

ASIA IN THE 21ST CENTURY: INDIA AND CHINA ENGAGES SOUTHEAST ASIA

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ABSTRACT

Asia is at crossroads. India and China, as new centres of powers in the Asian system, are engaging Asia in general and Southeast Asia in particular. Given its economic dynamism and strategic location, Southeast Asia is considered crucial for their rise. With this backdrop, New Delhi and Beijing are vying for some extra space. Both are resorting to various instruments, both 'hard' and 'soft', to connect with the countries in the region. While 'hard' power instruments continue to dominate international relations, employment of 'soft' power has become equally relevant, if not more, as an instrument for 'winning hearts and minds' in this part of Asia. The paper proposes to examine the various instruments of 'soft' power diplomacy as applied by India and China to not only build a benign image in the region but also prepare for their eventual ascent in the world order.

Keywords: Southeast Asia, India, China, soft power, Look East Policy (LEP), higher education and scholarships, cultural diplomacy, economic engagement, good neighborliness, ICCR, Confucius Institutes, extra-regional power

INTRODUCTION

The 21st century international system is witnessing a complex play of foreign policy dynamics. With India and China posing as future global players, a lot of 'action' seems to be focused on Asia. Southeast Asia's emergence in the world is uncontested, given its economic dynamism and strategic location. Consequently, the realization that engagement of the region is crucial for their respective rise has compelled both India and China to refocus on Southeast Asia.

Southeast Asia is a neighbour of both countries and is home to large segments of Indian and Chinese diaspora. It is also an economic 'hub' and provides both countries access to a large group of heterogeneous markets. The region's rich natural resources, cultural diversity, geographical significance (in terms of important commercial sea routes) and historical links with both countries have made it a key foreign policy priority for the two nations. The former Indian Prime Minister Jawaharlal Nehru's reference to Southeast Asia as 'Greater India'¹ reflects India's notion of being a part of the region.

However, unfolding developments on the world stage created a distance between India and the countries in Southeast Asia to a considerable extent. New Delhi's position during the Cold War and its subsequent problems with its neighbours in South Asia prevented it from concentrating adequately on the region. With time the distance grew wider. China, on the other hand, was far more active in the region

during the Cold War years. This presence though was perceived as a ‘destabilising’ force from the 1950s to 1970s.² China even attempted to export Maoist ideology beyond its borders in an attempt to spread communism. The end of the Cold War offered India and China opportunities to once again revisit their policies towards Southeast Asia.

New Delhi and Beijing have been employing different means for engaging Southeast Asia to meet their national interests. They comprise both ‘soft’ and ‘hard’ instruments, considered potent by nations for achieving strategic gains. Quite rightly Joseph Nye argues that the ‘soft’ and ‘hard’ powers are not mutually exclusive and are inter-related “because they are both aspects of the ability to achieve one’s purpose by affecting the behaviour of others.”³ However, both the elements resort to different tactics to achieve the final outcome. Loosely categorised, defence and military form the hard power components while cultural, educational and economic interfaces are considered elements of soft power.

While India has been trying to develop its attractiveness by focussing on culture, often argued as being ‘weak’ and ‘neglected’ as far as reaching out to the region is concerned, China’s engagement appears to have several dimensions and is arguably more complex. It has been employing both hard and soft strategic tools to get close to the region. However, while there is no denying that China’s presence in the region is much stronger, India’s growing influence “complements rather than challenges the preferred strategic, cultural and normative regional order”⁴, although in a limited way.

This paper focuses only on the soft power elements as applied by the two countries in an effort to connect with their neighbours, specifically Indonesia, Malaysia, Thailand and Vietnam. These populous, developing countries in Southeast Asia are distinct in terms of their cultural, religious and ethnic diversities, economic characteristics and political systems and institutions. In several ways, they are critical testing grounds for China and India’s diplomatic efforts, given their size and socio-economic heterogeneities as well as substantive presence of Chinese and Indian diasporas. The following section briefly discusses the background of India and China’s strategic involvement with the region. The next section focuses on various soft power instruments employed by India and China during the past years to build closer ties with the region. The conclusion discusses the evolving strategic dimensions of the relationship.

