

India and China – A Relationship for The Future

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Preamble

Prime Minister Wen Jiabao of China visited India during April 2005. During his visit, the Chinese Premier repeatedly stressed that India and China were "partners, not rivals" and that a "strong and prosperous India serves China's interests". Another of his important quotes: "If India and China cooperate, it will signify the coming of the Asian century in IT...that day will come". On his part, India's Prime Minister was no less effusive. Speaking to the Indian media, after signing an agreement for 'strategic peace and prosperity', he said that India and China could, together, "reshape the world order". That these pronouncements are not just cosmetic or mere platitudes can be seen from a December 2004 study carried out by the US National Intelligence Council, which estimates that China and India will emerge as major global powers by 2020, replicating the rise of Germany in the 19th century and the USA in the 20th century. Then, there is the Goldman Sachs report which places China and India among the three largest global economies by 2050, along with the USA. These several assertions set the context in which the future of India-China relations needs to be seen.

Historical Baggage

Yet it cannot be denied that the relationship carries a considerable baggage of history, both positive and negative. The Chinese monks who visited India in the 12th and 13th centuries took back glowing accounts of what they saw. In more recent times, Indian Dr Kotnis spent the best part of his life in China caring for the sick and wounded, and former Premier Zhu Rongji considered this work so special that he made it a point to meet members of the Kotnis family when he visited India some years ago. From the earliest days of its existence as the People's Republic of China, when recognition of its stature as the true and

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only Chinese nation was not easily forthcoming, India was among the few countries which stood firmly in its support including for its seating in the UN Security Council, well before this actually happened. India's Prime Minister Jawaharlal Nehru and Chinese Prime Minister Zhou-en-Lai were among the five pioneer leaders who worked together for the emergence of the Non Aligned Movement. These are the positives. On the negative side, of course, are the conflict of 1962, a long festering boundary dispute and a perception in India that China has acted in a manner prejudicial to its interests in its immediate neighbourhood. India's quest for nuclear weapons has also been necessitated much more by the desire to minimize asymmetries, principally versus China, than by any other security consideration.

The negative elements in the relationship continued to be dominant till Prime Minister Rajiv Gandhi visited China in 1989. As a result of agreements signed with Deng Xiaoping during this visit, the Line of Actual Control (LAC), where troops of both countries are deployed, has seen peace and tranquility and this stability has been shored up by a series of military confidence building measures (CBMs). Thus, even as the territorial issue has remained unresolved, continued peace along the LAC has made the situation on the ground appear non-threatening and benign. The changing global environment may also have had some effect. Consequently, both nations took a major step forward, when, in the Joint Declaration signed during the visit of Indian Prime Minister Vajpayee to China in 2003, they declared that they would build a long term "constructive and cooperative partnership to serve as a novel basis for a qualitatively new relationship". The intention to formally resolve the territorial issue, treating it as part of a comprehensive relationship between India and China, was implicit in this declaration. It is not surprising that at the meeting with Indian Prime Minister Manmohan Singh in Vientiane, Laos, on 30 November 2004, Chinese Prime Minister Wen Jiabao observed that India-China relations are "now in the best shape in history," that they have "tens of thousands of reasons" for enhancing cooperation and that peaceful co-existence conforms to the fundamental interests of the two countries and peoples. Relations between the two countries, had, in his words, "entered a new stage of comprehensive development".

In brief, there is every reason to believe that the negatives of the historical baggage are now giving way to new perceptions in

which both countries see potential for closer interface, both bilaterally, and as important players on the international stage. There is a realization that the border dispute needs to be resolved in the framework of a larger political canvas. China's recognition of Sikkim as an integral part of India stems from this understanding. It is this larger focus that has been incorporated in the document "Political Parameters and Guiding Principles for the Settlement of the India China Boundary Question". And, it is not surprising that the parent agreement signed by Wen Jiabao and Manmohan Singh in April 2005 talks of a "Strategic and Cooperative Partnership for Peace and Prosperity".

