

DEBATE

FUTURE TRAJECTORY OF SINO- INDIAN RELATIONS*

Since Prime Minister Modi assumed office in May 2014, there has been considerable forward movement in relations between India and China. However, the ambiguity about the Chinese aims of OBOR, the ramifications of ‘China-Pakistan Economic Corridor’ (CPEC) through POK, recent Chinese moves to block (though called as a ‘technical hold’) of India’s efforts at the UN to declare Hafiz Saeed, chief of the terrorist outfit Jaish-e-Mohammad (JeM) and Jama’at-ud-Da’wah as a ‘global terrorist’, increasing ‘assertive’ stand in the ECS and SCS, etc. tend to derail forward movement in these relations.

That China has ‘risen’ and is on its way to becoming a great power, with growing reach beyond its immediate periphery, both land and maritime, is quite clear. China is on course to become, in the coming years, the world’s largest economy in absolute terms. It will also be among the top one to three trading nations in the world. Its defence modernization and reorganization processes continue apace.

Notwithstanding its successes, China’s efforts to make friends and influence countries have not always been successful. Aggressive moves and lack of clarity on intent, while amassing military strength have not been the most effective way of doing so. Yet, China’s pursuit of its self-declared and broadly defined “core interests” appears to remain on course.

It is in the above perspective that it would be useful to debate the future trajectory of Sino-Indian relations over the next few years. The advantage that we have is that our own political structures are strong (albeit often overly self-critical) and the trajectory of our growth and development is high and sustainable. We have also had reasonable success in expanding our network of friends and partners not only in the Indo-Pacific but also in the Asia-Pacific Region. We have the ability now to make a difference in our extended neighbourhood and our presence and participation is sought in these regions.

Among the issues that will determine the trajectory of the Sino-Indian relationship, the following would appear to be pertinent:

- a) Progress on clarification of the L.A.C. and greater understanding on working out a fair, reasonable and mutually acceptable boundary settlement while maintaining peace along the LAC;

*IFAJ is grateful to Ambassador Nalin Surie, former Ambassador to China, High Commissioner to the UK, and Secretary (West) Ministry of External Affairs for providing the concept note for the Debate.

- b) Safeguarding India's territorial interests, including in POK;
- c) Striving for better understanding on shared river water resources;
- d) Greater collaboration in the fight against terrorism;
- e) Greater discussion and collaboration in defence matters including on maritime issues in the Indian Ocean and Asia-Pacific Regions; and,
- f) Arriving at a consensus on commonalities in each other's core interests so that the relationship remains on a positive trajectory.

The *Indian Foreign Affairs Journal* invited four experts in the field to offer their views. Their comments are being published in the following pages.

To enrich the 'debate', the Joint Statement issued at the end of Prime Minister Narendra Modi's visit to China on May 15, 2015 is also reproduced at the end of the four contributions.

★ ★ ★

India - China Relations: Deal with a Measure of Pragmatism

Dhruv C. Katoch *

Much has been written on the possible future trajectory of Sino-Indian relations. Will India and China be partners? Or, are they unavoidable rivals? Some, like the late Bharat Verma, visualised an intransigent China which, sooner rather than later, would attack India - a throwback to the 1962 conflict which rankles India but which, surprisingly, is not much talked about in China. The optimists, on the other hand, promote the concept of 'Chindia' - a term coined by Goldman Sachs, suggesting that both India and China could jointly create a new world order. In April 2005, when Chinese premier Wen Jiabao called the economic cooperation between the two countries as the 'two pagodas of hardware and software', some were ready to believe that the statement reflected a deep rapprochement between the two countries which could give rise to a new Asian trade and power bloc. Both these viewpoints appear to be oversimplifications, reflecting long held fears and hopes in equal measure.

In the Preface to his book 'India's China Policy' (Indiana University Press, 1962), P. C. Chakravarti wrote: "The key to Sino-Indian relations lies hidden in the soil of Tibet. It is on the rocks of the Roof of the World that our friendship with China will flourish or flounder". Written in 1961, the premise of the author still appears to be valid. The unresolved border and territorial dispute between the two countries that led to the conflict in 1962 and the refuge given by India to the Dalai Lama, are issues which continue to bedevil relations between the two countries. Chinese sensitivity on the question of Tibet is well known, China being wary of any type of support being given to the independence movement in Tibet. To these historical legacies have been added Chinese plans for hydrographical projects on the Yarlung Tsang Po river, Chinese concerns over the US-India Civil Nuclear Agreement deal and the increasing military cooperation between India and the USA, which China perceives as being directed at isolating China. On the Indian side, Chinese support to Pakistan - especially in the field of nuclear and missile technology and the strategic nature of its partnership with that country - have led many Indian defence analysts to believe that the proxy war being waged by Pakistan against India is being done at the behest of China. This is to ostensibly confine

***The Author** is an Army veteran and the former Director, Centre for Land Warfare Studies, (CLAWS), New Delhi. He is presently the Editor of SALUTE Magazine.

India to the backwaters of South Asia and prevent its emergence as a dominant player in world affairs, in conformity with a Chinese saying that 'one mountain cannot hold two tigers'!

In 1954, the Indian leadership believed that Sino-Indian relations could be conducted with 'mutual respect for each other's territorial integrity and sovereignty, mutual non aggression, mutual non interference in each other's internal affairs, equality and mutual benefit'. Thus was signed the Sino Indian Agreement of 29 April 1954, relating to trade and other contacts between 'the Tibet region of China and India'. This was also called the Panchsheel Treaty. The ink had hardly dried on these admirable sentiments when acrimony broke out between the two countries on what constituted the border, and of border violations by each side. Real politics is devoid of sentiment as rightly stated by Dr Buchanan-Hamilton, who when advising Lord Hastings against the occupation of Nepal, pointed out that 'a frontier of seven or eight hundred miles between two powerful nations holding each other in mutual contempt seems to point at anything but peace' (*Papers Respecting the Nepaul War - The Administration of the Marquis of Hastings in India*, India House Library, Page 45). A newly independent India had yet to learn that lesson.

The border issue remains intractable, even after nineteen rounds of talks, the latest being held in April 2016 amid growing discord between the two nations over Beijing blocking India's bid to get JeM chief Masood Azhar banned by the UN. This is hardly surprising. The dispute is both a border dispute as well as a territorial dispute, with China occupying the Aksai Chin area and also laying claims to the Indian state of Arunachal Pradesh. The origins of the dispute were not created by the present disputants, the dispute having originated under Manchu China and Imperial Britain, against the backdrop of the 'great game' of the nineteenth century between Russia and Britain. Today, India and China are trying to solve a problem which their imperialist predecessors found either insoluble or undesirable to solve. The narrative on both sides has reinforced legacy attitudes, which makes acceptance of any position well nigh impossible.