BACKGROUND: INDIA AND SOUTHEAST ASIA

India’s links with the Southeast Asian nations have been historically quite strong. Hinduism, Buddhism and later Islam played constructive roles in binding India and Southeast Asia for centuries together. Not only religion but trade, Indian rituals, scriptures and literature from India have traversed the region. Many Indian elements such as the Indian court customs, administrative organisation and the Code of Manu were introduced in these countries. The result was the ‘Indianisation’ of the region as a whole. The earliest Indianised kingdoms of Southeast Asia were located in the Malay Peninsula, Cambodia, Annam, and on the islands of Java, Sumatra, Borneo and Bali.⁵ India also never signalled any imperialist ambition towards the region except

for the invasion of the Srivijaya kingdom in Sumatra by the Indian King, Rajendra Chola, in the 11th century A. D. to protect Indian commercial interests.⁶

However, the Cold War and India's alignment with the Soviet Union distanced India from the region. Except for episodic engagement, the interactions remained negligible. The disintegration of the Soviet Union, the emergence of Association of Southeast Asian Nations (ASEAN) as an autonomous regional block and the economic success of the 'Asian Tigers' made it important for India to once again focus on Southeast Asia. India's official engagement with the region began with the Look East Policy (LEP) of 1992. This new engagement with Southeast Asia also has a new dimension in contrast to what was practiced earlier. India's past attempts to engage the rest of Asia during the Cold War, including Southeast Asia was 'disastrous'.⁷ Consequently, India consciously steered clear of highlighting the deep cultural sources of its relationship with the region till the LEP.⁸

The LEP enunciated during the premiership of P. V. Narasimha Rao in the early 1990s set new rules for using cultural diplomacy as a novel tool for engagement "not based on India's cultural superiority" but on shared values. The current emphasis is on shared culture and higher education. This new focus by the Indian government is "based on a hard-headed assessment that reclaiming India's Asian past is necessary for establishing its role in the continent's political future"⁹ without disturbing the national and cultural identities of the countries in Southeast Asia. India, despite its LEP, has stumbled on several occasions and realising its slip-ups has begun afresh. The signing of the agreement on the ASEAN-India Partnership for Peace, Progress and Shared Prosperity in November 2004 was a major effort to consolidate the relationship.

CHINA AND SOUTHEAST ASIA

Southeast Asia, known as 'Nanyang' – the Southern seas that constitute the outer reaches of China's maritime periphery – experienced Chinese power with Chinese migration and settlement in the region creating international networks of trade and influence.¹⁰ Under the tributary system the countries on China's periphery offered tribute at its courts in return for gifts and protection. However, the Opium War considerably reduced China's historical influence over the region. Subsequently, the Cold War witnessed China getting involved with the region once again. During this phase, China supported various communist insurgencies in the region. Its military response to Vietnam's incursion into Cambodia in 1979, and its forceful claims to disputed islands in the South China Sea during the 1990s, alienated China further from Southeast Asia. However, the 1997 financial crisis marked a new landmark in China-Southeast Asia relations.

With its refusal to devalue its currency in 1997, China was seen as a new leader in the region, concerned with the welfare of the Southeast Asian nations. China's new proactive regional posture emphasised good neighbourliness, and it soon began to be perceived as a constructive partner keen to listen to its neighbours. Over a period of time China's regional rise have led countries along its periphery to readjust their relations not only with China but with each other as well. Not only is the region getting more integrated with increased interaction but it has also helped create a new world order with Asia emerging as an important player in world politics.

China in the new world order realised the urgency for economic development. This objective drove China to ensure peaceful environment – crucial for its rise globally. This further prompted Beijing to revisit its earlier policy towards Southeast Asia. Both China and the Southeast Asian countries have taken a series of measures to broaden and strengthen their relationship. Creation of a benign image has become critical for China in its attempt to play a larger role in the world system. Beijing declared the New Security Concept (NSC) during the 1990s, and launched it first in Southeast Asia – an initiative to change Southeast Asia's perception towards it. The perception of China in Southeast Asia since then has been rather 'mixed'.

The various 'soft' instruments employed by India and China for engaging Southeast Asia has many facets: economic, education and culture. The section looks at these instruments closely while taking note of their outreach and impact on the region.

ECONOMIC ENGAGEMENT

Economic engagement is majorly defining international relations in the 21st century given that extension of development assistance through grants and soft loans help donors in cultivating benign images in recipients. India's economic engagement, although not as all-encompassing as China's, has nevertheless opened new areas of cooperation between India and the ASEAN members. Robust economic ties with Singapore, Malaysia, Indonesia, Thailand and Vietnam are examples of New Delhi's employment of economic tool for engaging the countries in Southeast Asia.

