

Report by Dr. Sithara Fernando, Visiting Research Fellow, ICS

**Institute of Chinese Studies (ICS)- China Foreign Affairs University (CFAU) Dialogue on
China-South Asia Relations**

December 12, 2011

After welcoming the China Foreign Affairs University (CFAU) delegation, preliminary remarks and introductions, Prof. Sreemati Chakrabarti, Director, Institute of Chinese Studies (ICS), raised the following as issues that the ICS was interested in discussing:

1. The Afghanistan-Pakistan Problem
2. Recent Developments in the South China Sea

On behalf of the CFAU delegation Prof. Zhao Jinjun, President, CFAU raised the following as issues that the CFAU was interested in discussing:

1. How can the Indian economy be so resilient in the face of the global economic crisis since 2008?
2. The views of ICS on China-India relations. The people of the two countries do not understand each other enough. Bilateral trade has reached US\$ 60 billion. What efforts can be made to further increase trade and improve relations in the areas of politics, culture and economics?
3. Development of the South Asian Association for Regional Cooperation (SAARC). From the eight members of SAARC five share common boundaries with China. China-SAARC relations are not as good as it should be. What is the future of SAARC? How can we develop China-SAARC relations?

Responding to the CFAU queries on behalf of the ICS Dr. M. V. Rappai spoke on India-China relations and India's security concerns. He pointed out that in the last few years India and China have had some problems, that if you read the newspapers you might think that India-China relations were almost at the point of breaking down. But in reality there is some understanding between India and China. However one problem is that the two countries do not have enough people on both sides who understand each other enough. They can do much to further the aspirations of their peoples and business communities. One of India's main security concerns is the state of affairs in Afghanistan and Pakistan, particularly regarding what will happen after the withdrawal of the North Atlantic Treaty Organization (NATO). India has a long border with Pakistan, so Pakistan will remain one of India's major security concerns. In this context India is interested in knowing the Chinese policy on the Taliban. He stated that in his understanding

China's security concerns are slightly different, and that that could complicate the situation. Regarding India's own approach to security, he stated that even though India is developing relations with many countries India's foreign policy will be self-reliant for quite some time to come. With reference to India-China relations in the South China Sea India's understanding is that it is doing business in the South China Sea, it does not want to interfere with China's understanding with other countries in the area. He expressed the hope that China has the capacity to settle the issue in a peaceful way. He stated further that India is interested in developing closer relations with East Asia through the Look East policy, particularly in the pursuit of its business interests.

Responding to the CFAU queries on behalf of ICS Mr. Ravi Bhoothalingam spoke on economic and financial matters. Even though China thinks that the Indian economy is doing well the Indians themselves are not happy with the Indian economy. India should be doing much better. There are several reasons as to why the Indian economy has weathered the economic crisis since 2008 relatively well. One is that the Indian economy is somewhat protected from integrating with the world financial system, this has protected Indian banks. Apart from the Indian banking system being tightly regulated the Indian rupee does not have a free floating exchange rate, so the rupee is protected. The Indian economy is not highly dependent on exports, India relies on domestic demand and consumption. This domestic demand provides a buffer for the Indian economy, protecting it from external shocks. The Indian economy is also better linked to other emerging economies, the best example is India-China trade. However, there are one or two problems in Sino-Indian trade. Despite the problems on the political front in India-China relations, on the economic front a lot of progress has been made. This economic relationship should be further improved because it can dilute the problems on the political front. Mr. Bhoothalingam made the following suggestions with regard to deepening China-India economic engagement:

1. At the moment the China-India trade basket is weighted heavily toward raw materials going out of India and India importing manufactured goods from China. India should have greater access to the Chinese market in terms of Information Technology (IT), Consulting and Pharmaceutical products. If the two countries can make greater progress on this front it will open the doors for Chinese investment in India. Such a process will create a large number of people with an interest in better China-India economic relations, and by extension also in better political relations.
2. India and China should set an ambitious target on people to people exchange, they must revive tourism, and have a target of 10 million tourists from India to China and vice versa by 2020. Not only will tourism benefit the economy as a whole, it has a very high employment potential. Mass tourism will also improve people-to-people understanding.

With regard to China-India relations Mr. Bhoothalingam went on to point out that from the point of view of business the biggest need is the creation of trust. Year by year people must see that India-China problems are decreasing, not increasing. An area in which India-China relations

have had some positive developments is water agreements in the Himalayan region. More open and frequent discussion on such matters will help in furthering China's interaction with SAARC as well.

Responding to the CFAU queries Prof. Sreemati Chakrabarti stressed that figures of economic growth alone does not reveal a country's economic condition. She pointed out that still many people in India go to bed hungry and don't have adequate healthcare, and that the country needed to do much more to improve the lives of such people. Both India and China have problems with minorities and backward people, hiding these problems does not help, they should be discussed frankly with one another. With regard to India-China relations she too admitted that there was a lack of trust, that India has not forgiven China the 1962 border conflict and that China has not forgiven India for giving shelter to the Dalai Lama. Since the 1988 Rajiv Gandhi visit things have improved, but even so the relations are like a seesaw. To some extent the media plays a negative role. China being a sensitive topic in India it sells very well. Positive developments are rarely reported in the media. This clearly shows the media has an agenda of its own. So to counter this more people-to-people relations are needed. With regard to SAARC she pointed out that SAARC itself is not very robust, that it is often a victim of India-Pakistan bilateral problems. Only if India-Pakistan relations improve will SAARC be a more meaningful body, and it is only then that one can expect better China-SAARC relations.