The Political Environment

The global environment, following the end of the Cold War, has become essentially unipolar and it is not likely that this situation will change in the immediate future. Both China and India have, of necessity, to shape their strategies recognizing this reality and bilateral interfaces with the USA are, therefore, important to both countries. At the same time, with populations of more than a billion people each, both countries are destined to play major roles in international affairs. China has already reached a position of stature with its sustained economic growth over the last several years, sophisticated scientific and technological capabilities and credible military strength. It is embarked in the modernisation of all these capacities and can be expected to become one of the two great powers by 2020. It is a nuclear weapon state and a veto exercising member of the UN Security Council (UNSC). India, on the other hand, is several years behind China. While its economic growth is heartening and, if sustained, can, possibly, make it the third largest economy by 2025, for which sustained growth in overseas trade and security of energy supplies is imperative. Its concerns extend beyond the immediate South Asian neighbourhood. Like China, it would like to see global power equations more evenly distributed, resulting in both multi-polarity and multi-lateralism. With this end in view, the two countries, along with Russia, have already put in place a structured tri-lateral interaction of their Foreign Ministers. On terrorism also, India and China share common perceptions affected as each is, in some way or the other, by radical Islamic fundamentalism. The same similarity of interests extends to safety of sea lanes of communication and the necessity of regional cooperation to ensure it. By 2020, China and India, along with the

USA and Japan, would be the largest importers of Gulf oil, and safety of energy supplies across the North Indian Ocean and then through the Malacca Strait and the South and East China Seas, would be critical to their interests. Partly for this reason, aside from the economic angle, India's interface with the ASEAN region is also viewed positively by the Chinese side and their participation in institutions like the ASEAN Regional Forum (ARF) and the Council for Security Cooperation in Asia Pacific (CSCAP) further supplements this congruence of interests. China has also welcomed India's entry into the Shanghai Cooperation Organization (SCO) as an Observer.

There are still major differences, no doubt. While China, during the Wen Jiabao visit, recognized India's aspirations and legitimacy to play a larger role in the United Nations, it has not directly supported its claims to permanent membership of the Security Council and strongly deprecated the G4 draft resolution sponsored by India, Germany, Japan and Brazil. At least part of the reason for this position stems China's reservations regarding Japan's elevation to permanent membership, but its effect, and intent, on India's claims is not inconsequential. Similarly, in regard to nuclear postures, China's stipulation that its 'No First Use' policy would apply only to NPT compliant states impliedly leaves out India. And while China's position on the Jammu and Kashmir dispute has changed dramatically in the last few years, from one of outright support to Pakistan to a reasonably even-handed posture, it has not recognized, much less condemned, the cross border infiltration of terrorism in the region, something which even the USA, for whom Pakistan is a "Most Favoured Non-NATO Ally", has done. These are important Indian concerns. Nevertheless, interactions during the April 2005 visit of the Chinese Prime Minister show that both countries recognize the need for closer bilateral cooperation at the strategic level which means that they accept the broad political aspirations and concerns of each other.

The Economic Turn Around

Clearly, the economic turn around in India-China relations, has been the most significant development of the last decade and this, itself, is a fall-out of the political changes. From a bilateral trade of less than half a billion dollars in 1995, the figure crossed six billion dollars in 2003 and reached nearly 14 billion dollars in

2004. A modest target of twenty billion dollars by 2010 has been set in the New Delhi agreement but there is every possibility that this figure will be reached by 2008 and bilateral trade between the two countries in 2010 may well cross thirty billion dollars, making China, India's largest trading partner country. Even this figure is far below what China trades with the USA, Japan and even ASEAN but the fact that it could be reached in so short a time, and despite the negatives of the historical baggage, is remarkable. As Prime Minister Wen Jiabao suggested during his visit, the two countries together, could dominate the global IT market given China's strengths in hardware and India's in software. Closer and wider interfaces between Indian and Chinese IT industry can, therefore, be expected in the years ahead. The same could be true in areas where both countries have compatible strengths viz. space, micro-electromechanical systems, genomics and bioscience. The need, in both countries, is to identify the areas of cooperation and to drive them with appropriate high powered management mechanisms. It did not escape notice that Mr Wen Jiabao's delegation included representatives from more than 140 Chinese companies and Wen had both the time and the inclination to visit Bangalore, the major hub of India's IT, space and science activities. Both countries have also signalled that they intend to cooperate more closely in the international energy sector. A small beginning has been made in Sudan where Indian, Malaysian and Chinese companies have picked up a joint stake in a big petroleum venture. A joint task force has been appointed to work out details for cooperation. The two countries are also positive on taking up joint projects in Central Asia and there is a proposal from the Indian side to have China as an end-user for gas from Iran and Central Asia with pipelines to India being extended to China through Myanmar. All this is, of course, in preliminary discussion, but the direction of movement is clear. A study group is finalizing the modalities of a Comprehensive Economic Cooperation Pact between the two countries.

