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The Big Picture - India's China-Pak Policy

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Prime Minister Narendra Modi in a recent interview spoke on the importance India gives to the ties with immediate neighbours and more so to China and Pakistan. On Indo-China ties, especially after a military face-off at Doklam Plateau in June-August 2017, Prime Minister said that nothing had happened that could be termed as deceit by China on India.

In a further reference to relations with China, Prime minister said that new opportunities to have arisen for cementing some cracks in the relations. Emphasizing that India's principled position for long has been friendly relations with neighbours. However, the economic and geostrategic ambitions of the neighbours will continue to shape India's responses on almost every front. Turning the focus on Pakistan, Prime Minister said India has never opposed dialogue with Pakistan and it has been the consistent policy of the country that there should be dialogue on issues.

Indo-Pak Present Scenario

- Amid heightened tension with Pakistan over Uri terror attack, India had pulled out of the SAARC Summit that was supposed to be held in Islamabad in November 2016.
- The summit was called off after Bangladesh, Bhutan and Afghanistan also declined to participate in the meet.
- Following Uri attack, India announced it will not engage in talks with Pakistan, saying terror and talks cannot go hand-in-hand.
- The Xiamen Declaration is a major diplomatic victory for India, the BRICS member-states for the first time had named the Pakistan-based Lashkar-e-Taiba (LeT), Jaish-e-Mohammed (JeM), and Haqqani network with the Islamic State, paving the way for strong future action against these globally outlawed terror outfits.
- However, with the change in regime, the issue of resumption of dialogue has been raised. Newly elected Pakistan PM Imran Khan has written to PM Modi seeking opening of the dialogue process on key issues which are "challenging the relationship" including on terrorism and Kashmir.

Recent developments in Indo-China relationship

India-China Informal Summit at Wuhan

- The leaders from both sides expressed their support for the work of the Special Representatives on the India China Boundary Question from the strategic perspective of Sino-Indian relations and agreed to pursue developmental partnership without compromising each other's sensitivities.
- Both leaders agreed to push forward bilateral trade and investment in a balanced and sustainable manner by taking advantage of complementarities between their two economies.
- It was agreed that there is need to strengthen strategic communication through greater consultation on all matters of common interest. Such strategic communication will have a positive influence on enhancing mutual understanding and will contribute to regional and global stability.
- They reiterated the importance of building an open, multipolar, pluralist and participatory global economic order which will enable all countries to pursue their development and contribute to the elimination of poverty and inequality in all regions of the world.

G-20 Summit in Argentina

- Indian Prime Minister recently met Chinese President Xi Jinping on the sidelines of the G-20 summit in Argentina's Buenos Aires:-
- President Xi Jinping referred to enhanced imports of rice and sugar from India and spoke about the possibility of greater import of soymeal and rapeseed. He also

expressed the hope that India would import more agricultural products from China.

- Xi also indicated greater trade between the two nations in the pharmaceutical sector, which as of now was out of bounds for the Indian pharma companies.

Way Forward

- First and foremost, dialogue between the two nations is the key. The Doklam standoff is a testament to how negotiations and dialogue played important role in resolving the issue. The Wuhan summit further consolidated the process of dialogue at all levels.
- Trade and investment act as adhesive for further integration of both economies. For the first time, the bilateral trade crossed \$80 billion. However, there is a gaping trade deficit of \$64 billion which has to be immediately addressed.
- Both countries can effectively use their soft power to further integrate the economies. Recently, the Chinese have sought the help of a Bengaluru firm to set up a big data center. Service sector can play a major role in reducing the trade deficit.