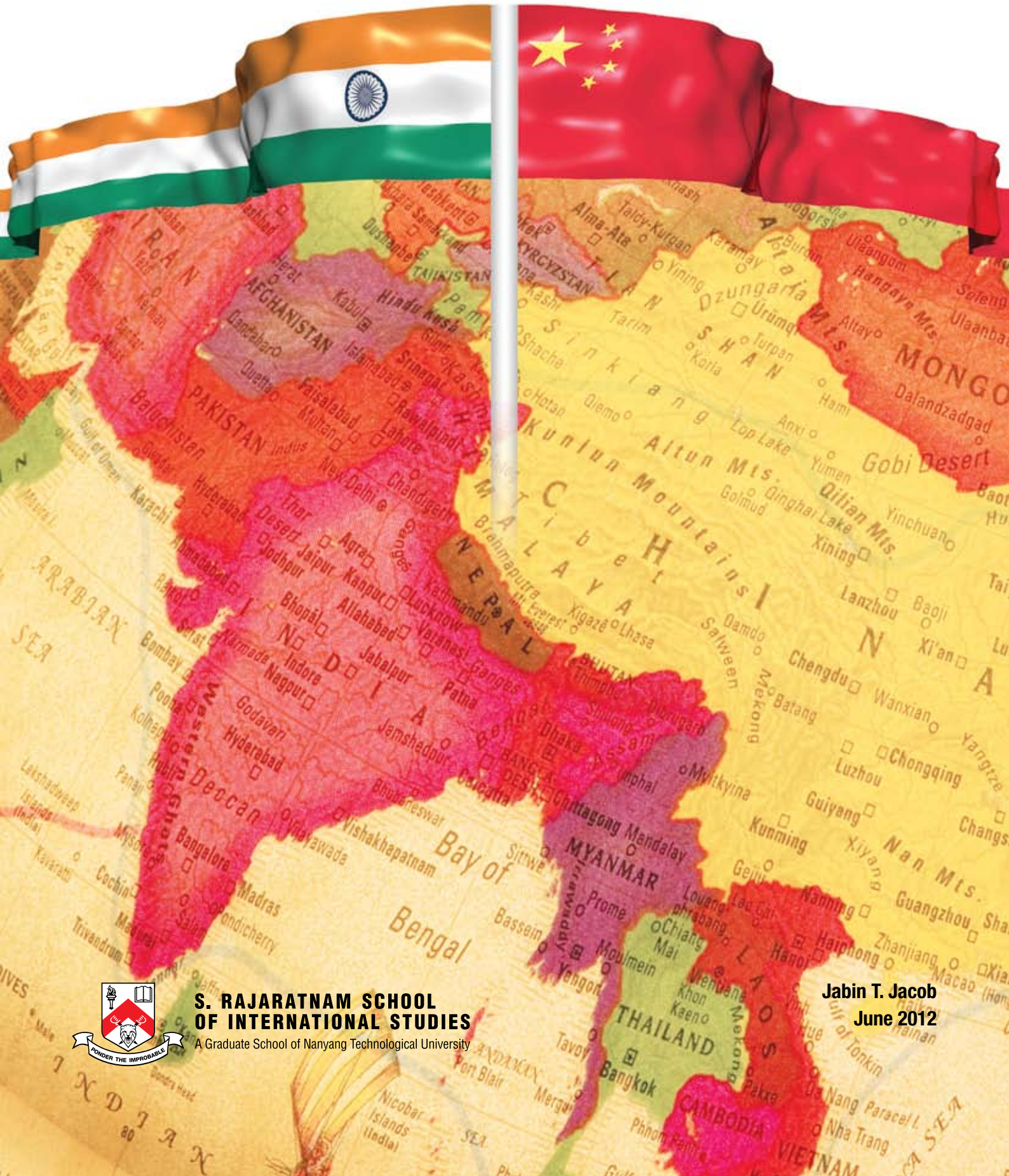


India's China Policy: Time to Overcome Political Drift



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EXECUTIVE SUMMARY

A foreign policy without competent and visionary political direction, especially in a democratic dispensation, is a serious shortcoming. The Indian government's policy towards China in recent years has been driven more by bureaucratic expertise and military demands than by political vision. Such a foreign policy risks either missing opportunities provided by the global situation or diverting and wasting limited national resources. As a rising global power, New Delhi can scarce afford the current drift in its foreign policy. With China as neighbour and one that has a head start in many aspects of national and global power and influence, the lack of initiative and boldness in its China policy are likely to be even more costly for India.

