



## Wen Jiabao's India visit: A Strategic Review

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January 7, 2011

## Summary

With Wen Jiabao's visit to India, both China and India celebrated the 60<sup>th</sup> anniversary of their diplomatic ties. The Chinese Premier's advocacy of grassroots interactions between the two ancient civilisations indicates the idealist sentiment that still informs India-China relations at some level. But the realist political parameters of this visit were restricted to the "good neighbours" rhetoric only. The Chinese Premier made no attempt to convince the Indian strategic community about the political issues that matter to New Delhi. The success of the visit was limited to strengthening links of economic diplomacy between the two Asian giants, ignoring the geo-political and strategic issues that act as de-stabilisers in Sino-Indian relations. Moreover, it is not clear as to what extent the visit inflected the overall discourse on Sino-Indian relations.

Premier Wen Jiabao's visit to India (15 to 17 December 2010) came at a time when the two countries are struggling to improve their tense relationship. Relations between the two countries have been strained recently over a range of issues like China's issue of stapled visas to residents of Jammu & Kashmir and Chinese construction activities in Pakistan-occupied Kashmir (PoK). Wen's visit provided an occasion for the two sides to rethink the current status of their relationship and reassess the contours and vitality of the relationship both in the bilateral and global context.

Both countries see trade and economic contacts as the main factor in their relationship. During Wen's visit the two sides signed a few economic and trade agreements. Wen Jiabao employed some uncharacteristically colourful language to reiterate Beijing's desire to forge a strong China-India relationship in a rapidly changing economic and geo-political landscape. The joint communiqué issued at the end of the visit suggested that bilateral relations have acquired a certain "global and strategic significance."<sup>1</sup> The communiqué approaches the relationship more in the global context, sidelining bilateral elements. The two countries failed to make any breakthrough on geo-strategic issues.

### **Wen's Visit and the importance of China and India**

Wen Jiabao visited India when the two countries' strategic spheres of influence have increased substantially. Both economies recovered well from the global financial crisis and are developing rapidly. China has eclipsed Japan as the world's second-largest economy and would be hosting the third BRIC summit in Beijing in early 2011. India for its part is taken somewhat seriously as a potential candidate for a permanent UN Security Council seat after the US President and the French President's open articulation in its favour.

During Wen's visit the two sides took several important decisions to keep the relationship, prone to volatility, on an even keel. This is in line with what he said on 1 April 2010 to the Indian Prime Minister: "... China-India relations are facing broad prospects of development. The Chinese government attaches great importance to its strategic and cooperative partnership with India ... enhances mutual understanding and trust and strengthens friendly exchanges and cooperation in all fields to serve the well-being of our two countries and peoples and contribute to peace and prosperity in Asia and the world." Rhetorically, the two sides agreed that as the two largest developing countries in the world, India and China shoulder important and historical responsibilities of ensuring their comprehensive and sustainable economic and social development and make a vital contribution to advancing peace, security and stability in Asia and the world at large. They underlined that their growing relationship offers increasing opportunities to advance

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<sup>1</sup> Joint Communiqué India China, 16 December, 2010, Ministry of External Affairs, at <http://www.mea.gov.in/mystart.php?id=100016879&pid=1921>

bilateral cooperation and that there is enough space in the world for the development of both countries and indeed, enough areas for them to cooperate. Reflecting this partnership, the two sides decided to establish the mechanism of regular exchange of views by opening a telephone hotline between the Prime Minister of India and the Chinese Premier and agreed on regular consultations between the two leaders on issues of importance to both countries. They also agreed to establish the mechanism of annual exchange of visits between the two Foreign Ministers.

## **Trade and Economy**

The two sides agreed to establish a Strategic Economic Dialogue and an India-China CEOs Forum to enhance macroeconomic policy coordination, to promote exchanges and interactions and join hands to address issues and challenges in economic development and to enhance cooperation. The bilateral trade target has been set at US \$100 billion by 2015. This includes support for Indian participation in China's national and regional trade fairs, advancing of trade facilitation, enhancing exchange and cooperation of pharmaceutical supervision, stronger relationships between Chinese enterprises and the Indian IT industry, and speedier completion of phyto-sanitary negotiations on agricultural products. The two countries have also signed some fifty deals in power, telecommunications, steel, wind energy, food and marine products worth \$16 billion, and have also agreed to take measures to promote greater Indian exports to China with a view to reducing India's trade deficit. A memorandum of understanding (MoU) was concluded between the Reserve Bank of India and China Banking Regulatory Commission to increase banking and financial cooperation. The two countries also agreed to grant permission to the banks of the other country to open branches and representative offices. Modalities will be worked out by the authorities concerned.

