



RESEARCH PAPER

China's Economic Engagement in South Asia: Impact on Regional Dynamics

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ABSTRACT

The study examines China's strategic use of soft power, with a focus on economic engagement, to enhance its international influence in South Asian regional and in interactions with the United States and European states, aiming to address global challenges. This research extends Nye's framework, spotlighting China's strategic deployment of soft power, mostly through economic engagement. The study employs a qualitative methodology and a descriptive approach to analyze China's strategies in various geopolitical contexts. It indicates that China actively utilizes soft power initiatives, leveraging values, culture, and technologies, with a significant role played by development programs in disseminating its strategic influence in the regions. On the basis Based of the findings, it is recommended that China continues to balance its soft power initiatives, considering the sensitivities of diverse regions. Acknowledging concerns raised by other global powers, especially the United States, China may benefit from adopting a more nuanced approach to cultural dissemination.

KEYWORDS China Dream, Developing States, Development Program, Hard Power, Soft Power

Introduction

China's pursuit of soft power involves captivating and influencing people through public policy, cultural promotion, and economic diplomacy (Kurlantzick, 2007). Soft power is crucial for enhancing China's international reputation and achieving its goal of "national rebirth." China's efforts have yielded mixed results, with Western scholars like Shambaugh questioning their effectiveness, while others like Liz Economy highlight the appeal of Chinese economic policies in certain regions (Mazarr, 2021). China's soft power has gained trust and influence in Africa, Asia, Latin America, and Europe, with exceptions in the South China Sea region (Ding, S. 2008). It has improved its reputation as a responsible global power, contributing to the well-being of the world and offering solutions to global challenges.

China's economic growth, regional initiatives like the Belt and Road Initiative (BRI), and cultural promotion have helped bridge economic disparities, fostered national pride, and reduced the growth of nationalism (Shafi, 2023). China aims to achieve its role as a major power while emphasizing peaceful development, using its economic strength as the foundation of its soft power. In its diplomacy, China employs a "charm offensive," emphasizing non-coercive method to attract nations to its political outlook and cooperation (De Castro, 2009). The BRI, particularly the China-Pakistan Economic Corridor (CPEC), plays a central role in China's regional influence, fostering economic ties and connectivity (De Castro, 2009).

China has expanded trade relations with South Asia, with a significant increase in Chinese exports to the region (Jain,2018). China is negotiating free trade agreements, seeing South Asia's youthful population as an opportunity for growth. However, challenges like governance, demographics, climate change, and the environment pose threats to the region's stability and economic growth. South Asia is not China's top priority, but it uses various strategies, including party-to-party ties, diplomacy, and arms sales, to achieve its objectives in the region (Pal,2021).China aims to manage regional rivalries, remove non-state players, expand its influence, and gain a geopolitical advantage. Beijing also works to influence internal politics in South Asian states and resolve issues between India and Pakistan, benefiting from their competition (Hussain,2019).

National power is the capacity to influence other states to achieve objectives. Traditional power is linked to material resources, while soft power emphasizes attraction, persuasion, and setting agendas. China's soft power is rooted in culture, political values, and practices, impacting how people perceive its policies. In short, China's soft power strategy involves using culture, diplomacy, and economic initiatives to enhance its international image and influence, even as it grapples with both successes and challenges in achieving its goals (Nye,1990).

Methodology Section:

The qualitative approach employed in this study focuses on exploring the nuanced aspects of China's economic engagement in South Asia. The aim is to capture the depth and complexity of the impact on regional dynamics through in-depth understanding, interpretation, and contextualization. A thorough literature review is conducted to establish a theoretical framework and identify key concepts related to China's economic engagement in South Asia. This involves an examination of academic articles, policy documents, and expert analyses to inform the development of research questions and guide subsequent data collection. Through this qualitative approach, the study aims to provide a nuanced and comprehensive understanding of the impact of China's economic engagement in South Asia on regional dynamics, capturing the diverse perspectives and experiences of key stakeholders.

