

India-China Relations: Current State and Future Direction

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It is pertinent to note in the context of India-China relations a few inescapable facts: the two are neighbours, with large populations; they are the two most populous countries in the world; and both are developing countries albeit with very different systems of governance and development. Both are amongst the fastest growing economies in the world. Their usefulness to the global economic system, especially in the midst of the current financial and economic crisis, is of particular significance.

Historically, India and China have impacted each other significantly both civilizationally and in practical terms. Both civilizations evolved in a fairly similar manner, even though their contacts dimmed since the eleventh century, to be restored meaningfully after the respective independence/liberation of the two countries in 1947 and 1949.

Their single most important point of contact historically was the journey of Buddhism from India to China. Buddhism flourished in that country even as it declined rapidly in India. The practice of Buddhism has been revived in recent years in a major way in the People's Republic of China, its belief in Communism notwithstanding. Recognition of this fundamental linkage between the two countries by both governments was symbolized by a joint decision taken by them in April 2005 to build an Indian-style Buddhist temple in Luoyang, Henan province. This splendid temple was inaugurated by India's President during her visit to China in May 2010.

Details of the many other ways in which the two countries interacted in the past are well established and known, be it the exchange of ideas, travels by monks,

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transmission of knowledge, products, etc. The use of Chinese fishing nets in Cochin is, for example, very well known.

Since India's independence and China's liberation there have been several phases in their bilateral relationship. India was amongst the first countries to recognize the PRC in December 1949. This required India to derecognize the regime of Chiang Kai-shek. There were mixed feelings in India at the success of China's revolution. Thereafter, India's approach to the PRC was underlined by a certain mix of utopia and naivety born perhaps out of inadequate understanding of China's history, its new leadership and the basic thumb rules of power politics. There was perhaps also an element of intellectual snobbery involved. As a result, signals were not read or were misread; errors of judgement were made on both sides and there was lack of clarity in communications. This ended in the unilateral aggression unleashed by China against India in October 1962. This was a cruel watershed and a harsh reality check.

Relations obviously plummeted and thereafter remained in virtual cold storage. Things began to change following the liberation of Bangladesh in 1971 and Prime Minister Indira Gandhi's decision to send India's Ambassador to China in 1976.

The visit by Foreign Minister Atal Bihari Vajpayee in February 1979 marked a turning point in the new opening. The process that began with that visit, especially discussions on the boundary, continued and culminated in the visit by Prime Minister Rajiv Gandhi in 1988 during which both sides decided to look ahead in an effort to put the past behind and seek a fair, reasonable and mutually acceptable solution to the boundary question.

The end of the cold war provided further momentum and very important agreements were signed in 1993 and 1996 during the visit of Prime Minister P.V. Narasimha Rao to China and President Jiang Zemin to India respectively. These were agreements on Peace and Tranquillity along the Line of Actual Control (LAC) in the India-China border areas and on (military) Confidence Building Measures (CBMs) along the LAC.

India's nuclear weapon tests in 1998 halted the growing momentum in the evolution of the relationship. China saw itself as a major target of this decision of the Government of India and reacted angrily. But pragmatism, the changing global and regional scenario along with India's ability to withstand sanctions required that this setback be overcome. The opportunity for this came with the state visit of President K.R. Narayanan to China in May 2000 and thereafter normalcy was restored with the visit to India by Premier Zhu Rongji in April 2002.

The next breakthrough in relations came with the state visit to China of Prime Minister A.B. Vajpayee in June 2003. At that time, the two Prime Ministers signed a far-reaching and detailed Declaration on Principles for Relations and

Comprehensive Cooperation between the two countries. This is a fundamental document that all analysts and students of the bilateral relationship should study and assess. It also provides the benchmarks from which one can assess the movement in bilateral relations since the beginning of this century. This Declaration must be read along with the agreements of 1993 and 1996 and, in particular, the subsequent Joint Statement of April 2005 and Joint Declaration of November 2006.

Since 2000, the exchange of high-level visits, meetings and the diversification of relations have proceeded at a fair pace but the path remains complex and the trust and information deficits have not been wholly bridged. More importantly, China's external profile since 2005/06 and more obviously in recent times, together with the ongoing global financial and economic crisis, have added to this complexity.

Let us now turn to some specific aspects of India-China relations.

This is arguably India's single most important bilateral relationship. The two models of development and governance are alternatives and the jury is still out on which is more sustainable and successful in the long run. The Indian model has so far more than held its ground.

China benefits enormously from the existing status quo in the international arena: India benefits from change. Axiomatically, this leads to contradictions and competitive tendencies.

