

2nd China-India-Nepal Trilateral Cooperation

'One Belt, One Road and Regional Cooperation: China-India-Nepal Trilateral Dialogue'

7-8 May 2015

China West Normal University, Nanchong, Sichuan, China

A REPORT

The 2nd China-India-Nepal Trilateral Conference was held at Nanchong, Sichuan, China from 7-8 May 2015. The three organizing institutions were the Institute of Chinese Neighbouring Countries Studies, China West Normal University, Nanchong, China (CWNU); the Institute of Chinese Studies, Delhi, India (ICS); and the Nepal Institute of International and Strategic Studies, Kathmandu, Nepal (NIIS).

The conference proceedings lasted for a day and a half. On the afternoon of the second day, the delegates were taken for sightseeing to Deng Xiaoping's former residence and his memorial museum.

The conference had five sessions excluding the inaugural. Out of the 27 speakers, four Chinese speakers and one Indian speaker from VIF presented specifically on issues related to the 'One Belt One Road' (OBOR). One Indian speaker from ORF and one Chinese spoke on the Maritime Silk Route (MSR). There were three presentations attempting to focus on the regional dimension of the OBOR, which had a bilateral India-China focus (One was on southern silk road and second on Tibet and Sichuan-SAARC cooperation). There was one general type of paper but had an underlying OBOR focus. Two Indian speakers from ICS sought to highlight how the OBOR is not inclusive of Asian history and memories even while remaining focused on the need to discuss trilateral related issues. *A total of about 13 papers discussed the OBOR as a major part of their presentation.*

The three Nepalese participants except Bhaskar Koirala (whose presentation was brief) expressed interest in linking of the OBOR to the trilateral, but were concerned about how the trilateral may benefit Nepal. There were two speakers each from India (ICS) and China, apart from the Indian and Nepalese delegates mentioned earlier, who specifically focused on the trilateral. *About eight papers had trilateral as a major thrust of their papers.*

Two Chinese speakers focused on the BCIM economic corridor. One Chinese speaker focused on India's media and another on India's strategic thought. Two speakers from China focused on Pakistan related issues: the Sino-Pak economic corridor and a comparison of the Gwadar port and the Chabahar port. *Total of about six papers that did not directly relate to either the OBOR or the trilateral.*

The discussions after each session, including during lunch and dinner, and outdoor excursions were quite vibrant and contributed to inter-personal

relations and deeper understanding of some of the issues of contention. They were also opportunities to forward and explain each country's respective positions and constraints. Overall, there was an air of cordiality, especially since the conference was taking place in the backdrop of the devastating earthquake in Nepal and bordering areas in India and China. The third trilateral would be held in India and hosted by the ICS as announced by the Director of ICS, Alka Acharya at the closing ceremony.

Break-up of speakers and representative organisations

In total, there were 27 speakers. The CWNU had about three representative speakers, ICS four and NIIS one. Other delegates from China who were invited by the CWNU came from Peking University (1), Charhar Institute (1), Sichuan University (Institute of South Asian Studies) (5), China Foreign Affairs University (1), Sichuan Academy of Social Sciences (1), Administration College of Jiangsu Province (1), Nanjing University (1), The Party School of the CPC Jiangsu Provincial Committee (1), Beijing International Studies University (1) and the Communication University of China (1). Two more participants from India came from the Vivekananda International Foundation (VIF) and Observer Research Foundation (ORF) each on invitation by the CWNU. Three participants from Nepal invited by the NIIS were the Editor of *Nepal Times*, a former foreign minister of Nepal and a Nepalese student from Renmin University.

INAUGURAL SESSION

The inaugural had five speakers: **Li Jian**, President and **Zhang Jian**, Vice President of CWNU; **Madhav Ghimere**, former Foreign Minister of Nepal; **Alka Acharya**, Director of the Institute of Chinese Studies; and **Ke Yinbin**, General Secretary of the Charhar Institute.