Neorealism and Soft Power Dynamics

The neorealist perspective in international relations provides a valuable framework for understanding China's economic engagement in South Asia. Neorealism emphasizes state-centric behavior and power dynamics, making it particularly relevant for analyzing China's actions in the region. China's economic engagement in South Asia can be interpreted as a calculated strategy to bolster its regional influence and strengthen its position as a dominant player. By investing in infrastructure projects, providing economic aid, and extending loans, China aims to create economic dependencies among South Asian countries, which, in turn, can lead to political and strategic advantages. This approach enables China to leverage its economic resources to gain greater sway over the region, foster alliances, and potentially counterbalance the influence of other major powers, particularly India, in South Asia. In doing so, China pursues its strategic objectives within the neorealist paradigm of power competition and state-centric behavior in international relations.

Geopolitical and Geo-economic Factors

South Asia's geographical location, sandwiched between China and India, places it at the crossroads of significant regional and global geopolitics. China's economic

activities, particularly the China-Pakistan Economic Corridor (CPEC), have heightened its presence in the region. The CPEC, a flagship project under China's Belt and Road Initiative (BRI), not only bolsters China's access to the Arabian Sea but also triggers geopolitical concerns. India perceives the CPEC as infringing upon its sovereignty and raising strategic vulnerabilities, which has led to apprehensive responses and counter-strategies, including strengthening ties with other South Asian countries and the United States. This situation underscores the intricate geopolitical dynamics at play, shaped by China's economic expansion and the broader ambitions of the BRI.

Economic Interdependence and Regional Integration

The concept of economic interdependence and regional integration in South Asia is closely linked to China's investments, trade agreements, and infrastructure projects. China's extensive involvement in the region fosters greater economic ties and regional cooperation by creating vital transportation networks, trade corridors, and energy infrastructure. Trade agreements, such as the China-South Asia Free Trade Agreement (CSFTA), reduce trade barriers, promoting economic collaboration among South Asian nations. However, this heightened economic interdependence can also create dependencies on Chinese financing, potentially influencing the political behavior of South Asian countries. These dependencies may lead to concerns about sovereignty and policy autonomy as they navigate the economic and political dynamics of their relationship with China. Thus, while China's engagement promotes economic integration, it simultaneously raises questions about its impact on the political choices and behavior of South Asian nations.

Soft Power and Cultural Diplomacy

The role of soft power and cultural diplomacy in China's economic engagement in South Asia is pivotal and multifaceted. Cultural and educational exchanges, along with media and cultural exports, are instrumental in shaping perceptions of China in the region and bolstering its soft power. Through initiatives such as Confucius Institutes and scholarship programs, China promotes cultural and educational exchanges, which not only expose South Asian populations to Chinese culture, language, and values but also foster people-to-people connections.

Economic Statecraft and Economic Security

China employs economic statecraft in South Asia as a multifaceted strategy to advance its strategic interests. This includes providing economic aid, extending loans, and making significant investments in infrastructure projects. These initiatives often aim to enhance China's access to key regional markets, resources, and transportation routes while fostering political influence. However, the scale of Chinese loans and investments has raised concerns about debt sustainability, and there have been instances where it has led to dependencies that could potentially influence the economic security of South Asian countries. The impact on regional economic security is a complex interplay between economic opportunities and challenges, creating a dynamic that necessitates careful examination to understand the full scope and implications of China's economic statecraft in the region.

Domestic Political Economy

The responses of South Asian countries to China's economic engagement are significantly influenced by their domestic political economies. Local political actors, interest groups, and public opinion play pivotal roles in shaping the reception and outcomes of Chinese investments. Political leaders often weigh the potential economic

benefits of Chinese projects against domestic political considerations, including electoral implications and their own economic interests.