RECOMMENDATIONS

- India will have to develop its own expertise and viewpoints on China instead of relying only on Western sources and perspectives. The rapid establishment of centres for the study of China now under way in India needs to be better planned and coordinated. Resources promised by the government must both be made available on time and increased.
- India should not overplay its improving relationship with the US vis-à-vis China and must remain sensitive to Beijing's concerns about containment.
- India and China share a common interest in ensuring peace and stability in their border areas and in their neighbourhood. An important means to this end is through developing sub-regional cooperation involving their border regions and smaller neighbouring countries. India must take a more active and forward-looking approach in this respect.
- The two countries should increase the frequency of their defence exchanges and ensure that interactions take place at the middle- and junior-officer levels. Joint efforts at humanitarian and disaster relief and United Nations peacekeeping operations can help improve cooperation and coordination across all three services.
- Given the high vulnerability of their common neighbourhood to non-traditional security threats, India and China must enhance bilateral cooperation on this front. In particular, sub-regional cooperation with the involvement of local governments most affected by these threats must be encouraged.
- Sino-Indian economic ties are currently limited mostly to trade and must be expanded to cover, among other things, a free flow of investments and financial services. It is only the resulting complex interdependence that can form the basis of a sustainable economic partnership.
- India and China must focus on jointly developing renewable energy technologies. Not only is this crucial for their economic growth, but also an essential aspect of their common responsibility towards encouraging sustainable development in other Third World economies.

INTRODUCTION

Given their simultaneously rising global political and economic profiles, bilateral interactions between China and India are shot through with suspicion and expectations of an inevitable clash of interests. Concerns have grown over rapid military and infrastructure development by both countries along their disputed boundary and over economic and resource competition between them. The key question of the 'Asian century' will therefore be whether these two rising powers and neighbours can manage their relationship in a manner that helps promote regional and global peace, stability and economic development.

Despite being India's biggest neighbour, China receives only episodic attention from the Indian government and its people. China policy in India is, therefore, unable to take a strategic view and remains mired in suspicion and misperception.

SHORTCOMINGS IN POLICYMAKING

India's China policy has for some time now lacked a competent and visionary political direction.

Following the end of the Cold War, Sino-Indian relations saw remarkable progress in the form of several landmark treaties on their disputed boundary and, in the last decade, a rising trade relationship. But the boundary dispute remains unresolved and is the site and cause of continuing tensions. Significant events in Sino-Indian relations in the last decade, such as the 2005 Agreement on Political Parameters and Guiding Principles or the explosion in Sino-Indian trade, mask serious differences in perceptions and interpretations. The Agreement, for example, was supposed to have set the two countries definitively on the path towards a political solution to their dispute. In particular, Article VII in the treaty which stated that "[i]n reaching a boundary settlement, the two sides shall safeguard due interests of their settled populations in the border areas," seems to have been interpreted by the Indian side as indicating that the Chinese would no longer make claims on Tawang or other populated areas in Arunachal Pradesh.¹ But later Chinese statements have refuted any such implication. Growing bilateral trade has been accompanied by a rising Indian trade deficit – well over a third of the total – and the trade has been skewed, with India exporting mostly raw materials to China and importing mainly manufactured goods.²

Table 1

Sino-Indian bilateral trade figures, 2009-2011, based on Chinese data
(Figures in US\$ billions, growth in percentages)

	2009	2010	2011
Indian Exports to China	13.70	20.86	23.41
Growth	-32.63	52.19	12.26
Chinese Exports to India	29.57	40.88	50.49
Growth	-6.17	38.25	23.50
Total Bilateral Trade	43.28	61.74	73.90
Growth	-16.55	42.66	19.71
Trade Balance for India	-15.87	-20.02	-27.08

Source: Embassy of India, Beijing, "Trade & Commercial Relations," *India-China Bilateral Relations*, <http://www.indianembassy.org.cn/DynamicContent.aspx?MenuId=3&SubMenuId=0>.