## **2011 as the Year of India-China Exchange**

Both sides reviewed with satisfaction the celebration activities in 2010 of the 60th anniversary of the establishment of diplomatic relations. The two sides declared 2011 as the Year of India-China Exchange and decided to encourage greater exchanges between civil society organizations, youth, media, scholars, think-tanks, artists and cultural personalities. They agreed to continue youth exchange activities in the next five years. China will invite 500 Indian youth from various fields to visit China in 2011. An MoU on Media Exchanges as well as the Programme of Cultural Exchanges for 2010-2012 was also signed.

## **Education as a Means of Enhancement**

Both sides recognized the importance of educational exchanges, including promoting wider knowledge of each other's languages. In this context, the Chinese side welcomed the decision by India's Central Board of Secondary Education (CBSE) to introduce Chinese as a foreign language in the school curriculum from the next academic session (beginning April 2011). China will offer support for training Chinese language teachers and providing Chinese language training materials. The two sides declared the establishment of the India-China Outstanding College Students Exchange Programme and would work out

its modalities through consultations. To facilitate and strengthen inter-collegiate and student exchanges, the two countries agreed to consider the finalization of an agreement on mutual recognition of degrees and diplomas.

### **Water issue**

During Wen's tour the two sides also noted the existing cooperation between them in the field of trans-border rivers. The Indian side appreciated the flood-season hydrological data and the assistance in emergency management provided by the Chinese side. An MoU was signed between the ministries of water resources of the two countries on the provision of hydrological data on the Sutlej River in flood season by China to India.

### **The Boundary Issue**

The two sides reaffirmed their commitment to the Agreement on Political Parameters and Guiding Principles for Settlement of the Boundary Question agreed in 2005 and the process of negotiations being undertaken by the Special Representatives, and resolved to actively seek a fair, reasonable and mutually acceptable solution from the political and strategic perspective. The two sides agreed to develop border infrastructure by constructing roads, railways and invest in the development of civilian infrastructure along the border areas.

### **Climate Change**

India and China called for continued international adherence to the principles of the UN Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol including that of "common but differentiated responsibilities". Both sides also noted their joint efforts in the international negotiations towards arriving at fair and balanced climate agreements with the aim of further enabling the full, effective and sustained implementation of UNFCCC and its Kyoto Protocol according to the mandate of Bali Roadmap. Both sides noted their bilateral cooperation in the area of mitigating and adapting to climate change and agreed to strengthen such cooperation. They welcomed the signing of their MoU on Cooperation in Green Technologies. China appreciated India's hosting of the 11th meeting of the Conference of the Parties of the Bio-diversity Convention in 2012.

### **A common stand on Terrorism**

India and China underlined their unequivocal opposition to terrorism in all its forms and manifestations and stressed that there is no justification for any act of terrorism anywhere. They committed themselves to countering terrorism through joint efforts that include disrupting the financing of terrorism. They also recognized the need to implement all relevant UN resolutions, in particular UNSC resolutions 1267, 1373, 1540 and 1624. The two sides expressed their commitment to promoting multilateral arms control,

disarmament and non-proliferation processes. They reaffirmed the importance of maritime security, unhindered commerce and freedom of navigation in accordance with relevant universally agreed principles of international law. In this context, they agreed to work together in tackling piracy in the Gulf of Aden.

### **Multilateral cooperation**

The two sides reaffirmed their support for multilateral cooperation mechanisms in Asia and their positive view on each other's participation in the cross-regional, regional and sub-regional cooperation processes in Asia. They agreed to broaden cooperation within the framework of the East Asia Summit, Asia-Europe Meeting, Shanghai Cooperation Organization, Russia-India-China trilateral cooperation mechanism and South Asian Association of Regional Cooperation (SAARC).

Recognizing common interests and similar concerns on major regional and international issues, the two sides decided to enhance their coordination and cooperation in multilateral forums. They agreed to work together on projects which strengthen bonds between the peoples of East Asia. In this context, China welcomed India's efforts to revive the Nalanda University. Both sides appreciated the work of the Nalanda Mentor Group and the progress made so far. India welcomed China's contribution of \$1 million for the Nalanda University. China welcomed India's election to non-permanent membership of the UN Security Council during 2011-2012 and the two sides agreed to deepen consultation within the Council. Multilateral issues such as climate change, the Doha Development Round of WTO, energy and food security, international financial and economic reform were identified as a particular focus for closer cooperation. The two sides recognized that as the global economy stabilizes and recovers, China and India would strengthen communication and consultation within the G20 framework, jointly facilitate the improvement of global economic governance and advance economic globalization towards balanced development and shared benefits and agreed to enhance cooperation within the BRIC framework.