India and Indonesia, apart from sharing close cultural relations, have strong commercial ties as well. Indonesia is now India's second largest trading partner in Southeast Asia.¹¹ While trade between India and Indonesia is going quite strong, Indian investment in the country has also witnessed a substantial increase. In recent years there has been a spurt in investment focusing on mining, automotive and banking sectors. Many Indian companies operate in Indonesia including the Aditya Birla group, Essar and Jindal Stainless Steel. There are also two Indian motor-cycle manufacturers – namely Bajaj and TVS – in Indonesia. One of the largest Indian business conglomerates – the Tata Group – owns 30 percent of the two largest coal mines in Indonesia. Thirty Indian companies are currently mining or exploring coal blocks in Indonesia. Gujarat State Petroleum and Essar have won an exploration license for gas on-shore in Sumatra. Videocon and Bharat Petro Resources Ltd. (BPRL) have together bought a 25 percent stake in an operating oilfield in Nunukan PSC off Kalimantan. The Indian firm Balmer Lawrie has recently signed a joint venture agreement for manufacturing grease and lubricants in Indonesia. In 2009, National Aluminium Company Ltd. (NALCO) signed a joint venture agreement to establish an aluminium smelter and a 1250 MW power plant at a cost of US\$4 billion in South Sumatra. In addition to this, there is an Indian banking presence in Indonesia as well. The State Bank of India and the Bank of India has branches in a number of Indonesian cities.

While India and Indonesia are vying closer to one another, the former is also making great efforts to connect with Malaysia, its other important partner in the region. Both realise that economic relations hold the key for future success. During 2009, India was Malaysia's 12th largest import source and 11th largest export

destination.¹² Under the ASEAN-India Free Trade Agreement (FTA) in Goods signed in Bangkok on 13 August 2009, Malaysia planned to eliminate import duties on 6792 tariff lines or products in the normal track (1) beginning 1 January 2010, and ending on 31 December 2013, as well as 1266 tariff lines in the normal track (2) beginning 1 January 2010 and ending 31 December 2016. The import duties on 1336 tariff lines placed in the sensitive track by Malaysia will be reduced to five percent by 31 December 2016. India, which is Malaysia's 12th largest trading partner, will eliminate duties on 7767 tariff lines or products in the normal track (1) by 31 December 2013 and 1260 tariff lines in the normal track (2) by 31 December 2016. The import duties on 1810 tariff lines placed in the sensitive track by India will be reduced to five percent by 31 December 2016.¹³

The Indian Prime Minister Manmohan Singh's visit to Kuala Lumpur in October 2010 marked the high point in the India-Malaysia relationship. Both sides formally announced the firming up of the bilateral Comprehensive Economic Cooperation Agreement (CECA) to boost trade.¹⁴ The CECA is expected to help the two countries achieve a trade target of US\$15 billion by 2015. Both India and Malaysia have decided to further strengthen existing bilateral collaboration in infrastructure development as well.

Earlier, the Malaysian Prime Minister Dato Seri Mohd Najib Tun Razak's visit to India in January 2010 had set the tone for a closer partnership. A total of 34 key Indian corporate leaders participated in the discussions, focusing on several sectors, namely pharmaceuticals, biotechnology, Information and Communication Technologies (ICT), banking and finance, palm oil products, medical equipment and construction. A total of eighteen Memoranda of Understanding (MoU) and Joint Venture Agreements (JVAs) worth US\$486 million were signed by Malaysian and Indian businesses. As per a Joint Communiqué of 22 January 2010, the heads of the two countries agreed that both will pursue all-round and comprehensive development of relations proceeding from a strategic perspective and with particular focus on strengthening economic ties.¹⁵ It was also agreed that the Malaysia-India CECA negotiations need to be concluded at the earliest, which they subsequently have been.¹⁶

While India's LEP has pushed New Delhi towards Southeast Asian countries, Thailand's Look West Policy (LWP) has complemented the LEP by bringing it closer to India. Both countries share close economic relations with bilateral trade multiplying six times since 2000 to cross US\$6 billion in 2008.¹⁷ With a lot of effort being made to promote trade and investment between the north-eastern states of India and Thailand, the FTA has been a key component of the India-Thailand economic relationship. Despite the financial crisis of 2010 impacting bilateral trade, trade data for Jan-June 2010 showed bilateral trade at US\$3.2 billion, an increase of 53 percent over the corresponding period of the previous year.¹⁸ Apart from trade, Indian investment has also been increasing. Indian investment in Thailand was around US\$287 million and US\$214 million in 2008 and 2007 respectively according to the Board of Investment of Thailand.¹⁹ Many Indian companies such as the Tata group (automobiles, steel and software), Aditya Birla group (chemicals, textiles), Indo Rama group (chemicals), Ranbaxy, Dabur, Lupin (pharmaceuticals), Bharti Airtel and NIIT do business in Thailand.²⁰