There is an assumption that large-scale conflict between the two sides is impossible since both are nuclear-armed. Perhaps it is this reassurance arising from the reality of

nuclear deterrence that dulls Indian political interest in running an active, thinking China policy. Clearly, at present at least, the Indian government is too preoccupied by internal dissensions and problems for it to pay full attention to foreign policy. That by itself is not unusual – China and the United States, the other major global powers, can be similarly distracted. But it is worrisome for New Delhi because it is India that has to bridge the gap with China (and the US) across a whole spectrum of national capabilities.

Meanwhile, the rapid improvement in Indo-US relations in the last decade and more (leading to some considerable Chinese discomfort) only highlights the large difference between the political capital New Delhi has invested in the Indo-US relationship and that it has invested in the bilateral relationship with China. Indeed, it would seem that the Indian government has outsourced China policy to the bureaucrats and the military.

Policy thus outsourced to bureaucrats – in the Indian system, the Home Ministry, intelligence services, Commerce Ministry and External Affairs Ministry – will tend to be driven by considerations of avoiding mistakes and defending the status quo rather than advancing new lines of thinking. The Indian military, too, despite years of counterinsurgency warfare and the acquisition of nuclear weapons, has yet to escape a conventional mindset when it comes to pursuing military goals vis-à-vis China. Thus, its thinking remains geared to the building of conventional military muscle – weapons and troop numbers – along the Line of Actual Control (LAC). Policy, where the Indian security apparatus is concerned, is driven by suspicion and planning for worst-case scenarios that mop up resources that might be better utilized elsewhere. As for the diplomats, they give the impression of being reactive, of responding – whether to China or to domestic concerns about China – only when compelled to.

Following the 2005 Agreement, there has hardly been any major policy initiative taken by India. Bureaucrats have argued that the relationship continues to progress 'steadily' with frequent high-level meetings in bilateral and multilateral forums. These, they note, have resulted in various agreements on economic cooperation, scientific exchanges and political cooperation such as at the 2009 climate change summit in Copenhagen and in forums such as BRICS or the Russia-India-China trilateral. This may be so, but the results are not visible either at the level of the public discourse or in a change of mindsets in the security

¹ Ministry of External Affairs, Government of India, "Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question," 11 April 2005, <http://mea.gov.in/treatiesagreement/2005/11ta1104200501.htm>

² For a break-up of goods traded between India and China, see Embassy of India, Beijing, "Trade & Commercial Relations," *India-China Bilateral Relations*, <http://www.indianembassy.org.cn/DynamicContent.aspx?MenuId=3&SubMenuId=0>.

establishment. What is more, Indian public discourse, driven by a sensationalist media, has been dominated by alleged Chinese border incursions, the stapling or outright denial of visas with respect to Kashmiris and Arunachalis (who come from areas disputed by Beijing), and the alleged Chinese diversion of rivers flowing into India.

This is not surprising since both the making of good policy decisions and their communication to the citizenry require direction and forward thinking that in a democratic

system must and should only be provided by the political class. Neither the bureaucrats nor the military men can be expected to invest the resources required to studying and interpreting Chinese insecurities and military motives more thoroughly without such direction; nor is it their responsibility to convince the public. Further, given the often opaque nature of decision making in the Indian bureaucratic and military systems, such lack of political attention also leaves the door open to lobbying and corruption.