Both countries are too big and growing in power to be contained. Even when they were less powerful, they were not susceptible to containment. The world needs to manage its relations with both countries; and the two for their part have to learn to better manage their bilateral relationship and with the major power centres of the world.

The India-China relationship will in the foreseeable future continue to be a mix of competition and cooperation. The benefits of cooperation are obvious and have been demonstrated on the ground both in the bilateral and multilateral spheres. But, while China's rise is seen as being threatening, India's is not. This causes resentment in Chinese minds.

China has the advantage of being a permanent member of the UN Security Council. This was a present of history to China but cannot be wished away. China is also a powerful and growing economy but one that is based on a developmental model and external linkages that are already proving to be problematic. It has had underway, for well over two decades, a massive and ambitious defence modernization programme. The motives for this are not spelt out, nor is the intent clear. The explanations given do not gel or are not always credible. As a country that has a serious border dispute with China, it is not unusual for India to be concerned about this.

As mentioned earlier, over the last few years India has signed with China declarations at the highest political level through the salient features of which we can assess the progress in the two countries' bilateral relations. These are:

- a) That they will develop their partnership based on mutual respect and sensitivity for each other's concerns and interests.
- b) The relationship will be developed on the basis of equality.
- c) Their common interests outweigh their differences.
- d) They are not a threat to each other and neither side will use or threaten use of force against the other.
- e) Differences on the boundary question, which have to be addressed in a fair, reasonable and mutually acceptable manner, should not be allowed to affect the overall development of bilateral relations.
- f) The continued expansion of India-China economic cooperation is essential for strengthening bilateral relations.
- g) There is a need to broaden and deepen defence exchanges.
- h) The decision has been taken to appoint Special Representatives (SRs) to explore, from the political and strategic perspective of the overall bilateral relationship, the framework of a boundary settlement.

One additional parameter by which the development of the partnership would have to be judged was the decision taken in April 2005 that since the relationship had now acquired a global and strategic character, the two sides would establish an India-China Strategic and Cooperative Partnership for Peace and Prosperity. Such arrangements necessarily require a considerable time span over which they can be effectively fleshed out. It is, therefore, work in progress.

Moreover, it was agreed to diversify and develop relations in as many sectors as feasible. These include cooperation in science and technology, agriculture, culture, health, sharing of hydrological data on trans-border rivers, tourism, border trade, etc. It has also been agreed to strengthen cooperation in the UN and regional fora, including at the World Trade Organization (WTO) and on climate change issues, and against terrorism.

It is evident from the foregoing that there is a desire at the high political level in both countries to transcend differences and establish a substantive relationship across the board. This is, however, confronted by the background and recent history of relations and the differing worldviews of the two countries.

In today's media-hyped climate, before making any assessment of the movement in the bilateral relationship, note must be taken of the negatives that are in the public

domain. In this would be included the issue of China's all-weather relationship with Pakistan (its downsides notwithstanding), qualified support for India's fight against terrorism, the issue of stapled visas, undertaking of projects by China in Pakistan-occupied Kashmir (POK), the constant harangue against India on the issue of His Holiness the Dalai Lama, the problems created for the visit of the Northern Army Command delegation to China, the constant restatement of China's border claims, China's effort to impact on India's relations in its neighbourhood, its unwillingness to openly support India's quest for permanent membership in an expanded UNSC, its ambivalence on the issue of Indian rivers that rise in the Tibet Autonomous Region, and the recent episode contesting India's right to undertake commercial projects in the South China Sea region. These issues reflect the very complex relationship between the two countries and are at the very heart of India's many dialogues with China.

There has been for several years now, especially since the beginning of this century, frequent dialogue between the two countries at the highest political level. This has happened through dialogue in each other's capitals, at regional fora, at BRICS (Brazil-Russia-India-China-South Africa) summits and on the sidelines of the UN and G20, etc. There is also in place a series of dialogues between the two Foreign Offices on a variety of subjects such as terrorism, strategic issues, policy planning, consular issues plus regular Foreign Office consultations. The regularity of these latter dialogues though has been inadequate.

To take into account the differing political systems and with a view to bringing about contact between leaders of both sides at the middle to higher level (for example Politburo members and Chief Ministers) a special arrangement has been in place since 2004 between the Ministry of External Affairs of India and the International Department of the Communist Party of China (CPC). Exchanges under this programme have proved very useful and have been part of the effort to promote cooperation, build trust and reduce information and other deficits.

On the boundary question, the SRs have been meeting regularly since October 2003. (The latest round was held in New Delhi on 16 and 17 January 2012.) The April 2005 agreement worked out by the SRs on the Political Parameters and Guiding Principles for the settlement of the boundary was an important milestone. The more complex and complicated task of working out a boundary settlement based on these parameters and principles is underway. What is important to bear in mind is that LAC intrusions notwithstanding, the India-China boundary has been peaceful for over three decades now. The CBMs envisaged in the 1993, 1996 and 2005 agreements are being implemented on the ground.