India's relation with Vietnam is dynamic and strong. The two have shared strong commercial relations traditionally. India has been collaborating with Vietnam in specific areas such as biotechnology, IT, electronics, ocean development and medical research. India's bilateral trade with Vietnam continues to grow rapidly and touched US\$2.5 billion in 2008. India has emerged as the 10th largest exporter to Vietnam in 2008 as exports touched US\$2 billion registering a growth of 55 percent over 2007.²¹ Vietnam's exports to India in 2008 registered an increase of 47 percent over 2007 and reached US\$389 million.²² More than thirty Indian companies have set up Representative Offices in Vietnam. Vietnam's economic policies have further strengthened the ties. It has opened up opportunities for Indian investment, both for tapping the growing domestic and ASEAN market and for exports to other countries.²³ The political goodwill for India is an added incentive for Indian companies to invest in Vietnam.

The ASEAN-India summit in October 2010 was one of the attempts by both partners for closer integration. The Indian Prime Minister's presence at the summit signalled India's desire to upgrade and strengthen its ties with the region. The meeting of the Asian powers not only focused on the economic elements of the relationship but also emphasised the strategic partnership between India and its neighbours in the east.

While India is trying hard to engage Southeast Asia economically, China's mammoth economic engagement with the region is attracting a lot of international attention. Beijing's liberal and generous economic assistance ('aid without strings') has "garnered appreciation disproportionate to the size of its aid, and thus has a large impact on recipient governments."²⁴ Chinese aid has sought to fill up an important vacuum in the development space of Southeast Asian countries by building infrastructure assets. From a Chinese vantage point, economic assistance for building infrastructure serves two critical objectives. First, it greatly enhances its soft power for the recipient country given that most of the latter suffer from paucity of infrastructure as well as lack of resources for building such infrastructure. Second, it also helps China in securing some strategic objectives like improving cross-border connectivity or accessing essential resources. China's offer of US\$20 billion for a canal being constructed across the Kra Isthmus in Thailand is a typical example of Chinese development assistance securing multiple objectives in the neighbourhood. By being a key stakeholder in the project, China gains strong access to important sea lanes of communication (SLOC) and is also able to cast a positive impression in the neighbourhood in terms of its sensitivity to the region's development needs.

China-ASEAN economic engagement has significantly enhanced with the formalisation of the FTA between China and ASEAN. The FTA includes goods as well as services. The FTA is among the biggest in the world with an economic region comprising 1.9 billion consumers and a combined Gross Domestic Product (GDP) of US\$6.5 trillion and total trade of US\$4.3 trillion.²⁵

While ASEAN is pushing the relationship forward, China is independently engaging Southeast Asian countries economically at the same time. Vietnam, with whom China has had acrimonious relationship in the past, is increasingly witnessing China's economic presence. Apart from bilateral trade, which has experienced sharp increase, the two sides have been active in forming joint ventures in manufacturing,

not only for selling in respective domestic markets, but also for exporting to third countries.²⁶ The Vietnam-China Business Forum, set up in 2004, has been an important step towards bilateral economic cooperation. China also has financed railway construction, hydro power development, and ship building facilities in Vietnam.²⁷

As far as Indonesia is concerned, diplomatic relations between the two were revived only in July 1990. Since then bilateral economic engagement has gradually picked up with trade doubling during 2005 to 2009. With Indonesia rich in natural resources including mineral and oil reserves, China's investments in Indonesia are mainly resource-oriented and market-oriented investments. In 2008, China's non-financial direct investment in Indonesia amounted to US\$180 million.²⁸ China also announced to invest US\$6.6 billion for infrastructure improvements in Indonesia in 2010. Beijing also provides a variety of technical assistance to Indonesia.²⁹ It has been extending finance to upcoming projects in Indonesia particularly in power generation and road infrastructure. The Suramadu Bridge, for instance, funded by Chinese soft loans and jointly built by Chinese and Indonesian engineers, has become a proud landmark in China-Indonesia relations.³⁰ Most of the new power plant in Indonesia are financed by Chinese banks and are being constructed by Chinese firms in partnership with Indonesian firms.