All the speakers referred to the earthquake in Nepal during their inaugural speeches. A minute's silence was observed. The CWNU had collected one million yuan, which was handed over to the former foreign minister of Nepal, **Madhav Ghimere**. During his speech, Ghimere opined that the three countries had reached a 'new height in relations'. **Alka Acharya** called for the reexamination of the various geo-political frameworks in the context of increasing regionalism. **Ke Yinbin** of Charhar Institute argued that given the huge influence of religion in India and Nepal he saw a role for his Institute and for China to foster cooperation between India and Nepal in the field of religious diplomacy.

SESSION I

The first session had six speakers. **Su Hao** from CFAU while discussing various stages in China's strategic outreach, defined the current period as one that is encompassed by the OBOR, which he described as an attempt by China to focus on Asia. **Alka Acharya** sought to underscore the historical dimension of the silk road concept which establishes India's linkages to its maritime past in an attempt to show how this aspect is neglected in the OBOR concept. Given the historical fluidity of borders, she called for deeper engagement while thinking of new movements, citizenship, labour and so on. **Madhav Ghimere** saw OBOR as

China's attempt to take interest in its southern neighbours. On the trilateral, he suggested the need to work out mechanisms at technical and material level. Nepal could foster relationship between India and China and benefit from the value chain comprising backward and forward linkages between the two countries. He argued that only a developed and politically stable Nepal could be a partner in the trilateral. **Li Jian's** presentation was on 'China-Pakistan economic corridor' (CPEC). After enumerating Indian concerns, he opined that the Indian media tends to cover the CPEC negatively. He rationalized that the corridor is an important part of China's OBOR.

Discussion

Much of the discussion centered on the CPEC. **Su Hao** argued that economic development in the CPEC areas would also have political ramifications, as it would help India in the national question of Kashmir and bilateral relations with Afghanistan. **Ambassador Kishan Rana** appreciated Su Hao's optimistic scenario even while pointing out the uncertainty pertaining to the success of Chinese investment and its impact. After highlighting the risks involved, he communicated that thinking Indians do not want to see a breakdown of state in Pakistan. **Han Hua** of Peking University complained that it was not enough to mention the risks for China alone. She was interested to hear Indian views on what are the spillover issues for India so that the Chinese side can understand. She however made a forthright point: that China's capability to deal with many of its problems is getting difficult and hence, the decision to put in so much money into such a high-risk corridor. **Amb T C A Rangachari** tried to contextualize Indian objections by reminding about Chinese objections to Indian application for Arunachal Pradesh project to the World Bank some years ago. **Dr Li Jingfeng** argued that in the last one year, there had been no attacks on Chinese workers in Pakistan, so the future is bright for Chinese investments in Pakistan. He however, overlooked the other internal dimension of Amb Rana's point about the spillover effect on the Xinjiang problem, which the latter pointed out. **Kunda Dixit** averred that the discussion on Pakistan at this trilateral shows the sensitivities of issues in the region's geo-politics. Even so, he added that the Karakoram highway is an example about how cooperation can be done in concrete ways in the Himalayan areas. **Alka Acharya** argued that much of the regional cooperation, without doubt has and would stem from the nature of Sino-Indian relations.

SESSION II

Ambassador T C A Rangachari from VIF averred that the OBOR needs to consider regional needs. The question for India is – how does the OBOR increase India's access to Central Asia. He asked the Chinese delegates to consider a win-win possibility: China could lend 500 billion US dollars to India at lower than market rates but more than it is making from US deficit and Eurozone debts. **Bhaskar Koirala** from NIIS spoke about the challenges and at the same time the need for a 'tripartite' cooperation despite the surmounting geo-strategic challenges. **Gong Ting** from CIIS spoke about 'One Belt One Road: Concept and Progress', and mainly gave details from the OBOR document that was released at the Boao Forum for Asia, 2015. **P K Ghosh** from ORF spoke on the Maritime Silk