Rather than attempting to solve the problem, it may be more prudent to simply freeze the issue for future generations to solve. In the interim, both sides could look into the possibility of delineating the positions held by each side on the ground with exchange of maps, and without any prejudice to the claims of either side. Even this limited course of action has little traction with the Chinese, making any further headway impossible. The Chinese have nothing to lose by keeping the issue open as they have the military muscle to hold on to the areas they are currently in occupation of. These they consider to be 'de

facto resolved issues'. Negotiation for the Chinese implies seeking an adjustment of the areas they lay claim to, which is not just the Tawang tract but the whole of Arunachal Pradesh. Obviously, India cannot accede to this. The larger danger for India lies in the growing military asymmetry with China. As of now, India can effectively ensure against a Chinese military adventure to forcibly take its claimed areas. Within a decade from now, the military situation may tilt so drastically in Beijing's favour that she could be tempted to resolve the issue through the use of force. That situation can be guarded against by ensuring adequate military capability to defend Indian interests. Diplomacy can only take us that far.

The river waters issue is much hyped, and often misunderstood. It is true that China is building dams at the Great bend in the Yarlung Tsang Po river; but a deeper understanding of the issues is required. Firstly, as of now, there is no technology available to take the waters of the Tsang Po river to other parts of China. Secondly, and more importantly, is the fact that the waters of the Yarlung Tsang Po, as they enter India to become the Siang river, constitute just a small percentage of total water flows in the Brahmaputra basin. The average discharge of the Yarlung Tsang Po as it enters India is just about 1980 cumec. This increases to 16,240 cumec as the river enters Assam to form the Brahmaputra. This is mostly due to the very high levels of precipitation within the catchment areas in India and Bhutan. So the water issue is not about the Chinese attempting to divert the waters of the Yarlung Tsang Po, but the possible impact of what could happen if the waters are dammed and released suddenly. India needs to have an agreement with China on information sharing of water flows in the Yarlung Tsang Po, which could subsequently be followed up with a treaty.

Transparency in data sharing and the development of required data matrix is the ultimate necessity. With the association of basin neighbours, India and China should organise such a Core Data Agency (CDA). In the meantime, India should, on its own, keep regular tabs on the water inflow from the Yarlung Tsang Po as it enters India to form the Siang river and thereafter, periodically monitor flow levels all along the course of the Brahmaputra and its tributaries. Satellite imagery of the area will also keep India abreast of the ground situation with respect to water flows and construction activities on the Yarlung Tsang Po.

The Tibet issue and the status of the Dalai Lama are of serious concern to China. The Dalai Lama remains the honoured guest of India, and this is a situation not to the liking of the Chinese. Most Tibetans are not prepared to accept Chinese sovereignty, and the struggle within Tibet, though largely

peaceful, simmers and could take a violent turn. What were to happen after the passing away of the present Dalai Lama? That is a question which worries the Chinese, as they seek ways and means to put their own nominee as the next Dalai Lama. While India has not allowed the Dalai Lama to carry out political activities in India, his very presence poses a threat to the Chinese, as he is seen as a symbol of Tibetan resistance. Some observers see the Chinese claims over the Tawang tract as a ploy to ensure that the next incarnation of the Dalai Lama does not come from Tawang, which is the seat of one of the sacred Buddhist monasteries. How this pans out in the future will impact ties between India and China.

China remains concerned about the strategic partnership developing between the USA and India, just as India is concerned about the close strategic embrace of Pakistan by China that is perceived to be aimed against India. While the key to the India-China relationship does lie on the soil of Tibet, geopolitical realities also play a significant role towards that end. Today, Sino-Indian politics go far beyond their mere bilateral significance. While India is too big a player to be the willing handmaiden of any particular power bloc, the fact remains that it suits US interests to leverage India as a counterweight against China. To that extent, both US and Indian interests stand aligned against what is perceived to be an increasingly assertive China on the world stage. While continuing with enhancing the security component of its relationship with the US, India would continue to develop its relations with China through cooperation on the economic front as well as on issues which affect both countries in the international arena.

China however, is unlikely to let go of its support to Pakistan, despite the fact that such support could have a negative impact on China's restive Xinjiang province. The much hyped China-Pakistan Economic Corridor through Pakistan Occupied Kashmir (POK) should, however, not cause too many sleepless nights in New Delhi. The internal security situation in Pakistan – especially the movement within Baluchistan for independence, the ongoing conflict against the Taliban in FATA, and the various ethnic and sectarian conflicts that Pakistan is plagued with – all work against the fruition of the envisaged corridor. It would be in India's interest to extend moral and diplomatic support to the people of Baluchistan, which would serve Indian interests in obviating the China-Pak strategic axis.

Equally worrying for India as of now, is the presence of a large number of Chinese personnel, many of whom are from their military, in the Gilgit-Baltistan region of POK. Reports emanating from the region point to demographic changes being made in the area, with a large number of Sunni

settlers from the Punjab coming into the region, altering both its ethnic and sectarian demography. India would do well to extend its support to the indigenous people of the region, to preserve their lifestyle and culture.

In the final analysis, India needs a measure of pragmatism in its policy of dealing with China. Increased trade flows do not by themselves lead to an absence of conflict. The excellent personal rapport developed between the Indian Prime Minister and his Chinese counterpart, while useful, is also not a guarantor of peace. That comes about through hard power. India will need to develop its economic and military might to safeguard its vital national interests. Militarily, it is vital that India maintain adequate deterrent capability in the oceans as well as over the Tibetan skies. That is the guarantor of peace.

India-China Relations: Need for Intensive Dialogue on Core Issues

Srikanth Kondapalli*

The future trajectory of India and China, the two big countries in Asia, is difficult to predict, especially as these two have been ‘simultaneously rising’ in the last few decades and knocking at the gates of global and regional power structures. The cooperative and competitive elements in India-China relations are also combined with regional and global dynamics, resulting in a complex relationship whose future orientation is difficult to predict.

Current Status

Yet, some observations can be made in this regard given both the past several decades of diplomatic practice as well as the structural factors in India-China relations. Foremost among these is a mix of the current status of bilateral relations as well as the aspirations of the new leaders who assumed leadership in India and China only recently. That the political leaderships in China and India are stable and forthcoming is reflected in their long-term plans. President Xi Jinping not only acts as the General Secretary of the Communist Party, but also as the Chairman of the Military Commission and the Security Commission. Recently, he added another feather in his cap by becoming the Commander-in-Chief of the armed forces. His anti-corruption campaign and the One Belt One Road (OBOR) initiatives are galvanizing China. Likewise, Prime Minister Narendra Modi has ushered in a single party majority government for the first time in three decades in the influential lower house of Parliament and began with campaigns on Skill India, Smart Cities, as well as manufacturing and infrastructure projects. These suggest that the new leaders in India and China are digging in for the long-term, in which domestic imperative are understood as being important and that there is going to be stability as well as new initiatives in the external domain.

Currently, both India and China have relatively stable borders although no solution is in sight in the dispute resolution, despite 19 rounds of Special Representative meetings in addition to the previous 15 joint working group meetings as well as eight border talks since 1981. The alternative that both

***The Author** is professor of Chinese Studies at Jawaharlal Nehru University, New Delhi.

countries have attempted is to 'manage' the borders with confidence building measures, a Border Defence Cooperation Agreement, among others - basically to reduce any accidental fallout of border incidents. This aspect could become a potentially competitive - or even conflict-triggering issue in bilateral relations in the near future. This has clearly been suggested by border incidents in the Depsang Plains during April-May 2013, September 2014, as well as September/November 2015 at Chumar, all of which have been in the western sector.