Institutional Frameworks and Regional Organizations

Regional organizations like SAARC and the SCO play a dual role in facilitating and hindering China's engagement in South Asia. On one hand, these institutions offer platforms for diplomatic dialogue and cooperation, potentially providing China with opportunities to strengthen its ties with South Asian nations through economic and political channels. On the other hand, these organizations can also serve as arenas for power competition and rivalry, particularly between China and India, which may hinder China's engagement efforts. The extent to which these institutions facilitate or hinder China's engagement depends on the balance of power dynamics within them and the ability of member states to reconcile their divergent interests. Furthermore, the presence of these organizations in the region shapes regional dynamics by influencing the agenda of regional cooperation and competition, impacting the prioritization of economic projects, and occasionally mitigating or exacerbating regional conflicts. By employing this theoretical framework, you can systematically analyze China's economic engagement in South Asia and its implications for regional dynamics, offering a comprehensive understanding of the subject.

Power Concept in IR

The study of power has a long history, from ancient Greek philosophers to Machiavelli and beyond, where scholars have grappled with its definition and attributes. Despite this extensive attention, there remains significant scholarly debate regarding the specific nature of power, adding complexity and ambiguity to the concept. It's crucial to clarify whose authority is under discussion, with different scholars offering varying perspectives. For instance, Arendt argued that power is collective and relies on group coherence, while Dahl suggested referring to individuals as "actors" in power interactions. This term "actor" has broad applicability, encompassing individuals, groups, roles, and even governments. According to Weber, power's sources are rooted in an individual's qualities, resources, and capacities (Hurrell, 2016).

In contrast, Talcott Parsons introduced a conceptualization of power in 1967 that characterized it as a resource within a system, diverging from defining it solely within the context of conflict. According to Parsons (1967), power is the capacity to ensure that individuals within a collective organizational system fulfill their legally mandated obligations (Casey, 1984). This capacity is exercised when these obligations align with the overarching goals of the system and when non-compliance is anticipated to lead to adverse consequences. In this context, emphasized, along with many other things, that the Parsonian definition neglects the reality that power is used against a person, by viewing authority as inherently legitimate, and by assuming an agreement among state leadership (Casey, 1984).

Power in International Relations

The concept of power is a cornerstone in the field of international relations, particularly within the realist tradition. Realism has long dominated discussions on power, emphasizing that the survival of states and their rational pursuit of power are central tenets in the international arena (Baldwin, 2016). This perspective perceives states as the primary actors on the global stage and interprets power in various ways. Classic realists contend that an inherent human drive for power leads to perpetual struggles for dominance, while structural realists argue that the international system's structure

compels states to seek power. Power is often measured in terms of tangible resources such as gross national product, military strength, and population. However, some critics argue that the traditional focus on national power overlooks the importance of a state's ability to wield power effectively and adapt to changing circumstances, as well as the roles of non-state actors, alliances, and interdependence in international relations.

While there are varying perspectives on the definition and interpretation of power, realism remains central to its study, with other paradigms offering alternative viewpoints on international outcomes, including democracy, liberal values, and international institutions. Barnett and Duvall (2005) have even expanded the discussion by categorizing four types of power, encompassing institutional, structural, and productive forms of power (Barnett, M., & Duvall, R. 2005). Ultimately, the study of power continues to evolve and shape the understanding of international politics, with realism at its core but accompanied by diverse perspectives that consider the multifaceted nature of power in the international arena (Baldwin, 2016).

Joseph Nye Soft Power Concept:

Joseph S. Nye's concept of soft power is essential for great powers and aspiring ones. Soft power, in contrast to hard power, operates quietly and involves influencing people through attraction rather than coercion. It revolves around a state's ability to shape preferences, thus impacting international politics. It encompasses political values, foreign policy, and culture, determining a state's appeal and influence. China, as a rising power, has recognized the importance of soft power in shaping its international image and influencing global discourse (Nye, 1990). China's "peaceful rise" strategy and the need to counter negative perceptions are key aspects of its soft power initiatives. However, Chinese scholars challenge Nye's Western-centric view of soft power, emphasizing that it should not be oversimplified into a strict dichotomy between hard and soft power. Instead, they see both as equally potent, with a focus on a more holistic approach to influence, encompassing various facets of a nation's strength. Nye's idea of soft power has its roots in American foreign policy, and understanding Chinese soft power requires considering its unique historical and structural context.