### **A Review**

The joint statement between India and China on 16 December 2010 also points to the fact that the bandwidth of Sino-Indian bilateral relations is expanding with both global and regional significance.<sup>2</sup>

*First*, Wen's visit suggested that both countries need each other's mutual support and

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<sup>2</sup> Srikanth Kondapalli, "Bilateral Give and Take," *Times of India*, 20 December 2010, <http://timesofindia.indiatimes.com/home/opinion/edit-page/Bilateral-Give-And-Take/articleshow/7128277.cms> (accessed on December 28, 2010).

cooperation to sustain their rise in Asia and the world, given the continuously changing geopolitical equations and security dilemmas in Asia. A stable and peaceful Asia is of mutual interest and a prerequisite for both countries to play a responsible regional and global role, which is “a reference to the troubled reconciliation process in Afghanistan and in the backdrop of the US announcement on withdrawal of troops.”<sup>3</sup> During Wen's visit to India in April 2005 the two countries had signed an Agreement on the Political Parameters and Guiding Principles for the Settlement of the Boundary Question. That visit saw the two sides agreeing to twelve MoUs on a range of strategic issues, while at the same time reiterating their commitment to abide by the 1993 and 1996 Agreement of Maintaining Peace and Tranquillity and on Confidence Building Measures along the Line of Actual Control (LAC). Along with an acknowledgement of differences in perception on boundary issues by both sides, the two countries agreed to politically settle the disputes taking into consideration each other's strategic and reasonable interests and the principle of mutual and equal security. The two sides had also welcomed the report of the Joint Study Group that was set up to examine the potential complementarities between the two countries in expanded trade and economic cooperation.<sup>4</sup> While the 2005 visit concluded some agreements on the boundary question, the recent visit merely saw reiterations of commitment to those agreements, without any fresh approach.

*Secondly*, the joint communiqué was surprisingly silent on the much-anticipated Chinese reversal of stapled visas to residents of Jammu & Kashmir. Though Wen suggested some official consultation on the issue, the lack of a reversal of China's position clearly signalled its intention to regard Jammu and Kashmir as a disputed territory. Though India continues to consider Tibet as an integral part of China (like Jammu and Kashmir is of India) and still subscribes to the one-China policy (which does not recognize Taiwan), India did not reiterate this position in the joint statement, making a break from established practice. There is also no mention either of Tibet or Taiwan as parts of China, again for the first time.

*Thirdly*, in the joint communiqué China conceded at least some token ground to India's concern over terrorism that emanates from Pakistan by calling for the implementation of a bunch of UN Security Council resolutions, including one targeted at groups like the Pakistan-based Lashkar-e-Toyyaba. However, there was no direct reference in the statement to Pakistan or to the attacks on Indian territory on 26 November 2008 by Pakistani

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<sup>3</sup> Ibid.

<sup>4</sup> Bilateral Document, Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Political Parameters and Guiding Principles for the settlement of the India China Boundary Question, 11 April 2005, Ministry of External Affairs, India, <http://www.mea.gov.in/mystart.php?id=53059329>

terrorists. Though the Chinese leadership “welcomed” India’s election to non-permanent membership of the UN Security Council, there was no mention of China’s “support” for the Indian candidature for a permanent seat on the Council. The joint communiqué also did not mention civil nuclear cooperation between the two; the 2006 joint communiqué<sup>5</sup> had done that.

China has emerged as India’s biggest trade partner with two-way trade estimated at \$60 billion a year, but the balance of trade is heavily tilted in China’s favour. Against this backdrop, China was given a cold shoulder by the Indian side on the issue of a free trade deal with China. Another important area of concern has been the competition between Indian and Chinese companies to secure energy deals in the Gulf, Central Asia and Africa and, recently, Myanmar. However, Wen’s visit witnessed no political discussions or agreements between the two countries on these issues.