Since 2005, through the Special Representative mechanism, a series of bilateral arrangements have been initiated. At the multilateral level, India and China coordinate their approaches on a number of issues at the United Nations, BRICS, and Climate Change conferences among others - all suggesting a growing mutual understanding on critical global issues (although they differ on some issues, such as the global commons). These mechanisms have ushered in a broad based, predictable, and in-depth prospects in the bilateral relations, although they need not necessarily guarantee prevention of conflict or competition between the two in the future.

The competitive or conflictual scenarios between India and China are based on the larger events across the regions, and influenced by the aspirational aspects of the new leaderships. China began the revival of the Continental and Maritime Silk Road initiative which some Chinese have suggested will be the basis of a 'new international order', and China's Marshal Plan towards Asia, Europe, and Africa. In addition to an estimated US\$700-800 billion in investments, China has been gearing up for joint military operations abroad through its reformed forces since 2015. China's new initiatives are bound to crisscross those of other powers, including India, in the coming years. Some of these are indeed critical for the sovereignty of India - such as China's investments in Pakistan Occupied Kashmir, which, according to the 1993 Indian Parliament's resolution, is a part of India. India has expressed its opposition to China on this issue. While China has replied that its activities are 'commercial' in nature, India is not convinced, given China's plan to deploy three divisions of troops in the region, in addition to Pakistan's deployment of one division to protect Chinese personnel. This is potentially a conflict-ridden issue in the bilateral relations.

Also, the Tibet factor could be a destabilizing factor in the bilateral relations between China and India. China had even gone to war with India on this issue in 1962. As the 14th Dalai Lama is making arrangements for his 'successor' and intensifying the democratic political process in the Tibetan community, China insists on the 'golden urn' process of selecting the next Dalai Lama. Whatever be the outcome of these events, Tibetan dynamics are bound to

influence trans-Himalayan stability in the coming years, given the radicalization of Tibetan youth and the intransigence of Beijing in addressing the grievances of the Tibetans. Another related issue of contention is the rivers flowing from Tibet, regarding which China had signed memoranda of understanding, yet is reluctant to enter any binding water-sharing agreement with India.

The Indian new leadership has also set its sights on the global scale. This is reflected in the visits of Prime Minister Modi abroad in the last two years; in the increase in foreign direct investment into India; over 7 per cent growth rates in times of general global market turmoil; in the change from the Look East to Act East policy; as well as in the joint strategic vision with the USA and the trilateral Malabar exercises with USA and Japan in late 2015 and June 2016 respectively.

Recently, Indian officials have also articulated the idea that instead of merely performing a balancing role, India aspires to be a 'leading power', and intends to punch its weight appropriately in the region. While the observations of Chinese leaders (May 2014) regarding Asian countries looking after their own security (implying no dependence on the USA) as well as their 2016 remarks on their country shaping the Korean Peninsula dynamics need not necessarily antagonize Indian interests, such comments are being carefully weighed by Indians in terms of larger leadership related connotations. A decade ago, both India and China had said that both rising countries have 'enough space in Asia'. Currently, the spaces between the two seem to be vanishing with reference to the new initiatives, and suggest mixed results in the future.

Future Trajectory

The future trajectory of the India-China relationship could be influenced by a number of domestic and external factors. While India is posting higher growth rates of above 7 per cent, China is entering into a 'new normal' economy of relative decline in economic growth rate, especially in the context of its shrinking export sector and the global financial crisis. However, Silk Road projects could provide opportunities for China in the manufacturing and infrastructure projects. Indeed, in 2015, China exported as much as US\$124 billion abroad, although only US\$1.2 billion made its way to India. China is unlikely to open its money bags to India in the near future, despite the latter's higher market attraction.

Another domestic issue with external dimensions is the ethnic unrest in

Tibet and Xinjiang which has witnessed a number of incidents: nearly 150 self-immolation cases, in the recent past in Tibet, and a number of violent strikes in Xinjiang. China began a multipronged approach on these issues. Domestically, it began a 'strike hard' policy in Xinjiang and no talks with the Tibetan leadership. Regionally, it bound several states in its 'three evils' (separatism, extremism and splittism) construct. Also, Beijing began a trilateral with Afghanistan and Pakistan and made separate arrangements with the Taliban leadership. Beijing is also toying with a quadrilateral with Tajikistan, Afghanistan and Pakistan to the exclusion of Russia, USA, and India on counter-terrorism. As a result of these arrangements, as well as the lack of effective progress in India-China counter-terrorism arrangements, and also due to China's pro-Pakistan stance on counter-terrorism (as reflected in the five 'technical holds' at the United Nations), India-China cooperation is likely to remain merely rhetorical rather than concrete in the near future. One other likely outcome of domestic difficulties for both China and India in this regard will be an increase in nationalist rhetoric in the coming years.

The USA is another factor in the future trajectory of India-China relations, given its extensive dialogues and interactions separately with the two countries. The 2010 onwards 'rebalance' of the US in the Asia-Pacific also has differential implications for New Delhi and Beijing. After the piracy incidents increased in the Gulf of Aden, China has sent 22 naval contingents to the Indian Ocean since 2008. Some of these involved coordinated positions with the European Union's NAVFORCE as well as the US International Task Forces. China's further forays in the Indian Ocean through the December 2015 agreement for the Djibouti base, in addition to Gwadar and Hambantota, will influence Indian security concerns in the future with possible counter-measures. India and the US have identical views on the South China Sea, although New Delhi has not committed to any joint patrolling in the region. The former Indian Prime Minister Manmohan Singh had assured former President Hu Jintao that US-India relations are not intended to 'contain' China. However, a similar posture is missing from Beijing. Thus, US-India-China jockeying is expected to further influence India-China relations in the future.

Finally, at any given time, the future trajectory of India-China relations is dependent on the relative influence of the then current dominant engagement theme and the now-and-then balance of power approaches of these countries. It will also be dependent on any forward momentum in the bilateral relations. This would need to include the recognition of Indian interests in the region; bridging trade deficits and increasing investments; progress in the bilateral talks on a number of contentious issues; progress in China's position regarding

the restructuring of the United Nations Security Council, as well as membership of the Nuclear Supplies Group, among other issues.

To prevent the emergence of any conflict situation, both China and India need to usher in an intensive dialogue mechanism across the board, with each other's core sensitive issues discussed and solutions implemented. Compliance on this issue is a matter of power equations; however, in a similar asymmetrical power equation, India needs to understand that China did extract concessions from the United States previously.