Capturing Power Shift: The Case of China

The proposed framework for understanding China's post-Cold War diplomatic approach in the region presents a more comprehensive and realistic lens for analysis. By going beyond the traditional soft/hard power binary, this framework provides a nuanced perspective to better grasp the current power shift and China's role as a regional and global leader. The framework recognizes that soft power is not just about attraction and agenda shaping but also includes economic power as a key component. Economic incentives play a significant role in China's diplomatic approach, as seen in initiatives like the Belt and Road Initiative (BRI). China strategically uses financial incentives to exert influence on regional and global scales, enhancing its soft power appeal.

China's preference for employing soft power over coercion is evident in its approach to diplomacy. Rather than resorting to force, China often presents carrots or denotes the loss of incentives to shape the behavior and preferences of other nations. This approach is particularly visible in its interactions with ASEAN states and its proactive involvement in multilateral organizations and platforms. China's reformist approach, exemplified by initiatives like the Asian Infrastructure Investment Bank (AIIB), reflects its commitment to influencing international policy and challenging existing institutions. Under the leadership of Xi Jinping, China has transformed its economy and emerged as a global leader. It has repositioned itself as an alternative to the existing liberal order, actively promoting its preferred alternatives and changing the global agenda. This

evolving international role is driven by not only economic incentives but also cultural practices, political beliefs, and foreign policy, making China's soft power package highly appealing and influential. In conclusion, the suggested framework offers a more holistic understanding of China's diplomatic approach by incorporating economic power and recognizing the evolving dynamics of international relations in the region and beyond (Carlsson, 2015).

Hard Power: A Double-Edged Sword for a More Formidable China

Over a decade into Xi Jinping's presidency, China's emphasis on soft power as a crucial element in achieving the "Chinese Dream" of national rejuvenation continues to persist. Soft power has not only become a prominent theme in Chinese political discourse but also a subject of academic discussion within the country (DeLisle,2020). The active use of soft power by China is evident worldwide, with real-world examples showcasing its influence.

Chinese Soft Power in Action

One of the most prominent examples of Chinese soft power in action is the global network of Confucius Institutes. These institutes, spread across six continents, serve as hubs for promoting Chinese culture and language. Additionally, the establishment of the Asian Infrastructure Investment Bank (AIIB) stands as a significant display of China's soft power. With 50 member states and half the capital of the World Bank, the AIIB underscores China's growing influence (DeLisle,2020).

Understanding Soft Power

Soft power is defined as the capacity to achieve desired results through attraction and persuasion rather than through force or financial incentives. It revolves around shaping the preferences and interests of others to align with one's own. It is essential to note that this concept does not limit soft power to a specific form but emphasizes its outcomes. In contrast, hard power involves the use of force or economic inducements to compel other states to act in specific ways.

Analytical Framework for Soft Power:

To better understand the dynamics of soft power, an analytical framework has been established to categorize observations into three primary components: sources, tools, and modes. Sources of power encompass different realms like the economy, military, institutions, and culture. These sources contribute to a state's potential power but do not dictate the specific approach. Tools represent the ways these sources are applied and may include tangible items like loans or cultural exhibitions (DeLisle,2020). Tools of power can originate from various sources. Modes of power refer to the ways in which tools are applied, primarily influenced by the audience's perception and the actor's intentions. The mode of power ultimately determines whether a specific tool is classified as soft or hard power.

Soft Power in the South China Sea (SCS)

Within the context of the SCS conflicts, soft power plays a pivotal role in China's security strategy (Kalimuddi.2018). The three main strategic objectives underlying China's deployment of soft power in the SCS are:

Dictating Topics of Conversation:

China aims to enhance the credibility of its SCS claims by shaping the legal framework for maritime border delimitation and influencing the resolution of disputes.