China's economic growth is, undoubtedly, far ahead of India. The FDI coming into China is much more than what comes into India; its foreign exchange reserves are four times that of India and its GNP more than double. Infrastructure, in China, is well developed, especially in coastal states and cities where it is comparable with the best in the world. This is a serious shortcoming

in India. Alleviation of poverty, education and health care, are also sectors which will require concentrated attention by Indian leadership in the years to come. Yet, there is consensus among analysts that India will be able to maintain a growth rate of between 6.5 and 7 per cent per annum over the next twenty years while the high growth rates seen in China could decline. For India, trade potential in the Asia Pacific is the greatest and China would figure at the very top in the interface. In twenty five years, India could well rank as the third largest economy in the world, after the USA and China. So, it makes good economic sense for the two countries to cooperate in the economic field to their mutual benefit. Apart from devising appropriate structures which will facilitate this process, there is also need to ensure that instability, both domestic and external, does not affect economic growth adversely. For both China and India, therefore, peace and tranquility, in and around them, are vital necessities. In these days of globalized economies, no nation can be immune from the effects of conflict, no matter where, and it is apparent the leaderships in both countries recognize this threat.

The Security Interface

Clearly, resolution of the boundary dispute is at the very top of the security interface and central to a meaningful and lasting India-China relationship. Any high level interaction between leaders of the two countries revolves around this fundamental issue even as economic and other interfaces are pursued. In this context the Prime Ministerial exchanges of 2003 and now, of 2005, are significant because they have agreed that the resolution has to be determined within the ambit of larger political goals and objectives and to the mutual benefit of both countries. Positions held by both sides for several years have been quietly modified. Two factors have contributed to this positive development. One, as has been highlighted earlier, is the effective and continuing stability along the LAC, reinforced and shored up by a series of military CBMs that have been in place since the 1990s. The second factor has been progressive dilution of the extreme positions adopted by both sides earlier. This has come about because both states have realized that their respective claims could not materialize without recourse to all out war, which was not viable in the changed environment. Thus, the LAC has come to serve as a 'de facto' and stable boundary. It can also be argued that both countries are aware that

the military and political balances across the LAC are now such that neither can expect to alter them successfully. Thus, the large tract of Aksai Chin in the western region has been integrated into the Chinese infrastructure and logistics network just as the state of Arunachal Pradesh, claimed by China as its territory, is now politically and administratively very much a part of the Indian nation. The recognition, as highlighted earlier, of Sikkim as part of India follows the same logic. In this background, delimitation of the entire LAC in one comprehensive settlement is quite feasible. The adoption of a political approach has been crucial in facilitating forward movement on this most critical question, providing scope for flexibility and adjustment, as well as for accommodating major interests of either side. The 11 point agreement reached between the two countries during the Wen Jiabao visit is aptly termed an Agreement on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary question. Its preamble is significant. It notes that India and China were desirous of "qualitatively upgrading the bilateral relationship at all levels and in all areas while addressing differences through peaceful means in a fair, reasonable and mutually acceptable manner". It also mentions that the "two sides are seeking a political settlement of the boundary question in the context of their overall and long term interests". It now seems possible that the long festering boundary disputes can be brought to satisfactory closure before long. This will be beneficial to both sides permitting the armies to reduce troop concentrations and redeployment to peacetime locations. Opening of the borders, following their resolution, and providing check points, will also facilitate India-China trade, especially to and from the three bordering provinces – Xinjiang, Tibet and Yunan. A small beginning has been made by opening a check point at Nathu La and it needs to be replicated at appropriate locations. After all, the port of Kolkatta in India is closer to Lhasa than ports in China. Settlement of the border question is, therefore, not only important but an essential ingredient of a healthy India- China relationship.

On a different plane, in the emerging international security environment, non traditional threats are assuming importance. Terrorism is a key ingredient of this threat. It is a transnational threat in every sense as its ingredients are not confined within one country. India and China are both affected by this scourge in one way or another. A new facet of terrorism which is beginning to