POLICY RECOMMENDATIONS

A sustainable and effective Indian policy towards China will seek to address not just its physical security against war and conflict but also its political interests in the form of its adherence to democratic values and responsibilities. Add to these economic interests that include an equitable world economic order and a constantly improving quality of life for its people. How can these interests be achieved in and through the relationship with China?

Political Interests

Invest in China Scholarship – India will have to develop its own expertise and viewpoints on China instead of relying only on Western sources and perspectives. The pool of Indian scholarship and expertise on China remains shallow and thoroughly inadequate to fulfil the needs of any substantive and multifaceted relationship between the two countries. While centres for the study of China are increasingly being established around India, whether in think tanks or in universities – and often with support from the government – the mere proliferation of such centres does not necessarily mean the production of good analyses of China.

For one, this expansion is not an organized, coordinated process at the national level. Most of India's long-standing institutions devoted to China studies are so structured that they are unable to produce Chinese language speakers who are simultaneously well-versed in the social sciences including political and military studies. Nor are they able to train strategic analysts who have more than a passing familiarity with China's domestic conditions.

Two, the various arms of government remain largely reluctant to acknowledge that their institutional fount of expertise on China is limited. Even though government support for the above-mentioned centres is increasing, it remains tentative and subject to bureaucratic delays and politics. Further, it is not clear that the government actually listens to advice proffered from outside its four walls. And it certainly does not offer enough to the Indian academic and strategic community by way of critical inputs for

the creation of good policy advice, for instance through regular public briefings by senior government officials specifically highlighting its own views and assessments of political trends in China. This insularity must change. The government should also give up its blinkered policy of classifying official documents as secret for several decades on end or not releasing some at all.

Calibrate the Relationship with the US – India and the United States share common political values and these should form an important aspect of both their bilateral relationship and India's global political strategy in general. But New Delhi must not overplay the US card. Its China policy must be sensitive to the threat that Beijing perceives from the US both in terms of the latter's ideology and value systems and of its fears of being strategically contained. Specifically, India must be careful in how it engages in multilateral military partnerships that involve both China's neighbours and the US. These should avoid any issue that can give Beijing cause for complaint such as, say, military exercises in disputed waters.

This is not to say that India cannot have an ideological agenda with respect to China or that it is not a legitimate Indian interest to ensure that China does not emerge as an irresponsible or threatening power. Indeed, India must have such an agenda, but it can and must distinguish itself from the US in finding its own way to inspire democratic change and reforms in its neighbourhood and elsewhere. As a developing country, it is only by the power of its own example as a successful democracy that it can inspire democratic change elsewhere.

Develop Sub-regional Cooperation – India must collaborate in China's endeavour to create a stable and peaceful periphery. In Tibet – which is really at the heart of the Sino-Indian boundary dispute – Chinese policies have relied heavily on creating economic development to stabilize the region. However, no amount of economic development can ameliorate the sense of religious and cultural siege that Tibetans feel. The Chinese are right to think that India is an important influence on the Tibet

question, but wrong to base it on India's sheltering of the Dalai Lama and the Tibetan government-in-exile. Rather, India is important because it is only the revival of Tibet's economic and cultural linkages with its southern neighbour that can help address dissatisfaction there.

Despite the boundary dispute, the two countries could further develop border trade without necessarily prejudicing their respective positions on the dispute. Interactions across the LAC can also expand to include tourism, cultural exchanges and religious pilgrimages as well as cooperative mechanisms to deal with issues of water-sharing, environmental protection and wildlife conservation. Importantly, such interactions need not be driven so much by the central governments sitting in New Delhi and Beijing as by local governments along their common border and can expand to involve their smaller neighbouring countries. In this latter regard, the central government in New Delhi could provide more encouragement to such initiatives as the BCIM (Bangladesh-China-India-Myanmar) Regional Cooperation Forum and BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation). This could include support to participation by state governments in Northeast India in these groupings. Both initiatives can also be useful in helping along the process of incremental reform adopted by the Myanmar government.