Route (MSR) and Indian perceptions about it. He repeatedly argued that the OBOR documents do not provide any economic details (or concrete shipping details), which according to him is the key problem in moving forward. Nevertheless, for him, the debate of China circling India is obsolete and cooperation between India and China is a possibility given India's marginalization in the global economy. **Han Hua's** presentation was mainly conceptual. According to her, China's strengthened relations with South Asian countries has been based on good neighborly relations and has been characterized mainly by bilateral engagement. She argued that as South Asian states gain balancing potential, it is going to increase India-China competition. **Song Zhihui** from ISAS spoke about the Southern Silk road, a subject that he is researching at the ISAS. According to him, the BCIM is a major part of this road. He suggested working towards poverty alleviation and building connectivities and people to people meeting for building mutual trust.

SESSION III

Ke Yinbin, true to the title of his paper opined that 'the "Belt and Road" initiatives will open a new era for Common Modernisation'. That OBOR will be a chorus and China will be the presenter. Most countries will acknowledge it. It is also a test for the Chinese initiative. **Kunda Dixit** averred that a corridor between India and China may benefit Nepal by the physical presence of the road. He emphasized that only economic growth and job creation can help. **Jao Yichi** from Communication University of China spoke on 'Public Opinion and China's Communication Strategy'. According to him, 'western cultural imperialism' was influencing the non-western media, including India to assess the OBOR negatively. India's ambition to be a big power and its own project Mausam may contribute to a closed mindset. 'With nationalism in China going up, negative review of the OBOR in foreign media will be in the people's radar in China'. **Amb. Kishan Rana** averred that the OBOR does not seem to be inclusive of the memory and history of other Asian countries. He put a question to the table: will the AIIB be multilateral in the sense of serving the interest of all Asian countries? Alternately, he opined that India-China cooperation would move forward the development of South Asian countries. He rejected Jao's point that western media influences Indian media. **Dai Yonghong** from ISAS spoke on 'OBOR Strategy: Conception of China (Sichuan and Tibet) – SAARC Regional Cooperation'. He proposed sub regional cooperation and saw a strategic positioning for Sichuan in all of it, and for Tibet, which he termed as an important national security barrier. He also proposed Tibet as the world's tourism destination. He suggested opening of Lhasa-Shigatse-Yadong-Siliguri passage for trade. **Liu Siwei** from ISAS spoke on 'The Maritime Silk Road vs Mausam and Spice Route: The New dynamics of Sino-Indian maritime'. She expressed that one can understand India being concerned about China's role in the Indian Ocean region just as China is concerned about India's role in the Asia-Pacific region; for instance the growing closeness with Japan. She argued for focusing on the details of China's maritime strategy, as it would help to avoid miscalculations.

Discussion

Han Hua (chair) agreed about the current urgency to focus on rebuilding Nepal and keeping the OBOR discussion aside. **P K Ghosh** agreed that the MSR would benefit hinterlands, as ports are just the external linkage.

DAY II

SESSION IV

Ravi Bhoothalingam from ICS proposed a 'Joint Friendship Youth Expedition' by the trilateral countries to be undertaken in Nepal to build friendship, understanding and cooperation. Liu Cheng from Nanjing University spoke on 'Mechanism and approach of OBOR'. He likened the OBOR to a jigsaw puzzle in which every city and country must involve itself and 'deal with it despite fears'. **Rupak Sapkota** from Renmin University, true to the title of his paper, spoke on the need to think big for sub-regional cooperation and economic union of various formats. He discussed the possibility of trans-Himalayan railway connectivity and north-south riverine corridors. He informed that Nepal is a part of the OBOR and a founder member of the AIIB. The earthquake is an opportunity for the AIIB to demonstrate its first work in Nepal. The trilateral is heavily dependent upon China-India relations and on how Nepal can balance the relations for its benefit. Having said that, he believed that both India and China need Nepal for greater economic integration. **Niu Wen** from the Party School of the CPC Jiangsu Provincial Committee made his presentation in Chinese. **Tshering Chonzom Bhutia** from ICS emphasized the need to move beyond the geo-strategic debates even while touching upon a few of them. Some of the points she made were: Nepal must be treated as an equal stakeholder in the trilateral. The imperative to seek out investments and connectivity should be inclusive of the people on the periphery who share many commonalities predating current boundary lines. **Xu Liang** from Beijing International Studies University called for China and India to join hands to become superpowers and focus on setting international agendas. China, India and Nepal should join hands to create the so-called 'Himalayan alliance' and the 'Panchsheel alliance' at the global level. He opined: China is also a South Asian country; India and Nepal can also be East Asian countries. He asked to give OBOR a chance.

