

China's president visits India in bid to counter US "pivot"

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Chinese president Xi Jinping urged India's new Bharatiya Janata Party-led government to work with him in taking Sino-Indian relations to a "new level" during a three-day visit to India last week.

But Indian prime minister Narendra Modi was very selective in accepting Chinese offers of increased bilateral cooperation. Modi and his government focused the talks on three issues: securing new Chinese investment in India, especially infrastructure projects; measures to boost China's Indian imports and thereby reduce India's gaping trade deficit with its northern neighbor; and the urgency of the two countries' resolving their longstanding border dispute.

To the dismay of Xi and his entourage, the latter issue came to cast a large shadow over the Chinese president's visit, when Indian media amplified India government claims of a Chinese army incursion near Chumar in the disputed Ladakh/Aksai Chin region, which straddles India's northern and China's southwestern border.

Xi's visit to India began with his joining celebrations marking the 64th birthday of Indian prime minister Modi in his home state of Gujarat. It was the last leg in a South Asian tour that had earlier taken Xi to two strategic Indian Ocean states, the Maldives and Sri Lanka.

Xi's South Asian tour, and especially his September 17-19 visit to India, was aimed at countering the US-Japanese drive to strategically isolate and encircle China. Since Modi assumed office in May, both Washington and Tokyo have stepped up their efforts to tie India to their anti-China strategic agenda.

During Modi's trip to Japan in late August, New Delhi and Tokyo proclaimed a "Special Global Strategic Partnership."

Next week, the Obama administration will roll out the red carpet for Modi when he visits Washington. For the past decade, the US has aggressively courted India as the third pillar, alongside Japan and Australia, of its drive to contain and prepare for a military confrontation with China. Toward this end, Washington has encouraged and offered to assist India in expanding its military-strategic presence in the

Indian Ocean, Southeast Asia, the South China Sea and Central Asia. In the run-up to Modi's Washington visit, US officials have been seeking to nail down agreements under which the US will co-develop and co-produce advanced weapons systems with India, so as to further promote the integration of the two countries' militaries.

Beijing is acutely aware of the US-Japanese agenda for India and is desperate to thwart it. In recent months, Beijing has made numerous overtures to India, including touting the potential of a Modi-led BJP government to forge a close partnership with China. It has also effectively turned the "other cheek" when the BJP government has taken provocative anti-China steps, such as inviting the head of the Tibetan government-in-exile to attend Modi's inauguration.

Xi sought to use his India visit to convince New Delhi that it can profit significantly from enhanced ties with Beijing.

He committed China to invest US\$20 billion in Indian infrastructure, especially railways and industrial parks, over the next five years and to work to boost bilateral trade from US\$65.5 billion in 2013 to US\$100 billion by 2015.

India-China trade has grown more than 20 times since 2000, and China is now India's largest single trade partner, but the trade flows are heavily in China's favor. In 2013, India incurred a US\$30 billion deficit in its trade with China.

Xi promised that Beijing will work to remove obstacles to imports from India, particularly of agricultural products and pharmaceuticals, an industry in which India is a world leader.

Were China to make good on its pledge of US\$20 billion in infrastructure investment over the next five years, it would represent a sea change in Sino-Indian economic ties and constitute a significant shot in the arm for an Indian elite desperate for increased foreign investment to boost India's flagging economy. But sections of the Indian media complained that this was less than what Japan promised last month (US\$35 billion over five years) and substantially less than what some Chinese officials had indicated would be on offer in the weeks prior to Xi's visit.

Since 2000, Chinese companies have invested just US\$400

million in India. Beijing argues that this is in part because Indian officials, citing security concerns, have placed obstacles in the way of Chinese investment, particularly in infrastructure projects. The Modi government has now pledged to take steps to facilitate Chinese investment, although nothing like the arrangement it has made with Japan where two Japanese officials will be appointed to a special branch of Modi's Prime Minister's Office devoted to expediting Japanese investments.

Xi invited India to play a leading role in its "Maritime Silk Road"—a project that involves Beijing building or helping to build port and other transport facilities in South and Southeast Asia so as to secure its strategic access to energy and other raw materials and boost trade. But Modi poured cold water on the idea.

US strategic analysts have accused China of seeking through this project, which they previously dubbed "the string of pearls," to lay the groundwork for a large military presence in the Indian Ocean region. These claims have been echoed by the much of India's military-security establishment.

Strategic issues undoubtedly are a factor in New Delhi's reluctance to support the Maritime Silk Road. But there is also the calculation that China, which has a much bigger economy and enjoys a large advance over India in infrastructure and foreign investment, is much better poised to benefit from the project.

Xi also tried to convince his Indian interlocutors that a stronger partnership could boost India on the world stage, including in winning greater influence in international forums like the IMF. "Both China and India," declared Xi, "are influential countries in the world. When our two nations speak with one voice, the whole world will listen attentively." Xi pledged China's support for India's full membership in the Shanghai Cooperation Organization (SCO), a regional alliance led by China and Russia that was set up to counter the US's aggressive moves against Beijing and Moscow in Asia. Currently, India has observer status in the SCO.

Beijing has trumpeted Xi's visit as a major success, but it clearly failed to achieve its stated objective of "taking Sino-India relations to a new level," let alone its real purpose of blocking India from aligning more closely and fully with the US and Japan.

New Delhi recognizes Beijing's strategic predicament. Its response to Xi's visit shows that it calculates it can pick and choose from whatever inducements Beijing offers and has considerable latitude to otherwise aggressively pursue its economic and strategic interests.

On the eve of Xi's visit, Indian president Pranab Mukherjee travelled to Hanoi and signed a series of

agreements for Indo-Vietnamese defense cooperation and off-shore oil exploration in areas of the South China Sea that China claims as its territory.

Modi, in the run-up to his summit with Xi, squarely placed the issue of India's border dispute with China on the agenda—an indication New Delhi believes it can exploit Beijing's fears of strategic encirclement.

And on the first day of their meeting, he forcefully raised the issue, extracting a promise from Xi that the Chinese troops India had accused of crossing into Indian-held territory near Chumar would be immediately withdrawn.

But on Thursday, India's media—clearly based on leaks from sections of the military-security establishment opposed to any warming of relations with China—charged that the withdrawal had been a ruse and Chinese troops had soon returned to their positions.

Xi was clearly taken aback by the furor and sought to downplay the incident. He noted that the alleged incursion had taken place in an area where there is no clearly demarcated Line of Actual Control. The Chinese president pleaded that the border issue not be "allowed to affect our bilateral relations" and insisted Beijing and New Delhi could resolve it at "an early date." Ultimately Modi and Xi vowed that they would make resolving the border dispute, which in 1962 led to a short border war, a "strategic issue."

The controversy over the Chumar incursion has continued into this week. On Monday, the Indian government withdrew clearance for Chinese newspaper editors to travel to Delhi this week to take part in a yearly India-China media dialogue, forcing the event's cancellation.



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