

Major Steps Taken To Bolster Chinese-Indian Relations

by Ramtanu Maitra

A high-profile nine-day visit to India by China's Chairman of the National People's Congress and former Prime Minister, Li Peng, on Jan. 9-17, has increased the momentum for developing a comprehensive and effective relationship between the two most populous nations of Asia. As the region, and the world, listened carefully to the statements issued from Beijing and New Delhi during Li's visit, it became evident that both sides are keen to advance the relationship beyond "friendly relations."

While decades of mutual mistrust, fortified by the Cold War, will not evaporate in one trip, Li said: "We hope that the statesmen of our two countries will demonstrate the courage and will to make efforts to resolve the differences. . . . We believe that problems of this kind or another, including those left over from history, should not become impediments to the growth of bilateral relations."

Li Peng's visit, although scheduled months in advance, occurred at a very interesting time. It came as a new American President was in the process of picking his team for his four-year tenure, and a pall of gloom has descended in certain quarters in the United States over the possibility of a larger contraction of the U.S. economy in coming months. Such a contraction would have a massive impact on the economies of all nations, barring a handful.

Also framing the visit was Indian Prime Minister Atal Behari Vajpayee's visit to Vietnam and Indonesia, an exhibition of a new Indian interest to integrate itself with Southeast Asia (see article in this issue). This new-found confidence of India, along with China's aggressive diplomatic initiatives over the last five years, may well set the tone for Washington's Asia policy in the coming days. It is almost a certainty that the warming of Sino-Indian relations will not be watched passively in Washington and other Western capitals; on the contrary, efforts will most likely be made to arrest the process. Further, Li's visit took place at a time of uncertainties in U.S. relations with Russia and China, a circumstance which the warming of Sino-Indian relations could complicate.

According to C. Raja Mohan, a senior Indian analyst, informed sources suggest that Beijing is no longer averse to building greater political cooperation with India and Russia.

Beijing recently informed both New Delhi and Moscow, through diplomatic channels, that it was prepared to support a detailed discussion on triangular cooperation among scholars from the three countries. Although neither New Delhi, Moscow, nor Beijing would like to project the image of that triangular cooperation as directed against the United States, all three agree on the need for a more democratic world order.

Building Commercial and Political Ties

Li Peng was invited by the Speaker of the Indian Lok Sabha (lower house of parliament), G.C. Balayogi, and the Chinese leader came to India with a 120-member delegation. A large number of the delegates represented China's burgeoning industries and businesses. On the surface of it, the trip was designed to put in place added linkages between Chinese and Indian businesses and manufacturing facilities.

But, the trip was clearly designed to achieve more. During his meetings with Indian President K.R. Narayanan, who was once India's Ambassador to China, and External Affairs Minister Jaswant Singh, Li Peng discussed at length the unresolved and potentially volatile border issue. While both sides underscored the need to move forward the process of addressing the issue, Li Peng also asked both sides to be "patient." Nonetheless, the reading in New Delhi, is that both sides will initiate the boundary dialogue soon.

Veteran Indian columnist Shishir Gupta reported prior to Li Peng's arrival, that Li's talks in New Delhi would be aimed at promoting a better understanding between the two countries on the nuclear doctrine, a minimum nuclear deterrent, and other security-related matters. He also reported on an interview Li gave to a Chinese news agency before he left for India, in which the Chinese leader said: "I will be very much satisfied if my visit contributes in some way to its settlement." In his meeting with Prime Minister Vajpayee, both sides reportedly agreed to complete the process of clarification of the Line of Actual Control in their border region as soon as possible.

At the same time, Li Peng took pains to make clear to Indian leaders that China's relationship with Pakistan is not targeted against India, and that China has not provided nu-

FIGURE 1

South and Southeast Asian Transportation Corridors of the Eurasian Land-Bridge



clear weapons to Pakistan. China welcomed the initiatives of India and Pakistan to engage in talks to find a solution to the Kashmir dispute, and said that Beijing “would welcome any move that helps promote and relax tensions between the two countries.”

It is evident that Li Peng’s visit was not designed to remove all the disputes and difficulties that have haunted Sino-Indian relations for decades. It is not possible to remove the

problems without putting in place concrete bases on which the new relationship can be built and allowed to flourish. As a result, the Sino-Indian border dispute, India’s support to the Tibetans, China’s support to nuclear Pakistan, China’s dumping of cheap consumer goods on the Indian market, and other such disputes, were not resolved. But, to the satisfaction of both sides, an environment has been created in which all these problems can be discussed.

