

Address by Foreign Secretary at ORF Conference on China
“India-China relations”
(1000 hrs, 3 December 2010)

Ambassador Rasgotra,
Ambassador Raghunath,
Distinguished invitees,
Representatives of the Media, Ladies and Gentlemen,

This year saw India and China celebrating the 60th anniversary of the establishment of diplomatic relations. A couple of weeks from now Premier Wen Jiabao will be India and will participate in the closing ceremony of the Festival of China in India which will bring to a close the calendar of activities organized in both China and India to commemorate this occasion. Sixty years is a short period of time in the relations of two countries whose ties date back many millennia. Ours has always been a broader engagement that took place between our peoples. Throughout history, scholars and pilgrims, traders and travellers, who “mortgaged their lives for pilgrimage” in the words of the renowned Chinese Indologist Ji Xianlin, engaged in a traffic of ideas between the two countries. The Buddhism that travelled from India to China was successfully Sinicised and survived in China as it found a place in the heart and soul of the people. It is in the context of our historical and popular relationship that we must always view and evaluate our contemporary relationship. Indeed, this was the vision that inspired Rabindranath Tagore during his sojourns in China in the early decades of the 20th Century.

2. The six decades of the India-China relationship behind us have record that is chequered. We became arbiters of our national destinies from the date of India’s independence and China’s liberation in the late forties of the last century, inspiring many others in Asia and Africa to independence and the fruition of national goals to end colonialism and foreign domination. This was the time when India and China in a sense, rediscovered each other, understanding the potential of the synergy between two of the largest populated nations in the world on the global stage. The vision of our founding fathers is in many ways within our reach today as we regain our place in Asia and the world as leading global economies. The awareness and the “muffled footsteps” (to use Tagore’s phrase) of historical contact between the two peoples of India and China created the basis for our well-intentioned attempt in the fifties to build a new type of relationship based on

Panchasheela or the Five Principles of Peaceful Coexistence. It was an attempt which however faltered, telescoping into the troubled phase that enveloped our relationship in the sixties up until the mid seventies. The leadership in both our countries understood the untenability of any sustained estrangement between us. The last three decades have been marked by well-intentioned efforts of exploration towards establishing the framework of a stable, peaceful, productive, and multi-sectoral relationship between India and China. Contradictions are sought to be managed, and our differences have not prevented an expanding bilateral engagement and building on congruence. There are elements of cooperation and competition that form the warp and weft of our relationship. I propose to speak to you in some detail about the specifics of this engagement.

3. There are both challenges that the relationship confronts us with and also there are opportunities before it. As our Prime Minister has said, India and China will continue to grow, simultaneously, and our policies will have to cater to this emerging reality. For India, the situation is complex since China is not only our largest neighbour but also because China is today a major power in the world both from the traditional geo-political point of view and the more current geo-economic point of view. In the world of today, China is a factor in several equations and therefore it is intellectually satisfying to see that scholarship in India is increasingly dedicated to looking more closely at all facets of China. As a nation, we should encourage more efforts to accelerate this intellectual drive to understand China.

4. I personally have had an almost three decades-old relationship with China, both in our Foreign Office while handling relations with China and thereafter when I was privileged to represent my country as India's Ambassador to China. In this period, I have witnessed the transformation that economic growth and development have helped to achieve in both countries. I made my first trip to China in the company of an Indian film delegation in the spring of 1986. We travelled to Beijing, Shanghai, Chongqing and Guangzhou. City streets swarmed with people on bicycles, and we flew in to the various places on our itinerary within China in planes that seemed ancient compared to what we had in India. There were no luxury hotels worth speaking of although economic reform had become the buzz-word. The countryside had begun to be magnetized by town and village enterprises which were elevating living standards among farmers and peasants. The trip had receded into the recesses of my memory until I saw a photograph in a recent publication of China Radio International

which showed two young women – the actor Shabana Azmi and myself - standing outside a palace in the Forbidden City on a rather blustery spring day in 1986! That first trip was followed by many more, the most significant such visit being when I was a member of the official delegation that accompanied Prime Minister Rajiv Gandhi to China in December 1988. That visit made a historic and crucially important contribution to the transformation of the India-China relationship.

5. China's rapid economic growth over the last three decades has been spectacular and riveting. It is now the second largest economy in the world with a GDP of roughly USD 5.5 trillion. Its people, particularly the youth, seem focused on improving their living standards in the quest for a prosperous future, and politics does not define their everyday. China has begun to deal in the currency of global power, and its economic success is impacting its foreign, defence and security policies. The appellation of assertiveness is frequently applied to China's profile in global affairs today. The question that I am always asked is whether our relationship with China will be one dominated by increasing competition for influence and for resources as our economic needs grow. I believe that neither of us has the luxury of seeing each other in antagonistic terms. The view that India and China are rivals to me is an over-generalization as well as over-simplification of a complex relationship which encompasses so many diverse issues. I believe the proposition of competition and rivalry should not be exaggerated in a manner that it overshadows our genuine attempts to manage and transact a rationally determined relationship between India and China. The reality is that India and China have worked hard over the last two decades to enhance dialogue in a number of fields and we must maintain and build on that trend.