Becoming a Preferred Partner:

China seeks to gain more influence over claimant states by reducing the impact of non-claimant states on SCS developments. This is especially pertinent in countering the United States' unilateral power in the region and its ability to maintain alliances (Kalimuddin, 2018).

Avoiding Interference:

By using bilateral discussions to isolate other claimant governments, China ensures that it can avoid external interference in SCS issues.

The complexities of international maritime law, territorial disputes, and the significant role played by the United States in the region make the use of soft power a critical aspect of China's approach to the South China Sea conflicts. In short, a decade into Xi Jinping's leadership, China's emphasis on soft power remains robust and is crucial in realizing the "Chinese Dream" of national rejuvenation. The multifaceted nature of soft power is evident in various real-world examples, highlighting its significance in shaping international relations and China's security strategy, particularly in the context of the South China Sea (O'Neill, 2018).

Students-Cultural Program: A Strategy to Soft Power

Hu Jintao and Xi Jinping, as Chinese leaders, both stressed the importance of cultivating and leveraging soft power as a central tool for China's foreign policy. The relationship between the United States and China has often been referred to as "G2" or "Chimerica," highlighting its significance (Delaney, 2011). While Huawei was making a name for itself in the global telecommunications equipment market, Chinese artist and activist Ai Weiwei became a prominent figure in representing Chinese culture on the international stage. In the realm of education, Confucius Institutes, initially intended to promote Chinese language and culture, faced growing criticism for promoting censorship and propaganda, leading to the closure of some institutes. The Pew Research Center's surveys indicated an increase in unfavorable views of China among the American public starting in 2013, with a sharper decline in 2017 (Fang, 2019).

China's hard and soft power assets have limited influence over U.S. policies and actions related to China or issues regarded as China's core interests. Political conflict, rather than soft power, has been more effective in shaping perceptions. China has a history of employing "united front activities" and political warfare, with the People's Liberation Army emphasizing the "three warfare."

Concerns about China's intentions, foreign interventions in American politics, and the appeasement of Beijing's preferences by American companies have grown. The U.S. government has tightened scrutiny of Chinese students, scholars, and researchers, raising concerns about countering China's expanding political warfare arsenal. China's Belt and Road Initiative (BRI) has garnered attention for its potential geostrategic ambitions and economic power, although it lacks soft power appeal (Fang, 2019). The U.S. has responded with the BUILD Act, promoting U.S. norms of openness and legality in contrast to the Chinese model. The Chinese government has emphasized the need for a political system suitable for "Chinese conditions," distinct from Western models, reflecting their stance on democracy and governance (Kroncke, 2020).

The Implications of the China as Soft Power at Regional Level

Prior to delving into the theoretical framework, it is pertinent to provide a succinct overview of China's cultural diplomacy, often encapsulated by the notion of the "Chinese Dream." This concept signals forthcoming shifts in China's foreign policy during Xi Jinping's tenure. The landscape of Chinese politics exhibits marked polarization when it comes to policy formulation and cultural diplomacy. In the era of Chairman Mao, there existed internal opposition to China's state-controlled cultural policies, and the tumultuous period of the Great Proletarian Cultural Revolution tarnished the nation's reputation both domestically and internationally, undermining its status as a cultural superpower. As China embarked on the journey from a centrally planned economy to a market-oriented one, the 1989 Tiananmen Square Movement posed a significant legitimacy challenge (Kluver, 2010). After a protracted 15-year effort, China ascended to the World Trade Organization (WTO) at the outset of the twenty-first century, emerging as one of the world's largest economies. Simultaneously, the notion of soft power, as articulated by Joseph Nye, found resonance among Chinese officials and evolved beyond mere acknowledgment to practical implementation, instigating an intangible transformation.

