

# Indian prime minister's visit to China seeks to boost bilateral ties, but tensions persist

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Manmohan Singh, India's prime minister since May 2004, made his first official visit to China from January 13 to 15. At the conclusion of the visit, Singh declared, "I have made it clear to the Chinese leadership that India is not part of any so-called 'contain China' effort."

Singh's statement and his visit as a whole were an attempt to allay Chinese fears over India's pursuit of a "strategic partnership" with Washington. A second and related objective was to facilitate increased trade and investment ties between Asia's two "emerging powers."

The Bush administration and Singh's Congress Party-led United Progressive Alliance government have invested enormous energy and political capital in reaching a civilian nuclear treaty. If approved by the International Atomic Energy Agency and the Nuclear Suppliers Group, this treaty would give India a unique status within the world nuclear regulatory regime, as a state that has developed nuclear weapons in defiance of the nuclear non-proliferation rules established by the great powers, but is nevertheless allowed to purchase advanced civilian nuclear technology.

The Bush administration has touted the nuclear treaty as a means for the US to assist India in becoming a "world power" and described the proposed Indo-US "world strategic partnership" as among the two or three most important alliances that the US will have in coming decades.

Alongside the work to negotiate and bring into force the nuclear treaty, the Bush administration and the UPA government have presided over a major expansion of Indo-US military ties. To the consternation of Beijing, India participated last September in a naval exercise in the Bay of Bengal that brought together US, Japanese and Australian forces. Washington has made no secret of the fact that it hopes India will ultimately join a quadrilateral military-security alliance led by the US that includes Japan and Australia, its closest allies in the Asian-Pacific region since World War II.

The UPA government is highly conscious of US ambitions to ensnare India in a dependent relationship and of the anxieties this is causing both Russia—with which India

enjoyed close relations during the Cold War and which remains a vital military supplier and ally—and China. Thus far, New Delhi has attempted to straddle the developing fault-lines in world geo-politics, hoping to take advantage of its current status as a state whose support is actively being courted by the world's major powers. Thus, India has obtained observer status in the Beijing-Moscow-led Shanghai Cooperation Organisation, while pursuing closer ties with the US, European Union, and Japan.

China, for its part, has been cautious not to antagonise India. Beijing has expressed concern over the Indo-US civilian nuclear treaty and made clear that it would look very unkindly to India formally linking up with the US, Japan and Australia in a military-defence pact. But it has also sought to woo India. When Chinese President Hu Jintao visited India in November 2006, he offered a dramatic increase in bilateral relations, including a greatly enhanced economic partnership, military exchanges, and civilian nuclear cooperation. (See "China woos India to parry US containment strategy")

During his visit to Beijing this month, Singh and his Chinese counterpart, Wen Jiabao, signed a seven-page document aimed at promoting closer ties between the two countries, including increased trade, enhanced military and "anti-terrorism" cooperation, and joint climate and energy initiatives. The statement spoke of the "positive influence on the future of the international system" that "China-India friendship and common development will have."

Indian and Chinese officials signed a further 10 agreements during Singh's visit covering cooperation between the two countries in a host of areas including railways, housing, poverty mitigation, rural development, land administration, agriculture and the promotion of culture and traditional medicine.

The two countries stressed the importance of their burgeoning economic ties as a means of cementing their partnership. Said Singh, "We recognised that our strategic and cooperative partnership should be based on strong, diversified and mutually beneficial economic ties."

India-Chinese trade has grown extremely rapidly, albeit from a very slender base. During Singh's visit, it was agreed that the two countries would increase their bilateral trade target from US\$40 billion by the year 2010 to US\$60 billion. The US\$40 billion target, which had been set when Hu visited India in November 2006, was nearly achieved in 2007.

But the explosion in trade has not been without frictions. Before Singh left for China, he was barraged with calls from Indian business not to proceed with a free trade agreement with China or even further rapid trade liberalisation. India's corporate elite pointed to the fact that India now has a US\$9 billion annual trade deficit with China. Taking heed of Indian concerns, Chinese commerce minister Chen Deming assured his Indian counterpart, Kamal Nath, that China would take steps to increase imports from India, including sending frequent buying missions to India.

Trade frictions aside, the more the two countries' economies grow, the more they find themselves competing for oil, natural gas, and other resources.

Last month, the armies of the two countries held their first-ever joint military exercise in Kumming, China. Singh told a press conference during his China trip, "[W]e have agreed to continue deepening the mutual understanding and trust between our armed forces. We welcomed the successful conclusion of our first joint military training exercise, and agreed to have a second exercise in India this year."

The two states have agreed to place a priority on military-security cooperation in the area of "anti-terrorism." India has cast the longstanding conflict in Kashmir as part of the "war on terror" and Beijing has declared its own "war on terror" against separatist groups based among Muslim minorities in its Xinjiang province.

Singh and his Chinese hosts vowed to press forward with negotiations aimed at resolving the border dispute between the two countries that led to a brief war in 1962, but little if any progress was made.

The Indian prime minister tried to use his visit to secure Beijing's support for India's nuclear deal with the US, offering among other things to develop civilian nuclear trade with China. On the last day of his visit, Singh declared, "India seeks international co-operation in the field of civilian nuclear energy, including with China."

Later, while en route to India, Singh told the media that while China was interested in civilian nuclear cooperation, it refused to say whether it would endorse the Indo-US nuclear treaty at the Nuclear Suppliers Group (NSG), "I cannot say I have got a firm, definite answer but my own feeling is that the relationship of trust and confidence is now establishing, and we are succeeding in that. When the issue comes before relevant agencies, I do not think China will be an obstacle. I

can't say I have an assurance today."

The NSG functions by the rule of unanimity, meaning China's support is essential if the Indo-US civilian nuclear deal is to come into force. But there is a second reason Singh is anxious to secure Beijing's backing. Its support would, he calculates, help persuade the Stalinist Communist Party of India (Marxist)-led Left Front to drop its opposition to the deal. Singh's UPA government is dependent on the Left Front's support for its parliamentary majority.

India has also been trying to get China to endorse its bid for a permanent seat in the UN Security Council. However, on that matter, Beijing also refused to be pinned down. It only expressed its support for Security Council "reform."

Despite their mutual attempt to foster closer ties, relations between New Delhi and Beijing remain fraught with tension, rivalry and mutual suspicion.

Chinese and Indian officials have repeatedly claimed that there is enough space for both to grow without conflicting with one another. But already they find themselves jockeying for influence in Central, South and Southeast Asia. New Delhi is especially nervous about China's growing influence in what it considers to be its region of dominance, South Asia. For decades, Beijing has had close ties to Pakistan, and it has begun to expand its presence in Sri Lanka and Bangladesh. Indo-Chinese rivalry is especially apparent in oil- and natural gas-rich Burma.

While India has been aggressively seeking closer economic ties with China, it remains wary of Chinese investment in many areas, including ports, telecom, and even some sectors of manufacturing. Seema Desai, an analyst at the London-based Eurasia Group noted in a report on January 14, "India has national security guidelines in place for screening FDI [foreign direct investment] proposals, and a number of proposed investments from China—for instance, by telecom companies Huawei Technologies and ZTE—have been blocked."



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