6. It is true that divergences persist. There is no denying the fact that we have a disputed border. There are legacies as well as lessons bequeathed to us by history. This is a complex problem and the cartographies that define national identity are internalized in the minds of people in both countries. At the same time we are making a serious attempt at trying to arrive at a fair, reasonable and mutually acceptable solution to the boundary question as the recent fourteenth round of the Special Representatives talks will testify. The absence of a solution to the question is not due to lack of efforts but arises from the difficulty of the question, as any analyst in the audience can well appreciate.

7. What also needs to be appreciated is that the India-China boundary is one of the most peaceful of all borders. We have in place a well organized set of measures or what we call confidence building measures or CBMs to ensure peace and tranquility on the border. We are currently talking to each other on establishing more such mechanisms. There is maturity on both sides to understand the complexity of the issue and to insulate it from affecting our broader relationship. This policy on both sides I think has paid dividends and has contributed towards reducing the possibility of conflict. The dividend from this policy can be seen in other areas of our relationship.

8. Another issue of concern is the management of trans-border rivers. Many of the rivers nourishing the plains of Northern India and also areas in North-east India arise in the highlands of the Tibetan Autonomous Region and are a source of livelihood and sustenance for millions of our people. We are alert to reports of China damming trans-border rivers and have sought assurances from China that it will take no action to negatively affect the flow of the rivers into India, and so that our rights as the lower riparian are not adversely affected. China has assured us that the projects on the Brahmaputra are run-of-the-river projects and are not meant for storing or diverting water. We look forward to working closely with China in this critical area of environmental and livelihood security.

9. There is then the question of the China-Pakistan relationship. India firmly believes that a stable and prosperous Pakistan is in India's interest, and we are not against Pakistan's relations with other countries. While I agree that relationships between countries are not zero-sum games, we do not hesitate to stress our genuine concerns regarding some aspects of the China-Pakistan relationship particularly when it comes to China's role in POK, China's J&K policy and the Sino-Pak security and nuclear relationship. The need for mutual sensitivity to each other's concerns cannot be denied. The issue of giving stapled visas to Indian nationals from the state of Jammu and Kashmir arises in a similar context. We believe that the India-China relationship will grow even stronger as China shows more sensitivity on core issues that impinge on our sovereignty and territorial integrity. We hope this can be realized.

10. Our trade with China is growing faster than that with any other country and China is our largest trading partner in goods with trade likely to exceed US\$ 60 billion this year. There is also serious discussion between the two countries on correcting the trade imbalance and we would like to see more Indian goods and services entering the Chinese market. Many

Chinese companies are now well established in India and many Indian companies are also opening up in China. We in India have also worked to resolve hurdles that have sometimes been faced by Chinese companies to ensure a level playing field for all foreign investors. We also expect similar access to Chinese markets especially in the area of pharmaceuticals, IT, engineering goods, where our companies have often faced non-tariff and opaque barriers. Our bilateral investment relationship is also steadily growing. India is one of China's largest markets for project contracting. India needs an investment of US \$ 1 trillion during the next Five-Year Plan period in infrastructure. China is well positioned to participate in this process.

11. The results of our policy of engagement are manifest in many areas and are not limited to bilateral trade and investment alone. Over 7,000 Indian students study in China, and the CBSE is set to introduce Chinese in the curriculum of schools from the next academic session. India and China cooperate in multilateral forums and on global issues. We have established a practice of regular leadership visits and meetings that has resulted in high level political understanding and impetus for the relationship. This now sets the stage for us to actively consider together the next steps in the evolution of our bilateral relations; evolve a detailed framework for the resolution of the boundary issue in a manner that is politically feasible for both countries; and, seize the opportunities for cooperation that the domestic transformations of our economies and the evolving global situation have opened up. There is also an information gap that keeps our peoples from understanding each other better and which we need to bridge by concerted public diplomacy from both sides. There is much work to be done to improve perceptions within the media in both countries. Larger numbers of tourists need to be encouraged as also students and teachers.

12. The global trend towards multi-polarity and a more even distribution of power has been accelerated by the recent global economic crisis. While the immediate financial aspects of the crisis may have been addressed, its structural causes in terms of global imbalances remain unsolved. This provides an opportunity to India and China to work together on global issues. Our participation and consultations within the G-20 have shown the way in this regard. Similarly, we have partnered well in BASIC (for the climate change negotiations), and in the BRIC grouping of Brazil, India, Russia and China. We hope such cooperation will also be strengthened on the important issue of UN Reform and that we will be able to build common ground on the issue relating to the expansion of the Security Council and

India's interest in permanent membership. The two countries share common positions and approaches on several major international issues of long-term significance such as the environment and climate change, energy security, food security, reform of the global financial institutions, etc. In the immediate region in which both countries are located, Asia, as well, there is common ground between India and China on combating terrorism and extremism, enhancing maritime security, and on the need for a peaceful environment to permit the domestic economic growth and development of the two countries. An open, balanced and inclusive architecture to enable a transparent dialogue on these issues that concern security and stability in Asia is in the interest of both our countries.

13. As India and China continue to pursue their interests, and so long as their overwhelming preoccupation remains their domestic transformation, and both understand that this goal requires a peaceful periphery, it is my firm conviction that the elements of competition in the bilateral relationship can be managed and the elements of congruence can be built upon. As our interests get progressively more complex, the costs of any withdrawal from engagement will rise. I believe this is a big relationship with the clear possibility of an ambitious agenda of mutual engagement that will be one of the most important bilateral equations of our new century. It is in our interest to view it in a more wide-angled and high definition manner than ever before.