China is now for all practical purposes India's largest trade partner in merchandise terms. Trade in 2010 exceeded US\$ 60 billion and the agreed target for 2015 is \$100 billion. Additionally, there are in place a Strategic Economic Dialogue

(at Minister level), a Financial Dialogue, and a Joint Economic Group. These bodies look at different aspects of the commercial, economic and financial partnership and are expected, *inter alia*, to work on ways and means to ensure that the growing imbalance in India-China trade does not become a serious obstacle not only to fulfilling the bilateral trade target but also to ensure that complementarities in other areas are appropriately utilized to mutual benefit. The fact remains that the Chinese economic system contains serious deviations from what is considered normal in most market-based economies.

It is very important that there be a regular dialogue between the defence ministries and armed forces of the two countries. The need for this was recognized by both countries and hence the signing of the bilateral defence agreement when Defence Minister Pranab Mukherjee visited China in May 2006. It is also important that the Defence Ministers of the two countries meet regularly. Mechanisms under this bilateral agreement will necessarily make haste slowly. It is important that the fourth annual Defence Dialogue at the level of the Defence Secretary of India and the DCGS of the PLA was held in Delhi recently.

The issue of water resources has over the last decade assumed salience in India-China relations. India has now begun to discuss this issue with the Chinese and there is already receipt of some useful hydrological data during the flood season from the Chinese side on the Satluj and Brahmaputra. Other related issues have also begun to be discussed. Much more, however, needs to be done to ensure that India's interests as a lower riparian are protected and guaranteed.

Progress in cooperation in matters pertaining to agriculture, science and technology, education, and dairy development has not moved as rapidly as should have happened. Similarly, while youth exchanges have begun, these still seem to be too structured and not youthful enough. At the same time, the movement of people between the two countries has begun to grow, although the number of Indians visiting China is far greater than of Chinese visiting India. Air connectivity has improved as has connectivity by sea.

Economic cooperation to mutual benefit in third countries has not really grown. There appears to be much more competition here than need be.

Cooperation in regional and international fora has not fulfilled its inherent potential. Where it has happened, for example in the WTO and on climate change issues, it has been clear to other interlocutors that the India-China combine is a powerful motive force and cannot be taken for granted or sidestepped.

On the basis of this very broad panoramic picture of the bilateral relationship that has been projected, it would appear that the overall trend in bilateral relations since the beginning of this century has, on balance, moved in a favourable direction

in spite of the negatives that have arisen from time to time. It seems often that for every step forward, there is a step backward. India's northern neighbour has not on several issues been adequately mindful of India's concerns and interests.

In the process of assessing the overall direction of the bilateral relationship, the media on both sides have an important role to play and it is necessary for them to be more objective and reasoned in their presentation of issues. India is, for all its problems, a growing economic power, a nuclear weapon state, a country with great regional and global reach and a very responsible member of the international community. Indians' own constant carping about this country's so-called lack of success and the tendency to constantly make unfavourable comparisons with China does not help India's cause.

It is important to bear in mind that just as there is public opinion in India, there is a strong and growing body of public opinion in China notwithstanding their system of political governance. Excessive rhetoric on either side is not helpful to the cause of the development of India-China relations. The fact is that both countries face similar challenges and problems and their shared experiences can be beneficial not only to each other but to the broader international community.

It is imperative that India and China work together better, live as good neighbours, and strengthen their friendship without allowing extraneous considerations and outside influences to become obstacles in this process. It is necessary to find more innovative ways and means of reducing the trust and information deficits between the two countries.

Reference was made earlier to the agreement at the high political level between the two countries to develop a bilateral partnership to mutual benefit. This policy enjoys broad political consensus in India. It has also, to a considerable extent, found favour with the third- and fourth-generation leadership in China. It is hoped and expected that the fifth-generation leadership that is expected to take charge in China in autumn 2012 will be as committed to this process. At the same time, in accordance with the well-established practices of international engagement, in any complex and complicated relationship it is best to first verify and then trust; and to be prepared to meet all eventualities.

The June 2003 Declaration on Principles signed by Prime Minister Vajpayee and Premier Wen Jiabao highlights that friendship between India and China meets the need to promote the socio-economic development and prosperity of both countries, to maintain peace and stability regionally and globally, to strengthen multipolarity, and to enhance the positive factors of globalization. The challenge before both countries is to ensure that this happens. This will require careful management and nurturing.