take root is its face at sea. So far, maritime terrorism has been confined to piracy in the South China Sea and in the waters of the ASEAN region, in the Malacca Straits in particular. An American destroyer, a French tanker and offshore oil terminals have been attacked by Al Qaeda terrorists at and off Yemen and in the Gulf. Passenger ferries have been attacked and sunk in the Phillipines. But greater danger lies ahead. The main east-west energy and trade SLOCs pass through narrow channels and choke points where shipping can be interdicted by even states of limited capabilities and by non state actors. This exposes the energy lifeline to serious danger and can put the economies of several countries, including those of India and China, under great stress. Another facet of such terrorism is the threat to major ports, many of which can be brought to a halt by just one vessel sunk at their entrances. One can imagine the global impact of the closure of a big container hub like the port of Shanghai. Maritime terrorism is much more transnational in nature and cannot be countered or prevented without regional and multilateral cooperation. Increasingly, this will be an area of security interfaces between nations. Maritime forces of India cooperate with those of several other countries in the region and similar cooperation with China's maritime forces is also desirable. Ships of the two navies have held a joint exercise last year and the frequency and the content of this interface must increase. The two countries have important responsibilities and must cooperate to their mutual benefit in safeguarding their maritime interests. The two armies have also initiated cooperative engagement. The Chief of the Indian Army visited China in 2004, the Chief of the People's Liberation Army (PLA) visited India in May 2005 and a military delegation led by the Director General of Indian Military Intelligence has visited China soon thereafter. There are also proposals for training of military personnel. These are positive developments and their spectrum must be expanded.

Discussion on the security interface between the two countries will not be complete without mention of Pakistan with which China has close political, economic and military linkages. India's relationship with that country has been strained for close to six decades, and the two countries have also gone to war on four occasions, most recently in 1999. This is not only because of the Jammu and Kashmir question but also because there are fundamental differences. Pakistan is a state founded on military

elitism; India, on the other hand, is a democracy where the military is subordinate to the civilian authority. Hostility towards India is needed by Pakistan's military leadership to maintain its high profile and it is not likely that this elitism will be surrendered easily. So, even as tensions between the two countries are easing and CBMs of various sorts are being put in place, it is unlikely that the essentially confrontationalist posture will change. India desires peace and friendship in its neighbourhood, including with Pakistan, and its approach, as the larger neighbour, is to be proactive on all peace building measures while being prepared for any eventualities. The difficulties in Kashmir, such as they are, are well within the capabilities of India to manage and it can only be hoped that Pakistan will stop aiding cross border terrorism. Only recently, it has been reported that a senior minister in the Pakistan government had been actively involved in the training and upkeep of terrorists, to be infiltrated into Jammu and Kashmir. Separately, during his visit to Australia, Pakistan President Musharraf has stated that 'resolution' of the Jammu and Kashmir problem will not result in elimination of violence. Therefore, too much should not be expected of the ongoing CBMs unless Pakistan stops its support to the militancy in Jammu and Kashmir and takes measures to prevent cross-border movement. This it is unlikely to do unless forced by the major powers. There are some signs that there is now greater awareness and appreciation in China of these nuances of the Indo-Pak relationship.

As one of the larger nations in the world, India, just like China, also has important political, economic and security interfaces with several other countries. These include the USA, Russia, members of the European Union, Canada, Japan, South Korea, Australia, the Central Asian Republics, countries of the Gulf and ASEAN regions and groups such as G8, ARF, BIMSTEC, etc. It also has interactions with many countries in Africa and South America. These engagements have acquired greater meaning in the context of globalization and the fight against terrorism, and are neither focused against any particular nation nor are part of any 'alliance'. In many cases, India's interfaces with them may well be complementary to those of China. India has defence cooperation agreements with many countries and there is no reason why China and India should not, in due course, devise some suitable arrangement between them to their mutual advantage.

Conclusion

To conclude, after three decades of tense relations, the India-China interface has undergone visible transformation. Both countries now recognize that they have important roles to play on the international stage for which cooperative interfaces between them will be useful. While China's emergence as an economic powerhouse has been visible for many years, India's rise as one of the world's important economies has only recently been recognized. Its place in any multi-polar international configuration is also becoming apparent. Both countries have congruent interests in the developing political and economic order and, given a cooperative paradigm in their interface, can maximize their capabilities and potential. The need to put aside the boundary dispute and to resolve it to mutual satisfaction consistent with the larger strategic goals and objectives is an important element of the emerging relationship. The path chosen by the two countries, as spelt out in agreements of 2003 and 2005, if pursued with determination, will, ultimately, lead to a fruitful and mutually advantageous destination.

At the same time, it would be simplistic to wish away the strains in relationship of decades. Reservations in each country, about the aims and motivations of the other, can only be overcome through a series of continuing measures, proactive and positive, backed always, by political accommodation to the mutual benefit of both. Events of the last decade show that there is realization in both countries that this is the way to go. Given the historical baggage that we carry, this is not going to be easy, but the portents are reassuring. The time is appropriate for both countries to now chart out courses which will lead them towards, what Prime Minister Wen Jiabao has rightly termed, "the Asian century".

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