Prof. Zhao Jinjun agreed with the point raised by some of the ICS delegates that there was a lack of mutual trust in India-China relations, which was a major problem in economic, political and other areas. He went on to say that most people of his generation see India as a peaceful country, and that in the same way Indian people also have a view of whether China is an expansionist country or not. Referring to the role of the media, he pointed out that many people in the Western media have said that China is seeking hegemony, but cautioned that these reports have political reasons behind them. He expressed the view that the point of view of our Indian friends would be different. He stressed that being scholars of China the ICS delegation should know that in history China has been a peaceful country, that it has a foreign policy of independence, and that China promotes peaceful coexistence with all countries of the world. He drew attention to the fact that the media has been giving a lot of attention to China testing its first aircraft carrier. He stated that as a permanent member of the UN Security Council and as a country responsible for global and regional security China was well within its rights to have its own air craft carrier. In response to these concerns this year China has published a White Paper on China's Peaceful Development. But he wondered how many people have read this. Nowadays many Chinese diplomats and scholars are talking about the policy of peaceful development. China and India have many things in common, many links in the area of culture, and a common aspiration for peace. Peace is enshrined as a value in the civilizations of China and India. Many things are easier to solve if there is mutual trust. China and India should try to solve their problems in a peaceful way through peaceful negotiations.

Responding to the ICS queries Prof. Zhao Jinjun said that the South China Sea counts as a core interest of China, and that after World War Two some of the disputed islands belonged to China. Now India is interested in exploring oil and gas in this area. If India and China can discuss this issue based on mutual trust it would be beneficial for China-India relations. Recently the South China Sea issue has become a hot topic. He flagged the document known as the Declaration on the Conduct of Parties in the South China Sea signed by China and the Association of South East Asian Nations (ASEAN) countries. With regard to the issue of free navigation he emphasized that China being such a large trader is quite capable of guaranteeing freedom of navigation in the area. The notion of a Chinese threat to freedom of navigation is, according to him, largely made-up. The trade between China on one hand and Europe, ASEAN, Japan and the United States on the other is very large, and this trade travels mostly through the South China Sea area. With regard to the Afghanistan-Pakistan problem he said that the Chinese side has always watched it very closely. China and Pakistan share a common border of 96 km. China has been quite concerned about the entry of NATO into Afghanistan. The Chinese government has always opposed terrorism as well as interference in another country's internal affairs since the days of Mao Tsetung and Zhou Enlai. With regard to the Chinese government's attitude towards Taliban he pointed out that Uighur independent forces had carried out some terrorist attacks in Xinjiang as result of undertaking some terrorist training courses in Afghanistan.

In general Prof. Zhao Jinjun opined that China and India has many common interests. So he was quite optimistic about China-India relations. In the recent climate change negotiations at Durban China and India have collaborated. This kind of China-India collaboration will be important to the world in the future. The cooperation between China and India is not only in the interest of China and India, it is also in the interest of the whole world. The economies of China and India have performed well during the current economic crisis. This has made a great contribution to the recovery of the world economy. If both the economies can continue to grow it would be quite beneficial to the world's economic development. He put forward the following suggestions with regard to India-China relations:

1. Push forward economic and trade relations, increase investment and promote tourism. Visa procedures should be simplified and more direct flights established. India being a very big market China should encourage Chinese investment in India.
2. Role of the media- scholars should write articles in the media so as to create a more balanced view of China-India relations.

Reverting to the issue of the South China Sea Prof. Chakrabarti stressed that India has no desire to disturb the arrangement that China has in that area. India embarked on oil and gas exploration in that area at the invitation of Vietnam. India cannot withdraw now because that would look like a pro-Chinese policy. India would like to remain neutral on this issue and let the countries of the area sort things out themselves.

Mr. Anil Kumar, PhD Candidate, Department of East Asian Studies, Delhi University raised the possibility of China assisting India in the education sector. Prof. Chakrabarti added that India could clearly learn a lot from China in the education sector.

Pointing out that the common interests of India and China are much greater than the problem areas, Mr. Bhoothalingam suggested that India and China should organize joint projects in headline grabbing areas like a laptop computer which can be sold at an incredibly cheap price or deep sea exploration, and that CFAU and ICS could set-up a team to explore such ideas.

In his concluding remarks Prof. Zhao Jinjun stated that the CFAU had had a very useful and meaningful exchange with ICS. He pointed out that this was the first time that the CFAU had had interaction with Indian scholars at the ICS, and stressed that the CFAU and the ICS could do much more to improve relations between India and China. He also pointed out that Pakistan had put forward the suggestion that China should be a dialogue partner in SAARC, and that Sri Lanka and Bhutan had agreed with that suggestion. However he revealed that China had been given to understand that India is not too keen on this suggestion. He raised the question, why should India be worried about China becoming a dialogue partner in SAARC when India is already a dialogue partner in ASEAN?

In her concluding remarks Prof. Chakrabarti thanked the CFAU delegation for a very open and frank discussion. She stated that even if we take India-China relations a centimeter forward it should be good enough. She expressed the hope that there would be more interaction between CFAU and ICS in the future.