Why the Trip?

The more interesting aspect of Li Peng's trip is the timing. It is evident to China, in particular, as well to India and Russia, that an over-dependence on the Western economies, dominated by the United States, makes their domestic situation tenuous. Steady economic growth becomes impossible to sustain, and the economy becomes directed toward the export market. The downturn in the U.S. economy since last Summer, has added to the fillip in Sino-Indian relations.

In addition, as has been widely reported, Moscow has advocated lately that an economic system built around the strengths and potentials of China, India, and Russia, are substantial. A concerted effort to harness these forces can lead to an economic arrangement, which will make growth sustainable. India's recent foray into Southeast Asia indicated to both Beijing and Moscow that New Delhi has come out successfully from the doghouse, where it was dumped after it tested its nuclear weapons in 1998. Moreover, India, under Vajpayee, and even under earlier leaderships, has shown its capability to generate economic growth and move the economy forward. In other words, unlike what the Western analysts say, the warming of relations among China, India, and Russia is not a fall-out of the threat represented by the United States, but more likely because of the realization that it is a necessity, and because of the vast potential that these three countries possess.

Therefore, in the coming days, it is expected that China and India, while expediting the mechanisms which would eliminate the irritants that vex the relationship between the two countries, would forge broader economic and strategic agreements. In the international forums, such as the World Trade Organization, the International Monetary Fund and the World Bank, and the UN Security Council, India and China will be speaking with one voice, and will be pursuing policies which do not conflict with the other's interests.

This is what Li Peng meant when he said upon his arrival at the Indian port city of Mumbai (formerly Bombay), that he was in India to "enhance trust, boost friendship, and strengthen cooperation." He said, "I am looking forward to an extensive and candid exchanges of views with Indian leaders on bilateral relations and other issues of common interest."

The Great Leap Forward

While building trust and friendship between India and China is a priority, it is also time to concentrate on a long-term relationship among the three major nations—China, India, and Russia—which bridge Far East Asia to Europe, and encompass almost 60% of the world's population. It is to be also noted that the area harbors more than 1 billion poor—or, almost 16% of the world's entire population. To begin with, the Chinese and Indian leaders must set in motion the following:

- Both China and India are nuclear-weapons states and,

at the same time, energy-starved nations. A strong partnership must be developed to build up nuclear power for peaceful use in both the countries, and in those countries in the region which suffer a similar predicament.

- It is widely understood both in Beijing and New Delhi that an over-dependency on the U.S. economy and the U.S. market has made all of Asian finance and manufacturing facilities vulnerable. That the global financial crisis which broke out in Asia in 1997 was not an accident, and that it can happen again soon, is also acknowledged in Beijing and New Delhi. However, the international monetary system, and its destructive activities, have been allowed to grow and make the financial world even more vulnerable. Both India and China dread the situation, but it is time they put forward a plan for an international monetary system, which will enable the countries to develop and people to grow.

- India is a food-surplus nation despite the fact that India's agricultural productivity, except in Punjab, Haryana, western Uttar Pradesh, and a few pockets in other states, is moderate to low. On the other hand, China, with limited arable land—about 60% of India's—has high agricultural productivity. It is almost a certainty that China will become a regular rice importer, while India will remain self-sufficient, opening the potential for rice-for-oil trade deals, in which India exports rice for China's oil. Under the circumstances, it is imperative that India and China get into something like food-for-oil long-term bilateral arrangements. India needs more bilateral oil deals.

- China has become proficient in producing consumer goods for Western countries. That means, a small segment of its industries has absorbed the technology that the West has transferred. That technology has created a small-scale sector, which is productive, but manufactures goods exclusively for the Western markets, making it highly vulnerable to the ups and downs of the Western economies. Both China and India can use this technology, and import others, to strengthen its small-scale sectors. Strengthening the small-scale sectors and manufacturing products for domestic—as well as for export—consumption can create a massive industrial base.

- In the area of water management, both India and China have a great deal of expertise. And yet, vast tracts of lands in China, as well in India, suffer from chronic drought and annual vagaries of floods. The best of both the countries can help each other in working out transfer of surplus river basin water—a formidable task only to be tried by those who have the expertise and understanding. By bringing water to China's north and northwest, and India's south and west, the growth potential for both countries would virtually double. This would also ensure equitable development in the areas where people suffer economically because of lack, or abundance, of water.