India-China Relation: Enhancing Engagement Promises Better Future

Avinash Godbole*

India-China relations have always been complex, and predicting their future is fraught with dangers. Breakthroughs could drive it in a positive direction, and breakdowns - like what happened just before Premier Li Keqiang's visit in 2013 - as well as President Xi Jinping's visit in 2014, due to border incursions - would no doubt halt any positive momentum. However, both scenarios still face a lingering challenge in India-China relations: that is, the problem of narrative. For example, there is either the romanticism affiliated with Buddhism, Hsuan Tsang or Tagore; or then, the negative perception created by the 1962 debacle. More importantly, even the perception of betrayal filters onto the present day understanding of Chinese foreign policy vis-à-vis India, and onto China's relations with Pakistan.

Thus, the first requirement is to rescue the India-China narrative from both the romantic and hostile, and to bring in a more contemporary narrative that is a practical guide to the way forward. At the same time, China's rise as well as its engagement and outreach strategies being explained purely and only in strategic terms, make the hostile narrative stronger: one hears the 'told you so' formulation repeatedly. Therefore, it seems clear that the rescuing of the narrative will be neither easy nor a sufficient condition to advance India-China relations further. However, this will be a necessary starting point.

There are three elements in India-China relations. The first is purely bilateral; the second is of India-China cooperation in interest-based multilateral fora, as exemplified by their participation in BRICS activities and India's decision to join the Chinese-sponsored Asian Infrastructure and Investment Bank (AIIB); and the third is India's hedging strategy as a response to China's rise as well as the changing security scenarios in the Asia-Pacific region. This overall narrative can be best explained by using Ian Hall's recent description of contemporary Indian foreign policy as one of 'multi-alignment'.

Within the bilateral framework, four issues can be ranked in terms of their importance and influence in shaping the India-China discourse. The first is the issue of an unsettled border and territorial disputes. The second pertains to trade imbalance and slow progress on matters like market access to Indian

*The Author is a Research Fellow at the Indian Council of World Affairs. The views expressed here are personal.

companies. The third is about China's consistently anti-India position in matters relating to the terrorism challenge facing India - an extremely emotive issue in itself, and one that becomes more so when seen in conjuncture with the China betrayal thesis. The fourth is the nature of China's relations with Pakistan, which raises questions on China as a responsible great power.

To tackle the first issue, pending the solution of the border dispute, one has to consider whether India-China relations can move to the level of complex interdependence as enunciated by Robert Keohane and Joseph Nye. Under this strategy, economic and political engagement can be expanded despite the ongoing dispute on the border and, especially because there is a dispute, engagement can be used as a strategy to enhance trust building towards the solution of the dispute. The clearest examples of such a strategy are the advanced levels of economic engagements between China and Japan, and China and South Korea. In the case of India-China, this process began during Prime Minister Vajpayee's tenure with his 2003 visit to China. Moreover, it also follows from Prime Minister Manmohan Singh's exposition in 2012 that there is enough space for both India and China to grow in the Asian Order.

Prime Minister Narendra Modi has only followed this line of thought with his multiple engagements with President Xi Jinping since assuming office. The fact that India has opened the sectors previously considered strategic to Chinese investments shows India's willingness to move towards comprehensive economic engagement that would create a better degree of interdependence, and thus moving beyond not centring the bilateral relations on the issue of an unsettled border. India clearly drew a redline by cancelling the defence dialogue when the Indian Northern Army commander was issued a 'stapled-visa'. India has also cancelled delegation visits earlier - when residents from Arunachal Pradesh were issued stapled-visas, or denied visas. India has shown willingness to continue engagement with China except on acts that clearly violate India's national sovereignty. This will be the template for the future of India-China relations as well.

At the same time, the two sides have treated the border incidents in a matter-of-fact manner, and have moved to upgrading the levels of dialogues and interactions that help maintain peace and tranquillity on the border - at least until a mutually acceptable political solution to the border dispute is arrived at. The Border Defence Cooperation Agreement (BDCA) exemplifies this attitude when handling the issue of border management - the primary objective being the de-escalation of eye-to-eye scenarios. In addition, India and China have also expanded their bilateral defence dialogue, and increased the scope of defence exercises towards confidence building. Moreover, in

the recent past, India's former National Security Advisor, Shiv Shankar Menon and the Chinese Special Representative Dai Bingguo had separately hinted that India and China have been fairly close to solving the border dispute, and that strong political will was needed to take the final decision. This raises the hope that strong leaders and governments in the two countries should be able to reach a breakthrough agreement if the political will so permits.

Trade imbalances and restricted access to certain sectors is another negative factor that hurts the balancing of India-China relations. There is a lot that can be done to address the issue of trade imbalance through the 'Make in India' initiative undertaken by the government. However, it must be noted that, at least for a period of five years, the trade imbalance could actually worsen even further, as Chinese investments would lead to Chinese capital goods being imported during the initial phases. Therefore, better trade negotiations, prioritising Make in India for capital goods, and the establishment of supply chains with substantial domestic content would be crucial. At the same time, opening more sectors for Indian exports should remain a priority. Towards this end, Ministries of Commerce in India and China have been working on developing a roadmap for promoting balanced and sustainable development of economic and trade relations between India and China as per the agreement signed during Chinese President Xi Jinping's visit to India in September 2014.

Chinese attitude on state sponsored terrorism in India from across the border is one of the emotive issues for India. Cross border terrorism has cost India many lives, and it has consistently believed and argued that the roots of the terrorism challenge facing India and China are not drastically different. However, China's stand on the resolution on Masood Azhar did not affect the 19th round of the Special Representatives talks in April 2016. This also points to the perception of India's comprehensive approach to China, instead of it following an 'action-reaction' mode. Thus, it can be argued, that there is a broad sense of stability and maturity in the India-China relationship. It is felt that India can continue to engage China on issues of mutual interest despite Chinese 'technical halts' in the resolutions banning terrorist organisations and activities.

At the same time, such Chinese actions give ample ammunition to trigger the debate doubting China as a responsible power. China has been particularly conscious about its image abroad, in the last few years particularly, as it has tried to build its soft power through various Confucius institutes, operas and kung-fu shows. A similar critique of Chinese engagement policy through its belt and roads initiative can be made. Of particular significance here is the

China-Pakistan Economic Corridor (CPEC), which not only challenges India's sovereign claim over Pakistan Occupied Kashmir (PoK) but also its role and presence distorts the balance of position in the dispute.

India-China cooperation in Afghanistan has been labelled, by some, as a template case for Asian regional cooperation in conflict management. However, this cooperation is in its nascent stages. More importantly, it is likely to be caught in the two issues listed above: cross-border terrorism and the CPEC. While stability of Afghanistan is a common concern, there is little agreement on how to achieve it. Importantly, India and China do not share the same perception regarding Pakistan's role vis-à-vis stability in Afghanistan. Thus, there is little shared work on Afghanistan between India and China. China has also hosted the Afghan Taliban for talks on many separate occasions and, despite this, the Afghan Taliban continues to engage in terrorist activities that aim to destabilise the elected Afghan government. At the same time, India does not believe in the distinction between the good and the bad Taliban, and will remain uncomfortable about its role. India's memories with Taliban also date back to the IC-814 hijack issue when the Taliban had openly supported the hijackers against the Indian interests.