This cultural diplomacy effort has given rise to the establishment of various research institutions and exchange programs, which are now widely embraced by Chinese scholars and government authorities as strategic tools for augmenting China's soft power. An illustrative example is the inception of the Chinese Culture Soft Power Research Institute at Hunan University, which subsequently expanded its reach to encompass 32 government agencies and institutions of higher learning, including prestigious institutions like Beijing University and Renmin University.

Since its introduction by the current President, Xi Jinping, as a concept with political significance during his visit to the "Road to Revival" exhibition in 2012, discussions about the "Chinese Dream" have permeated both domestic Chinese social media platforms and international mainstream news outlets. Over more than 15 prominent addresses, Xi Jinping has expounded on the Chinese Dream, reaffirming China's commitment to enhancing its soft power. The recent proposal of the Chinese Dream serves as an instructive case study for scrutinizing how the fifth generation of Chinese leadership interprets and applies the concept of soft power (Nye, 2004).

Components of Chinese Soft Power

The components of soft power, persuasion, and attraction have been subjects of extensive discussion, with a particular focus on the possibilities that "attraction" holds in the realm of soft power. Scholars such as Giulio Gallarotti have expanded on Joseph Nye's concept of attraction by examining power relations within a larger constellation of social relations that can influence international interactions and outcomes (Nye, 2004). According to Gallarotti, the foundations of soft power lie in respect for international law, treaties, and a willingness to prioritize the common good over immediate national interests, often stemming from regional sources like cultural and political institutions. Furthermore, discussions on "persuasion" in the context of soft power tend to delve into the practical aspects of translating resources into desired outcomes and the strategies employed to achieve specific goals. Joseph Nye underscores that the effectiveness of soft power depends not only on available resources but also on the precise strategies applied to attain the intended results. Decision-makers must understand the distinctions among various objectives and audience diversity to successfully utilize soft power, recognizing that a single cultural element can yield impressions ranging from charitable acts to propaganda based on the context in which it is presented.

Soft Power: Another Dimension Cultural Diplomacy

Soft power, a multifaceted concept, comes into focus when applied in practical foreign policy contexts, emphasizing persuasion and framing. Soft power is often viewed through the lens of public diplomacy, encompassing efforts to promote a nation's culture, traditions, language, and arts. The integration of foreign policy and cultural relations dates back to the 1940s, as seen in works like "Cultural Approach: Another Way in International Relations," examining cultural activities by major powers. Three primary schools of thought on cultural diplomacy have emerged, reflecting differing perspectives. The first school prioritizes political objectives and views cultural diplomacy as a unilateral process to shape national image and interests. The second school emphasizes cross-cultural exchange, using cultural diplomacy to sway public opinion and garner support for political and economic goals by helping foreign citizens understand a nation's values and institutions.

The third school highlights the distinction between cultural diplomacy and aggressive, forceful techniques used by dominant powers, advocating for cultural diplomacy that involves various programs for cultural exchange. This perspective sees cultural diplomacy as a crucial component of public diplomacy, serving as a more specialized form of diplomacy in the context of state interactions and engagement with foreign publics. In this view, cultural diplomacy is viewed as the practice of governments engaging with other states or their citizens through cultural exchanges, a manifestation of diplomacy that differs from the traditional state-centric approach (Loughlin, 2015).

Soft power and Cultural Diplomacy in the Context of China

The concept of soft power has made a swift transition from academic discourse to popular culture, with early practical studies primarily focusing on American foreign policy, shaped significantly by its application. In the last decade, international political researchers have broadened their investigation of soft power beyond the United States, examining its role in countries like Saudi Arabia, the UK, Germany, Australia, and Iran. These studies have explored the intersection of soft power with cultural diplomacy and public diplomacy, shedding light on its application in various contexts. For instance, scholars have evaluated the concept of imperialism through the lens of cultural diplomacy from a European perspective and examined the changing landscape of cultural diplomacy within the global community. Notably, China has actively sought to promote a positive national image and position itself as a "charming" power, recognizing the importance of how it is perceived globally. China's strategic emphasis on soft power aligns with its efforts to present itself as a peace-loving and people-centered power. This approach combines both hard and soft power tactics to enhance its international standing, foster cooperative relationships with neighbors, and maintain peace and stability in the region. The evolution of the concept of soft power, particularly in the context of China's foreign policy, underscores the increasing significance of soft power in the field of strategic literature, with a focus on the interplay between politics, the economy, and culture (Cho, 2008).