In the Indian telecom market security concerns from the Indian intelligence establishment have resulted in Chinese telecom equipment orders slowing down. On the eve of Wen Jiabao’s visit, Chinese telecommunication giant Huawei Technologies announced a \$2 billion investment in India over the next five years, clearly indicating how serious it is to tap the hidden potential of the Indian market.<sup>6</sup> With Wen’s visit to India accompanied by 400 Chinese CEOs, several deals were signed between top Indian and Chinese companies, allowing China to invest in the Indian telecommunication sector.

## Strategic Introspection

The mainstream newspapers in China, *The Global Times* (“Sino-Indian ties hailed”)<sup>1</sup> and *People’s Daily* (“Chinese Premier, Indian PM reach consensus on bilateral, international issues”)<sup>2</sup> viewed Wen’s visit to India in a positive light, without much expectation of a forward momentum on contentious issues. *China Daily* reported the visit in a two-column news item titled, ‘India visit to help smooth Trade Ties’.<sup>9</sup> Quoting Chinese scholars on India, the report mentioned that ‘Beijing’s efforts for stronger ties with New Delhi are

5. Joint Declaration by the Republic of India and People’s Republic of China, 21 November 2006, Ministry of External Affairs, <http://meaindia.nic.in/mystart.php?id=530511988>

6. “Huawei turns focus on India,” *The Hindu*, 20 December 2010.

7. “Chinese premier, Indian PM reach consensus on bilateral, international issues,” *China Daily*, December 17, 2010, <http://english.peopledaily.com.cn/90001/90776/90883/7233502.html> (accessed on December 28, 2010).

8. “Sino-Indian Ties Hailed,” *Global Times*, December 12, 2010, <http://china.globaltimes.cn/diplomacy/2010-12/602323.html> (accessed on December 26, 2010).

Indian Ties Hailed,” *Global Times*, December 12, 2010, <http://china.globaltimes.cn/diplomacy/2010-12/602323.html> (accessed on December 26, 2010).

9. Li Xiaokun, LI Xiang and Wang Xing, “India visit to help smooth trade ties,” *China Daily*, December 14, 2010, p. 1.

based on bilateral interest'.<sup>10</sup> It also quoted the former Chinese Ambassador to India Pei Yuanying as saying 'The two most populous nations need to play bigger role in the international affairs'.<sup>11</sup> The report, however, hyphenated Premier Wen Jiabao's visit to India with that to Pakistan. On the day of the visit, that is 15 December, half of the report in page 3 of *China Daily* was devoted to the visit of Premier Wen Jiabao to India.<sup>12</sup> One report carried an extensive interview with Indian Ambassador to China Dr. S. Jaishankar, while another report carried the photograph of students of 'Tagore International School' in New Delhi waiting to receive 'Grandpa' Premier Wen Jiabao. On the same day, *China Daily* also published an opinion piece 'New Paradigm of Engagement' which emphasized that 'mutual cooperation [is] essential for China and India to forge a greater role for developing nations in a multi-polar world'.<sup>13</sup> Written by Rong Ying, a Senior Research Fellow at the China Institute of International Studies, the article mentioned that 'while the West would like to play one against the other, China and India have been advocating a multi-polar world, envisioning a new international system that is open, balanced and inclusive.'<sup>14</sup> China's official media neither noted the skipping of two core issues from the joint statement and the litigious topic of stapled visas. On the eve of Wen's visit *Xinhua* and *Global Times* reported the Sino-Indian border to be 2000 km long, contradicting India's estimation of 3500 km as the operational border between the two nations. India's position was made clear by S. Jaishankar, the Ambassador of India to China.

At Hanoi, during the series of regional summits, Prime Minister Singh and Premier Wen agreed that some of the significant aspects of bilateral relations specifically would be discussed and create some scope for improvement in solving the border conflict in the "spirit of mutual respect and understanding". Evidently, this was hardly achieved. Contentious issues of Tibet, Kashmir, software and hardware supplies to Pakistan and India's permanent membership in the UN Security Council were skipped in the joint statement.

## Assessment of Strategic Thinkers

Describing the diplomatic ambience in which the talks took place, Foreign Secretary Nirupama Rao noted that the two countries have a strong personal chemistry and share a very positive rapport and that this permeated the talks. While stating the details of the outcome of the visit, she reiterated the joint statement without allowing much room for

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<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Li Xiang "Students to welcome Chinese premier," and Cheng Guangjin, "Economic ties top agenda of Wen's visit," *China Daily*, December 15, 2010, p. 3.

<sup>13</sup> Ibid.

