been severely affected by the coronavirus crisis and suffered a massive loss to its quarantined tourism industry. Under such circumstances, Chinese investments can become a lifeline for the island nation's economy.

Conclusions

This article has explored how the small states in South Asia strategically respond to an ascending China in the regional sub-system. The analysis provided here suggests that all the three countries – Bangladesh, Sri Lanka, and Maldives – consider their relationship with China as a beneficial one. Their interactions have clearly been intensifying along economic, military, and diplomatic lines. However, whether stronger ties will result in a fundamental reorientation of the regional alliance pattern, as feared by some Chinese observers – particularly by structural realists – is far from obvious.

Bangladesh, Sri Lanka, and Maldives' current China strategy includes major components: economic pragmatism, diplomatic engagement, and political accommodation. These elements reflect a greater level of interdependence and cooperative relations with China for the sake of their domestic development while enabling the countries to counter undue pressure from other regional actors. The most remarkable feature in all three cases is that the countries are employing a hedging strategy by combining various policy options in order to cope with the emerging China. In fact, the small states in South Asia seek to preserve their sovereignty and autonomy in decision-making by resorting to strategies that promote their national interests through not explicitly aligning with any regional powers. This strategy is a rational choice for them, given their historical experience of dealing with Beijing, as well as the dominant domestic and regional strategic settings.

Thus far, the three small countries' operationalisation of this strategy has mostly proved to be effective. This allowed them to move fluidly among allies, courting economic assistance, foreign aid, and investment. They have developed a dense network of bilateral and multilateral engagement with China through multiple avenues and at different levels in order to improve communications and enhance mutual trust.

Nevertheless, these countries are experiencing some challenges while dealing with China. As the regional and external great powers are quietly playing a serious game in the Indian Ocean region,¹²⁴ engaged in an incessant struggle to maximise

¹²⁴ Robert D. Kaplan, *Monsoon: The Indian Ocean and the future of American power* (New York: Random House Trade Paperbacks, 2011).

their regional share, the small countries have become a venue for competition. Against this backdrop, countries such as Bangladesh, Sri Lanka, and Maldives often seek to play China and India (and its partners) off against each other in order to attract more investment in major infrastructure projects, thereby finding themselves in a precarious situation. These South Asian countries are fully aware of the fact that the grass gets trampled not only when two elephants fight or make love, but also when elephants walk down a desired path.