Economic engagement as an instrument for building closer strategic links is also visible between Malaysia and China. While Malaysia is keen to upgrade its relations with China, the latter's current emphasis on 'good neighbourliness' has driven Beijing to forge a closer partnership with Kuala Lumpur. Malaysia is one of the major trade partners of China in the Southeast Asian region. From 1974 to 2008, Malaysia-China bilateral trade grew at an average annual rate of 16.8 percent from less than US\$100 million to around US\$40 billion.³¹ The growth of bilateral trade between Malaysia and China was most significant during the past decade, especially after the Asian financial crisis in 1997, and gathered momentum after China's accession to the World Trade Organisation (WTO) in 2002 and the conclusion of the China-ASEAN Free Trade Agreement (CAFTA) in 2003.³² By the end of 2008, China was Malaysia's fourth largest trading partner.³³

The areas of investment between the two countries have increased and include key industries such as manufacturing, processing, energy, communication, transportation, real estate, recreation, services and finance.³⁴ Since 1994 more than 90 enterprises have invested in Malaysia.³⁵ However, the contractionary effects of the global financial crisis has made it imperative for Malaysia 'to search for sources of growth in order to haul the country's economy out of recession and China proves to be a promising source'.³⁶

The Malaysian Prime Minister's visit to China in June 2009 was an important milestone in increasing the economic engagement between the two countries. The visit involved fruition of several economic deals for creating business opportunities for Malaysian companies in China and providing growth impetus for the Malaysian economy. Agreements were concluded to increase and diversify bilateral trade and also for increasing investment flow from Malaysia to China and vice versa. A highlight of the agreements was the proposal for a consortium of Malaysian companies to develop a multi-billion ringgit integrated city in Weifang prefecture,

Shandong province.³⁷ On the other hand, Malaysia has identified five sectors where it looks forward to investments from China: infrastructure, energy, manufacturing, services and finance. China plans to invest in Malaysia's rail infrastructure by building the rail double-tracking project from Gemas to Johor Bahru. The project would be funded by soft loans from the US\$10 billion fund set aside by China for infrastructure projects in ASEAN in April 2009.³⁸ Malaysia also seeks Chinese investment in the Mengkuang Dam project in Penang and the construction of the Second Penang Bridge.

Both India and China are keen on connecting to Southeast Asia in a meaningful manner and economic engagement is one of the most effective forms of such engagement. While India's economic engagement with major Southeast Asian countries seems to have revived after a prolonged hiatus, China's economic engagement is more varied substantial. It is interesting to note while both India and China are eager to boost ties with Southeast Asian countries, the latter also shows a lot of pragmatism for engaging the two Asian powers. The theory of the Utilitarianism 'the greatest good of the greatest number' is being proved right in the present century with pragmatism driving countries for mutual benefit.

HIGHER EDUCATION AND SCHOLARSHIPS

Higher education is gradually emerging as an instrument of diplomacy for both India and China. This instrument has played an important role in strengthening the soft elements of the western diplomacy for many years. The Asian powers, realising its significance in the present world order, has been trying to use this tool to bolster their respective foreign policy.

Education forms an essential segment of the Indian diplomatic endeavour for engaging Southeast Asia. The Indian Council for Cultural Relations (ICCR), the cultural wing of the Ministry of External Affairs (MEA), Government of India, provides fellowships to Southeast Asian students and scholars under general schemes, such as the Commonwealth Scholarship Scheme, Cultural Exchange Programme and the Colombo Plan.³⁹ The ICCR also extends generous scholarships to Southeast Asian countries under several other schemes. These include the General Cultural Scholarship Scheme (GCSS), which provides 55 scholarships to Southeast Asian countries (Thailand-10, Malaysia-1, Vietnam-6 and Indonesia-20).⁴⁰ 30 scholarships are provided to Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) countries. Fifty scholarships are provided under the Mekong-Ganga Cooperation (MGC)⁴¹ scholarship scheme.⁴² Under the umbrella of Indian Technical and Economic Cooperation Programme (ITEC), India also provides technical assistance to 156 countries.⁴³ One of the important channels of assistance is to train nominees of ITEC partner countries and sending cultural troops overseas to help introduce and connect foreigners to Indian culture and tradition.⁴⁴