Internationally, India-China relations would continue to develop in the areas of interest based on multilateralism, like the BASIC platform (comprising Brazil, South Africa, India and China) and BRICS (that includes Brazil, Russia, India, China and South Africa). These forums address concerns of large developing countries. In addition, institutions like the AIIB and the New Development Bank (NDB) of BRICS are the outcomes of interest based multilateral efforts. At the same time, India will not engage in alliance partnerships in the security arena as it will not serve Indian national interests in any manner.

In conclusion, prioritisation of economic development and the immense scope of engagement-led development in the last decade have led to somewhat more mature India-China relations. Pragmatic leadership and an increase in people to people contact in areas of education, trade, and tourism will only create a momentum leading to deeper understanding. India and China have aimed to expand predictability in their bilateral relationship by enhancing the scope of engagement that promises a better future for both the countries.

Chinese Naval Presence in the Indian Ocean Region

Monika Chansoria*

The maritime activity of Chinese PLA-Navy (PLAN) and its mounting forays into the Indian Ocean—the third largest water body in the world – should be considered a long term challenge to the normative notion of the Indian Ocean Region (IOR) being India’s strategic backyard. China is gradually upping the ante in the maritime realm surrounding India—a traditional strategic nerve centre for New Delhi.

President Xi Jinping’s grandiose, yet stilted ‘One Belt One Road’ strategy is the flagship feature of China’s current 13th Five-Year Plan (2016–2020) on National Economic and Social Development. The Maritime Silk Road will connect China with Southeast Asian countries, Africa, and Europe through a proposed network of sea ports, coastal infrastructure projects beginning in Guangzhou in the south-eastern Fujian province, and culminate in the northern Mediterranean Sea. The hubs of growth and development in the coming five years shall spread across the Beijing Tianjin-Hebei area, the Yangtze River Delta, and Pearl River Delta and, most significantly, nations in China’s Eurasian ‘Belt and Road’ expansion plan. Primarily aimed at enhancing China’s continental and maritime interests and influence by dominating its ‘near’ and ‘far’ seas, this strategy concurrently seeks to gain greater access to the strategic pathways of the Indian Ocean, alleviated access to the Gulf oil—which consequently, shall reduce its dependence on the passage through the Straits of Malacca—perceived as a key potential vulnerability for China in the event of a future conflict.

Chinese Ports Policy

China recognises fully well that its pronounced Maritime Silk Road strategy shall test the tenacity of its naval power projection capability, for which it will have to gain greater access to ports and berthing facilities. This is being increasingly reflected in a strategy of granting massive loans to smaller coastal island nations which are in dire need for developmental funds to improve their infrastructure facilities. The pattern of handing out state - and private-sponsored infrastructure investment loans to these nations is

***The Author** is a Senior Fellow at the Centre for Land Warfare Studies, New Delhi, where she heads the China-Study programme.

unvaryingly similar. With almost 'no conditions and/or transparency measure' while issuing the loan, once the island nation in question reaches a stage wherein it is unable to repay the loan on time, and almost certain to default on repayment, China steps in to offer 'waiving off/relaxing' the loan conditions in exchange for a 'few berths' for that particular naval facility.

The expanding strategic naval footprint of the PLA-Navy in the Indian Ocean by acquiring more maritime bases and berthing facilities remains a core pivot of China's ports policy. The Maldivian project is a case in point, in which China is developing the iHavan Integrated Development Project in the northernmost main sea line of communication joining Southeast Asia and China to West Asia and Europe. The iHavan project is riding on huge concessional loans/aid financing from China. There is a strong forecast that Maldives shall almost certainly default on payments, thereby, allowing China to seize a few berthing facilities there. This only supports what the Chinese state-controlled media and other publications have begun advocating and 'advising' the PLA-Navy since November 2014: to build more than 18 overseas naval military bases in the Indian and Western Pacific Ocean area, potentially including: Chongjin port (North Korea); Moresby port (Papua New Guinea); Sihanoukville port (Cambodia); Koh Lanta port (Thailand); Maday Island/Sittwe port (Myanmar); Dhaka port (Bangladesh); Gawadar port (Pakistan); Hambantota port (Sri Lanka); Maldives; Victoria port (Seychelles); Djibouti port (Djibouti); Yemen; Oman; Lagos port (Nigeria); Mombasa port (Kenya); Dar-es-Salaam port (Tanzania); Luanda port (Angola); Walvis Bay port (Namibia); Mozambique; and Madagascar.

That the Maritime Silk Road has a distinct military intent to it cannot be denied any longer, especially with the Chinese government signing a 10-year agreement with Djibouti in November 2015 to set up a naval base that would serve as a logistics hub for the PLA-Navy. Given Djibouti's prime location on the strategic trade route linking the Suez Canal to the Indian Ocean, China's Shaanxi Y-8 class maritime patrol aircraft can cover most of the Arabian Peninsula and northern and central Africa without refuelling. More importantly, Djibouti's port is adept at accommodating vessels drawing up to 18 meters of water, including China's aircraft carrier or its largest forward-deploying warship, the Type 071 LPD [Landing Platform Dock].¹ The direct upshot of China's ports policy in the Indian Ocean Region will bring to bear significant strategic ramifications militarily, with these naval facilities serving as key nodal points for future communication and surveillance purposes and, more critically, serving as repair and replenishment centres for the PLA-Navy.

PLA-Navy in the Indian Ocean Region

The Indian Ocean Region has been on the scanner of the PLA-Navy, both in terms of presence and deployment. This has been more so since September 2014, when a Song-class conventional submarine docked in the Colombo harbour, along with a Ming-class diesel-electric nuclear submarine. What was striking was that the submarine docked at Colombo's South Container Terminal that has been built, run, and controlled by China Merchants Holdings. The most obvious question that arises is: Why did the submarine not dock at the Sri Lanka Port Authority in Colombo which is mandated to accommodate foreign military vessels? The emphasis to dock at a miniature 'Chinese facility' well within a Sri Lankan administered harbour, merits careful and in-depth analysis. There has been strong signalling of strategic intent with patrolling and deployment Chinese submarines for nearly two-months in the Indian Ocean. Though the Chinese Ministry of National Defence was quick to label these activities as 'counter-piracy support', the fact that submarines conduct area familiarisation with the larger objective of demonstrating power projection capability in the Indian Ocean can certainly not be denied or ignored. Given its strategic placement, Sri Lanka is fast becoming the pivot of China's rising naval presence in the IOR. Besides, China already holds a substantial controlling stake in the Hambantota port, and Colombo has agreed to grant Chinese state-owned companies operating rights to as many as four berths in exchange for an easing of loan conditions. Additionally, there are unconfirmed reports of the construction of a Chinese-run aircraft maintenance facility near Hambantota in order to service PLA Air Force assets based in Sri Lanka.