Security Interests

Improve the Content of Military Relations with China³

– India must continue, even pick up the speed of, its military modernization and infrastructure build-up along the LAC. However, modernization must also incorporate a change in mindsets to deal with both Chinese strengths and weaknesses. This will require substantially enhanced expertise in the languages, politics and foreign policy goals of China than is available with the Indian military at the moment. It will also need a willingness to go beyond hearing what the Indian military prefers to hear, which happens to fit with both its current corporate interests and perceptions of China.

Bilateral defence cooperation must become more frequent and encompass interactions also at the middle- and junior-officer levels. The two militaries need to develop a culture of cooperation and joint operations. Humanitarian and disaster relief and United Nations peacekeeping operations are particularly good opportunities as they allow possibilities for cooperation and coordination across all three services.

Cooperate on Non-Traditional Security Issues – Asia is particularly vulnerable to a host of non-traditional security threats in the form of the narcotics trade, human trafficking, illegal migration, pandemics, arms smuggling, and so on. Many issues such as environmental degradation or food insecurity are localized in terms of origin and impact while others, such as diseases, can originate in one area and quickly spread across borders.

Therefore, non-traditional security issues also provide an opportunity for both enhanced Sino-Indian bilateral cooperation and greater local government involvement in such cooperation. Further, nearly all the non-traditional security issues mentioned so far connect a wide swath of territory from China's southwest to India's northeast through Myanmar, providing additional incentives for India and China to prioritize sub-regional cooperation.

Economic Interests

Develop Complex Interdependence – The Sino-Indian economic relationship must expand from being merely a trading relationship to one that also includes a free flow of investments, financial services, and related activity.⁴ It is only the complex interdependence thus produced that can make conflict between them costly for both. Non-tariff barriers in the form of opaque and unfair laws or targeting on the basis of 'security' considerations must therefore be urgently tackled. This will require a mindset change in the Indian security apparatus, another area, therefore, where strong political direction is needed.

The annual Sino-Indian Strategic Economic Dialogue is a useful forum to address such issues. But achieving positive results will require a greater frequency of interactions that crosses inter-ministerial and inter-departmental barriers within each country and includes private sector actors. The September 2011 decision by India to allow its companies to avail of loans in Chinese renminbi and the March 2012 Delhi BRICS Summit decision to allow trade in local currencies are steps in the right direction. These allow Indian and Chinese companies to reduce the cost of their borrowings and builds up interest in them to do business with each other and to consider each other's markets more carefully as alternatives or additions to Western economies.

³ For the highlights of India-China defence cooperation, see Table 2 at the end of this document.

⁴ For information on Sino-Indian bilateral investment and agreements, and about Indian and Chinese companies operating in each other's territory, see, Embassy of India, Beijing, "Trade & Commercial Relations," *India-China Bilateral Relations*, <http://www.indianembassy.org.cn/DynamicContent.aspx?MenuId=3&SubMenuId=0>.

Jointly Develop Renewable Energy Sources –

Future possibilities for joint economic cooperation and development include the development of cutting edge technologies, especially in renewable energy. While there has been much talk of such cooperation, especially in Track-II forums, language and cultural barriers and differences in the work culture of scientific and research institutions in the two countries need to be addressed. For example, in the case of the nuclear and space industries, the balance between the civilian and the military in terms of national priorities, administration and commercial interests is different in both countries. Further, despite cooperation at the Copenhagen climate change summit in 2009, India is clearly a substantially smaller polluter today than China is and therefore cannot be bracketed with the same level of responsibilities as China.

Nevertheless, as two of the fastest growing economies and with ever increasing carbon footprints, it makes sense for India and China to cooperate in developing green and sustainable energy resources. The two countries must note that such forms of cooperation will increase their levels of interdependence and constitute a development of positive strategic consequences for their relationship. Further, as they are leaders of the developing world, such collaboration offers not just a model of cooperation but also provides poorer economies with greater and more equitable access to the technologies needed for sustainable economic development. Not only can India and China develop products jointly, they can also cooperate in creating markets and innovative financing mechanisms in the Third World.