<sup>14</sup> IRong Ying, "New Paradigm of Engagement," *China Daily*, December 15, 2010, p. 8.



analysis or critical examination. G. Parthasarathy, former High Commissioner to Pakistan, commented that “China’s policy is low-cost, long-term containment of India, and the supply of nuclear weapons to Pakistan is the best manifestation.”<sup>15</sup>

Former Foreign Secretary Kanwal Sibal noted that “China doesn’t yield ground quickly. Even with powerful players, China hasn’t done much to satisfy their demands. ... My fear is that while the trade volumes will increase, the trade deficit will also increase.”<sup>16</sup>

Former Foreign Secretary Shyam Saran pointed out that “Political issues continue to hamper closer bilateral ties. In addition to the unresolved border dispute, China has never hesitated to use its alliance with Pakistan to keep India tethered firmly in South Asia.”<sup>17</sup> In line with Foreign Secretary Nirupama Rao’s opinion, former Foreign Secretary M.K. Rasgotra said, “To try to overcome the political stalemates, both sides are looking to use their surging economies to rebuild relations and raise their political profiles as they have become invaluable partners for Western markets still mired in a global downturn. There is a desire with China to get along, and I know there is such a desire in India.”<sup>18</sup>

### Impact on Sino-Indian Relationship

It is very difficult to portray Wen’s recent visit to India and its impact on Sino-Indian relationship in terms of success and failure or competition and rivalry. Arriving with a delegation that significantly dwarfed this year’s earlier overtures from the United Kingdom, the United States and France, the Chinese Government has sent a strong signal indicating the importance and seriousness that it attaches to India’s rising global profile. Trade deals worth \$16 billion were signed during the three-day visit. The subtext of this visit is the newfound confidence<sup>19</sup> in India to set the terms for engagement with the dragon, as S.M. Krishna, the Minister for External Affairs, pointed out.

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15. Jason Overdorf, “China Goes on Charm Offensive in India,” *Global Post*, December 17, 2010, <http://www.globalpost.com/dispatch/china-and-its-neighbors/101216/india-making-ties-china#> (accessed on January 2, 2011).

16. Sui-Lee Wee, “‘Great Wall’ of suspicion persists between China and India,” *The Peninsula*, 18 December 2010, <http://www.thepeninsulaqatar.com/views/136045-great-wall-of-suspicion-persists-between-china-and-india.html> (accessed on January 3, 2011).

17. Noah Buchan, “Lecture: Rising Giants,” *Taipei Times*, December 17, 2010, <http://www.taipeitimes.com/News/feat/archives/2010/12/17/2003491144> (accessed on January 2, 2011)

18. Elliot Hannon, “Wen Goes to India: Can Asia’s Powers Make Peace?,” *Time*, December 15, 2010, <http://www.time.com/time/world/article/0,8599,2037196,00.html> (accessed on December 28, 2010).

19. Srikanth Kondapalli, “Bilateral Give and Take,” *Times of India*, 20 December 2010, <http://timesofindia.indiatimes.com/home/opinion/edit-page/Bilateral-Give-And-Take/articleshow/>

India not mentioning Tibet and Taiwan as parts of China for the first time is an indication of hard diplomatic bargaining with South Block effectively insisting on the principle of reciprocity.

The agreement on regular exchange of official visits between the foreign ministers of the two countries can be considered important in removing misperception and miscommunication of intentions and ideas. Premier Wen inviting Indian civil society and youth to participate in exchange programmes and regular interactions with the Chinese society reflected the possibility of strong bonding through people-to-people interaction. At the same time, the Chinese Premier made no attempt to address even the most elementary issues on the political side that matter to New Delhi. Several analysts argue that since the West is not doing too well financially, India becomes an important destination for China's export drive which explains China's renewed effort for an expanded trade relationship. Sumit Ganguly, Professor of Political Science at Indiana University, commented, "[Wen] failed to assuage India's concerns about Pakistan's complicity with terror, something he certainly wasn't going to do on Indian soil."<sup>20</sup>

The question is to what extent economic cooperation can overshadow political issues in the coming years. The answer probably depends on how rising China manages its economic diplomacy to counter the China threat theory and to what extent India maintains its autonomy and independent foreign policy approach vis-à-vis China, without allowing itself to be part of any US containment strategy in the region.

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<sup>20</sup>. Jason Overdorf, "China Goes on Charm Offensive in India," *Global Post*, December 17, 2010, <http://www.globalpost.com/dispatch/china-and-its-neighbors/101216/india-making-ties-china#> (accessed on January 2, 2011).