



**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**
A Graduate School of Nanyang Technological University

RSIS COMMENTARIES

RSIS Commentaries are intended to provide timely and, where appropriate, policy relevant background and analysis of contemporary developments. The views of the authors are their own and do not represent the official position of the S.Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS. Due recognition must be given to the author or authors and RSIS. Please email: RSISPublication@ntu.edu.sg or call (+65) 6790 6982 to speak to the Editor RSIS Commentaries, Yang Razali Kassim.

No. 174/2010 dated 20 December 2010

Sino-Indian Relations: Growing Yet Fragile

By C. Raja Mohan

Synopsis

The visit of Chinese premier Wen Jiabao to India has reinforced rather than resolve a paradox that has taken hold of Sino-Indian relations—growing political fragility despite the increasing economic engagement. China and India remain deeply divided over the critical issues of territorial sovereignty, regional security and global governance.

Commentary

TRAVELLING TO Delhi in mid December 2010, the Chinese premier Wen Jiabao had reasons to be pleased with the Sino-Indian relationship: it has expanded substantially since he was there last in 2005. Wen might also have discovered that it is not easy to bridge the deepening political divergence between the two countries on a range of issues including territorial sovereignty, regional security, and global governance. India had set much store in Wen, who has taken ownership in Beijing for the relationship with India, to address and resolve the many political issues that had begun to complicate bilateral ties in the last couple of years.

Undercurrents of Trouble

Wen's visit to India in 2005 was arguably the most substantive political exchange between the two countries. That visit produced the only negotiated document between the two sides on the boundary dispute that has hobbled bilateral relations during the last 60 years. In that year, Wen and the Indian prime minister Manmohan Singh also unveiled the aspiration to build a strategic partnership between the two countries. Wen's visit generated a rare optimism in Sino-Indian relations and intense phase of all-round engagement between the two nations.

But by 2008, new strains in the relationship were plain to see. The boundary negotiations stalled amidst squabbling over the interpretation of the 2005 agreement on the guiding principles for the settlement of the boundary dispute.

China objected to the Indo-US civil nuclear initiative and launched an effort to provide a matching deal for Pakistan; Beijing came in the way of India's search for a permanent seat on the United Nations Security Council.

China began to raise the ante on the boundary dispute in both Arunachal Pradesh in the eastern reaches of their frontier and Jammu & Kashmir on the West. Talk of an armed confrontation became common as both

sides stepped up their military activity all along their contested boundary. As bilateral ties headed south, it was Wen who stepped in to bring a measure of calm. In his two meetings with Prime Minister Singh at the end of 2009 on the margins of multilateral conferences in Bangkok and Copenhagen, Wen sought to arrest the slide.

MixedResults

Fixed at a relatively short notice, Wen's visit raised hopes in Delhi that the spirit of 2005 in bilateral relations could be revived. The results, however, have been mixed. The main issue in the run up to Wen's visit has been the strong Indian reaction to China's practice of issuing stapled visas to the Indian citizens from Jammu and Kashmir. India suspended military exchanges in September 2010. A couple of months later, the Indian foreign minister S.M. Krishna told his Chinese counterpart, Yang Jiechi, that Delhi expects Beijing to show sensitivity to Indian concerns on territorial sovereignty in Kashmir. Krishna also reminded Yang that India has shown respect for Chinese sovereignty over Tibet and Taiwan.

The Indian decision to equate Tibet and Kashmir did get Beijing's attention. At the end of their meeting, Wen and Singh issued a joint communiqué that did not mention either Kashmir or Tibet. Instead both sides agreed to show "mutual respect and sensitivity for each other's concerns and aspirations". The absence of a traditional reference to India's 'One China' policy in the joint statement underlines the fact that the linkage between Kashmir and Tibet is unlikely to go away anytime soon. Wen apparently reassured Singh of the Chinese commitment to sort out the issue of stapled visas in a dialogue between officials in the near future.

On the question of terrorism -- another major concern for India -- the joint statement fell well short of the clear and unambiguous demands from other great powers that Pakistan should shut down terrorist operations on its soil. Wen's unwillingness to support the Indian demand for speedy justice to those in Pakistan who plotted the terror attack on Mumbai at the end of November 2008 has only reinforced the deep-seated Indian concerns about the nature of Sino-Pak strategic partnership.

On India's aspirations to become a permanent member of the United Nations Security Council, Wen did not advance Beijing's position beyond the proposition that it understands "India's aspirations to play a larger role in the United Nations".

BoomingTrade

Meanwhile the news from the economic front during Wen's visit to Delhi was more encouraging. Dr. Singh and Wen have now set a target of US\$ 100 billion for bilateral trade in 2015. This is by no means ambitious. At the current rates of growth — about 40 per cent -- that landmark might be reached within the next couple of years. India's concern, however, is not about volume but the structure of the bilateral trade that is utterly skewed in favour of China. In 2010, out of a bilateral trade of US\$ 60 billion, the deficit in Beijing's favour is about US \$20 billion.

On his part, Wen has promised to facilitate better market access to Indian goods and services. More broadly, Wen's visit has resulted in a number of agreements — from cooperation in green technologies to banking and from maritime security to the launch of a strategic economic dialogue. Wen's visit to India might have helped pause the recent downward slide in Sino-Indian ties. Wen and Singh, however, have much work to do to overcome the political fragility of their expanding economic engagement.

C. Raja Mohan is Adjunct Professor of South Asian Studies at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University and Strategic Affairs Editor of The Indian Express, New Delhi.