While attracting foreign students into its universities is not a priority for India unlike China, New Delhi is making efforts to open campuses abroad. Southeast Asia is one of the clear options given that they host large populations of Indian origin. The Manipal University of India⁴⁵ has a campus in Malaysia, while the Amity University has opened a campus in Singapore. Apart from opening campuses, there is also an effort to make the study of India and its languages as part of the global mainstream

studies. This was visible in the Joint Statement signed between India and Bangkok in May 2013 when the Indian Prime Minister visited its neighbour.⁴⁶ The ICCR Chair for Sanskrit Studies at Silpakorn University is a noteworthy development. The decision to establish an ICCR Chair for Hindi at Thammasat University, which also has started to offer a Bachelor of Arts programme in Indian Studies for the first time in 2013, are some of the attempts in the direction. The ICCR has been working on a 7-point expansion programme including creation of Chairs of Indian studies in Malaysia, Indonesia, Thailand and other countries⁴⁷ for a similar objective.

India's 'Nalanda' initiative is also an important initiative in this respect. The project is aimed at reviving the ancient Buddhist University of Nalanda – a celebrated international seat of learning during the 4th-7th century A. D. Eager to connect with Southeast Asia and East Asia, India is determined to carve out an 'Asian century' along with its neighbours through education. This Indian initiative has witnessed major partnerships with both Southeast Asian and East Asian countries. While Singapore has been the most important Southeast Asian partner, Thailand and Malaysia also figure in the project. The seat of learning proposes to partner institutes like Chulalongkorn University of Thailand.⁴⁸ Malaysia has welcomed this Indian initiative as a step towards strengthening regional cooperation. The two countries have even resolved to come up with more such Asian universities in future.⁴⁹ The Indian Prime Minister's reference to the Nalanda University at the eighth India-ASEAN summit held in October 2010 at Vietnam reflects India's eagerness to promote inter-Asian connections through initiatives relying largely on education and culture such as the Nalanda University.⁵⁰

Higher education is occupying a critical space in Chinese statecraft as well. To encourage greater inflow of foreign students, China's Ministry of Education (MOE) has boosted financial aid and loosened visa policies for foreign students. This has produced significant results. Between 2002 and 2004, the number of Indonesian students in China rose by nearly 50 percent. Similar trends are observed with respect to Vietnam with the number of students moving from Vietnam to China has increasing by 90 percent during the comparable period.⁵¹

The Chinese government, apart from offering Chinese scholarships to Southeast Asian students, also regularly holds Education Exhibitions for promoting and introducing Chinese higher learning in Southeast Asian countries. The China Scholarship Council (CSC), apart from holding such events abroad, also organises educational fairs in domestic higher education institutions of repute such as the Fudan University, Shanghai Jiaotong University, Beijing Normal University, China Peoples University, Beijing University of Aeronautics and Astronautics, etc.⁵² These exhibitions help students in Southeast Asian countries to understand and appreciate Chinese educational programmes and also serves to improve China's image in the region.

The idea behind China's educational programmes is to strengthen mutual understanding and cooperation within the region and attract more students to China for higher learning. China seems keen to take over the role western universities played in the past. The Chinese government scholarships for international students are usually designed for specific audiences. There is a special full scholarship scheme (e.g. 20 scholarships during 2010) for fostering educational cooperation and

exchanges between China and ASEAN members. The scholarship scheme offers both Master's and Doctorate degrees for a period of 2-4 years.⁵³ China's MOE formulates Chinese government scholarship plans on an annual basis and entrusts the CSC to manage various programmes.⁵⁴ It encourages students, teachers and scholars from ASEAN to study in China.⁵⁵ There are other schemes as well which the people of Southeast Asian countries can avail for studying and researching in China. In an attempt to further establish its education institutions as world-class, China has decided to open a campus of the Xiamen University in Malaysia.⁵⁶ In fact, this will be the first Chinese college to go overseas. China's own higher education capacities thus signal to its neighbourhood its growing stature as a regional hub of higher education and helps in bolstering its 'charm offensive' in the region.

Both India and China are spending unprecedented sums into building and improving their educational systems and making them more attractive to people around the globe including Southeast Asian countries. This has been aptly expressed by Bernd Wachter, Director of the Brussels-based Academic Cooperation Association: "The pace at which China and India are creating higher-education institutions is quite astounding." He further adds that "it's not just quantity, its quality."⁵⁷

CULTURAL DIPLOMACY

Cultural diplomacy or non-military inducements, as a tool of foreign policy, has gained a lot of prominence during the last decade. A relatively new concept, cultural diplomacy is defined as "the exchange of ideas, information, art, and other aspects of culture among nations, and their peoples in order to foster mutual understanding".⁵⁸ With wars out of favour, cultural diplomacy has gained a lot of ground. India and China, with their rich cultural heritage, has been eager to project their cultural image with the idea to seem 'attractive' to the Southeast Asian countries.

