



The Big Picture – Modi-Xi: Building on Ties

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The Prime Minister of India will host the Chinese President Xi Jinping later this year for an informal summit. During the first Informal Summit in Wuhan, Chinese President Xi had accepted the invitation of PM Modi to visit India for the next Informal Summit in 2019. Both leaders have met several times over the past year to defuse tensions and bolster trade ties after a military standoff at their high-altitude Himalayan border in 2017 rekindled fears of war between the two Asian nations.

Current Status

- The issues and challenges in the relationship have remained more or less the same over the years.

The fact is that both the countries are two large neighbours and there are many things which both the countries can do with each other together. At the same time, there are things that can create problems between the two countries leading to the situation of regional instability.

- **Since 2014, the direct border disputes between India and China have not happened.** Doklam in that sense could be an exception because it is more on Bhutan's side.
- Since the year 2017, things have only improved between the two countries. It is two years since the Doklam issue and during these years, conscious efforts have been made to put the relationship back on rails.

These two years have seen high level visits from both the sides.

- **The trade deficit with China has declined over the two years.** It has come down by about 10 billion dollars.

Only 15-16% of the overall global trade surplus of China of 350 billion dollars comes from the trade with India.

- The other questions that the two countries face are related to promoting greater **people to people exchange, high level dialogues, creating trust.** These things are a continuous process.
- Though China lifted the technical hold as far as Masood Azhar is concerned but **Pakistan still remains all weather friend of China.**

China's relationship with Pakistan

- When one looks at Sino-Pak relations, in last ten months, in **Pakistan, the foreign direct investment from China virtually dried up** despite the CPEC (China-Pakistan Economic Corridor).
- There are serious apprehensions within China, large number of Chinese business people have actually raised questions about the viability of CPEC project.
- There has also been **problems between Pakistan and China on cultural issues.** There has been a big issue of Chinese men marrying Pakistani women and accusations in Pakistani press that they are being trafficked to China for prostitution, organ trade etc.

China's relationship with India

- If one looks at India-China relationship, since 2014, there has been significant improvement except in the year 2017 (Doklam issue).

In the year 2014, almost after six decades, India had a public reception for the Chinese President.

- Today, China is quite different from the one in 1962. It is no longer an ideological state but a territorial state. It is now not governed by communism but by Chinese nationalism. **As of now, there is no existential ideological conflict between today's India and today's China.**
- India and China do have a border dispute which is quite complex and cannot be resolved over a night but there is also a huge amount of congruence. **India's strength vis-a-vis China is actually soft power.**
 - In the interiors of China, one finds Yoga, Bollywood. These have enormous reach, in fact, here where India needs to focus.
 - Unlike in India, an average Chinese perception of India is not negative whereas in India, by and large, if one goes in rural areas, people have a very negative impression of China because of the 1962 war.

Other Possible Areas of Cooperation

- The U.S policy of putting China under pressure has, in some ways, changed the dynamics with which China is now approaching in the counterparts. **The argument has been that Wuhan happened because India wanted to calm the temperatures but it was equally important for China also as it wanted to bring India into discourse.**
- Last time, when Wuhan Summit happened, it had a several issues on to the table which are considered important for the India-Sino ties. One of them was about **increasing the volume of trade** and reducing the deficit, other was **people to people connectivity** between the nations but the larger point was about negotiations related to the **neighbourhood and the region.**
- The kind of trade in technology conflict that is escalating from West will have huge repercussions as far as China is concerned, both in terms of its economic evolution domestically as well as its regional engagement. The pushback that China has received on BRI is another reality check. If one considers the recent BRI summit, there was lot of backtracking on lot of issues.

There have been lot of talks about joint projects in Afghanistan and Bangladesh but nothing has materialized yet.

US-China Trade War: Possibilities for India

- **India won't do the things with China that China did with US during their problems with the Soviet Union.** From 1949 till 1972, China was in the Soviet lap and suddenly after 1972, China switched over and became totally pro American and anti Soviet.
- India must take advantage of the situation but also **needs to maintain a balance between the relations with China and the US.**

- In the case of Sino-US difficulties, both the countries see India as a country with whom they want to have good relations. There is this feeling if India is on the same side, then it helps in dealing with the third parties.
- China's foreign reserves have dipped. Considering that China's trade with US is in jeopardy, **Indian market is an huge market and thus China cannot afford to forgo that.**

Indian companies have survived Chinese onslaught and also goods can move in both the directions.

What more can be done?

- There is no doubt that the two countries are the fastest growing large economies. Also, global economic balance is slowly shifting towards eastwards. US policies in last few years have remained quite erratic in some issues. These factors will help in bringing India and China together.
- **The problem in the case of border is management.** Both the countries need to avoid the situations like Doklam. Such kind of incidents give a huge setback to the relationship particularly at psychological level, whatever good work countries do, one such incident sets the government back in moulding the opinion, and shaping the public opinion for friendship with China.
- The border dispute is unresolvable at this point of time. In fact, it is a very vexed issue and it cannot be resolved in near future. It has to be left for some time and for that **both the countries need to build up good relations in other fields (cultural, science and technology etc.)**
- **The time has come where the two sides should actually delineate the line of actual control so that at least the type of skirmishes both the countries had in 2013 and 2014 are avoided.**
- For furthering India-China relations, both should explore **a possibility of roadlink from Karakoram to Kandalam** that would actually minimize the relevance and utilization of CPEC, and provide employment to that region, which has suffered because of India-China conflict. Ladakh used to be a trade hub once.
- **India needs to make concerted efforts for taking its soft power push forward** because as far as China is considered, spirituality, yoga, all these things have to go in a planned manner because of seven decades of communist rule, the Chinese authorities tend to view religious institutions and things associated with religion with lot of suspicion.
- **Both China and India need to go back to early 1990s model which was to anchor the bilateral relationship in the larger global framework.**

The next informal summit, whenever it happens, will lead to more focused approach towards where the both countries can go together and enhancing people to people connectivity, regional connectivity and expansion of trade basket in terms of what India

can deliver. China also wants that differences do not turn into disputes. In that case, building up friendly relations with China will become easy for India.