

# The dragon and the elephant can get along

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At the end of Chinese premier Wen Jiabao's first visit to India, *The China Daily* has concluded, "It is possible for a dragon and an elephant to be on good terms with each other." That's a fair assessment. Relations between India and China have further improved, as has bilateral trade. During Wen's visit, they signed 11 agreements on a range of issues, including trade, economy, energy security, water and cultural relations. These mark a decisive transition from a relationship of mutual hostility in the 1960s, to the uneasy détente of the 1980s, to friendship and cooperation today.

The biggest gains from Wen's visit are the agreements to develop "a strategic and cooperative partnership" and to reach a "political settlement" of the boundary dispute, which has dogged the two giants' relations for half-a-century. These two landmarks dwarf all other agreements. They also put in the shade the issue of China's support for India's bid for a permanent seat on the United Nations Security Council.

On April 11, Wen went beyond the stated position and said: "China would welcome India's emergence in the UN Security Council." The next day, however, he reverted to the formulation that "we fully understand and support the Indian aspirations to play an even bigger role in international affairs, including in the UN."

The agreement for a "strategic and cooperative partnership for peace and prosperity" follows the two states' acknowledgement that their relations have acquired a "global and strategic" character. India's elevation to this status reflects a pragmatic recognition by Chinese policymakers of India's emergence as a significant Asian power. This puts relations between the two on a solidly non-adversarial basis — 16 years after the thaw, which began with Rajiv Gandhi's visit to Beijing.

The second element is even more important, at least from New Delhi's standpoint. It defines an early settlement of the boundary question as a "strategic objective." This signifies the distance India has travelled from refusing numerous Chinese proposals for settling the boundary dispute through negotiations. It now accepts 11 "political parameters" and "guiding principles" for a "package settlement," "covering all sectors of the India-China boundary." Earlier, India insisted on a sector-by-sector approach and rejected a "package."

Until the 1962 China war, India adopted a rigid position on the boundary issue, citing the MacMahon Line and treaties between Imperial Britain and Tibet. Decoded into plain English, this meant independent India was reasserting the colonial British claims as if it were the Empire's legitimate inheritor. The fact that it has dropped this "imperialist" claim, as the Chinese called it, signifies the dawning of new wisdom in New Delhi. Even though this comes more than 40 years later, and after over 20 rounds of talks, it is very welcome indeed.

India and China still have more work to do



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on the border issue. The "guiding principles" agreement doesn't guarantee an instant settlement. But it involves a three-phase deal. During the coming second phase, special representatives from the two countries will construct a settlement framework based on many elements. They will duly consider "historical evidence, national sentiments, practical difficulties, and reasonable concerns and sensitivities," as well as "strategic interests" and safeguarding of "settled populations."

These will be considered together, within an overarching "political perspective" of growing relations. In Phase III, the two states will apply the framework to the ground situation to produce a "package" deal, involving give and take.

**The biggest gains from Premier Wen Jiabao's visit to India are the agreements to develop "a strategic and cooperative partnership" and to reach a "political settlement" of the boundary dispute. These and the other agreements mark a decisive transition from a Sino-Indian relationship of mutual hostility in the 1960s, to the uneasy détente of the 1980s, to friendship and cooperation today**

The two governments agreed to exchange maps of their respective versions of the Line of Actual Control (LAC). They have done so in respect of the least contentious Middle Sector. There is a good chance that they will reach agreements on the other two sectors. China has dropped some claims in the Eastern sector and recognised Sikkim as part of India.

The most important "guiding principle" is that "differences on the boundary question should not be allowed to affect the overall development of bilateral relations. The two sides will resolve...[it] through peaceful and friendly consultations. Neither...shall use, or threaten to use, force against the other..."

This has been fleshed out in a protocol on the "modalities for implementation of confidence-building measures in the military field." Under the protocol, each side will inform the other well in advance before holding a military exercise involving more than 15,000 troops, and ensure that the manoeuvres are directed away from frontline deployments. The protocol restricts the movement of combat aircraft to within 10 km of the LAC. In case of an intrusion, the two sides will hold a flag meeting within 48 hours.

In plain English, India and China are unlikely to drift into a military build-up and offensive manoeuvres of the type that took place in Sumerungchu in the 1980s. They have agreed to make conflict unlikely and to refrain

from using force. India can now live with a considerably lowered threat along its Eastern and Northern borders.

This means that more than 150,000 troops can be thinned out — a huge peace dividend. The dividend could magnify greatly if Sino-Indian economic cooperation grows. Already, bilateral trade has risen from under three billion in 2000 to \$14 billion today. The target for 2008, \$20 billion, and that for 2010, \$30 billion, do not seem unrealistic. Already, the two Asian giants account for 18 percent of world GDP. This proportion is likely to grow.

However, a word of caution is in order. India is not in the "China League." China enjoys a massive head start, with a per-capita GDP which is more than double that of India's. Its steel and oil consumption are respectively eight times and twice as high as India's. It consumes 43 percent of the cement the world produces. More than 50 percent of China's GDP comes from manufacturing — in contrast to only a quarter for India. India's lead in services like information technology could well erode.

This calls for a cautious approach to the much torn-tommed Sino-India free trade agreement idea. India's tariffs are still relatively high. Lowering them rapidly could threaten a number of industries and cause loss of welfare. It won't be easy for India to compete with China, where the minimum wage stands virtually abolished, trade unionism is banned, and terrible labour conditions prevail, including a working week of up to 100 hours.

The real potential for mutually beneficial cooperation lies elsewhere — in energy exploration, science and technology, cultural exchanges, and, above all, in an early settlement of the border dispute.

One last word. Pakistanis should not feel threatened by China's and India's "readiness to conduct close consultations and cooperation in the process of UN reforms." Nor should they worry too much over differences in emphasis on that issue in Sino-Indian and Sino-Pakistani joint statements.

The basic message is not that China strongly endorses India's position and will fight for its admission to the Security Council, but maximally, that it won't stand in the way. This is still far, far away from unqualified support for India's Security Council bid. Improvements in Sino-India relations and in India-Pakistan relations need not be a zero-sum game.