In a similar vein, the docking of a Chinese conventional Yuan-class 335 submarine for replenishment at the Karachi Port in Pakistan in May 2015 (following the handing over of the port's operational control to China Overseas Port Holdings) can be read as another crucial step towards consolidating permanent Chinese nuclear and conventional naval presence in South Asia. Notably, of the total eight submarines that Pakistan has agreed to purchase from China, four will be built in Karachi, with China transferring the technology for submarine construction to Pakistan. This was stated by Pakistan's Minister for Defence Production, Rana Tanveer Hussain.² The vessel in question apparently is the Yuan-class Type-041 diesel-electric submarine, equipped with the Air-independent propulsion (AIP) system, which substantially enhances underwater endurance and stealth. In January 2016, the Indian Navy's P8i Poseidon maritime surveillance aircraft (operating from Port Blair) recorded a Chinese submarine in the Bay of Bengal, transiting waters close to India in a potential attempt to 'map the coastline' by carrying out hydrographic and

bathymetric surveys, primarily to gather data in preparation for prolonged naval deployments.³

Support Role of China's Maritime Militia

While the world chooses to focus its analysis on the PLA-Navy and its modernisation, a lesser-discussed and indiscernible sea force that is simultaneously being developed by China is its maritime militia - an armed mass group of military-trained personnel making for a reserve force mandated to support the PLA-Navy. The government and the PLA are granting greater credence to this irregular maritime force through extensive financial support and grants in the wake of multiple maritime disputes in China's 'near seas'. State-run and controlled publications such as *China Daily* and *PLA Daily* have acknowledged that the People's Republic of China has a maritime militia that works alongside the PLAN to strengthen its combat capability and operational requirements. Take, for instance, PLA's Beihai City Military Command in the Guangxi Zhuang autonomous region, where the proportion of the maritime militia has increased tenfold over the past two years - from less than 2 per cent in 2013 to more than 20 per cent in 2015.⁴

By absorbing Navy veterans and experienced sailors, Beihai's maritime militia is equipped for purposes such as reconnaissance and emergency equipment repair units in areas with a strong shipbuilding industry, thus enabling the city's maritime militia to play a vital role in drills organised by the PLA-Navy. Most of China's maritime militia is made up of local fishermen whose strength, according to China Fisheries Authorities, is nearly 21 million (as in 2013). The members of the maritime militia are all primary militia who receive frequent training, and possess advanced skills for carrying out missions at sea, as opposed to those in the less active (ordinary) militia. It is important to note that the maritime militia is distinct from both China's coastal militia (shore-based) and its naval reserve, although some coastal militia units have been transformed into maritime militia units.⁵ Besides, China has nearly 439,000 motorized fishing vessels⁶ that can operate at sea in conjunction with the three fleets: the Beihai Fleet, the Donghai Fleet, and the Nanhai Fleet that the PLA-Navy commands. Expectedly, China has begun downplaying the role of its maritime militia in so far as asserting claims over multiple maritime disputes and 'rights protection' issues are concerned.⁷

Conclusion

Expanding Chinese national interests have only reinforced its intentions to secure the strategic sea lines of communication (SLOCs).⁸ With a robust maritime mission of fulfilling strategic requirements, the PLA-Navy is gradually shifting its focus from exclusive ‘offshore waters defence’ to a combination of ‘offshore waters defence with open seas protection,’ as well as building a combined, multi-functional marine combat force structure. The PLAN is enhancing capabilities for strategic deterrence and counterattack, maritime manoeuvres, joint operations at sea, and comprehensive defence and support.⁹ During conflict scenarios, the maritime militia detachments would be brought in use to provide logistic support to active duty forces including, perhaps, laying sea mines and advancing China’s position in disputes. China’s maritime militia is a hidden yet key facet of Beijing’s evolving maritime strategy that needs to be gauged closely.

China aspires to be an operational blue-water navy, capable of conducting mobile operations. By acquiring a series of ports stretching from the South China Sea to Africa’s East Coast via the Indian Ocean, China has made two unstated announcements. Firstly, the Chinese ‘One Belt One Road’ project is not purely a mercantile venture as China would like the world to believe. The larger objective of gaining control and expanding influence at all major maritime trade chokepoints adds a critical military connotation to China’s Maritime Silk Road. Secondly, the unyielding course of Beijing’s influence in South Asia and the Indian Ocean shall only rise with each passing year. Once the massive infrastructure stack-up and land reclamation in South China Sea stands completed, China could likely shift focus towards the Indian Ocean and accelerate building port facilities, etc.

The future trajectory of Sino-Indian relations shall be determined by the route that China undertakes to gain greater strategic primacy in India’s immediate neighbourhood – most importantly in and around the Indian Ocean region. With PLA’s naval presence in the Indian Ocean now becoming an almost regular feature, it would only be far-sighted to assume that the growing need to operate far from home shores is the main driver for China’s new operational maritime missions. Establishing berthing rights and a possible forward presence are vital pivots for the constantly improving capabilities of the PLA-Navy. As China’s presence in the Indian Ocean becomes more established, it expectedly could challenge Indian interests in the Indian Ocean, thereby placing the existing Indian deterrence-at-sea under considerable strain.

Notes

- ¹ For more details see, Andrew S. Erickson and Austin M. Strange, *Six Years at Sea... and Counting: Gulf of Aden Anti-Piracy and China's Maritime Commons Presence* (Washington, DC: Jamestown Foundation, 2015).
- ² Statement cited in Baqir Sajjad Syed's 'China to build four submarines in Karachi', *Dawn*, 7 October 2015.
- ³ Sujan Dutta, 'Bay of Bengal watch for China Submarine', in *The Telegraph*, 19 January 2016.
- ⁴ Yao Jianing, 'Maritime militia increases drills, expands in scope', *China Daily*, 2 February 2016.
- ⁵ For more details, please see 'China's Maritime Militia', by Andrew S. Erickson and Conor M. Kennedy, CNA Corporation, 7 March 2016.
- ⁶ For more details, please see, 2012 Report by the *Food and Agriculture Organization*, United Nations.
- ⁷ *Comments made by* spokesperson, Lu Kang, during a regular press conference, 7 April 2016, Foreign Ministry of the People's Republic of China, Beijing.
- ⁸ Defence White Paper, *China's Military Strategy*, The State Council Information Office of the People's Republic of China, May 2015, Beijing.
- ⁹ *Ibid.*



***Joint Statement issued
during Prime Minister Narendra Modi's
visit to China - May 15, 2015¹***

1. H.E. Mr. Narendra Modi, Prime Minister of the Republic of India, is currently paying an official visit to China at the invitation of H.E. Mr. Li Keqiang, Premier of the State Council of the People's Republic of China. Prime Minister Modi called on H.E. Mr. Xi Jinping, President of the People's Republic of China and held talks with H.E. Mr. Li Keqiang, Premier of the State Council. He also met with H.E. Mr. Zhang Dejiang, Chairman of the Standing Committee of the National People's Congress of China. Prime Minister Modi expressed his deep appreciation for the special gestures extended by President Xi Jinping and Premier Li Keqiang during the visit and thanked the Chinese people for the warm welcome accorded to him.
2. Leaders of the two countries reviewed the progress of bilateral relations. The two sides shared the view that President Xi's visit to India in September 2014 was a significant milestone in the development of bilateral relations. The leaders noted that there is a historic imperative for India and China to enrich their bilateral relations, with the agreement on building closer developmental partnership reached during President Xi's visit to India as a core component.
3. The leaders agreed that simultaneous re-emergence of India and China as two major powers in the region and the world offers a momentous opportunity for realisation of the Asian Century. They noted that India-China bilateral relations are poised to play a defining role in the 21st Century in Asia and indeed, globally. The leaders agreed that the process of the two countries pursuing their respective national developmental goals and security interests must unfold in a mutually supportive manner with both sides showing mutual respect and sensitivity to each other's concerns, interests and aspirations. This constructive model of relationship between the two largest developing countries, the biggest emerging economies and two major poles in the global architecture provides a new basis for pursuing state-to-state relations to strengthen the international system.