- Central Asia, after years of Bolshevik control, is now a region where exploiters and fundamentalists are planning to

ravage the weak, independent nations. The region in question, is bounded by Russia and China, and not too distant from India. By developing the manpower, through technical and basic education, and rendering the population with skills while helping them to extract oil, gas, and other natural reserves, Russia, China, and India will stabilize a highly volatile region and improve the security situation immensely.

These are a handful of areas where the two great countries, which have finally shown an interest in taking responsibility for a vast region, can make effective contributions for decades to come. To paraphrase what Li Peng told an Indian audience at a New Delhi seminar, one hopes the statesmen of these two countries will demonstrate the courage and the will to change things.

India Prepares To Broaden Its Role In Southeast Asia

by Ramtanu Maitra

A nine-day trip by Indian Prime Minister Atal Behari Vajpayee to Vietnam and Indonesia on Jan. 7-15, for official state visits, has opened up prospects of a new level of partnership between India and the Southeast Asian nations. Looking forward to the strengthening of ties between India and the region, Vajpayee said that India recognizes “the challenges to the security of Asia stemming from terrorism, religious extremism, and subversion.”

Vajpayee’s trip took place against the backdrop of high-level meetings in India between Chinese and Indian leaders, and came less than two months following the visit of Indian External Affairs Minister Jaswant Singh to Laos. During his visit, Singh established the six-nation Mekong-Ganga Cooperation (MGC) group. The MGC will involve the member-countries in developing transport networks—in particular the “East-West Corridor” and the “Trans-Asian Highway”—under the rubric of transport and communication.

The MGC declaration also spelled out promotion of air services and rail links, as well as greater cooperation in science, technology, and human resource development. A section was also devoted to strengthening “cooperation in the development of information technology infrastructure and networks.”

New Initiatives

While the MGC declaration centered on broader regional developmental cooperation, Prime Minister Vajpayee set

about to establish strong trade and security ties with both Vietnam and Indonesia.

In Vietnam, the Indian Prime Minister, during his stay of three days, signed three agreements with his counterpart, Phan Van Khai, on cooperation in the nuclear field. Vajpayee said, “Science and technology, including frontier sciences, are the backbone of a modernizing society, and India is pleased to assist Vietnam in this direction. I am glad cooperation in the area of peaceful uses of nuclear energy is progressing well.”

The agreement reviewed visits of a number of Vietnamese scientists to India’s atomic energy facilities, and said that “the Indian scientists would continue to cooperate with the Vietnamese Atomic Energy Commission on the technical and functional aspects of the Dalat Nuclear Research Institute” in Vietnam.

It was evident from the outset of Prime Minister Vajpayee’s visit that India is eager to develop strong economic and security ties with Vietnam. Last March, during Indian Defense Minister George Fernandes’s visit to Vietnam, India had signed an agreement to repair and overhaul Russian-made MiG-21 and MiG-29 fighters of the Vietnamese Air Force, and provide necessary training to the Vietnamese pilots. India has also agreed to set up Vietnam’s defense industry, and to work out a joint defense production agreement.

Naval cooperation between the two countries has advanced significantly. Last year, an Indian naval squadron visited Ho Chi Minh City and an agreement was signed to facilitate repair, upgrading, and building of vessels for the Vietnamese Navy. Vietnam is keen to purchase Indian-made fast patrol boats to meet its extensive maritime interests.

At the same time, India’s state-owned Oil and Natural Gas Commission-Videsh (ONGC-Videsh), which is already present in Vietnam as a part of consortium with British Petroleum and Norway’s Statoil, signed a \$238 million joint venture with Vietnam’s Petroleum Investment and Development Company. India’s naval cooperation with Vietnam has been cited by an Indian authority as a necessary step to protect India’s oil exploration operations and transportation of oil back to India.

It was also revealed during the Indian Prime Minister’s stay in Vietnam, that Hanoi is training Indian soldiers in “jungle warfare.” Vajpayee said that it is an ongoing program, designed as part of fighting the security threats that India faces in its northeast.

In Jakarta, where the founder-members of the Non-Aligned Movement met to strengthen their ties in the post-Cold War period, five agreements were signed. Again, as it became apparent in the agreements signed in Vietnam, the security and naval cooperation between the two countries took precedence over other defense matters. The two sides agreed to share their experiences in defense management and policy, exchange military instructors, assist with the mainte-