Initiative of China's Soft Power Strategy in South Asia

In recent times, Premier Li Peng of China has conveyed his country's readiness to embark on a new era of friendly relations and collaboration with the countries of South Asia. China has approached the nations in this region with a great deal of maturity, despite having a somewhat unclear policy stance. This maturity can be attributed to the complex dynamics of its relationship with India, the largest country in South Asia. While Sino-Indian relations may involve political disputes and continued economic engagement, China's interactions with other countries in the region present fewer

dilemmas. One significant driver behind China's engagement with South Asia is its "western development" policy, aimed at addressing regional imbalances within the country, which in turn necessitates closer ties with South Asian nations. The South Asian region consists of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka, and its proximity to China's borders gives these states a prominent role in Beijing's foreign policy (Snedden, 2016).

The concept of cultural diplomacy plays a vital role in China's soft power strategy. China boasts an extensive and diverse cultural history, which forms an integral part of its soft power. China has been actively exporting its culture through a network of relationships, exchanges, and cultural initiatives, making substantial efforts to promote its culture worldwide. The country has made significant reforms to address negative perceptions of its military capabilities and effectively enhance its cultural presence (Snedden, 2016). These institutes are becoming increasingly important channels for China's soft power and have a presence in various South Asian countries, including Bangladesh, Nepal, Sri Lanka, Pakistan, the Maldives, and more.

Moreover, China actively pursues cultural agreements with South Asian countries, fostering cultural exchanges and cooperation in various fields, such as sports, education, press and publication, and performing arts. China's engagement with countries like Bangladesh, Nepal, Pakistan, Sri Lanka, and Afghanistan encompasses both formal agreements and informal, people-to-people exchanges, which strengthen cultural relations (Snedden, 2016). The promotion of cultural products and increased trade further solidify cultural ties. China is also fervently promoting the revival of the Silk Road, a historic trade route, which would help enhance cultural exchange between China and Pakistan.

Economic Engagement

The utilization of economic tools in international affairs encompasses two aspects. The "softer" approach involves providing development aid in the form of grants and loans, which allows donor countries to foster a benefactor image among recipients. In contrast, "hard" power is employed through economic penalties that hinder trade and economic interactions. Programs that promote regional or bilateral trade and foreign investment serve similar goals. China's economic relations with South Asia have seen gradual improvement, leading to the question of what benefits the South Asian states derive from such engagement. China's economic "appeal" seemed to rise notably in the wake of the 2008 global financial crisis, underpinned by its ability to sustain robust economic growth and introduce new growth models like the "Beijing Consensus" (Halper, 2010). With its burgeoning economy, China is likely to pursue closer business relations with its Asian neighbors, capitalizing on positive perceptions of its development and progress. However, research on China's economic ties with South Asia has received less attention compared to Southeast and Northeast Asia. Yet, it is evident that China's interactions with Southeast and Northeast Asia illustrate how economics can influence perceptions of China as a benign power.

Trade and Investment

China and India have historically maintained strong economic ties with South Asia, primarily due to India's regional economic dominance. Despite historical complications and ongoing political differences between China and India, their economic collaboration has flourished in recent years, reflecting the pragmatic nature of their relationship. Several initiatives, such as the declaration of the 2006 and 2007 China-India Years of Partnership and efforts to promote tourism, have been undertaken to strengthen

the bilateral relationship. Notably, the Joint Study Group on Trade and Economic Cooperation, established in 2004, has the potential to become a significant Confidence-Building Measure (CBM). The group's recommendations could lead to a preferential trade agreement between China and India, fostering further business ties. Bilateral trade has surged, with China surpassing India as one of its top ten trading partners. Importantly, cross-border capital flows have increased alongside the growth of global trade in goods (Marelli, 2011).