¹ <http://www.mea.gov.in/outgoing-visit-detail.htm?25240/Joint+Statement+between+the+India+and+China+during+Prime+Ministers+visit+to+China>

Strengthening Political Dialogue and Strategic Communication

4. Recognizing the expanding bilateral relationship, the growing international role of India and China and the imperative of forging strategic trust, the leaders agreed to enhance communication through frequent exchanges at the leadership level and by fully utilising the existing dialogue mechanisms.
5. The two sides agreed to regular visits at the level of Heads of State/ Government. Full use will be made of the opportunities provided by the presence of their leaders at various multilateral fora to hold consultations on bilateral relations and issues of regional and global importance.
6. Noting the increasingly important role played by Indian States and Chinese Provinces in advancing the bilateral relationship, the two sides agreed to establish a State/Provincial Leaders' Forum. The first meeting of the Forum was held in Beijing on 15 May 2015, with the participation of Prime Minister Modi and Premier Li.
7. Acknowledging the contribution of high-level exchanges organised under the aegis of the Ministry of External Affairs of India and the International Department of the Central Committee of the Communist Party of China in fostering cooperation and understanding, the two sides agreed to institutionalise and expand the exchange mechanism.
8. In order to facilitate and promote greater cultural, tourism, economic and people-to-people engagement between the two countries, an additional Consulate General shall be established in each other's country. India shall open a new Consulate General in Chengdu, while China shall open a new Consulate General in Chennai.
9. The two sides believed that enhanced military ties are conducive to building mutual trust and confidence. The Indian side welcomed visit of a Vice Chairman of the Central Military Commission of China to India this year, and the Chinese side invited Indian Defence Minister and other military leaders to visit China this year. The fifth joint counter-terrorism training between the two armies will be held in China in 2015. The two sides will exchange visits of naval ships and hold PASSEX and SAR exercises.
10. The two sides acknowledged the positive role of the Agreements and Protocols that have been signed so far in maintaining peace and tranquillity in the border areas. Committed to enhance border defence cooperation, the two sides will carry out annual visits and exchanges between the two Military Headquarters and neighbouring military commands, endeavour to operationalise the hotline between the two Military Headquarters, expand

the exchanges between the border commanders, and establish border personnel meeting points at all sectors of the India-China border areas.

11. The two sides affirmed that an early settlement of the boundary question serves the basic interests of the two countries and should be pursued as a strategic objective by the two governments. Bearing in mind the overall bilateral relations and the long-term interests of the two peoples, the two sides are determined to actively seek a political settlement of the boundary question. They made a positive assessment of the important progress made through the mechanism of the Special Representatives, and reaffirmed the commitment to abide by the three-stage process for the settlement of the boundary question, and continuously push forward negotiation on the framework for a boundary settlement based on the outcomes and common understanding achieved so far, in an effort to seek a fair, reasonable and mutually acceptable solution as early as possible.
12. The two sides will resolve outstanding differences, including the boundary question, in a proactive manner. Those differences should not be allowed to come in the way of continued development of bilateral relations. Peace and tranquillity on the India-China border was recognized as an important guarantor for the development and continued growth of bilateral relations. Pending a final resolution of the boundary question, the two sides commit to implementing the existing agreements and continue to make efforts to maintain peace and tranquillity in the border areas.

Next Steps in Closer Developmental Partnership

13. The two sides resolved to work together to further strengthen their closer developmental partnership as it would provide impetus to economic growth and prosperity of the two countries as well as of their respective regions and the world at large.
14. Taking note of the increase in two-way trade and investment flows in the past few years, the two sides acknowledged its positive contribution to strengthening their overall bilateral relationship and to supporting each other's growth and development processes. In this regard, it was agreed that both sides will take necessary measures to remove impediments to bilateral trade and investment, facilitate greater market access to each other's economies, and support local governments of the two countries to strengthen trade and investment exchanges, with a view to optimally exploiting the present and potential complementarities in identified sectors

in the Five Year Trade and Economic Development Plan signed in September 2014, including Indian pharmaceuticals, Indian IT services, tourism, textiles and agro-products.

15. The two sides resolved to take joint measures to alleviate the skewed bilateral trade so as to realize its sustainability. Such measures will include cooperation on pharmaceutical supervision including registration, speedier phytosanitary negotiations on agro-products for two-way trade, stronger links between Indian IT companies and Chinese enterprises, and increasing services trade in tourism, films, healthcare, IT and logistics. Both sides will make full use of the India-China Joint Economic Group to work on this. The leaders welcomed the decision to expedite discussion and endeavour to favourably address, in the spirit of mutual cooperation and reciprocity, the issues pertaining to tariff reduction in respect of relevant Indian products under the framework of Asia-Pacific Trade Agreement.
16. The two leaders agreed that the Strategic Economic Dialogue is an important mechanism to explore new areas of bilateral economic cooperation. The next meeting of the Strategic Economic Dialogue, co-chaired by Vice Chairman of NITI Aayog of India and Chairman of NDRC of China, will be held in India during the second half of 2015.
17. The leaders noted with appreciation the positive momentum in investment projects as Chinese companies respond to the invitation to 'Make in India' and Indian companies expand their presence in China.
18. The two leaders noted with satisfaction the steps taken and the progress achieved in the Railway sector cooperation including the projects on speed raising on the existing Chennai-Bengaluru-Mysore line, the proposed feasibility studies for the Delhi-Nagpur section of high speed rail link, the station redevelopment planning for Bhubaneswar & Baiyappanahalli, heavy haul transportation training and setting up of a railway university. They welcomed the Action Plan outlining the next steps in the partnership in this key infrastructure sector.
19. The leaders welcomed the signing of the MoU to institute a dialogue mechanism between the NITI Aayog of India and the Development Research Centre of the State Council of China.
20. The two sides expressed their readiness to enhance cooperation between the financial regulators and enterprises of the two countries in support of the building of the Closer Developmental Partnership.