Discussion

One Chinese participant commented that there are many problems 'between us and within us' while agreeing on need to focus on peacebuilding. **Xu Liang** commented that the OBOR is not a Chinese project. China can have many trilaterals around it. To **Liu Siwei's** question about where is the money for the youth exchange project, **Bhoothalingam** clarified that generating money would not be difficult as private players could also be roped in. **Su Hao** commented that in Asia, since competition is not easily manageable in the short term, it may be better to create a peaceful atmosphere rather than a grand architecture. He was also interested to know Indian views about China's plan to build the cross-himalaya railway into Nepal. **Alka Acharya** enumerated Indian concerns as

existing in the following order: environmental, ecological, cultural and spiritual. Physical difficulty is the last concern according to her.

SESSION V

The first two papers in this session were on BCIM. **Hu Xiaowen** spoke on the 'Dimension of Think Tanks in BCIM building' and **Li Jing Feng** from Sichuan Academy of Social Sciences spoke on 'Driving forces and challenges in the BCIM economic corridor'. Some of the challenges to economic cooperation listed by him are: Indian central government concerns, Sino-Indian relations, fuzzy economic policies of the Indian government, India-Bangladesh relations, Burma's political transition and national security issues. He argued that improving trust between India and China is the basic factor. **Liu Jiawei** from ISAS spoke on 'Energy cooperation between China, India and Nepal: From electricity perspective'. In contrast to Nepal-India cooperation, he argued how China's experience, advanced techniques, huge amount of capital and China's go out policy have facilitated Chinese investment in Nepal's hydropower sector. In addition, the earthquake has not affected hydro projects established by China. In terms of possibilities, he spoke about the BOT model – building, operation and transfer and joint ventures. A Sino-Indian joint venture might be the best one if done in consultation with Nepalese government. **Gong** from CWNU attempted a comparison of Gwadar port in Pakistan and Chabahar port in Iran, which in essence are competitors. Two new developments would change the status quo: the new CPEC and the potential agreement on Iran nuclear issue. He put the question: is there any possible way to cooperate? Probably a revival of India-Pakistan-Iran pipeline discussions after the Iran nuclear issue is resolved may act as a stabilizing factor in India-Pakistan relations. The **next speaker** discussed a few schools and trends of India's strategic culture. India's social culture (caste system) and divine texts (Ramayana, Mahabharata), to a large extent, explain the deference to hierarchy, the centre-right perspective, and policy of strategic autonomy followed by India. **Wang Ye** from ISAS spoke on 'Sichuan-India economic cooperation – A microscope of regional cooperation'. Sichuan is the 5th largest area in China, with 3rd largest population and 9th largest GDP in 2014, that is 1/4th of India's GDP in the same year. 80 per cent game applications in China have been developed in Chengdu city. He cited two basic reasons for cooperation: geographic adjacency and industrial complementarity. He identified 'some hard facts' that requires work: laws and regulations, the difficulty of finding trusted partners, and capital and personnel safety.

Concluding remarks by Li Jian, CWNU and Alka Acharya, ICS

Li commented that many positive suggestions were made despite it being an academic conference. The second point he made was on the OBOR. Attributing remarks to the Nepalese delegates, he said that their suggestion for incorporating the railway line to the OBOR were good suggestions. Acharya thanked the organisers for the hospitality and for facilitating the conference. Additionally, she welcomed all to participate in the third trilateral in Delhi, India to be hosted by the ICS.