CONCLUSION

Given the shortfall in its capabilities and the objective realities of the regional and global orders, India cannot adopt the often confrontational ways of either the US or China in achieving its global aspirations. At the same time, India's China policy must also acknowledge the political and ideational challenges that China poses apart from the economic and military ones. India's China policy, and indeed its foreign policy, must therefore be based on its ability to showcase a successful model of economic growth that lifts its many millions out of poverty while simultaneously adhering to the democratic principles enshrined in its Constitution. Such an approach will also demand that India's China policy is based on interactions with and support from a citizenry well-informed and knowledgeable about China. It is only these steps that can form the basis of a sustainable Indian rise to global power status.



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Table 2

Some Key Sino-Indian Bilateral Defence Interactions since signing of “Agreement between the Government of the Republic of India and the Government of the People’s Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question,” 11 April 2005

YEAR	Indian Senior Officials visits to China	Chinese Senior Officials visits to India	Other Interactions
2005		May - Gen. Liang Guanglie, Chief of General Staff, PLA and Member, Central Military Commission	May-June - Indian Army expedition to Mt. Everest, summit from Tibet, China December - 2 nd Sino-Indian joint naval exercises, Kochi, India

YEAR	Indian Senior Officials visits to China	Chinese Senior Officials visits to India	Other Interactions
2006	February - Lt. Gen. Arvind Sharma, GoC-in-C Eastern Command, Indian Army May-June - Pranab Mukherjee, Indian Defence Minister	October - Gen. Qiao Qingchen, Chief, PLA Air Force	May - Indian Army expedition to Mt. Cho Oyu, Tibet, China
2007	May - Gen. JJ Singh, Chief, Indian Army and Chairman, Chiefs of Staff Committee (COSC)		April - Indian naval ships goodwill visit, Qingdao, China November - 1 st Annual Defence Dialogue, Beijing December - 1 st Hand-in-Hand Joint Army Training Exercise in Counter-terrorism, Yunnan, China
2008	November - Air Chief Marshal FH Major, Chief, Indian Air Force	November - Adm. Wu Shengli, Chief, PLA Navy	November - Indian Air Force aerobatics team participates 7 th International Aviation and Aerospace Exhibition, Zhuhai, China December - 2 nd Hand-in-Hand Joint Army Training Exercise in Counter-terrorism, Karnataka, India December - 2 nd Annual Defence Dialogue, New Delhi
2009	April - Adm. Sureesh Mehta, Chief, Indian Navy and Chairman, COSC August-September - Lt. Gen. VK Singh, GoC-in-C Eastern Command, Indian Army	August - delegation from PLA Air Force Command College led by Maj. Gen. Wang Yisheng, Deputy Chief of Staff, PLA Air Force December - Gen. Ge Zhenfeng, Deputy Chief of General Staff, PLA December - Lt. Gen. Shu Yutai, Commander of Lhasa Military Area Command, PLA	April - Indian naval ships participate in PLA Navy's 60 th Anniversary International Fleet Review, Qingdao, China
2010			January - 3 rd Annual Defence Dialogue, Beijing
2011	June - Maj. Gen. Gurmit Singh, Northern Command, Indian Army	November - Lt. Gen. Lang Youliang, Political Commissar, Tibet Provincial Military Command December - 27-member PLA Staff Officers delegation headed by Maj. Gen. Jin Lecheng, Deputy Commander, Shanxi Provincial Military Command	December - 4 th Annual Defence Dialogue, New Delhi
2012 (until March)	January - 15-member Indian Staff Officers delegation led by Air Vice Marshal PS Mann		

Sources: Compiled from Embassy of India, Beijing, "Defense Relations," *India-China Bilateral Relations*, <http://www.indianembassy.org.cn/DynamicContent.aspx?MenuId=5&SubMenuId=0> ; and Government of India, Ministry of Defence, *Annual Report*, various years.

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