India's Cultural Engagement with Southeast Asia

Cultural diplomacy is increasingly being seen as "not a luxury but central to Indian diplomacy given the rich cultural tradition of the country."⁵⁹ The former Indian Finance Minister, P. Chidambaram, allotted an extra US\$11.4 million in the Union Budget of 2007-08 for the cultural wing of the Ministry of External Affairs' (MEA), ICCR, "to develop India's soft power."⁶⁰ This was in addition to the ICCR's operating budget of US\$11.7 million. The additional resources have pegged ICCR's total outlay at US\$22.7 million. This support to the ICCR, however, is much less than its British counterpart the British Council, which gets close to US\$54.6 million.⁶¹ The ICCR has established 37 cultural centres all over the world. Unfortunately, out of these, only one is in Thailand, one each in Jakarta and Kuala Lumpur in Southeast Asia in addition to a sub-centre in Bali.⁶² These centres regularly organize performances of dance, drama, music, essay competitions, lectures, photo exhibitions, and similar programmes for attracting foreigners and also for providing the Indian diaspora opportunities for remaining in touch with its own culture. They also conduct classes for *yoga*, Indian music and Indian languages like Hindi and Tamil.⁶³

China's Cultural Engagement with Southeast Asia

China has been patronizing an elaborate network of cultural enterprises, interactions and exchanges for greater understanding and cooperation within its neighbourhood. China's cultural advances are aimed at neutralizing international perceptions of China as a military threat. The 2008 Olympics and the Shanghai Expo are two such examples. By hosting the Beijing Olympics, China has made a strong pitch to advance its prestige and attraction. Its estimated expenditure of US\$70 billion for hosting the summer Olympics was undertaken to project its 'benign' image to the international community. With the Olympics, the 'China element' has been injected into the world.⁶⁴ One of the most recent international cultural workshops organised outside China by the Asia-Europe Meeting (AEM) and dealing with projects relating to China was in Vietnam in May 2010. The aim of such workshops is to foster multilateral cooperation through culture. These kinds of workshops and exchanges have become continuous features of contemporary Chinese foreign policy, where Chinese art and culture have become conspicuous and 'fashionable'.⁶⁵ Broadly, these can be summarised as China's efforts to export its rich culture abroad.

Apart from organising workshops and cultural exchanges, teaching Chinese has been yet another instrument of Chinese soft power. Through Confucius Institutes, China aims to build bridges with its neighbours in Southeast Asia for facilitating greater understanding and familiarity with Chinese culture. Chinese language not only helps in exporting Chinese culture to the region but also demonstrates its eagerness to reconnect with the region on firmer ground. The Chinese government has established 327 and 369 CCs across 96 countries by the end of 2010⁶⁶ for spreading its language and culture abroad. 27 of these are in Southeast Asia offering Chinese language courses, out of which thirteen of these are located in Thailand. The remaining are in Cambodia (1), Indonesia (7), Malaysia (2), Philippines (3) and Singapore (1).⁶⁷ Indeed, in Indonesia, the demand for Chinese has increased so much that the country faces a shortage of some 100,000 Chinese language instructors.⁶⁸ The Confucius Institutes also provide the 'Chinese Bridge Fund' sponsoring the college student exchange program and supporting the development of overseas Chinese education.

While Confucius Institutes have mushroomed in various parts of the world over the years, they are relatively less in Southeast Asia. This probably indicates that China does not need to export culture in the region given that it not only shares historical cultural relations with the region but also hosts its diaspora. While more Institutes are being planned in the region, suspicions of a 'fifth column' continue to prevail for China and perhaps could be another of the reasons for fewer Institutes in the region.

THE EVOLVING STRATEGIC ANGLE

Given the instruments of engagement employed by India and China, ranging from economic to cultural and education, the tools appear diverse and exhaustive. However, as far as their influence is concerned with respect to changing perceptions of the Southeast Asian countries towards the two emerging Asian powers, it appears that economic engagement has been the most effective. Economic component of soft power can be argued as being one of the most efficient instruments of engagement, not only between Southeast Asia and China, but between Southeast Asia and India as well. However, the intensity has been noticed to vary. This is evident from India and China's economic cooperation with the ASEAN countries. The India-ASEAN

economic collaboration, till now, is limited in scope compared to the much deeper China-ASEAN economic engagement. However, there is clearly a desire among both India and the ASEAN to ensure that future international financial architecture reforms reflect Asia's increasing significance in world affairs.⁶⁹ Such reflection will be consistent with both India and ASEAN's aspirations for greater representation in global councils as well as for developing capacities to contribute constructively and meaningfully to management of global affairs.