Development Assistance and Infrastructure Growth

China's economic contributions to South Asia extend through development aid, infrastructure projects, and disaster relief. In Pakistan, a significant beneficiary of China's support, monetary assistance for development under the Pakistan-China Joint Five Year Economic and Trade Cooperation Plan has increased, illustrating China's commitment to the region's growth. Chinese aid to Nepal has also risen, primarily directed toward the construction of crucial infrastructure projects, such as roads and hydropower plants. Furthermore, China has displayed solidarity with the South Asian nations during times of adversity by providing financial aid for disaster relief efforts, like the response to Cyclone Sidr in Bangladesh and the 2004 tsunami in the Maldives (Siddiqui, 2023).

China has actively helped the Maldives enhance its resilience to natural calamities and contributed to Sri Lanka's recovery following the tsunami. With a strong focus on infrastructure development, China is playing a significant role in bridging the region's infrastructure gaps. South Asia faces challenges related to inadequate infrastructure, including transportation networks, seaports, telecommunications, and power supply. As a result, the region's economies have struggled to grow and trade due to these limitations. China has responded positively to address this issue and has become a prominent player in South Asian infrastructure development, participating in various projects across the region (McCartney, 2022).

The findings of the study reveal that China's economic engagement in South Asia has led to significant impacts on regional dynamics. Economic initiatives diversification, particularly in technology, education, and sustainable development, has shown promise in fostering a more comprehensive and mutually beneficial relationship between China and South Asian nations. Transparency and communication enhancements have addressed concerns, building trust and reducing potential misunderstandings. Collaborative infrastructure development, with a focus on joint ventures and local expertise, has contributed to overall regional development and stability. Cultural sensitivity and people-to-people exchanges have positively influenced understanding and ties between China and South Asian countries.

These results highlight the standing of strategic adjustments in China's economic approach to South Asia. Diversifying economic initiatives beyond traditional sectors is crucial for long-term cooperation. Transparency and effective communication are foundational for building trust and avoiding diplomatic challenges. Collaborative infrastructure projects, emphasizing joint ventures, not only contribute to regional development but also enhance diplomatic ties. Cultural sensitivity, alongside people-to-people exchanges, plays a pivotal role in creating a harmonious relationship, fostering a deeper understanding between China and South Asian nations. Overall, these results suggest that a multifaceted and culturally aware economic strategy can positively shape regional dynamics in South Asia.

Conclusion

China understands that being liked and respected around the world is important for its foreign policy. They use something called "soft power" to achieve this, which includes things like economic diplomacy, cultural programs like Confucius Institutes, and encouraging tourism. While these efforts may not have made China richer or stronger in a traditional sense, many people now see China as more important globally, especially through the media. However, big countries like the US, UK, Germany, France, and Japan still have more soft power. Critics say China's soft power relies too much on its government, especially the Chinese Communist Party, which might not appeal to everyone. To improve, China could involve non-government groups, but challenges like few global Chinese organizations make this hard. Despite this, China sticks to its historical way of using culture and economics to build strong relationships, like in the past with the "Imperial Chinese tributary system." Through initiatives like the Belt and Road Initiative, China wants to connect with other countries and build a "community of shared future," emphasizing soft power rather than just military strength for a more peaceful world.

Recommendations:

- China should explore opportunities in technology, education, and sustainable development beyond traditional sectors to build a more comprehensive relationship with South Asia.
- Prioritizing open communication and collaboration with South Asian nations will address concerns about the transparency of economic projects, fostering trust and mitigating potential misunderstandings.
- China should engage in collaborative infrastructure projects with South Asian countries, emphasizing joint ventures that prioritize local expertise to contribute to overall regional development and stability.
- Adapting economic strategies to align with local cultural norms and promoting cultural and educational exchanges will strengthen understanding and ties between China and South Asian nations, fostering a more harmonious relationship.

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