Culture and People-to-people Exchanges

21. Prime Minister Modi and Premier Li attended the Yoga-Taichi demonstration event in Beijing on 15 May 2015. The two sides also agreed to work together to successfully organize events related to the International Yoga Day on 21 June 2015. The leaders welcomed collaboration between the Indian Council for Cultural Relations and Yunnan National University.
22. The leaders noted that enhanced exchanges among education institutions of the two sides will play a positive role in socio-economic development of the two sides. They welcomed the signing of the expanded Educational Exchange Programme.
23. The two sides expressed satisfaction with the progress achieved in the India-China Cultural Exchange Initiative. The two sides will have the annual exchange of 200 youths from each side in the second half of this year.
24. The agreements on establishing a provincial partnership between Karnataka and Sichuan and sister-city relationships between Aurangabad - Dunhuang, Chennai – Chongqing and Hyderabad – Qingdao were welcomed.
25. With a view to foster closer dialogue and mutual understanding, the two sides decided to establish a ‘India-China Think Tanks Forum’, which will meet annually, alternately in India and China. They also agreed to institutionalize the ‘High Level Media Forum’ and tasked the Ministry of External Affairs of India and the State Council Information Office of China to convene it on an annual basis, alternately in India and China. The leaders welcomed the establishment of the Center for Gandhian and Indian Studies at Fudan University, Shanghai.

New Avenues for Cooperation

26. The leaders welcomed continuous enrichment of India-China Closer Developmental Partnership with its expansion into newer areas of cooperation. The leaders welcomed initiation and expansion of cooperation in the following fields and mandated the relevant agencies to implement the projects in a purposeful manner:
 - i. Enhanced cooperation in vocational training and skill development, including through the signing of the Action Plan on the establishment of Mahatma Gandhi National Institute for Skill Development and Entrepreneurship at Gandhinagar/Ahmedabad in Gujarat;
 - ii. Initiating cooperation in development of smart cities with identification

of GIFT City in India and Shenzhen in China as pilot smart cities for joint demonstration projects;

- iii. In peaceful uses of outer space and the peaceful use of nuclear energy;
- iv. In the sphere of public health, medical education and traditional medicine;
- v. Welcomed the establishment of the Space Cooperation Mechanism between space authorities of India and China and the signing of the 2015-2020 Space Cooperation Outline between the Indian Space Research Organization of the Republic of India and China National Space Administration of the People's Republic of China. The two sides agreed to reinforce the cooperation in the field of Satellite Remote Sensing, Space-Based meteorology, Space Science, Lunar and Deep Space Exploration, Satellite Navigation, Space Components, Piggy-back Launching Services, and Education and Training.
- vi. Noting the recent visit of the Minister of Justice of China to India, the two sides agreed to strengthen cooperation between the law enforcing agencies of the two sides including on measures to enhance welfare of nationals of either side in the prisons of the other side. The two sides welcomed start of discussions on an agreement for transfer of sentenced persons.

Trans-border Cooperation

- 27. The Indian side expressed appreciation to China for providing flood-season hydrological data and the assistance in emergency management. The two sides will further strengthen cooperation through the Expert-Level Mechanism on the provision of flood-season hydrological data and emergency management, and exchange views on other issues of mutual interest.
- 28. The two sides recognized that enhancing border areas cooperation through border trade, pilgrimage by people of the two countries and other exchanges can effectively promote mutual trust, and agreed to further broaden this cooperation so as to transform the border into a bridge of cooperation and exchanges. The two sides agreed to hold negotiation on augmenting the list of traded commodities, and expand border trade at Nathu La, Qiangla/Lipu-Lekh Pass and Shipki La.
- 29. The Indian side appreciated the support and cooperation by the Ministry of Foreign Affairs and the local government of Tibet Autonomous Region of the People's Republic of China to Indian pilgrims for the Kailash

Manasarover Yatra (Gang Renpoche and Mapam Yun Tso Pilgrimage). To further promote religious exchange between the two countries and provide facilitation for Indian pilgrims, the Chinese side would launch the route for the Yatra through Nathu La Pass in 2015.

Shaping the Regional and Global Agenda

30. As two major powers in the emerging world order, engagement between India and China transcends the bilateral dimension and has a significant bearing on regional, multilateral and global issues. Both Sides agreed to not only step up their consultations on developments affecting international peace, security and development but also coordinate their positions and work together to shape the regional and global agenda and outcomes. They agreed to further strengthen coordination and cooperation in multilateral forums including RIC, BRICS and G20, promote the interests of developing countries and the building of a better world. India will support China in hosting the G20 summit in 2016.
31. The leaders welcomed the decision to launch a bilateral consultative mechanism on WTO-related issues as a positive step for enhancing coordination in the context of global trade talks.
32. Both sides reiterated their strong condemnation of and resolute opposition to terrorism in all its forms and manifestations and committed themselves to cooperate on counter-terrorism. They agreed that there is no justification for terrorism and urged all countries and entities to work sincerely to disrupt terrorist networks and their financing, and stop cross-border movement of terrorists, in accordance with the relevant principles and purposes of the UN Charter and international laws. They called for early conclusion of negotiations on the Comprehensive Convention on International Terrorism.
33. The two sides support a comprehensive reform of the United Nations, including recognizing the imperative of increased participation of developing countries in UN's affairs and governance structures, so as to bring more effectiveness to the UN. China attaches great importance to India's status in international affairs as a large developing country, and understands and supports India's aspiration to play a greater role in the United Nations including in the Security Council.
34. The two sides are ready to continue cooperation under the framework of Shanghai Cooperation Organization. China welcomed India's application for full membership of Shanghai Cooperation Organization.

35. The two sides agreed to work together with relevant parties to accelerate the preparation for establishment of the Asian Infrastructure Investment Bank to promote regional infrastructure and economic development.
36. The two sides welcomed the progress made in promoting cooperation under the framework of the BCIM (Bangladesh, China, India and Myanmar) Economic Corridor. Both sides recalled the second meeting of the Joint Study Group of BCIM Economic Corridor, and agreed to continue their respective efforts to implement understandings reached at the meeting.
37. The two sides agreed to broaden cooperation in SAARC.
38. Both sides recognized that APEC has a significant role in advancing regional economic integration and in promoting regional economic growth and prosperity, and welcomes the success of the Beijing APEC meeting. China acknowledged India's important role in driving the global economic growth, supported the openness of APEC, and welcomed India's desire to strengthen its link with APEC.
39. The two sides welcomed the India-China Dialogue on Arms Control and Non-Proliferation held in Beijing on April 17, 2015. Noting the commonalities in their approach to global arms control and non-proliferation, they agreed to continue their engagement bilaterally and in multilateral fora on arms control and non-proliferation. The Chinese side took note of India's aspirations to become a member of the NSG, in a bid to strengthen international non-proliferation efforts.
40. The two sides shared the view that the issue of climate change is of vital importance for the sake of today's world and future generations. They underscored the importance of working together and with other countries to conclude an ambitious, comprehensive, universal, balanced and equitable climate agreement at the forthcoming CoP 21 to UNFCCC to be held in Paris later this year that will also encourage genuine technology transfer, collaboration for adaptation and mitigation and financial support in meeting this common global challenge. The two sides issued Joint Statement on Climate Change between the Government of the Republic of India and the Government of the People's Republic of China during the visit.
41. Prime Minister Narendra Modi invited Premier Li Keqiang to visit India at a mutually convenient time. Premier Li accepted the invitation with pleasure.

Beijing

15 May 2015