Education is another tool which has helped build bridges between the region and India and China. However, China has been more pragmatic in developing education as an important tool of statecraft for attracting e countries in Southeast Asia. By relaxing visa restrictions and introducing new scholarships for Southeast Asian countries, China has taken bigger strides in becoming an alternative global education hub in the east. Despite India's educational programmes being strong and competitive, it is yet to project itself on par with China. India needs to do much more to showcase its world-class management, engineering and other academic institutes of excellence to the Southeast Asian region.

India is also yet to match up China's government-sponsored cultural diplomacy initiatives. China has been making sustained efforts to project itself as a country with great cultural prowess. Whether Confucius institutes or the Olympics, its 'charm offensive' have transformed its image not only in the region, but across the world. It has also helped in assuaging its neighbours to a great extent. China's proactive regional posture is often projected as being in the interest of its neighbours. Time and again, Beijing has asserted that it wants to be seen as a good neighbour interested in growing along with countries on its periphery. The efforts seem to have paid off. A PIPA survey reveals that "China is viewed as having a mainly positive influence in the world...".⁷⁰ Particularly striking is the fact that the neighbouring countries like Philippines where historically China was looked at with suspicion have developed a positive impression of China in the recent years.⁷¹

However, it is the political system of the respective countries that has attracted a lot of international attention. Many suggest that the Indian model of development and governance based on principles of democracy and political freedom is a better alternative to the Chinese model, which emphasises largely upon the role of the state, and plays down the importance of democracy and human rights.⁷² However, India's overall domestic problems mar its prospects in the region. India's vibrant private sector is yet another striking difference from the Chinese model. According to an expert "India is producing world-class private companies, China is not."⁷³

Despite the growing emphasis on 'soft' components by both countries, 'hard' power remains critical in defining relationships. With respect to China in particular, many argue that perhaps 'hard' power has been instrumental in pushing China's soft power engagement with the Southeast Asian region. While it is true that China's expanding and modernizing military has often drawn widespread attention particularly for the low-profile and almost quiet way of shaping such expansion and modernisation despite the progressively increasing military budget,⁷⁴ it is also true that the same has earned it respect in the region. Beijing's hard power in the region is noticeable. For instance, in terms of military equipment and technology, Indonesia is

the third largest client of China-made C-802 surface-to-surface missiles and QW-1 surface-to-air missiles in Southeast Asia, after Thailand and Myanmar.⁷⁵

India's military power on the other hand is less formidable. It is perceived more as a 'peaceful' country averse to using military might. Although India has defense ties with countries in Southeast Asia like Vietnam and Malaysia, the intensity and military partnership, is more token in nature. In fact, international relations scholars go to the extent of positing that India's lack of effective hard power is responsible for its lower success in cultivating soft power. Many believe that meaningful soft power is possible only if complemented by formidable 'hard power' resources.⁷⁶

India and China desire to be accommodated as part of Southeast Asia. Both are making efforts to 'win over minds and hearts' of the region. While China is combining its soft power with hard power, India lags behind in both. However, it is interesting to note that despite India's limited overtures in the region, it is still considered a partner by many countries, which are otherwise wary of a strong China dominating the region. Singapore's Minister Mentor Lee Kuan Yew observes in this regard: "India can project power across its borders farther and better than China can, yet there is no fear that India has aggressive intentions."⁷⁷ On the other hand, China is still not completely trusted. For example, China's proximity to Myanmar is well-recognised globally. However, according to the Wikileaks, Burmese officials, on record, have stated that "they hated the Chinese and would have preferred not to cooperate with China..."⁷⁸

CONCLUSION

Given the complexities unfolding in the region, it is only natural that the countries in Southeast Asia will need to weigh all options carefully and balance their relationships with both New Delhi and Beijing in a pragmatic manner. In this respect, their quest for deeper collaboration with an extra-regional power, like the US, to balance their relationship with either cannot be ruled out. ASEAN countries, on the other hand, prefer 'US pivoting to Asia Pacific' and look forward to beefing up their military cooperation and engagement with the US.⁷⁹

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